

Town of Hayden, Arizona

**Basic Financial Statements and
Independent Auditor's Report**

For the Year Ended June 30, 2020

**Town of Hayden, Arizona
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Town of Hayden, Arizona**

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Independent Auditor's Report

To the Town Council
Town of Hayden, Arizona

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Hayden, Arizona, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Hayden, Arizona, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 11, the budgetary comparison schedules on pages 44 through 48, schedule of the Town's proportionate share of the net pension/OPEB liability-cost sharing pension plans on page 48, schedule of changes in the Town's net pension/OPEB liability (asset) and related ratios-agent pension plans on page 50, schedule of Town's pension contributions on page 52, and the schedule of agent OPEB plans' funding progress on page 53 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Compliance over the use of highway user revenue fund and other dedicated state transportation revenue monies

In connection with our audit, nothing came to our attention that caused us to believe that the Town failed to use highway user revenue fund monies the Town received pursuant to Arizona Revised Statutes Title 28, Chapter 18, Article 2, and any other dedicated state transportation revenues the Town received solely for the authorized transportation purposes, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Town's noncompliance with the use of highway user revenue fund monies and other dedicated state transportation revenues, insofar as they relate to accounting matters.

The communication related to compliance over the use of highway user revenue fund and other dedicated state transportation revenue monies in the preceding paragraph is intended solely for the information and use of the members of the Arizona State Legislature, (the Auditor General of the State of Arizona,) the Town Council, management, and other responsible parties within the Town and is not intended to be and should not be used by anyone other than these specified parties.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 23, 2021, on our consideration of the Town of Hayden, Arizona's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Hayden, Arizona's internal control over financial reporting and compliance.

Smsler + Butler, CPAs, PLLC

Tempe, Arizona
February 23, 2021

Town of Hayden, Arizona
Management Discussion and Analysis
June 30, 2020

Within this section of the Town of Hayden, Arizona (Town) annual financial report, the Town's management provides narrative discussion and analysis of the financial activities of the Town for the fiscal year ended June 30, 2020. The Town's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

Financial Highlights

- The Town's assets exceeded its liabilities by \$9,967,541 (net position) for the fiscal year reported.
- Total net position is comprised of the following:
 - (1) Capital assets of \$8,017,389 include property and equipment, net of accumulated depreciation and related debt.
 - (2) Restricted net position for loan reserve requirements \$5,800.
 - (3) Unrestricted net position of \$1,944,352 represents the portion available to maintain the Town's continuing obligations to citizens and creditors.
- The Town's governmental funds reported a total ending fund balance of \$1,648,752 this year. This compares to the prior year total ending fund balance of \$1,637,983 showing an increase of \$10,769 during the current year.

Overview of the Financial Statements

Management's Discussion and Analysis introduces the Town's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. The Town also includes in this report additional information to supplement the basic financial statements.

Government-wide Financial Statements

The Town's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the Town's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting.

The first of these government-wide statements is the Statement of Net Position. This is the Town-wide statement of financial position presenting information that includes all of the Town's assets and liabilities, with the difference reported as net position. Over time, increases in net position may serve as a useful indicator of whether the financial position of the Town as a whole is improving or deteriorating.

Town of Hayden, Arizona
Management Discussion and Analysis
June 30, 2020

The second government-wide statement is the Statement of Activities, which reports how the Town's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the Town's distinct activities or functions on revenues provided by the Town's taxpayers.

Both government-wide financial statements distinguish governmental activities of the Town that are principally supported by taxes and intergovernmental revenues, such as grants, from business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include general government, public safety, public services, and recreation. The business-type activities are the water and sewer utilities.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Town uses funds to ensure and demonstrate compliance with finance related laws and regulations. Within the basic financial statements, fund financial statements focus on the Town's most significant funds rather than the Town as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation.

The Town has three kinds of funds:

Governmental funds are reported in the fund financial statements and encompass essentially the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the Town's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provides a reconciliation to the government-wide statements to assist in understanding the differences between these two perspectives. Budgetary comparison schedules can be found in a later section of this report.

Proprietary funds are reported in the fund financial statements and generally report services for which the Town charges customers a fee. The Water and Sewer Utility funds essentially encompass the same functions reported as business-type activities in the government-wide statements. Services are provided to customers external to the Town organization for water and sewer services.

Fiduciary funds such as the Volunteer Firemen's Relief and Pension Fund are reported in the fiduciary fund financial statements, but are excluded from the government-wide reporting. Fiduciary fund financial statements report resources that are not available to fund Town programs and are reported similarly to proprietary funds.

Town of Hayden, Arizona
Management Discussion and Analysis
June 30, 2020

Notes to the Financial Statements

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin immediately following the basic financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Town's budgetary comparison schedules. These schedules demonstrate compliance with the Town's adopted and final revised budget. Supplementary information follows the notes to the financial statements. Combining financial statements are provided for nonmajor governmental funds totaled in one column on the fund financial statements.

Financial Analysis of the Town as a Whole

As year-to-year financial information is accumulated on a consistent basis, changes in net position may be observed and used to discuss the changing financial position of the Town as a whole.

The following table provides a summary of the Town's net position at June 30, 2020:

SUMMARY OF NET POSITION

	Governmental Activities	Business-type Activities	Totals	Totals	Amount of Change
	2020	2020	2020	2019	
Current and other assets	\$ 3,306,809	\$ 27,331	\$ 3,334,140	\$ 3,170,881	\$ 163,259
Non-current assets					
Capital assets	1,613,397	6,814,456	8,427,853	8,649,852	(221,999)
Total Assets	4,920,206	6,841,787	11,761,993	11,820,733	(58,740)
Deferred Outflows of Resources	240,647	32,226	272,873	417,314	(144,441)
Current liabilities	114,354	11,470	125,824	98,734	27,090
Non-current liabilities	990,766	608,760	1,599,526	1,592,682	6,844
Total Liabilities	1,105,120	620,230	1,725,350	1,691,416	33,934
Deferred Inflows of Resources	325,183	16,792	341,975	416,482	(74,507)
Invested in capital assets	1,613,397	6,403,992	8,017,389	8,231,581	(214,192)
Restricted	-	5,800	5,800	5,800	-
Unrestricted	2,117,153	(172,801)	1,944,352	1,892,768	51,584
Total Net Position	\$ 3,730,550	\$ 6,236,991	\$ 9,967,541	\$ 10,130,149	\$ (162,608)

The Town reported net position for governmental activities of \$3,730,550 and a net position for business-type activities of \$6,236,991. Net position increased \$74,654 for governmental activities and decreased \$237,262 for business-type activities.

Town of Hayden, Arizona
Management Discussion and Analysis
June 30, 2020

The following table provides a summary of the Town's changes in net position for the year ended June 30, 2020.

SUMMARY OF CHANGES IN NET POSITION

	Governmental Activities 2020	Business-type Activities 2020	Totals 2020	Totals 2019	Amount of Change
Revenues:					
Program revenues:					
Charges for services	\$ 296,457	\$ 175,374	\$ 471,831	\$ 431,591	\$ 40,240
Operating grants and contributions	641,339	-	641,339	323,970	317,369
Capital grants and contributions	-	-	-	-	-
General revenues:					
City sales tax	360,817	-	360,817	923,044	(562,227)
State taxes and shared revenues	300,754	-	300,754	288,440	12,314
Property tax	640,090	-	640,090	446,876	193,214
Pension revenue	-	-	-	87,368	(87,368)
Other	29,762	-	29,762	40,952	(11,190)
Total Revenues	2,269,219	175,374	2,444,593	2,542,241	(97,648)
Expenses:					
General government	476,308	-	476,308	471,755	4,553
Police	499,834	-	499,834	710,236	(210,402)
Fire	71,722	-	71,722	82,751	(11,029)
Sanitation	144,912	-	144,912	150,109	(5,197)
Parks and Recreation/Golf Course/Pool	242,648	-	242,648	297,642	(54,994)
Streets	176,628	-	176,628	173,288	3,340
Library	18,547	-	18,547	103,874	(85,327)
Cemetery	4,272	-	4,272	3,563	709
Senior Center	281,115	-	281,115	286,172	(5,057)
Community development	71,249	-	71,249	29,319	41,930
Animal Control	7,671	-	7,671	10,491	(2,820)
Water Utility	-	166,319	166,319	157,074	9,245
Sewer Utility	-	445,976	445,976	462,723	(16,747)
Total Expenses	1,994,906	612,295	2,607,201	2,938,997	(331,796)
Transfers	(199,659)	199,659	-	-	-
Change in net position	74,654	(237,262)	(162,608)	(396,756)	234,148
Beginning net position	3,655,896	6,474,253	10,130,149	10,526,905	(396,756)
Ending net position	\$ 3,730,550	\$ 6,236,991	\$ 9,967,541	\$ 10,130,149	\$ (162,608)

Town of Hayden, Arizona
Management Discussion and Analysis
June 30, 2020

Financial Analysis of the Town's Funds

Governmental funds

As discussed, governmental funds are reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements.

Operating revenues totaled \$2,273,961 in 2019-2020, a decrease of 0.9% from 2018-2019. The decrease was primarily due to a decrease in the sales tax revenues. The decrease in sales tax was partially offset by increases in property taxes and highway user funds.

A comparative summary of principal revenues is as follows:

	2019-2020 Amount	Increase (Decrease) from 2018-2019		2018-2019 Amount
		Amount	%	
State Sales Tax	\$ 62,973	\$ (513)		\$ 63,486
State Revenue Sharing	193,972	12,322		181,650
Highway Users Tax	269,801	200,447		69,354
Transportation Excise Tax	70,786	14,223		56,563
Property Tax	644,832	245,235		399,597
Vehicle Lieu Tax	43,809	505		43,304
Grant Revenue	300,752	102,699		198,053
Town Sales Tax	360,817	(562,227)		923,044
Police Intergovernmental Contract	100,000	-		100,000
Utility Franchise	11,959	874		11,085
Licenses, Permits and Other	119,204	32,784		86,420
County Library Property Tax	-	(46,600)		46,600
Fines and Forfeitures	2,579	(1,291)		3,870
Sanitation Fees	49,663	2,005		47,658
Golf Course Fees	25,011	(256)		25,267
Insurance recovery	-	(8,317)		8,317
Interest Income	17,803	(12,064)		29,867
	<u>\$ 2,273,961</u>	<u>\$ (20,174)</u>	<u>-0.9%</u>	<u>\$ 2,294,135</u>

In order to mitigate the decrease in town sales tax, the town laid off three public works employees and one police officer. In addition, the town did not open the pool during fiscal year 2020. Gila County took over the library operations in the Town of Hayden and therefore the town did not collect the secondary property tax. The Town Council also had numerous budget discussions concerning the possibility of closing the senior center. Due to the fact that Gila County, Pinal County and Pinal-Gila Council for Senior Citizens provided one time additional funding to the Town, it was decided to continue providing the services of the senior center for the fiscal year ending June 30, 2020.

The State of Arizona provided one time additional funding for Highway Users and the Town was able to preserve its major streets by spending \$160,000 to crack seal streets in the Hayden town limits.

Town of Hayden, Arizona
Management Discussion and Analysis
June 30, 2020

Operating expenditures totaled \$2,063,533 in 2019-2020. This represents a decrease of 9.2% from the prior year due to the reasons discussed above. The schedule that follows summarizes the expenditures.

	Increase (Decrease) from 2018-2019			2018-2019 Amount
	2019-2020 Amount	Amount	%	
General Government	\$ 420,300	\$ (31,006)		\$ 451,306
Police	523,489	(214,228)		737,717
Fire	39,849	(4,146)		43,995
Streets	176,291	2,776		173,515
Sanitation	144,973	(4,610)		149,583
Parks and Recreation/Golf Course	212,990	(45,997)		258,987
Cemetery	4,077	709		3,368
Pool	13,964	(11,332)		25,296
Library	14,085	(91,362)		105,447
Senior Center	273,885	(4,981)		278,866
Community Development	71,249	41,930		29,319
Animal Control	8,381	(2,765)		11,146
Capital Outlay	160,000	154,785		5,215
	<u>\$ 2,063,533</u>	<u>\$ (210,227)</u>	<u>-9.2%</u>	<u>\$ 2,273,760</u>

Operating Revenues (\$2,273,961) exceeded operating expenditures (\$2,063,533) by \$210,428 and transfers to other funds of \$199,659 decreased the Town's overall governmental fund balance carryover. Carryover fund balance decreased from \$1,637,983 at June 30, 2019 to \$1,648,752 at June 30, 2020. The decrease was primarily due to decreases in operating revenues.

