

Town of Hayden, Arizona

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

For the Year Ended June 30, 2022

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

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❖ Snyder & Brown, CPAs, PLLC

Independent Auditor's Report

To the Town Council
Town of Hayden, Arizona

Report on the audit of the financial statements

Opinions

We have audited the accompanying financial statements of the governmental activities, business-type activities, aggregate discretely presented component units, each major fund, and aggregate remaining fund information of Town of Hayden, Arizona as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, and each major fund, information of the Town as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Basis for opinions

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the U.S. Comptroller General. Our responsibilities under those standards are further described in the auditors' responsibilities for the audit of the financial statements section of our report. We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Other Matters

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 County failed to comply with the authorized transportation purposes, insofar as they relate to accounting matters, for Highway User Revenue Fund monies it received pursuant to Arizona Revised Statutes Title 28, Chapter 18, Article 2, and any other dedicated State transportation revenues it received. 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 County's noncompliance with the authorized transportation purposes referred to above, insofar as they relate to accounting matters.

Management's responsibilities for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements. In performing an audit in accordance with generally accepted auditing standards and Government Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Town's internal control. Accordingly, we express no such opinion.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the audit's planned scope and timing, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 47, 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 49, schedule of Town's pension/OPEB contributions on page 50 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 13, 2023, 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.

Snyder & Brown CPAs, PLLC
Tempe, Arizona
March 13, 2023

Town of Hayden, Arizona
Management Discussion and Analysis
June 30, 2022

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, 2022. 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 \$12,907,333 (net position) for the fiscal year reported.
- Total net position is comprised of the following:
 - (1) Capital assets of \$8,192,109 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 \$5,103,615 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 \$4,285,111 this year. This compares to the prior year total ending fund balance of \$2,761,322 showing an increase of \$1,523,789 during the current year. The increase was primarily due to increases in property tax revenues.

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, 2022

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, 2022

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, 2022:

SUMMARY OF NET POSITION

	Governmental Activities	Business-type Activities	Totals	Totals	Amount of Change
	2022	2022	2022	2021	
Current and other assets	\$ 6,811,815	\$ 38,942	\$ 6,850,757	\$ 4,725,183	\$ 2,125,574
Non-current assets					
Capital assets	1,377,581	6,814,528	8,192,109	8,529,370	(337,261)
Total Assets	<u>8,189,396</u>	<u>6,853,470</u>	<u>15,042,866</u>	<u>13,254,553</u>	<u>1,788,313</u>
Deferred Outflows of Resources	181,514	34,450	215,964	350,670	(134,706)
Current liabilities	456,480	13,369	469,849	433,590	36,259
Non-current liabilities	543,806	534,209	1,078,015	1,519,624	(441,609)
Total Liabilities	<u>1,000,286</u>	<u>547,578</u>	<u>1,547,864</u>	<u>1,953,214</u>	<u>(405,350)</u>
Deferred Inflows of Resources	708,279	95,354	803,633	361,940	441,693
Invested in capital assets	1,377,581	6,420,337	7,797,918	8,126,931	(329,013)
Restricted	-	5,800	5,800	5,800	-
Unrestricted	<u>5,284,764</u>	<u>(181,149)</u>	<u>5,103,615</u>	<u>3,157,338</u>	<u>1,946,277</u>
Total Net Position	<u>\$ 6,662,345</u>	<u>\$ 6,244,988</u>	<u>\$ 12,907,333</u>	<u>\$ 11,290,069</u>	<u>\$ 1,617,264</u>

The Town reported net position for governmental activities of \$6,662,345 and a net position for business-type activities of \$6,244,988. Net position increased \$1,867,601 for governmental activities and decreased \$250,337 for business-type activities.

Town of Hayden, Arizona
Management Discussion and Analysis
June 30, 2022

The following table provides a summary of the Town's changes in net position for the year ended June 30, 2022.