Proprietary funds

The proprietary fund statements share the same focus as the government-wide statements, reporting both short-term and long-term information about financial status. The change in net position for these funds was a decrease of \$237,262 for the year ended June 30, 2020 compared to a decrease of \$170,247 for 2018-2019.

Town Payroll and Fringe Benefits

The Town's payroll for 2019-2020 was \$956,815, a decrease of \$224,465, or 19% from 2018-2019. A summary by department follows:

	Increase (Decrease) from 2018-2019			2018-2019 Amount
	2019-2020 Amount	Amount	%	
Administration	138,331	(7,745)		146,076
Police	320,441	(101,846)		422,287
Fire	16,752	(590)		17,342
Public works	353,141	(60,966)		414,107
Library	10,705	(47,235)		57,940
Senior Center	117,445	(6,083)		123,528
	<u>\$ 956,815</u>	<u>\$ (224,465)</u>	<u>-19.0%</u>	<u>\$ 1,181,280</u>

Town of Hayden, Arizona
Management Discussion and Analysis
June 30, 2020

The following payroll fringe benefits amounted to \$532,455, a decrease of \$114,052, or 17.6%. The decrease was due to decreases in pension and insurance as a result of fewer employees as follows:

	2019-2020 Amount	Increase (Decrease) from 2018-2019		2018-2019 Amount
		Amount	%	
Social security and Medicare taxes	\$ 87,086	\$ -		\$ 87,086
ASRS Pension/OPEB contributions	78,790	(17,982)		96,772
PSPRS Pension/OPEB contributions	32,394	(16,679)		49,073
Volunteer firemen's pension contributions	590	(33)		623
Industrial Insurance	58,855	(23,740)		82,595
Health and life insurance	274,740	(55,618)		330,358
	<u>\$ 532,455</u>	<u>\$ (114,052)</u>	<u>-17.6%</u>	<u>\$ 646,507</u>

Analysis of Balances of Town's Individual Funds

As of the end of the current fiscal year, the Town's individual governmental funds reported a combined fund balance of \$1,648,752, an increase of \$10,769 in comparison with the prior year. Total amount constitutes the General Fund Balance, which is available for its ongoing obligations. At June 30, 2020 fund balances were as follows:

	2019-2020 Amount	from 2018-2019		2018-2019 Amount
		Amount	%	
Governmental Funds:				
General Fund	\$ 1,644,456	\$ 6,473		\$ 1,637,983
Highway Users Fund	4,296	4,296		-
Grants Fund	-	-		-
Senior Center Fund	-	-		-
Library fund	-	-		-
Total Governmental Funds	<u>\$ 1,648,752</u>	<u>\$ 10,769</u>	<u>0.7%</u>	<u>\$ 1,637,983</u>
Proprietary Funds				
Water utility fund	108,904	(15,239)		124,143
Sewer utility fund	6,128,087	(222,023)		6,350,110
Total Proprietary Funds	<u>6,236,991</u>	<u>(237,262)</u>	<u>-3.7%</u>	<u>6,474,253</u>
Total	<u>\$ 7,885,743</u>	<u>\$ (226,493)</u>	<u>-2.8%</u>	<u>\$ 8,112,236</u>

Budgetary Highlights

The Town's budgeted expenditures for the general fund for fiscal year 2020 was \$3,242,976. The amount represents a decrease of \$95,874 from the previous year's budget.

The Town Council is authorized to allocate its contingency budget to increase departmental budgets within any fund, as long as total budgeted expenditures as originally adopted are not exceeded. For the year ended June 30, 2020, the following departments exceeded budgeted expenses.

**Town of Hayden, Arizona
Management Discussion and Analysis
June 30, 2020**

Fund/Department	Excess
Library	\$ 4,715
Senior Center	18,675
HURF - Streets	21,632

The expenditure limit adopted by the Town Council under its voter approved home-rule expenditure limitation option was \$6,200,000 for the year ended June 30, 2020. The Town's expenditures complied with this expenditure limitation.

Capital Asset and Debt Administration

Capital Assets

The following is a comparison of capital assets net of depreciation for 2020 and 2019.

	Governmental Activities		Business-Type Activities	
	2020	2019	2020	2019
Land	\$ 90,570	\$ 90,570	\$ 10,718	\$ 10,718
Buildings	650,988	700,633	-	-
Street infrastructure and other improvements	506,672	380,099	6,803,738	7,039,561
Furniture, Machinery and Equipment	365,167	427,993	-	278
	<u>\$ 1,613,397</u>	<u>\$ 1,599,295</u>	<u>\$ 6,814,456</u>	<u>\$ 7,050,557</u>

Long-Term Obligations

In December 2014, the Town of Hayden Municipal Property Corporation received a loan of \$452,000 from the Rural Utilities Service (RUS) within the Rural Development Mission Area of the United States Department of Agriculture (USDA). The loan was used to pay costs of construction for a new wastewater collection system and a new wastewater treatment plant. The Town of Hayden Municipal Property Corporation is a "blended" component unit, and its activity is recorded in the Sewer Utility Fund where sewer fees collected will provide debt service for the loan. The loan bears interest at 2.75%. The balance at June 30, 2020 was \$410,464 and Interest expense for the year ended June 30, 2020 was \$11,405.

Economic Factors and Next Year's Budget

The adopted combined operating and capital expenditure budget for fiscal year 2020-21 totals \$6,315,000, an increase of \$115,000, or 2 percent, from the fiscal year 2019-20 budget.

Basic Financial Statements

Town of Hayden, Arizona
Statement of Net Position
June 30, 2020

	PRIMARY GOVERNMENT		Total
	Governmental Activities	Business-type Activities	
Assets			
Cash and investments	\$ 1,529,917	\$ -	\$ 1,529,917
Property Taxes Receivable	15,441	-	15,441
Accounts Receivable	10,319	22,536	32,855
Other Receivables	36,325	-	36,325
Due from Other Governments	144,094	-	144,094
Due from fiduciary fund	43,007	-	43,007
Prepaid Expenses	20,583	4,442	25,025
Net pension/OPEB asset	1,507,123	353	1,507,476
Capital assets, non-depreciable	90,570	10,718	101,288
Capital assets, depreciable, net	1,522,827	6,803,738	8,326,565
Total Assets	<u>4,920,206</u>	<u>6,841,787</u>	<u>11,761,993</u>
Deferred Outflows of Resources - Pensions	<u>240,647</u>	<u>32,226</u>	<u>272,873</u>
Liabilities			
Accounts payable	59,605	8,584	68,189
Accrued Expenses and Other Liabilities	54,749	2,886	57,635
Non-Current Liabilities:			
Due within one year:			
Municipal Property Corporation Loan Payable	-	8,025	8,025
Compensated Absences	9,648	235	9,883
Due in more than one year:			
Municipal Property Corporation Loan Payable	-	402,439	402,439
Compensated Absences	38,590	5,013	43,603
Net Pension Liabilities	942,528	193,048	1,135,576
Total liabilities	<u>1,105,120</u>	<u>620,230</u>	<u>1,725,350</u>
Deferred Inflows of Resources - Pensions	<u>325,183</u>	<u>16,792</u>	<u>341,975</u>
Net Position			
Invested in Capital Assets, Net of Related Debt	1,613,397	6,403,992	8,017,389
Restricted	-	5,800	5,800
Unrestricted	2,117,153	(172,801)	1,944,352
Total Net Position	<u>\$ 3,730,550</u>	<u>\$ 6,236,991</u>	<u>\$ 9,967,541</u>

See Accompanying Notes to Financial Statements.

Town of Hayden, Arizona
Statement of Activities
Year Ended June 30, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		Total
		Charges for Services	Operating grant and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental Activities:							
General Government	\$ 476,308	\$ 62,756	\$ -	\$ -	\$ (413,552)	\$ -	\$ (413,552)
Police	499,834	100,000	-	-	(399,834)	-	(399,834)
Fire	71,722	-	-	-	(71,722)	-	(71,722)
Streets	176,628	-	340,587	-	163,959	-	163,959
Sanitation	144,912	49,663	-	-	(95,249)	-	(95,249)
Parks and Recreation/Golf Course	210,054	25,011	15,326	-	(169,717)	-	(169,717)
Cemetery	4,272	3,050	-	-	(1,222)	-	(1,222)
Pool	32,594	-	-	-	(32,594)	-	(32,594)
Library	18,547	-	-	-	(18,547)	-	(18,547)
Senior Center	281,115	55,774	214,177	-	(11,164)	-	(11,164)
Community Development	71,249	-	71,249	-	-	-	-
Animal Control	7,671	203	-	-	(7,468)	-	(7,468)
Total Governmental Activities	<u>1,994,906</u>	<u>296,457</u>	<u>641,339</u>	<u>-</u>	<u>(1,057,110)</u>	<u>-</u>	<u>(1,057,110)</u>
Business-type Activities:							
Water	166,319	58,391	-	-	-	(107,928)	(107,928)
Sewer	445,976	116,983	-	-	-	(328,993)	(328,993)
Total Business-type Activities	<u>612,295</u>	<u>175,374</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(436,921)</u>	<u>(436,921)</u>
Total	<u>\$ 2,607,201</u>	<u>\$ 471,831</u>	<u>\$ 641,339</u>	<u>\$ -</u>	<u>(1,057,110)</u>	<u>(436,921)</u>	<u>(1,494,031)</u>
General Revenues:							
State Sales Tax					62,973	-	62,973
State Revenue Sharing					193,972	-	193,972
Property Tax					640,090	-	640,090
Vehicle Lieu Tax					43,809	-	43,809
City Sales Tax					360,817	-	360,817
Utility Franchise Fees					11,959	-	11,959
Interest					17,803	-	17,803
Transfers					(199,659)	199,659	-
Total General Revenues and Transfers					<u>1,131,764</u>	<u>199,659</u>	<u>1,331,423</u>
Change in Net Position					74,654	(237,262)	(162,608)
Net Position - Beginning					3,655,896	6,474,253	10,130,149
Net Position - Ending					<u>\$ 3,730,550</u>	<u>\$ 6,236,991</u>	<u>\$ 9,967,541</u>

See Accompanying Notes to Financial Statements.

Town of Hayden, Arizona
Balance Sheet – Governmental Funds
June 30, 2020

	General Fund	Highway Users Fund	Grants Fund	Senior Center Fund	Library Fund	Total Governmental Funds
Assets						
Cash and investments	\$ 1,529,917	\$ -	\$ -	\$ -	\$ -	\$ 1,529,917
Property Taxes Receivable	15,441	-	-	-	-	15,441
Accounts Receivable	10,319	-	-	-	-	10,319
Other Receivables	36,325	-	-	-	-	36,325
Due from Other Governments	24,952	13,845	46,689	58,608	-	144,094
Due from Other Funds	111,718	-	-	-	-	111,718
Prepaid Expenses	16,600	1,030	-	2,953	-	20,583
Total Assets	<u>\$ 1,745,272</u>	<u>\$ 14,875</u>	<u>\$ 46,689</u>	<u>\$ 61,561</u>	<u>\$ -</u>	<u>\$ 1,868,397</u>
Liabilities and Deferred Inflows						
Liabilities:						
Accounts payable	\$ 17,835	\$ 2,973	\$ 35,340	\$ 3,457	\$ -	\$ 59,605
Accrued Expenses and Other Liabilities	46,401	1,504	-	6,844	-	54,749
Due to Other Funds	-	6,102	11,349	51,260	-	68,711
Total Liabilities	<u>64,236</u>	<u>10,579</u>	<u>46,689</u>	<u>61,561</u>	<u>-</u>	<u>183,065</u>
Deferred Inflows of Resources						
Unavailable revenue-property taxes	9,674	-	-	-	-	9,674
Unavailable revenue-court fines	26,906	-	-	-	-	26,906
Total deferred inflows of resources	<u>36,580</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>36,580</u>
Fund Balances:						
Nonspendable	16,600	1,030	-	2,953	-	20,583
Unassigned	1,627,856	3,266	-	(2,953)	-	1,628,169
Total Fund Balances	<u>1,644,456</u>	<u>4,296</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,648,752</u>
Total Liabilities, deferred inflows, and Fund Balances	<u>\$ 1,745,272</u>	<u>\$ 14,875</u>	<u>\$ 46,689</u>	<u>\$ 61,561</u>	<u>\$ -</u>	<u>\$ 1,868,397</u>

See Accompanying Notes to Financial Statements.