SUMMARY OF CHANGES IN NET POSITION

	Governmental Activities 2022	Business-type Activities 2022	Totals 2022	Totals 2021	Amount of Change
Revenues:					
Program revenues:					
Charges for services	\$ 297,611	\$ 241,521	\$ 539,132	\$ 513,477	\$ 25,655
Operating grants and contributions	494,644	-	494,644	529,278	(34,634)
Capital grants and contributions	21,603	-	21,603	396,214	(374,611)
General revenues:					
City sales tax	76,753	-	76,753	89,031	(12,278)
State taxes and shared revenues	321,063	-	321,063	341,560	(20,497)
Property tax	2,249,908	-	2,249,908	1,994,074	255,834
Pension revenue	-	-	-	-	-
Other	13,334	-	13,334	11,843	1,491
Total Revenues	3,474,916	241,521	3,716,437	3,875,477	(159,040)
Expenses:					
General government	225,786	-	225,786	761,707	(535,921)
Police	455,216	-	455,216	484,107	(28,891)
Fire	58,810	-	58,810	59,655	(845)
Sanitation	175,932	-	175,932	165,897	10,035
Parks and Recreation/Golf Course/Pool	145,299	-	145,299	148,999	(3,700)
Streets	153,130	-	153,130	128,228	24,902
Library	5,756	-	5,756	5,756	-
Cemetery	2,600	-	2,600	4,157	(1,557)
Senior Center	255,481	-	255,481	307,290	(51,809)
Community development	-	-	-	-	-
Animal Control	8,291	-	8,291	8,378	(87)
Water Utility	-	199,445	199,445	185,357	14,088
Sewer Utility	-	413,427	413,427	393,753	19,674
Total Expenses	1,486,301	612,872	2,099,173	2,653,284	(554,111)
Transfers	(121,014)	121,014	-	-	-
Change in net position	1,867,601	(250,337)	1,617,264	1,222,193	395,071
Beginning net position	4,794,744	6,495,325	11,290,069	10,067,876	1,222,193
Ending net position	\$ 6,662,345	\$ 6,244,988	\$ 12,907,333	\$ 11,290,069	\$ 1,617,264

Town of Hayden, Arizona
Management Discussion and Analysis
June 30, 2022

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 \$3,468,628 in 2021-2022, a decrease of 5.3% from 2020-2021. The decrease was primarily due to a decrease in the property tax revenues and grant revenues. The decrease in grant revenues was partially offset by increases in property tax revenues.

A comparative summary of principal revenues is as follows:

	2021-2022 Amount	Increase (Decrease) from 2020-2021		2020-2021 Amount
		Amount	%	
State Sales Tax	\$ 73,621	\$ (1,237)		\$ 74,858
State Revenue Sharing	197,473	(16,898)		214,371
Highway Users Tax	81,234	942		80,292
Transportation Excise Tax	88,616	4,227		84,389
Property Tax	2,243,620	251,022		1,992,598
Vehicle Lieu Tax	49,969	(2,362)		52,331
Grant Revenue	346,397	(414,414)		760,811
Town Sales Tax	76,753	(12,278)		89,031
Police Intergovernmental Contract	125,000	25,000		100,000
Utility Franchise	10,394	(60)		10,454
Licenses, Permits and Other	83,198	(34,941)		118,139
Fines and Forfeitures	2,991	606		2,385
Sanitation Fees	71,689	10,605		61,084
Golf Course Fees	14,733	(7,025)		21,758
Interest Income	2,940	1,551		1,389
	<u>\$ 3,468,628</u>	<u>\$ (195,262)</u>	<u>-5.3%</u>	<u>\$ 3,663,890</u>

Operating expenditures totaled \$1,823,825 in 2021-2022. This represents a decrease of 24.8% from the prior year due to capital outlay expenditures for the water infrastructure project completed in 2020-2021 and other grant related decreases.

**Town of Hayden, Arizona
Management Discussion and Analysis
June 30, 2022**

	2021-2022 Amount	Increase (Decrease) from 2020-2021		2020-2021 Amount
		Amount	%	
General Government	\$ 568,431	\$ (195,906)		\$ 764,337
Police	466,267	(35,482)		501,749
Fire	33,243	(845)		34,088
Streets	135,206	25,258		109,948
Sanitation	178,998	10,530		168,468
Parks and Recreation/Golf Course	115,407	(1,962)		117,369
Cemetery	2,405	(1,557)		3,962
Pool	12,265	106		12,159
Senior Center	254,317	(46,072)		300,389
Animal Control	9,076	(52)		9,128
Principal on lease	4,749	100		4,649
Interest on lease	310	(130)		440
Capital Outlay	43,151	(355,788)		398,939
	<u>\$ 1,823,825</u>	<u>\$ (601,800)</u>	<u>-24.8%</u>	<u>\$ 2,425,625</u>

Operating Revenues (\$3,468,628) exceeded operating expenditures (\$1,823,825) by \$1,644,803. Carryover fund balance increased from \$2,761,322 at June 30, 2021 to \$4,285,111 at June 30, 2022. The increase was primarily due to increases 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 \$205,847 for the year ended June 30, 2021 compared to an increase of \$258,333 for 2020-2021.