Town of Hayden, Arizona
Reconciliation of the Balance Sheet – Governmental Funds
to the Statement of Net Position
June 30, 2020

Fund balances-total governmental funds	\$	1,648,752
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets of \$5,718,562, net of accumulated depreciation of (\$4,105,265), are not financial resources and therefore, are not reported in the funds		1,613,397
Other long-term assets (receivables) are not available to pay for current period expenditures and therefore, are deferred inflows of resources in the funds. These include property taxes of \$9,674 and magistrate fines of \$26,906.		36,580
Compensated Absences are payable only upon employee retirement and therefore are not payable from current resources		(48,238)
Net pension assets held in trust for future benefits are not available for current operations and, therefore, are not reported in the funds.		1,507,123
Pension liabilities are not due and payable in the current period and, therefore, are not reported as a liability in the funds.		(942,528)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.		(84,536)
Net position of governmental activities	<u>\$</u>	<u>3,730,550</u>

Town of Hayden, Arizona
Statement of Revenues, Expenditures, and Changes in Fund Balances –
Governmental Funds
For the Year Ended June 30, 2020

	General Fund	Highway Users Fund	Grants Fund	Senior Center Fund	Library Fund	Total Governmental Funds
Revenues:						
State Sales Tax	\$ 62,973	\$ -	\$ -	\$ -	\$ -	\$ 62,973
State Revenue Sharing	193,972	-	-	-	-	193,972
Highway Users Tax	-	269,801	-	-	-	269,801
Transportation Excise Tax	-	70,786	-	-	-	70,786
Property Tax	644,832	-	-	-	-	644,832
Vehicle Lieu Tax	43,809	-	-	-	-	43,809
Grant Revenue	12,521	-	74,054	214,177	-	300,752
Town Sales Tax	360,817	-	-	-	-	360,817
Winkelman Intergovernmental Contract	100,000	-	-	-	-	100,000
Utility Franchise	11,959	-	-	-	-	11,959
Licenses, Permits and Other	63,236	-	-	55,774	194	119,204
Fines and Forfeitures	2,579	-	-	-	-	2,579
Sanitation Fees	49,663	-	-	-	-	49,663
Golf Course Fees	25,011	-	-	-	-	25,011
Gain on investment	106	-	-	-	-	106
Interest Income	17,697	-	-	-	-	17,697
Total Revenues	<u>1,589,175</u>	<u>340,587</u>	<u>74,054</u>	<u>269,951</u>	<u>194</u>	<u>2,273,961</u>
Expenditures:						
Current:						
General Government	420,300	-	-	-	-	420,300
Police	523,489	-	-	-	-	523,489
Fire	39,849	-	-	-	-	39,849
Streets	-	176,291	-	-	-	176,291
Sanitation	144,973	-	-	-	-	144,973
Parks and Recreation/Golf Course	210,185	-	2,805	-	-	212,990
Cemetery	4,077	-	-	-	-	4,077
Pool	13,964	-	-	-	-	13,964
Library	-	-	-	-	14,085	14,085
Senior Center	-	-	-	273,885	-	273,885
Community Development	-	-	71,249	-	-	71,249
Animal Control	8,381	-	-	-	-	8,381
Capital Outlay	-	160,000	-	-	-	160,000
Total Expenditures	<u>1,365,218</u>	<u>336,291</u>	<u>74,054</u>	<u>273,885</u>	<u>14,085</u>	<u>2,063,533</u>
Excess of revenues over (Under) Expenditures	223,957	4,296	-	(3,934)	(13,891)	210,428
Other Financing Sources (uses):						
Transfers to other funds	(217,484)	-	-	-	-	(217,484)
Transfers from the general fund	-	-	-	3,934	13,891	17,825
Net Other Financing Sources (Uses)	<u>(217,484)</u>	<u>-</u>	<u>-</u>	<u>3,934</u>	<u>13,891</u>	<u>(199,659)</u>
Net change in fund balances	6,473	4,296	-	-	-	10,769
Fund Balances, Beginning,	1,637,983	-	-	-	-	1,637,983
Fund Balances, Ending	<u>\$ 1,644,456</u>	<u>\$ 4,296</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,648,752</u>

See Accompanying Notes to Financial Statements.

Town of Hayden, Arizona
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances –
Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2020

Net change in fund balances-total governmental funds \$ 10,769

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	160,000
Depreciation expense	(145,898)

Under the modified accrual basis of accounting used in governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available resources. In the statement of activities, however, which is presented on the accrual basis of accounting, expenses are reported regardless of when the financial resources are available.

Decrease in compensated absences	10,158
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(4,742)
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Pension contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the statement of net position because the reported net pension liability is measured a year before the Town's report date. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the statement of activities.

Pension contributions	98,041
Pension expense	(53,674)

Change in net position of governmental activities	\$ 74,654
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Town of Hayden, Arizona
Statement of Fund Net Position – Proprietary Funds
June 30, 2020

	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Proprietary Funds</u>
Assets			
Current Assets:			
Accounts Receivable	\$ 7,858	\$ 14,678	\$ 22,536
Prepaid expense	3,613	829	4,442
Total Current Assets	<u>11,471</u>	<u>15,507</u>	<u>26,978</u>
Capital Assets:			
Land and Construction in Progress	-	10,718	10,718
Depreciable Capital Assets, Net	187,404	6,616,334	6,803,738
Net Other Postemployment Benefits Asset	166	187	353
Total Assets	<u>199,041</u>	<u>6,642,746</u>	<u>6,841,787</u>
Deferred Outflows of Resources - Pensions	<u>15,165</u>	<u>17,061</u>	<u>32,226</u>
Liabilities			
Current Liabilities:			
Accounts payable	3,294	5,290	8,584
Accrued liabilities	1,078	1,808	2,886
Current portion of loan payable	-	8,025	8,025
Current portion of compensated absences	-	235	235
Total Current Liabilities	<u>4,372</u>	<u>15,358</u>	<u>19,730</u>
Non-Current Liabilities:			
Compensated Absences	2,182	2,831	5,013
Municipal property corporation loan payable	-	402,439	402,439
Net Pension Liabilities	90,846	102,202	193,048
Total Non-Current Liabilities	<u>93,028</u>	<u>507,472</u>	<u>600,500</u>
Total Liabilities	<u>97,400</u>	<u>522,830</u>	<u>620,230</u>
Deferred Inflows of Resources - Pensions	<u>7,902</u>	<u>8,890</u>	<u>16,792</u>
Net Position			
Invested in Capital Assets, Net of Related Debt	187,404	6,216,588	6,403,992
Reserve for Debt Retirement	-	5,800	5,800
Unrestricted	(78,500)	(94,301)	(172,801)
Total Net Position	<u>\$ 108,904</u>	<u>\$ 6,128,087</u>	<u>\$ 6,236,991</u>

See Accompanying Notes to Financial Statements.

Town of Hayden, Arizona
Statement of Revenues, Expenses and Changes in Fund Net Position –
Proprietary Funds
For the Year Ended June 30, 2020

	Business-type Activities-Enterprise Funds		
	Water Utility	Sewer Utility	Total
Operating Revenues:			
Charges for Services	\$ 58,116	\$ 116,983	\$ 175,099
Taps, Extensions and Permits	275	-	275
Total Operating Revenues	<u>58,391</u>	<u>116,983</u>	<u>175,374</u>
Operating Expenses:			
Personal Services	103,218	76,617	179,835
Telephone and Utilities	18,353	28,501	46,854
Repairs and Maintenance	16,993	62,380	79,373
Supplies	3,083	6,412	9,495
Miscellaneous	624	1,512	2,136
Consultants	12,301	34,795	47,096
Depreciation	11,747	224,354	236,101
Total Operating Expenses	<u>166,319</u>	<u>434,571</u>	<u>600,890</u>
Operating Income (Loss)	<u>(107,928)</u>	<u>(317,588)</u>	<u>(425,516)</u>
Non-Operating Revenues (Expenses):			
Interest Expense	-	(11,405)	(11,405)
Total Non-Operating Revenues (Expenses)	<u>-</u>	<u>(11,405)</u>	<u>(11,405)</u>
Transfers	<u>92,689</u>	<u>106,970</u>	<u>199,659</u>
Changes in Net Position	(15,239)	(222,023)	(237,262)
Total Net Position - Beginning	124,143	6,350,110	6,474,253
Total Net Position - Ending	<u>\$ 108,904</u>	<u>\$ 6,128,087</u>	<u>\$ 6,236,991</u>

See Accompanying Notes to Financial Statements.

Town of Hayden, Arizona
Statements of Cash Flows
Proprietary Funds
June 30, 2020

	Water Utility	Sewer Utility	Total Proprietary Funds
Cash Flows from Operating Activities:			
Cash Received from Customers	\$ 58,208	\$ 118,326	\$ 176,534
Cash Payments to Suppliers for Goods and Services	(53,444)	(128,417)	(181,861)
Cash Payments for Employees, Payroll Taxes and Fringe Benefits	(97,453)	(77,667)	(175,120)
Net Cash used by Operating Activities	(92,689)	(87,758)	(180,447)
Cash Flows from Non-Capital Financing Activities:			
Transfers from the General Fund	92,689	106,970	199,659
Net Cash provided by Non-Capital Financing Activities	92,689	106,970	199,659
Cash Flows from Capital and Related Financing Activities:			
Interest Expense Payments	-	(11,405)	(11,405)
Principal Payments on Debt	-	(7,807)	(7,807)
Net Cash used for Capital and Related Financing Activities	-	(19,212)	(19,212)
Net Change in Cash and Cash Equivalents	-	-	-
Cash and Cash Equivalents - Beginning of Year	-	-	-
Cash and Cash Equivalents - End of Year	\$ -	\$ -	\$ -
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	\$ (107,928)	\$ (317,588)	\$ (425,516)
Adjustments to reconcile operating Income (loss) to net cash provided (used) by operating activities:			
Depreciation	11,747	224,354	236,101
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources			
Increase (Decrease) in Net Pension Liability	1,872	(8,994)	(7,122)
(Increase) Decrease in Deferred Outflows Relating to Pensions	10,925	15,552	26,477
Increase (Decrease) in Deferred Inflows Relating to Pensions	(7,035)	(9,782)	(16,817)
(Increase) Decrease in Accounts Receivable	(183)	1,343	1,160
(Increase) Decrease in Prepaid Expenses	(1,533)	2,258	725
Increase (Decrease) in Accounts Payable	(557)	2,925	2,368
Increase (Decrease) in Accrued Payroll	3	47	50
Increase (Decrease) in Compensated Absences	-	2,127	2,127
Total Adjustments	15,239	229,830	245,069
Net Cash Used by Operating Activities	\$ (92,689)	\$ (87,758)	\$ (180,447)

See Accompanying Notes to Financial Statements.

Town of Hayden, Arizona
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2020

	Volunteer Firemen's Relief and Pension Fund
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Assets	
Cash and investments	\$ 77,877
Due from other governments	1,136
Total Assets	<u>79,013</u>
Liabilities	
Due to other Funds	43,007
Total Liabilities	<u>43,007</u>
Net Position Held in Trust for Pension Benefits	<u>\$ 36,006</u>

See Accompanying Notes to Financial Statements.

Town of Hayden, Arizona
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the Year Ended June 30, 2020

	Volunteer Firemen's Relief and Pension Fund
<hr/>	
Additions	
Contributions:	
Employer	\$ 590
Plan Members	590
Total Contributions	<u>1,180</u>
Investment Income:	
Gain (Loss) on investments	7
Interest	1,239
Total Investment Income	<u>1,246</u>
Total Additions	<u>2,426</u>
 Deductions	
Benefits	<u>5,044</u>
Total Deductions	<u>5,044</u>
Change in Net Assets	(2,618)
 Net Position Held in Trust for Pension Benefits - Beginning of Year	<u>38,624</u>
Net Position Held in Trust for Pension Benefits - End of Year	<u><u>\$ 36,006</u></u>

See Accompanying Notes to Financial Statements.

Town of Hayden, Arizona
Notes to Financial Statements
June 30, 2020

Note 1 - Summary of Significant Accounting Policies

The Town of Hayden, Arizona operates under a council-clerk form of government and provides the following services: police and fire protection, highways and streets maintenance, sanitation, water, sewer, parks and recreation, public improvements and general administrative services.

The accounting and reporting framework and the more significant accounting principles and practices of the Town of Hayden (Town) are discussed in subsequent sections of this Note. The remainder of the Notes are organized to provide explanation, including required disclosures, of the Town's financial activities for the fiscal year ended June 30, 2020.

A. Reporting Entity

As required by generally accepted accounting principles, these financial statements present the government and its component units (entities for which the government is considered to be financially accountable.) Blended component units, although legally separate entities, are, in substance, part of the government's operations. Data from these units are combined with data of the primary government.

Blended Component Unit - Town of Hayden Municipal Property Corporation

In December 2014, the Town of Hayden Municipal Property Corporation received a loan of \$452,000 from the Rural Utilities Service (RUS) within the Rural Development Mission Area of the United States Department of Agriculture (USDA). This loan provided funds for the Town to pay costs of construction for a new wastewater collection system and a new wastewater treatment plant. The Town of Hayden Municipal Property Corporation is a "blended" component unit, and its activity is recorded in the Sewer Utility Fund where sewer fees collected will provide debt service for the loan.

B. Basis of Presentation

Government-wide Financial Statements - The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for the Town as a whole, excluding fiduciary activities such as employee pension plans. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and Town general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees, fines and forfeitures, and other charges to users of the Town's services, (2) operating grants and contributions which finance operating activities including the Highway Users tax, Transportation Excise Tax and the County Library Property tax; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

Town of Hayden, Arizona
Notes to Financial Statements
June 30, 2020

Fund Financial Statements - Provide information about the Town's funds, including fiduciary funds and blended component units. Separate statements are presented for the governmental, proprietary, and fiduciary fund categories. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Fiduciary funds are aggregated and reported by fund type.

Proprietary fund revenues and expenses are classified as either operating or nonoperating. Operating revenues and expenses generally result from transactions associated with the fund's principal activity. Accordingly, revenues, such as user charges of the proprietary funds in which each party receives and gives up essentially equal values are operating revenues. Other revenues, such as subsidies, result from transactions in which the parties do not exchange equal values and are considered nonoperating revenues along with investment earnings and revenues ancillary activities generate. Operating expenses include the cost of services, administrative expenses, and depreciation on capital assets. Other expenses, such as interest expense, are considered nonoperating expenses.

The Town reports the following major governmental funds:

General Fund - reports as the primary fund of the Town. This fund is used to account for all financial resources not reported in other funds.

Highway Users Fund - the Town receives a share of the State's gas tax, which is to be used solely for street and highway expenditures.

Grants Fund - established to account for the Town's grant programs not reported in proprietary funds or other funds.

Senior Center Fund and Library Fund - accounts for the operations and funding for those departments.

The Town reports the following major Proprietary funds:

Water Utility Fund - accounts for the operating activities of the Town's water utility services.

Sewer Utility Fund - accounts for the operating activities of the Town's sewer utility services.

The Town reports the following fiduciary fund:

Volunteer Firemen's Relief and Pension Fund - reports fiduciary resources held in trust and the receipt, investment, and distribution of retirement contributions.

Town of Hayden, Arizona
Notes to Financial Statements
June 30, 2020

C. Basis of Accounting

The government-wide, proprietary, and fiduciary fund financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax revenues are recognized in the year for which they are levied while grant revenues are recognized when grantor eligibility requirements are met.

Pension trust funds recognize employer and participant contributions in the period in which contributions are due and the Town has made a formal commitment to provide the contributions. Retirement benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The Town considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred as under accrual accounting.

Major revenue sources susceptible to accrual include: sales and use taxes, charges to customers for services, property taxes, franchise fees, intergovernmental revenues and investment income. In general, other revenues are recognized when cash is received.

Operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services and include depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. When both restricted and unrestricted resources are available for use, for governmental activities it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Cash and Investments

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits, investments held by the State Treasurer in short-term investment pools, and highly liquid investments with a maturity of three months or less when purchased.

Cash and investments are pooled except for funds required to be held by fiscal agents or are restricted. Interest earned from investments purchased with such pooled monies is allocated to each of the funds based on the average daily cash balances. State statutes authorize the Town to invest in obligations of the U.S. Treasury and U.S. agencies, certificates of deposit in eligible depositories, repurchase agreements, obligations of the State of Arizona or any of its counties or incorporated cities, Town's or duly organized school districts, improvement districts in this state and the State Treasurer's Local Government Investment Pools. All investments are stated at fair value.

Town of Hayden, Arizona
Notes to Financial Statements
June 30, 2020

E. Capital Assets

The Town's property, plant, equipment, and infrastructure with useful lives of more than one year are stated at historical cost and comprehensively reported in the government-wide financial statements. The Town maintains infrastructure asset records consistent with all other capital assets beginning July 1, 2003. Proprietary capital assets are also reported in their respective fund financial statements. Donated assets are stated at fair value on the date donated. The Town capitalizes assets with cost of \$500 or more as purchase and construction outlays occur. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations. The Town has elected not to report general infrastructure assets retroactively. Estimated useful lives, in years, for depreciable assets are as follows:

Buildings	40
Improvements, other than buildings	7 - 20
Furniture, machinery, and equipment	7 - 20
Street and Highway Infrastructure	10

F. Compensated Absences

Town employees are allowed to accrue twelve days sick leave each year, up to a maximum of thirty days. Sick days do not vest under the Town's policy, and accordingly, employees can be paid sick leave only when sick. Since accumulated sick leave is not paid on separation, a liability for unused sick leave is not recorded in the financial statements.

Town employees are granted vacation leave in varying amounts. In the event of termination or retirement, an employee is reimbursed for any unused accumulated vacation leave. Unlike sick leave, it and related payroll taxes and other salary-related payments are accrued as a current liability on the assumption that employees may terminate their employment at any time and the Town would use current resources to pay the accumulated leave amounts. A liability for these amounts is reported in the governmental funds' financial statements only if they have matured, for example, as a result of employee retirement by fiscal year-end.

G. Deferred outflows and inflows of resources

The statement of net position and balance sheet include separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position that applies to future periods that will be recognized as an expense or expenditure in future periods. Deferred inflows of resources represent an acquisition of net position or fund balance that applies to future periods and will be recognized as a revenue in future periods.

H. Postemployment benefits

For purposes of measuring the net pension and other postemployment benefits (OPEB) assets and liabilities, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension and OPEB expense, information about the plans' fiduciary net position and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Town of Hayden, Arizona
Notes to Financial Statements
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I. Fund Balance Classifications

The governmental funds' fund balances are reported separately within classifications based on a hierarchy of the constraints placed on those resources' use. The classifications are based on the relative strength of the constraints that control how the specific amounts can be spent. The classifications are nonspendable, restricted, and unrestricted, which includes committed, assigned, and unassigned fund balance classifications.

The nonspendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form, such as prepaid expenses, or are legally or contractually required to be maintained intact.

Restricted fund balances are those that have externally imposed restrictions on their usage by creditors (such as through debt covenants), grantors, contributors, or laws and regulations. The Town's restricted fund balance consists of Highway Users Tax and Gila County Transportation Excise Tax amounts collected by Arizona specifically for street operations and maintenance.

The unrestricted fund balance category is composed of committed, assigned, and unassigned resources. Committed fund balances are self-imposed limitations that the Town Council approved, which is the highest level of decision-making authority within the Town. Only the Council can remove or change the constraints placed on committed fund balances.

Assigned fund balances are resources constrained by the Town's intent to be used for specific purposes, but that are neither restricted nor committed.

The Town has no committed or assigned fund balances at June 30, 2020.

The unassigned fund balance is the residual classification and includes all spendable amounts not reported in the other classifications.

When an expenditure is incurred that can be paid from either restricted or unrestricted fund balances, it is the Town's policy to use restricted fund balance first.

J. Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 2 - Stewardship, Compliance, And Accountability

The Town Clerk submits an annual budget to the Town Council in accordance with Arizona State Statutes. The budget is presented to the Town Council for review, and public hearings are held to address priorities and the allocation of resources. Once approved, the Town Council may amend the legally adopted budget when unexpected modifications are required in estimated revenues and appropriations.

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Each fund's appropriated budget is prepared on a detailed line item basis. Revenues are budgeted by source. Expenditures are budgeted by department. The legal level of control is by department within a fund. It is the Town's policy to use budgeted contingency funds when departments incur excess over the budgeted amounts due to unexpected expenditures. For the year ended June 30, 2020, there were no departments that exceeded the budget.

Note 3 – Deposits and Investments

Deposits

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of bank failure the Town's deposits may not be returned to the Town. The Town does not have a formal deposit policy for custodial credit risk. At year end, the carrying amount of the Town's deposits was \$419,183 and the bank balance was \$439,922. \$304,806 of the bank balance was covered by FDIC coverage and the remaining \$135,116 was collateralized by the Arizona State Treasurer collateral pool. The Town also had cash on hand of \$220.

Investments

The Town's investments of \$1,188,391 consist of investments in the State Treasurer external investment pool 5. Investments in the State Treasurer's investment pools are valued at the pool's share price multiplied by the number of shares the Town held. The fair value of a participant's position in the pools approximates the value of that participant's pool shares. The State Board of Investment provides oversight for the State Treasurer's investment pools. The State Treasurer's investment pools represent external investment pools, which are not subject to the fair value hierarchy.

Interest Rate Risk. The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. State Treasurer external investment pool 5 are considered to be short term investments.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations to the holder of the investment. The Town's investment policy minimizes credit risk by limiting investments to a specific list of the safest types of securities. The State Treasurer's investment pool 5 had a credit rating of AAf/S1+ by Standard and Poor's.

Custodial Credit Risk – Investments. The Town's investment in the State Treasurer's investment pool represents a proportionate interest in the pool's portfolio; however, the Town's portion is not identified with specific investments and is not subject to custodial credit risk.

**Town of Hayden, Arizona
Notes to Financial Statements
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Note 4 – Receivables

The following is a description of significant receivables as of June 30, 2020:

PROPERTY TAXES RECEIVABLE - Property taxes due from County;
revenue deferred for amounts assessed by County but uncollected
(\$15,441) for governmental fund financial statements \$ 15,441

ACCOUNTS RECEIVABLE:
Sanitation (\$5,538), Cemetery Services (\$4,781)
Water (\$7,858), Sewer (\$14,678) 32,855

OTHER RECEIVABLES:
Magistrate Fines Receivable (Deferred for Uncollected Amounts) 101,658
Small Business Loan Receivables 41,171
Other Miscellaneous Receivables 9,419
Allowance for uncollectible accounts (115,923) 36,325

DUE FROM OTHER GOVERNMENTS:
State Sales Tax 5,189
Town Sales Tax 10,269
Vehicle Lieu Tax 1,843
Gila County Transportation Excise Tax 7,249
Highway Users Tax 6,606
Senior Center Grants 58,608
Other Grants 54,330 144,094

Total \$ 228,715

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on May 1 and payable in two installments on October 1 and April 1 of the subsequent year. The County bills and collects property taxes on behalf of the Town. In the governmental fund financial statements, Town property tax revenues are recognized when levied to the extent that they have been collected by the Town within sixty days of year end. Assessed amounts that are uncollected are recorded as a receivable and deferred inflows. In the government-wide financial statements, property taxes receivable and related revenue include all amounts due to the Town regardless of when cash is received. Over time, substantially all property taxes are collected.

The Town is subject to a maximum primary property tax levy by Arizona State Statutes. For 2019-2020 this levy limit was \$3,862,138, and the Town levied \$614,669 in primary taxes a difference of \$3,247,469. The Town has no secondary property tax levy for general obligation bonded debt.