Town Payroll and Fringe Benefits

The Town's payroll for 2021-2022 was \$905,950, an increase of \$67,897, or 8.1% from 2020-2021. A summary by department follows:

	2021-2022 Amount	from 2020-2021		2020-2021 Amount
		Amount	%	
Administration	151,389	21,895		129,494
Police	307,727	22,763		284,964
Fire	12,999	(2,327)		15,326
Public works	308,542	19,335		289,207
Library	-	-		-
Senior Center	125,293	6,231		119,062
	<u>\$ 905,950</u>	<u>\$ 67,897</u>	<u>8.1%</u>	<u>\$ 838,053</u>

Town of Hayden, Arizona
Management Discussion and Analysis
June 30, 2022

The following payroll fringe benefits amounted to \$420,749, a decrease of \$16,704, or 3.8%. The decrease was due to decreases in the required pension contributions as follows:

	2021-2022 Amount	Increase (Decrease) from 2020-2021		2020-2021 Amount
		Amount	%	
Social security and Medicare taxes	\$ 59,478	\$ 4,215		\$ 55,263
ASRS Pension/OPEB contributions	64,194	(618)		64,812
PSPRS Pension/OPEB contributions	14,322	(21,139)		35,461
Volunteer firemen's pension contributions	421	(101)		522
Industrial Insurance	31,948	209		31,739
Health and life insurance	250,386	730		249,656
	<u>\$ 420,749</u>	<u>\$ (16,704)</u>	<u>-3.8%</u>	<u>\$ 437,453</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 \$4,285,111, an increase of \$1,523,789 in comparison with the prior year. Total amount constitutes the General Fund Balance, which is available for its ongoing obligations. At June 30, 2022 fund balances were as follows:

	2021-2022 Amount	from 2020-2021		2020-2021 Amount
		Amount	%	
Governmental Funds:				
General Fund	\$ 4,250,467	\$ 1,489,145		\$ 2,761,322
Highway Users Fund	34,644	34,644		-
Grants Fund	-	-		-
Senior Center Fund	-	-		-
Library fund	-	-		-
Total Governmental Funds	<u>\$ 4,285,111</u>	<u>\$ 1,523,789</u>	<u>55.2%</u>	<u>\$ 2,761,322</u>
Proprietary Funds				
Water utility fund	538,397	(44,490)		582,887
Sewer utility fund	5,706,591	(205,847)		5,912,438
Total Proprietary Funds	<u>6,244,988</u>	<u>(250,337)</u>	<u>-3.9%</u>	<u>6,495,325</u>
Total	<u>\$ 10,530,099</u>	<u>\$ 1,273,452</u>	<u>13.8%</u>	<u>\$ 9,256,647</u>

Budgetary Highlights

The Town's budgeted expenditures for the general fund for fiscal year 2022 was \$3,851,725. The amount represents an increase of \$775,250 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, 2022, no departments exceeded budgeted expenses.

The expenditure limit under the voter approved permanent base adjustment was \$6,397,985 for the year ended June 30, 2022. The Town's expenditures complied with this expenditure limitation.

**Town of Hayden, Arizona
Management Discussion and Analysis
June 30, 2022**

Capital Asset and Debt Administration

Capital Assets

The following is a comparison of capital assets net of depreciation for 2022 and 2021.

	Governmental Activities		Business-Type Activities	
	2022	2021	2022	2021
Land	\$ 90,570	\$ 90,570	\$ 10,718	\$ 10,718
Buildings	556,596	603,792	-	-
Streets, infrastructure and improvements	418,739	464,283	6,803,810	7,052,048
Furniture, Machinery and Equipment	302,991	307,959	-	-
Right-to-use assets - equipment	8,685	13,434	-	-
	<u>\$ 1,377,581</u>	<u>\$ 1,480,038</u>	<u>\$ 6,814,528</u>	<u>\$ 7,062,766</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, 2022 was \$394,191 and Interest expense for the year ended June 30, 2022 was \$10,964.