Revenue is recorded as earned when eligibility requirements are met. Other revenue was received more than 60 days following year-end (unavailable to pay liabilities of the current period). These amounts are property taxes (\$9,674) and magistrate fines (\$26,906). This total of \$36,580 is recorded as Deferred Inflows of Resources in the governmental fund financial statements.

Town of Hayden, Arizona
Notes to Financial Statements
June 30, 2020

Note 5 – Capital Assets

The following tables provide a summary of changes in capital assets:

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
<i>Capital assets not being depreciated</i>				
Land	\$ 90,570	\$ -	\$ -	\$ 90,570
Total capital assets not being depreciated	<u>90,570</u>	<u>-</u>	<u>-</u>	<u>90,570</u>
<i>Capital assets being depreciated</i>				
Buildings and improvements	1,903,994	-	-	1,903,994
Street Infrastructure and Improvements	1,107,969	160,000	-	1,267,969
Furniture and equipment	2,456,029	-	-	2,456,029
Total capital assets being depreciated	<u>5,467,992</u>	<u>160,000</u>	<u>-</u>	<u>5,627,992</u>
<i>Less accumulated depreciation</i>				
Buildings and improvements	(1,203,361)	(49,645)	-	(1,253,006)
Street Infrastructure and Improvements	(727,870)	(33,427)	-	(761,297)
Furniture and equipment	(2,028,036)	(62,826)	-	(2,090,862)
Total accumulated depreciation	<u>(3,959,267)</u>	<u>(145,898)</u>	<u>-</u>	<u>(4,105,165)</u>
Total capital assets being depreciated, net	<u>1,508,725</u>	<u>14,102</u>	<u>-</u>	<u>1,522,827</u>
Governmental activities capital assets, net	<u>\$ 1,599,295</u>	<u>\$ 14,102</u>	<u>\$ -</u>	<u>\$ 1,613,397</u>

Business-type Activities	Beginning Balance	Increases	Reclassification	Ending Balance
<i>Capital assets not being depreciated</i>				
Land	\$ 10,718	\$ -	\$ -	\$ 10,718
Total capital assets not being depreciated	<u>10,718</u>	<u>-</u>	<u>-</u>	<u>10,718</u>
<i>Capital assets being depreciated</i>				
Street Infrastructure and Improvements	9,432,961	-	-	9,432,961
Furniture and equipment	61,018	-	-	61,018
Total capital assets being depreciated	<u>9,493,979</u>	<u>-</u>	<u>-</u>	<u>9,493,979</u>
<i>Less accumulated depreciation</i>				
Street Infrastructure and Improvements	(2,393,400)	(235,823)	-	(2,629,223)
Furniture and equipment	(60,740)	(278)	-	(61,018)
Total accumulated depreciation	<u>(2,454,140)</u>	<u>(236,101)</u>	<u>-</u>	<u>(2,690,241)</u>
Total capital assets being depreciated, net	<u>7,039,839</u>	<u>(236,101)</u>	<u>-</u>	<u>6,803,738</u>
Governmental activities capital assets, net	<u>\$ 7,050,557</u>	<u>\$ (236,101)</u>	<u>\$ -</u>	<u>\$ 6,814,456</u>

**Town of Hayden, Arizona
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Depreciation expense was charged to functions of the primary government as follows:

Governmental Activities		Business-type Activities	
Administration	\$ 28,320	Water Utility	\$ 11,747
Police	14,786	Sewer Utility	<u>224,354</u>
Fire	31,873	Total	<u>\$ 236,101</u>
Streets	10,103		
Sanitation	7,067		
Parks and Recreation	8,912		
Cemetery	195		
Pool	18,630		
Library	5,756		
Senior Center	<u>20,256</u>		
Total	<u>\$ 145,898</u>		

Note 6 – Long-Term Liabilities

The following is a summary of changes in long-term debt for the year ended June 30, 2020:

	<u>Balance</u>			<u>Balance</u>	<u>Due</u>
	<u>July 01, 2019</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2020</u>	<u>Within</u>
					<u>One Year</u>
Governmental Activities					
Compensated Absences	\$ 58,396	\$ -	\$ (10,158)	\$ 48,238	\$ 9,648
Net pension/OPEB liabilities	912,573	29,955	-	942,528	-
Total	<u>\$ 858,078</u>	<u>\$ 29,955</u>	<u>\$ (10,158)</u>	<u>\$ 990,766</u>	<u>\$ 9,648</u>
Business-type Activities					
Municipal Property Corporation Note	\$ 418,271	\$ -	\$ (7,807)	\$ 410,464	\$ 8,025
Compensated Absences	3,121	2,127	-	5,248	235
Net pension OPEB liabilities	200,321	-	(7,273)	193,048	-
Total	<u>\$ 629,735</u>	<u>\$ 2,127</u>	<u>\$ (15,080)</u>	<u>\$ 608,760</u>	<u>\$ 8,260</u>

Note Payable

In December 2014, the Town of Hayden Municipal Property Corporation, a blended component unit reported in the Sewer Utility Fund, received a loan of \$452,000 from the Rural Utilities Service (RUS) within the Rural Development Mission Area of the United States Department of Agriculture (USDA). This loan provided funds to the Town to pay costs of construction for a new wastewater collection system and a new wastewater treatment plant. The loan bears interest at 2.75% and interest expense for the year ended June 30, 2020 was \$11,616. Beginning October 2014, \$215 per month will be designated as the Reserve Account until the sum of \$5,800 is reached. At June 30, 2020 \$5,800 has been accumulated in a required restricted reserve account.

Town of Hayden, Arizona
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Future payments due on the loan are as follows:

<u>Fiscal Year Ending</u>	<u>Total</u>	<u>Interest</u>	<u>Principal</u>
2021	\$ 19,212	\$ 11,187	\$ 8,025
2022	19,212	10,964	8,248
2023	19,212	10,734	8,478
2024	19,212	10,498	8,714
2025	19,212	10,255	8,957
2026-2030	96,060	47,392	48,668
2031-2035	96,060	40,227	55,833
2036-2040	96,060	32,007	64,053
2041-2045	96,060	22,577	73,483
2046-2050	96,060	11,759	84,301
2051-2053	62,263	1,346	41,704
	<u>\$ 638,623</u>	<u>\$ 208,946</u>	<u>\$ 410,464</u>

Note 7 – Interfund Receivables, Payables and Transfers

Activity between funds that are representative of short-term lending/borrowing arrangements outstanding at the end of the fiscal year are described as "due to/from other funds". The following is a reconciliation of the interfund receivables and payables at June 30, 2020:

<u>Payable From</u>	<u>Payable to General Fund</u>
Highway Users Fund	6,102
Senior Center Fund	51,260
Grants Fund	11,349
Fiduciary Fund	43,007
Total	<u>\$ 111,718</u>

Interfund Transfers within the reporting entity are for the purposes of subsidizing operating functions. The General Fund transferred \$13,891 to the Library fund, \$3,934 to the Senior Center Fund, and \$199,659 to the Utility Funds for the year ended June 30, 2020.

Note 8 – Risk Management

The Town is a member of the Arizona Municipal Risk Retention Pool (Pool). The Pool was created to formulate, develop and administer a program of self-funding for the Pool's membership, obtain lower costs for property and liability insurance coverage and develop a comprehensive loss control program. The Town pays an annual premium to the Pool for its coverage. The Town's agreement with the Pool provides that the Pool will be self-sustaining through member premiums and will provide, through commercial companies reinsurance contracts, individual stop loss coverage for member local governments. Insurance settlements for the Town did not exceed insurance coverage for each of the past three years.

The Pool is financially solvent as of June 30, 2019. However, if the Pool should become insolvent, the Town may be assessed an "additional premium" not to exceed the Town's annual premium for the year i.e. \$88,744.

**Town of Hayden, Arizona
Notes to Financial Statements
June 30, 2020**

Note 9 – Pensions and Other Postemployment Benefits

The Town contributes to the Arizona State Retirement System (ASRS) and the Public Safety Personnel Retirement System (PSPRS) – Police. The plans are component units of the State of Arizona.

At June 30, 2020 the Town reported the following aggregate amounts related to pensions and other postemployment benefits (OPEB) for all plans to which it contributes:

Statement of Net Position and Statement of Activities	Governmental Activities	Business-Type Activities	Total
Net pension and OPEB asset	\$ 1,507,123	\$ 353	\$ 1,507,476
Net pension and OPEB liabilities	942,528	193,048	1,135,576
Deferred outflows of resources related to pensions and OPEB	240,647	32,226	272,873
Deferred inflows of resources related to pensions and OPEB	325,183	16,792	341,975
Pension and OPEB expense	53,674	20,113	73,787

The Town reported \$98,041 of pension and OPEB contributions as expenditures in the governmental funds related to all pension plans to which it contributes.

A. Arizona State Retirement System

Plan description - Town employees not covered by the other pension plans described below participate in the Arizona State Retirement System (ASRS). The ASRS administers a cost-sharing multiple-employer defined benefit pension plan, a cost-sharing multiple-employer defined benefit health insurance premium benefit (OPEB) plan, and a cost-sharing multiple-employer defined benefit long-term disability (OPEB) plan. The Arizona State Retirement System Board governs the ASRS according to the provisions of A.R.S. Title 38, Chapter 5, Articles 2 and 2.1. The ASRS issues a publicly available financial report that includes its financial statements and required supplementary information. The report is available on its website at www.azasrs.gov.

Benefits provided - The ASRS provides retirement, health insurance premium supplement, long-term disability, and survivor benefits. State statute establishes benefit terms. Retirement benefits are calculated on the basis of age, average monthly compensation, and service credit as follows:

ASRS	Retirement Initial membership date:	
	Before January 1, 2011	On or after January 1, 2011
Retirement and disability		
Years of service and age required to receive benefit	Sum of years and age equals 80 10 years, age 62 5 years, age 50* any years, age 65	30 years, age 55 25 years, age 60 10 years, age 62 5 years, age 50* any years, age 65
Final average salary based on	Highest 36 consecutive months of last 120 months	Highest 60 consecutive months of last 120 months
Benefit percent per year of service	2.1% to 2.3%	2.1% to 2.3%

*With actuarially reduced benefits.

Retirement benefits for members who joined the ASRS prior to September 13, 2013, are subject to automatic cost-of-living adjustments based on excess investment earning. Members with a membership date on or after September 13, 2013, are not eligible for cost-of-living adjustments. Survivor benefits are payable upon a member's death. For retired members, the retirement benefit option chosen determines the survivor benefit. For all other members, the beneficiary is entitled to the member's account balance that includes the member's contributions and employer's contributions, plus interest earned.

Town of Hayden, Arizona
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Health insurance premium benefits are available to retired or disabled members with 5 years of credited service. The benefits are payable only with respect to allowable health insurance premiums for which the member is responsible. For members with 10 or more years of service, benefits range from \$100 per month to \$260 per month depending on the age of the member and dependents. For members with 5 to 9 years of service, the benefits are the same dollar amounts as above multiplied by a vesting fraction based on completed years of service.

Active members are eligible for a monthly long-term disability benefit equal to two-thirds of monthly earnings. Members receiving benefits continue to earn service credit up to their normal retirement dates. Members with long-term disability commencement dates after June 30, 1999, are limited to 30 years of service or the service on record as of the effective disability date if their service is greater than 30 years.

Contributions - In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2020, statute required active ASRS members to contribute at the actuarially determined rate of 12.11 percent (11.94 percent for retirement and 0.17 percent for long-term disability) of the members' annual covered payroll, and statute required the Town to contribute at the actuarially determined rate of 12.11 percent (11.45 percent for retirement, 0.49 percent for health insurance premium benefit, and 0.17 percent for long-term disability) of the active members' annual covered payroll. In addition, the Town was required by statute to contribute at the actuarially determined rate of 10.41 percent (10.29 percent for retirement, 0.05 percent for health insurance premium benefit, and 0.07 percent for long-term disability) of annual covered payroll of retired members who worked for the Town in positions that an employee who contributes to the ASRS. The Town's contributions to the pension, health insurance premium benefit, and long-term disability plans for the year ended June 30, 2020, were \$73,167, \$2,955, and \$1,058, respectively.

During fiscal year 2020, the Town paid for ASRS pension and OPEB contributions as follows: 52 percent from the general fund, 31 percent from major funds, and 17 percent from enterprise funds.

Liability - At June 30, 2020, the Town reported the following asset and liabilities for its proportionate share of the ASRS' net pension/OPEB asset or liability.

ASRS	Net pension/OPEB (asset) liability
Pension	\$ 1,130,625
Health insurance premium benefit	(2,075)
Long-term disability	4,951

The net asset and net liabilities were measured as of June 30, 2019. The total liability used to calculate the net asset or net liability was determined using update procedures to roll forward the total liability from an actuarial valuation as of June 30, 2018, to the measurement date of June 30, 2019. The Town's proportion of the net pension liability was based on the Town's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2019. The Town's proportion measured as of June 30, 2019, and the change from its proportions measured as of June 30, 2018, were:

Town of Hayden, Arizona
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ASRS	Proportion June 30, 2020 %	Increase (decrease) from June 30, 2019
Pension	0.00777%	-0.00018%
Health insurance premium benefit	0.00751%	-0.00026%
Long-term disability	0.00760%	-0.00034%

Expense - For the year ended June 30, 2020, the Town recognized the following pension and OPEB expense.

ASRS	Pension/OPEB revenue (expense)
Pension	(71,759)
Health insurance premium benefit	(4,613)
Long-term disability	(605)

Deferred outflows/inflows of resources - At June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions and OPEB from the following sources:

	<u>Pension</u>		<u>Health insurance premium benefit</u>		<u>Long-term disability</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
ASRS						
Differences between expected and actual experience	\$ 20,425	\$ 213	\$ -	\$ 2,481	\$ 585	\$ -
Changes of assumptions or other inputs	4,779	45,024	4,081	-	741	-
Net Difference between projected and actual earnings on pension plan investments	-	25,413	-	2,699	-	106
Changes in proportion and differences between contributions and proportionate share of contributions	81,198	22,709	63	-	511	134
City contributions subsequent to the measurement date	73,167	-	2,955	-	1,058	-
	<u>\$ 179,569</u>	<u>\$ 93,359</u>	<u>\$ 7,099</u>	<u>\$ 5,180</u>	<u>\$ 2,895</u>	<u>\$ 240</u>

The amounts reported as deferred outflows of resources related to ASRS pensions and OPEB resulting from Town contributions subsequent to the measurement date will be recognized as an increase of the net asset or a reduction of the net liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and OPEB will be recognized as expenses as follows:

**Town of Hayden, Arizona
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Year ending June 30	Pension	Health insurance premium benefit	Long-term disability
2021	\$ 49,583	\$ (880)	\$ 184
2022	(38,466)	(879)	184
2023	(4,880)	272	287
2024	6,806	510	306
2025	-	(59)	267
Thereafter	-	-	369

Actuarial assumptions - The significant actuarial assumptions used to measure the total pension liability are as follows:

ASRS

Actuarial valuation date	June 30, 2018
Actuarial roll forward date	June 30, 2019
Actuarial cost method	Entry age normal
Investment rate of return	7.5%
Projected salary increases	2.7 - 7.2% for pensions/not applicable for OPEB
Inflation	2.3%
Permanent benefit increase	Included for pension/not applicable for OPEB
Mortality rate	2017 SRA Scale U-MP for pension and health insurance premium benefit
Recovery rates	2012 GLDT fir long-term disability
Healthcare cost trend rate	Not applicable

Actuarial assumptions used in the June 30, 2018, valuation was based on the results of an actuarial experience study for the 5-year period ended June 30, 2016.

The long-term expected rate of return on ASRS plan investments was determined to be 7.5 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

ASRS Asset class	Target allocation	Long-term expected arithmetic real rate of return
Equity	50%	6.09%
Credit	20%	5.36%
Interest rate sensitive bonds	10%	1.62%
Real estate	20%	5.85%
Total	<u>100%</u>	

**Town of Hayden, Arizona
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Discount rate - The discount rate used to measure the ASRS total pension/OPEB liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board's funding policy, which establishes the contractually required rate under Arizona statute. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension/OPEB liability.

Sensitivity of the Town's proportionate share of the ASRS net pension/OPEB liability to changes in the discount rate—The following table presents the Town's proportionate share of the net pension/OPEB liability calculated using the discount rate of 7.5 percent, as well as what the Town's proportionate share of the net pension/OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.5 percent) or 1 percentage point higher (8.5 percent) than the current rate:

ASRS	1% Decrease 6.5%	Current rate 7.5%	1% Increase 8.5%
Town's proportionate share of the			
Net pension liability	\$ 1,609,142	\$ 1,130,625	\$ 730,709
Net insurance premium benefit liability (asset)	10,513	(2,075)	(12,801)
Net long-term liability	5,479	4,951	4,439

Pension plan fiduciary net position - Detailed information about the pension plan's fiduciary net position is available in the separately issued ASRS financial report.

B. Public Safety Personnel Retirement System

Plan descriptions - Town Police employees who are regularly assigned hazardous duty participate in the Public Safety Personnel Retirement System (PSPRS). A nine-member board known as the Board of Trustees and the participating local boards govern the PSPRS according to the provisions of A.R.S. Title 38, Chapter 5, Article 4. Employees who were PSPRS members before July 1, 2017, participate in the agent plans, and those who became PSPRS members on or after July 1, 2017, participate in the cost-sharing plans (PSPRS Tier 3 Risk Pool) which are not further disclosed because of their relative insignificance to the Town's financial statements. The PSPRS issues a publicly available financial report that includes financial statements and required supplementary information for the PSPRS plan. The report is available on the PSPRS website at www.psprs.com.

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Benefits provided - The PSPRS provides retirement, health insurance premium supplement, disability, and survivor benefits. State statute establishes benefit terms. Retirement, disability, and survivor benefits are calculated on the basis of age, average monthly compensation, and service credit as follows:

PSPRS	Initial membership date:	
	Before January 1, 2012	On or after January 1, 2012 and before July 1, 2017
Retirement and disability		
Years of service and age required to receive benefit	20 years of service, any age 15 years of service, age 62	25 years of service or 15 years of credited service, age 52.5
Final average salary based on	Highest 36 consecutive months of last 20 years	Highest 60 consecutive months of last 20 years
Benefit percent		
Normal retirement	50% less 2.0% for each year of credited service less than 20 years OR plus 2.0% to 2.5% for each year of credited service over 20 years, not to exceed 80%	1.5% to 2.5% per year of credited service, not to exceed 80%
Accidental disability retirement	50% or normal retirement, whichever is greater	
Catastrophic disability retirement	90% for the first 60 months thereafter reduced to either 62.5% or normal retirement, whichever is greater	
Ordinary disability retirement	Normal retirement calculated with actual years of credited service or 20 years	
Survivor benefit		
Retired members	80% to 100% of retired member's pension benefit	
Active members	80% to 100% of accidental disability retirement benefit of 100% of average	

Retirement and survivor benefits are subject to automatic cost-of-living adjustments based on inflation. PSPRS also provides temporary disability benefits of 50 percent of the member's compensation for up to 12 months.

Health insurance premium benefits are available to retired or disabled members with 5 years of credited service. The benefits are payable only with respect to allowable health insurance premiums for which the member is responsible. Benefits range from \$100 per month to \$260 per month depending on the age of the member and dependents.

Town of Hayden, Arizona
Notes to Financial Statements
June 30, 2020

Employees covered by benefit terms - At June 30, 2020, the following employees were covered by the agent pension plans' benefit terms:

	PSPRS Police
Inactive employees or beneficiaries currently receiving benefits	0
Inactive employees entitled to but not yet receiving benefits	2
Active employees	3
Total	5

Contributions and annual OPEB cost - State statutes establish the pension contribution requirements for active PSPRS employees. In accordance with state statutes, annual actuarial valuations determine employer contribution requirements for PSPRS pension. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. Contribution rates for the year ended June 30, 2020, are indicated below. Rates are a percentage of active members' annual covered payroll.

	PSPRS Police
Active members -Pension	
PSPRS members with an initial membership date on or before July 19, 2011	7.65%
PSPRS members with an initial membership date after July 19, 2011	11.65%
Town Contributions	
Pension	11.89%
Health Insurance Premium Benefit	0.00%

The Town's contributions to the plans for the year ended June 30, 2020, were:

	PSPRS Police
Pension contributions made	\$ 32,394
Health Insurance Premium Benefit	
Annual OPEB cost	
Contributions made	-

During fiscal year 2020, the Town paid for PSPRS contributions 100 percent from the general fund.

Liability - At June 30, 2020, the Town reported the following assets and liabilities:

	Net pension liability (asset)	Net OPEB liability (asset)
PSPRS Police	\$ (1,460,934)	\$ (44,467)

Town of Hayden, Arizona
Notes to Financial Statements
June 30, 2020

The net assets and net liabilities were measured as of June 30, 2017, and the total liability used to calculate the net asset or liability was determined by an actuarial valuation as of that date. The total liabilities as of June 30, 2019, reflect changes of actuarial assumptions to decrease the investment rate of return from 7.4 percent to 7.3 percent and update the mortality rates.

Actuarial assumptions - The significant actuarial assumptions used to measure the total pension/OPEB liability are as follows:

PSPRS

Actuarial valuation date	June 30, 2019
Actuarial cost method	Entry age normal
Investment rate of return	7.30%
Wage inflation	3.5% for pensions/not applicable for OPEB
Price Inflation	2.5% for pensions/not applicable for OPEB
Cost-of-living adjustment	1.75% for pensions/not applicable for OPEB
Mortality rate	PubS-2010 tables
Healthcare cost trend rate	Not applicable

Actuarial assumptions used in the June 30, 2019, valuation was based on the results of an actuarial experience study for the 5-year period ended June 30, 2016.

The long-term expected rate of return on PSPRS pension plan investments was determined to be 7.3 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expenses and inflation) are developed for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

PSPRS Asset class	Target allocation	Long-term expected geometric real rate of return
Short term investments	2%	0.25%
Risk parity	4%	4.01%
Fixed income	5%	3.00%
Real assets	9%	6.75%
GTS	12%	4.01%
Private credit	16%	5.36%
Real estate	10%	4.50%
Private equity	12%	8.40%
Non-U.S. equity	14%	5.00%
U.S. equity	16%	4.75%
Total	<u>100%</u>	

Town of Hayden, Arizona
Notes to Financial Statements
June 30, 2020

Discount rates—At June 30, 2019, the discount rate used to measure the PSPRS total pension/OPEB liabilities was 7.3 percent, which was a decrease of 0.1 from the discount rate used as of June 30, 2018. The projection of cash flows used to determine the discount rates assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the actuarially determined contribution rate and the member rate. Based on those assumptions, the plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension/OPEB liability.

Changes in the net pension/OPEB liability:

	Pension			Health insurance premium benefit		
	Total pension liability (a)	Plan fiduciary net position (b)	Net pension liability (asset) (a) - (b)	Total OPEB liability (a)	Plan fiduciary net position (b)	Net OPEB liability (asset) (a) - (b)
PSPRS - Police						
Balances at June 30, 2019	\$ 485,710	\$ 1,817,610	\$ (1,331,900)	\$ 17,985	\$ 56,318	\$ (38,333)
Changes for the year:						
Service cost	53,993	-	53,993	1,478	-	1,478
Interest on the total pension liability	38,589	-	38,589	1,440	-	1,440
Changes of benefit terms	-	-	-	-	-	-
Differences between expected and actual experience in the measurement of the pension liability	(77,981)	-	(77,981)	(6,261)	-	(6,261)
Changes of assumptions or other inputs	6,413	-	6,413	199	-	199
Contributions - employer	-	36,031	(36,031)	-	(8)	8
Contributions - employee	-	18,371	(18,371)	-	-	-
Net investment income	-	98,357	(98,357)	-	3,042	(3,042)
Benefit payments, including refunds of employee contributions	(36,467)	(36,467)	-	-	-	-
Hall/Parker Settlement	-	-	-	-	-	-
Administrative expense	-	(2,702)	2,702	-	(53)	53
Other changes	-	-	-	-	9	(9)
Net changes	(15,453)	113,590	(129,043)	(3,144)	2,990	(6,134)
Balances at June 30, 2020	<u>\$ 470,257</u>	<u>\$ 1,931,200</u>	<u>\$ (1,460,943)</u>	<u>\$ 14,841</u>	<u>\$ 59,308</u>	<u>\$ (44,467)</u>

Sensitivity of the Town's net pension/OPEB liability (asset) to changes in the discount rate - The following table presents the Town's net pension/OPEB liabilities (assets) calculated using the discount rate of 7.3 percent, as well as what the Town's net pension/OPEB liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (6.30 percent) or 1 percentage point higher (8.30 percent) than the current rate:

Town of Hayden, Arizona
Notes to Financial Statements
June 30, 2020

The Town's proportionate share of net liability (asset)	1% Decrease	Current Discount Rate	1% Increase
	6.30%	7.30%	8.30%
PSPRS - Police			
Pension	\$ 1,386,715	\$ 1,460,934	\$ 1,520,592
Net OPEB (asset) liability	42,343	44,467	46,248

Plan fiduciary net position - Detailed information about the plans' fiduciary net position is available in the separately issued PSPRS financial reports.