Economic Factors and Next Year's Budget

The adopted combined operating and capital expenditure budget for fiscal year 2021-22 totals \$6,110,000, a decrease of \$205,000, or 3 percent, from the fiscal year 2020-21 budget.

Basic Financial Statements

Town of Hayden, Arizona
Statement of Net Position
June 30, 2022

	PRIMARY GOVERNMENT		Total
	Governmental Activities	Business-type Activities	
Assets			
Cash and investments	\$ 4,535,208	\$ -	\$ 4,535,208
Property Taxes Receivable	20,537	-	20,537
Accounts Receivable	12,909	30,577	43,486
Other Receivables	33,082	-	33,082
Due from Other Governments	114,748	-	114,748
Due from fiduciary fund	49,017	-	49,017
Prepaid Expenses	20,434	3,734	24,168
Net pension/OPEB asset	2,025,880	4,631	2,030,511
Capital assets, not being depreciated/amortized	90,570	10,718	101,288
Capital assets, being depreciated/amortized, net	1,287,011	6,803,810	8,090,821
Total Assets	<u>8,189,396</u>	<u>6,853,470</u>	<u>15,042,866</u>
Deferred Outflows of Resources - Pensions	<u>181,514</u>	<u>34,450</u>	<u>215,964</u>
Liabilities			
Accounts payable	389,593	10,538	400,131
Accrued Expenses and Other Liabilities	66,887	2,831	69,718
Non-Current Liabilities:			
Due within one year:			
Municipal Property Corporation Loan Payable	-	8,478	8,478
Lease liability	4,912	-	4,912
Compensated Absences	10,540	235	10,775
Due in more than one year:			
Municipal Property Corporation Loan Payable	-	385,713	385,713
Lease liability	3,773	-	3,773
Compensated Absences	42,160	3,715	45,875
Net Pension Liabilities	482,421	136,068	618,489
Total liabilities	<u>1,000,286</u>	<u>547,578</u>	<u>1,547,864</u>
Deferred Inflows of Resources - Pensions	<u>708,279</u>	<u>95,354</u>	<u>803,633</u>
Net Position			
Invested in Capital Assets, Net of Related Debt	1,377,581	6,420,337	7,797,918
Restricted	-	5,800	5,800
Unrestricted	5,284,764	(181,149)	5,103,615
Total Net Position	<u>\$ 6,662,345</u>	<u>\$ 6,244,988</u>	<u>\$ 12,907,333</u>

See Accompanying Notes to Financial Statements.

Town of Hayden, Arizona
Statement of Activities
Year Ended June 30, 2022

Functions/Programs	Program Revenues				Net (Expenses) Revenues and Changes in Net Position		
	Expenses	Charges for Services	Operating grant and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
General Government	\$ 225,786	\$ 66,320	\$ 161,717	\$ -	\$ 2,251	\$ -	\$ 2,251
Police	455,216	125,283	285	16,715	(312,933)	-	(312,933)
Fire	58,810	-	-	-	(58,810)	-	(58,810)
Streets	153,130	-	169,850	-	16,720	-	16,720
Sanitation	175,932	71,689	-	-	(104,243)	-	(104,243)
Parks and Recreation/Golf Course	114,664	19,665	-	-	(94,999)	-	(94,999)
Cemetery	2,600	2,995	-	-	395	-	395
Pool	30,635	-	-	-	(30,635)	-	(30,635)
Library	5,756	-	-	-	(5,756)	-	(5,756)
Senior Center	255,481	11,599	162,792	4,888	(76,202)	-	(76,202)
Animal Control	8,291	60	-	-	(8,231)	-	(8,231)
Total Governmental Activities	1,486,301	297,611	494,644	21,603	(672,443)	-	(672,443)
Business-type Activities:							
Water	199,445	73,293	-	-	-	(126,152)	(126,152)
Sewer	413,427	168,228	-	-	-	(245,199)	(245,199)
Total Business-type Activities	612,872	241,521	-	-	-	(371,351)	(371,351)
Total	\$ 2,099,173	\$ 539,132	\$ 494,644	\$ 21,603	(672,443)	(371,351)	(1,043,794)
General Revenues:							
State Sales Tax					73,621	-	73,621
State Revenue Sharing					197,473	-	197,473
Property Tax					2,249,908	-	2,249,908
Vehicle Lieu Tax					49,969	-	49,969
City Sales Tax					76,753	-	76,753
Utility Franchise Fees					10,394	-	10,394
Interest					2,940	-	2,940
Transfers					(121,014)	121,014	-
Total General Revenues and Transfers					2,540,044	121,014	2,661,058
Change in Net Position					1,867,601	(250,337)	1,617,264
Net Position - Beginning					4,794,744	6,495,325	11,290,069
Net Position - Ending					\$ 6,662,345	\$ 6,244,988	\$ 12,907,333