Pension expense - For the year ended June 30, 2020, the Town recognized pension and OPEB revenue:

	Pension Revenue	OPEB Revenue
PSPRS - Police	110,740	3,121

Deferred outflows/inflows of resources - At June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions and OPEB from the following sources:

	Pension		Health premium benefit	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
PSPRS - Police				
Differences between expected and actual experience	\$ -	\$ 229,162	\$ 67	\$ 12,698
Changes of assumptions or other inputs	22,646	-	180	1,336
Net Difference between projected and actual earnings on pension plan investments	27,800	-	223	-
City contributions subsequent to the measurement date	32,394	-	-	-
	<u>\$ 82,840</u>	<u>\$ 229,162</u>	<u>\$ 470</u>	<u>\$ 14,034</u>

Town of Hayden, Arizona
Notes to Financial Statements
June 30, 2020

The amounts reported as deferred outflows of resources related to pensions and OPEB resulting from Town contributions subsequent to the measurement date will be recognized as an increase in the net asset or a reduction of the net liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and OPEB will be recognized as an expense as follows:

	PSRPS Police Pension	PSRPS Police Health
Year ending June 30		
2021	\$ (42,881)	\$ (1,922)
2022	(52,733)	(1,920)
2023	(32,172)	(1,518)
2024	(31,897)	(1,561)
2025	(19,033)	(1,786)
Thereafter	-	(4,857)
	\$ (178,716)	\$ (13,564)

Note 10 – Pensions and Other Postemployment Benefits

At the time of this report's release, citizens and the economies of the United States and other countries have been impacted by the coronavirus (COVID-19) pandemic. The World Health Organization declared a Public Health Emergency on January 30, 2020. The evolution of the virus, the extent of its economic impact and the results of steps taken and yet to be taken by governments and financial institutions are unknown. Governments and businesses may face supply chain disruptions, labor shortages, revenue declines, an increase in bad debts, reduced cash flow, difficulties meeting loan covenants, goodwill and inventory impairment, credit difficulties, and other financial implications. Furthermore, the financial markets have experienced significant levels of volatility as a result of the pandemic. The significance and the duration of the pandemic's financial impact are indeterminable. These financial statements do not consider the potential financial implications of the pandemic.

Required Supplementary Information

Town of Hayden, Arizona
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
State Sales Tax	\$ 66,310	\$ 66,310	\$ 62,973	\$ (3,337)
State Revenue Sharing	198,536	198,536	193,972	(4,564)
Property Tax	644,669	644,669	644,832	163
Vehicle Lieu Tax	47,585	47,585	43,809	(3,776)
Grant revenues	7,725	7,725	12,521	4,796
City Sales Tax	800,000	800,000	360,817	(439,183)
Winkelman Intergovernmental Contract	120,000	120,000	100,000	(20,000)
Utility Franchise	14,000	14,000	11,959	(2,041)
Licenses, Permits and Other	109,065	109,065	63,236	(45,829)
Fines and Forfeitures	4,650	4,650	2,579	(2,071)
Sanitation Fees	54,000	54,000	49,663	(4,337)
Golf Course Fees	16,000	16,000	25,011	9,011
Interest Income	25,000	25,000	17,697	(7,303)
Gain on Investments	-	-	106	106
Total Revenues	<u>2,107,540</u>	<u>2,107,540</u>	<u>1,589,175</u>	<u>(518,365)</u>
General Government	616,345	616,345	420,300	196,045
Contingency	1,361,061	1,361,061	-	1,361,061
Police	644,435	644,435	523,489	120,946
Fire	72,760	72,760	39,849	32,911
Sanitation	220,250	220,250	144,973	75,277
Parks and Recreation/Golf Course	287,505	287,505	210,185	77,320
Cemetery	7,000	7,000	4,077	2,923
Pool	20,000	20,000	13,964	6,036
Animal Control	13,620	13,620	8,381	5,239
Total Expenditures	<u>3,242,976</u>	<u>3,242,976</u>	<u>1,365,218</u>	<u>1,877,758</u>
Excess of Revenues				
(Under) Expenditures	(1,135,436)	(1,135,436)	223,957	1,359,393
Other Financing Sources (Uses)				
Transfer to other Funds	(194,935)	(194,935)	(217,484)	(22,549)
Net Other Financing Sources (Uses)	<u>(194,935)</u>	<u>(194,935)</u>	<u>(217,484)</u>	<u>(22,549)</u>
Net change in fund balances	(1,330,371)	(1,330,371)	6,473	1,336,844
Fund Balance, Beginning	1,637,983	1,637,983	1,637,983	-
Fund Balance, Ending	<u>\$ 307,612</u>	<u>\$ 307,612</u>	<u>\$ 1,644,456</u>	<u>\$ 1,336,844</u>

Town of Hayden, Arizona
Budgetary Comparison Schedule
HURF Fund
For the Year Ended June 30, 2020

	<u>Budget Amounts</u>		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Highway Users Tax	\$ 269,659	\$ 269,659	\$ 269,801	\$ 142
Transportation Excise Tax	45,000	45,000	70,786	25,786
Total Revenues	<u>314,659</u>	<u>314,659</u>	<u>340,587</u>	<u>25,928</u>
Expenditures:				
Streets	314,659	314,659	176,291	138,368
Capital Outlay	-	-	160,000	(160,000)
Total Expenditures	<u>314,659</u>	<u>314,659</u>	<u>336,291</u>	<u>(21,632)</u>
Excess of Revenues				
(Under) Expenditures	-	-	4,296	4,296
Other Financing Sources (Uses)				
Transfer from other Funds	-	-	-	-
Net Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, Beginning	-	-	-	-
Fund Balance, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,296</u>	<u>\$ 4,296</u>

Town of Hayden, Arizona
Budgetary Comparison Schedule
Grant Fund
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Grant Revenue	\$ 1,940,000	\$ 1,940,000	\$ 74,054	\$ (1,865,946)
Total Revenues	<u>1,940,000</u>	<u>1,940,000</u>	<u>74,054</u>	<u>(1,865,946)</u>
Expenditures:				
Parks and Recreation	-	-	2,805	(2,805)
Community Center	-	-	71,249	(71,249)
Grant Expenditures	1,940,000	1,940,000	-	1,940,000
Total Expenditures	<u>1,940,000</u>	<u>1,940,000</u>	<u>74,054</u>	<u>1,865,946</u>
Excess of Revenues Over (Under) Expenditures	-	-	-	-
Other Financing Sources (Uses)				
Transfer to other Funds	-	-	-	-
Net Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, Beginning	-	-	-	-
Fund Balance, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Town of Hayden, Arizona
Budgetary Comparison Schedule
Senior Center Fund
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Grant Revenue	\$ 248,400	\$ 248,400	\$ 214,177	\$ (34,223)
Licenses, Permits and Other	-	-	55,774	55,774
Total Revenues	<u>248,400</u>	<u>248,400</u>	<u>269,951</u>	<u>21,551</u>
Expenditures:				
Senior Center	255,210	255,210	273,885	(18,675)
Capital Outlay	-	-	-	-
Total Expenditures	<u>255,210</u>	<u>255,210</u>	<u>273,885</u>	<u>(18,675)</u>
Excess of Revenues Over (Under) Expenditures	(6,810)	(6,810)	(3,934)	2,876
Other Financing Sources (Uses)				
Transfer from general fund	6,810	6,810	3,934	(2,876)
Net Other Financing Sources (Uses)	<u>6,810</u>	<u>6,810</u>	<u>3,934</u>	<u>(2,876)</u>
Net Change in Fund Balance	-	-	-	-
Fund Balance, Beginning	-	-	-	-
Fund Balance, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Town of Hayden, Arizona
Budgetary Comparison Schedule
Library Fund
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Licenses, Permits and Other	\$ -	\$ -	\$ 194	\$ 194
Total Revenue	<u>-</u>	<u>-</u>	<u>194</u>	<u>194</u>
Expenditures:				
Library	9,370	9,370	14,085	(4,715)
Total Expenditures	<u>9,370</u>	<u>9,370</u>	<u>14,085</u>	<u>(4,715)</u>
Excess of Revenues Over (Under) Expenditures	(9,370)	(9,370)	(13,891)	(4,521)
Other Financing Sources (Uses)				
Transfer from general fund	9,370	9,370	13,891	4,521
Net Other Financing Sources (Uses)	<u>9,370</u>	<u>9,370</u>	<u>13,891</u>	<u>4,521</u>
Net change in fund balance	-	-	-	-
Fund Balance, Beginning	-	-	-	-
Fund Balance, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Town of Hayden, Arizona
Required supplementary information
Schedule of the Town's Proportionate Share of Net Pension/OPEB Liability
Cost-Sharing Plans
For the Year Ended June 30, 2020

	Reporting fiscal year (measurement date)						2013 through 2007
	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	
ASRS - Pension							
Town's proportion of net pension liability	0.00777%	0.00795%	0.00640%	0.00690%	0.00851%	0.01032%	Information not available
Town's proportion share of net pension liability	\$ 1,130,625	\$ 1,108,745	\$ 996,995	\$ 1,113,729	\$ 1,325,106	\$ 1,526,891	
Town's covered-employee payroll	\$ 826,689	\$ 755,418	\$ 591,551	\$ 646,147	\$ 783,554	\$ 930,206	
Town's proportionate share of the net pension liability as a percentage of its covered payroll	136.77%	146.77%	168.54%	172.36%	169.11%	164.15%	
Plan fiduciary net position as a percentage of the total pension liability	73.24%	73.40%	69.92%	67.06%	68.35%	69.49%	
ASRS - Health insurance premium benefit							
	2020 (2019)	2019 (2018)	2018 (2017)	2017 through 2009			
Town's proportion of net pension liability	0.00751%	0.00777%	0.00624%	Information not available			
Town's proportion share of net pension liability	\$ (2,075)	\$ (2,798)	\$ (3,397)				
Town's covered-employee payroll	\$ 826,689	\$ 755,418	\$ 591,551				
Town's proportionate share of the net pension liability as a percentage of its covered payroll	-0.25%	-0.37%	-0.57%				
Plan fiduciary net position as a percentage of the total pension liability	101.62%	102.20%	103.57%				
ASRS - Long-term disability							
	2020 (2019)	2019 (2018)	2018 (2017)	2017 through 2009			
Town's proportion of net pension liability	0.00760%	0.00794%	0.00631%	Information not available			
Town's proportion share of net pension liability	\$ 4,951	\$ 4,149	\$ 2,287				
Town's covered-employee payroll	\$ 826,689	\$ 755,418	\$ 591,551				
Town's proportionate share of the net pension liability as a percentage of its covered payroll	0.60%	0.55%	0.39%				
Plan fiduciary net position as a percentage of the total pension liability	72.85%	77.83%	84.44%				

Town of Hayden, Arizona
Required supplementary information
Schedule of Changes in the Town's Net Pension/OPEB Liability (Asset) and
Related Ratios – Agent Plans
June 30, 2020

Public Safety Personnel Retirement System - Police

	2020	2019	2018	2017	2016	2015	2014
	(2019)	(2018)	(2017)	(2016)	(2015)	(2014)	through
							2007
Total pension liability							Information
Service cost	\$ 53,993	\$ 58,080	\$ 76,631	\$ 65,750	\$ 95,972	\$ 98,039	not available
Interest on total pension liability	38,589	45,022	41,792	33,510	29,545	26,222	
Changes in benefit terms	-	-	11,303	52,559	-	(1,984)	
Difference between expected and actual experience in the measurement of the pension liability	(77,981)	(149,459)	(34,798)	(50,568)	(50,880)	(69,806)	
Changes in assumptions or other inputs	6,413	-	12,837	25,263	-	2,283	
Benefit payments, including refunds of employee contributions	(36,467)	(94,609)	-	(3,214)	(14,830)	(7,935)	
Net change in pension liability	(15,453)	(140,966)	107,765	123,300	59,807	46,819	
Total pension liability - beginning	485,710	626,676	518,911	395,611	335,804	288,985	
Total pension liability - ending (a)	<u>\$ 470,257</u>	<u>\$ 485,710</u>	<u>\$ 626,676</u>	<u>\$ 518,911</u>	<u>\$ 395,611</u>	<u>\$ 335,804</u>	
Plan fiduciary net position							
Contributions - employer	36,031	58,276	40,028	39,277	95,963	49,263	
Contributions - employee	18,371	28,310	34,147	36,703	42,001	40,346	
Net investment income	98,357	121,699	179,824	8,413	48,444	145,233	
Benefit payments, including refunds of employee contributions	(36,467)	(94,609)	-	(3,214)	(14,830)	(7,935)	
Hall/Parker Settlement	-	(38,142)	-	-	-	-	
Pension plan administrative expense	(2,702)	(2,552)	(1,991)	(1,612)	(1,569)	-	
Other changes	(9)	22	23	(10,074)	4,693	(50,425)	
Net change in plan fiduciary net position	113,581	73,004	252,031	69,493	174,702	176,482	
Total pension liability - beginning	1,817,610	1,744,606	1,492,575	1,423,082	1,248,380	1,071,898	
Total pension liability - ending (b)	<u>1,931,191</u>	<u>1,817,610</u>	<u>1,744,606</u>	<u>1,492,575</u>	<u>1,423,082</u>	<u>1,248,380</u>	
Town's net pension liability - ending (a) - (b)	<u>\$ (1,460,934)</u>	<u>\$ (1,331,900)</u>	<u>\$ (1,117,930)</u>	<u>\$ (973,664)</u>	<u>\$ (1,027,471)</u>	<u>\$ (912,576)</u>	
Plan fiduciary net position as a percentage of the total pension liability	410.67%	374.22%	278.39%	287.64%	359.72%	371.76%	
Covered payroll	272,447	412,725	323,116	296,319	318,988	490,868	
County's net pension liability as a percentage of covered payroll	-536.23%	-322.71%	-345.98%	-328.59%	-322.10%	-185.91%	

Town of Hayden, Arizona
Required supplementary information
Schedule of Changes in the Town's Net Pension/OPEB Liability (Asset) and
Related Ratios – Agent Plans
June 30, 2020

PSPRS - Police OPEB

	<u>2020</u> <u>(2019)</u>	<u>2019</u> <u>(2018)</u>	<u>2018</u> <u>(2017)</u>	<u>2017</u> <u>through</u> <u>2010</u>
Total OPEB liability				Information not available
Service cost	\$ 1,478	\$ 1,585	\$ 2,042	
Interest on total OPEB liability	1,440	1,810	1,633	
Changes in benefit terms	-	-	1,035	
Difference between expected and actual experience in the measurement of the OPEB liability	(6,261)	(9,078)	94	
Changes in assumptions or other inputs	199	-	(1,882)	
Benefit payments, including refunds of employee contributions	-	-	-	
Net change in pension liability	<u>(3,144)</u>	<u>(5,683)</u>	<u>2,922</u>	
Total pension liability - beginning	<u>17,985</u>	<u>23,668</u>	<u>20,746</u>	
Total pension liability - ending (a)	<u>\$ 14,841</u>	<u>\$ 17,985</u>	<u>\$ 23,668</u>	
Plan fiduciary net position				
Contributions - employer	(8)	80	-	
Contributions - employee	-	-	-	
Net investment income	3,042	3,679	5,550	
Benefit payments, including refunds of employee contributions	-	-	-	
OPEB plan administrative expense	(53)	(56)	(49)	
Other changes	9	-	-	
Net change in plan fiduciary net position	<u>2,990</u>	<u>3,703</u>	<u>5,501</u>	
Plan fiduciary net position - beginning	<u>56,318</u>	<u>52,615</u>	<u>47,114</u>	
Plan fiduciary net position - ending (b)	<u>59,308</u>	<u>56,318</u>	<u>52,615</u>	
Town's net OPEB (asset) liability - ending (a) - (b)	<u>\$ (44,467)</u>	<u>\$ (38,333)</u>	<u>\$ (28,947)</u>	
Plan fiduciary net position as a percentage of the total OPEB liability	399.62%	222.30%	222.30%	
Covered payroll	272,447	412,725	323,116	
County's net OPEB (asset) liability as a percentage of covered payroll	-16.32%	-9.29%	-8.96%	

Town of Hayden, Arizona
Required supplementary information
Schedule of Town Pension/OPEB Contributions
June 30, 2020

Reporting Fiscal Year

ASRS - Pension

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013 through 2010</u>
Statutorily determined contribution	\$ 91,953	\$ 91,953	\$ 81,431	\$ 67,910	\$ 69,325	\$ 85,329	\$ 99,532	Information not available
Town's contributions in relation to the statutorily determined contributions	<u>91,953</u>	<u>91,953</u>	<u>81,431</u>	<u>67,910</u>	<u>69,325</u>	<u>85,329</u>	<u>99,532</u>	
Town's contribution (deficiency) excess	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
Town's covered-employee payroll	\$ 659,449	\$ 826,689	\$ 755,418	\$ 591,551	\$ 646,147	\$ 783,554	\$ 930,206	
Town's contributions as a percentage of covered payroll	11.12%	11.12%	10.78%	11.48%	10.85%	10.89%	11.30%	

ASRS - Health insurance premium benefit

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016 through 2010</u>
Statutorily determined contribution	\$ 2,955	\$ 3,558	\$ 3,152	\$ 3,313	Information not available
Town's contributions in relation to the statutorily determined contributions	<u>2,955</u>	<u>3,558</u>	<u>3,152</u>	<u>3,313</u>	
Town's contribution (deficiency) excess	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
Town's covered-employee payroll	\$ 659,449	\$ 826,689	\$ 755,418	\$ 591,551	
Town's contributions as a percentage of covered payroll	0.45%	0.43%	0.42%	0.56%	

ASRS - Long-term disability

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016 through 2010</u>
Statutorily determined contribution	\$ 1,058	\$ 1,261	\$ 1,175	\$ 828	Information not available
Town's contributions in relation to the statutorily determined contributions	<u>1,058</u>	<u>1,261</u>	<u>1,175</u>	<u>828</u>	
Town's contribution (deficiency) excess	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
Town's covered-employee payroll	\$ 659,449	\$ 826,689	\$ 755,418	\$ 591,551	
Town's contributions as a percentage of covered payroll	0.16%	0.15%	0.16%	0.14%	

Town of Hayden, Arizona
Required supplementary information
Schedule of Town Pension/OPEB Contributions
June 30, 2020

Reporting Fiscal Year

PSPRS - Police Pension

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013 through 2010</u>
Statutorily determined contribution	\$ 32,394	\$ 49,073	\$ 53,088	\$ 37,751	\$ 38,748	\$ 39,362	\$ 46,484	Information not available
Town's contributions in relation to the statutorily determined contributions	<u>32,394</u>	<u>49,073</u>	<u>53,088</u>	<u>37,751</u>	<u>38,748</u>	<u>39,362</u>	<u>46,484</u>	
Town's contribution (deficiency) excess	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
Town's covered-employee payroll	<u>\$ 272,447</u>	<u>\$ 412,725</u>	<u>\$ 323,116</u>	<u>\$ 296,319</u>	<u>\$ 315,044</u>	<u>\$ 290,924</u>	<u>\$ 354,302</u>	
Town's contributions as a percentage of covered payroll	11.89%	11.89%	16.43%	12.74%	12.30%	13.53%	13.12%	

PSPRS - Police OPEB

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016 through 2010</u>
Statutorily determined contribution	\$ -	\$ -	\$ 97	\$ -	Information not available
Town's contributions in relation to the statutorily determined contributions	<u>-</u>	<u>-</u>	<u>97</u>	<u>-</u>	
Town's contribution (deficiency) excess	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
Town's covered-employee payroll	<u>\$ 272,447</u>	<u>\$ 412,725</u>	<u>\$ 323,116</u>	<u>\$ 296,319</u>	
Town's contributions as a percentage of covered payroll	0.00%	0.00%	0.03%	0.00%	

Town of Hayden, Arizona
Required supplementary information
Notes to Pension Plan Schedules
June 30, 2020

Note 1 - Actuarially determined contribution rates

Actuarial determined contribution rates for PSPRS are calculated as of June 30 two years prior to the end of the fiscal year in which contributions are made. The actuarial methods and assumptions used to establish the contribution requirements are as follows:

Actuarial cost method	Entry age normal
Amortization method	Level percent-of-pay, closed accrued liability, open for excess
Remaining amortization period as of the 2016 actuarial valuation	21 years; if the actuarial value of assets exceeded the actuarial accrued liability, the excess was amortized over an open period of 20 years and applied as a credit to reduce the normal cost which otherwise would be payable.
Asset valuation method	7-year smoothed market value; 80%/120% market corridor
Actuarial assumptions: Investment rate of return	In the 2017 actuarial valuation, the investment rate of return was decreased from 7.5% to 7.4%. In the 2016 actuarial valuation, the investment rate of return was decreased from 7.85% to 7.5%. In the 2013 actuarial valuation, the investment rate of return was decreased from 8.0% to 7.85%.
Projected salary increases	In the 2017 actuarial valuation, projected salary increases were decreased from 4.0%–8.0% to 3.5%–7.5% for PSPRS. In the 2014 actuarial valuation, projected salary increases were decreased from 4.5%–8.5% to 4.0%–8.0%. In the 2013 actuarial valuation, projected salary increases were decreased from 5.0%–9.0% to 4.5%–8.5% for PSPRS
Wage growth	In the 2017 actuarial valuation, wage growth was decreased from 4% to 3.5% for PSPRS. In 2014 the actuarial valuation, wage growth was decreased from 5.0% to 4.5%
Retirement age	Experience-based table of rates that is specific to the type of eligibility condition. Last updated for 2012 valuation pursuant to an experience study of the period July 1, 2006 - June 30, 2011.
Mortality	In the 2017 actuarial valuation, changed to RP-2014 tables, with 75% of MP-2016 fully generational projection scales. RP-2000 mortality table (adjusted by 105% for both males and females)

Town of Hayden, Arizona
Required supplementary information
Schedule of Agent OPEB Plan's Funding Progress and Related Notes
Year Ended June 30, 2020

Note 2 – Factors that affect the identification of trends

Arizona courts have ruled that provisions of a 2011 law that changed the mechanism for funding permanent pension benefit increases and increased employee pension contribution rates were unconstitutional or a breach of contract because those provisions apply to individuals who were members as of the law's effective date. As a result, the PSPRS changed benefit terms to reflect the prior mechanism for funding permanent benefit increases for those members and revised actuarial assumptions to explicitly value future permanent benefit increases. PSPRS also reduced those members' employee contribution rates. These changes are reflected in the plans' pension liabilities for fiscal year 2015 fiscal year 2018 (measurement date 2017) for members who retired or will retire after the law's effective date. These changes also increased the PSPRS required pension contributions beginning in fiscal year 2016 for members who were retired as of the law's effective date. These changes increased the PSPRS required contributions beginning in fiscal year 2019 for members who retired or will retire after the law's effective date. Also, the Town refunded excess employee contributions to PSPRS. PSPRS allowed the Town to reduce its actual employer contributions for the refund amounts. As a result, the Town's pension contributions were less than the actuarially or statutorily determined contributions for 2018 and 2019.