See Accompanying Notes to Financial Statements.

Town of Hayden, Arizona
Balance Sheet – Governmental Funds
June 30, 2022

	<u>General Fund</u>	<u>Highway Users Fund</u>	<u>Grants Fund</u>	<u>Senior Center Fund</u>	<u>Total Governmental Funds</u>
Assets					
Cash and investments	\$ 4,535,208	\$ -	\$ -	\$ -	\$ 4,535,208
Property Taxes Receivable	20,537	-	-	-	20,537
Accounts Receivable	12,909	-	-	-	12,909
Other Receivables	29,496	-	892	2,694	33,082
Due from Other Governments	24,349	14,536	28,170	47,693	114,748
Due from Other Funds	114,095	22,092	-	-	136,187
Prepaid Expenses	16,343	1,058	-	3,033	20,434
Total Assets	<u>\$ 4,752,937</u>	<u>\$ 37,686</u>	<u>\$ 29,062</u>	<u>\$ 53,420</u>	<u>\$ 4,873,105</u>
Liabilities and Deferred Inflows					
Liabilities:					
Accounts payable	\$ 381,031	\$ 1,206	\$ 4,270	\$ 3,086	\$ 389,593
Accrued Expenses and Other Liabilities	55,003	1,836	6,423	3,625	66,887
Due to Other Funds	22,092	-	18,369	46,709	87,170
Total Liabilities	<u>458,126</u>	<u>3,042</u>	<u>29,062</u>	<u>53,420</u>	<u>543,650</u>
Deferred Inflows of Resources					
Unavailable revenue-property taxes	17,438	-	-	-	17,438
Unavailable revenue-court fines	26,906	-	-	-	26,906
Total deferred inflows of resources	<u>44,344</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>44,344</u>
Fund Balances:					
Nonspendable	16,343	1,058	-	3,033	20,434
Unassigned	4,234,124	33,586	-	(3,033)	4,264,677
Total Fund Balances	<u>4,250,467</u>	<u>34,644</u>	<u>-</u>	<u>-</u>	<u>4,285,111</u>
Total Liabilities, deferred inflows, and Fund Balances	<u>\$ 4,752,937</u>	<u>\$ 37,686</u>	<u>\$ 29,062</u>	<u>\$ 53,420</u>	<u>\$ 4,873,105</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, 2022

Fund balances-total governmental funds	\$	4,285,111
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets of \$5,753,152, net of accumulated depreciation of (\$4,375,571), are not financial resources and therefore, are not reported in the funds		1,377,581
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 \$17,438 and magistrate fines of \$26,906.		44,344
Compensated Absences are payable only upon employee retirement and therefore are not payable from current resources		(52,700)
Long-term lease liabilities are not due and payable in the current period and, therefore, are not reported as a liability in the funds.		(8,685)
Net pension assets held in trust for future benefits are not available for current operations and, therefore, are not reported in the funds.		2,025,880
Pension liabilities are not due and payable in the current period and, therefore, are not reported as a liability in the funds.		(482,421)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.		(526,765)
Net position of governmental activities	<u>\$</u>	<u>6,662,345</u>

Town of Hayden, Arizona
Statement of Revenues, Expenditures, and Changes in Fund Balances –
Governmental Funds
For the Year Ended June 30, 2022

	General Fund	Highway Users Fund	Grants Fund	Senior Center Fund	Total Governmental Funds
Revenues:					
State Sales Tax	\$ 73,621	\$ -	\$ -	\$ -	\$ 73,621
State Revenue Sharing	197,473	-	-	-	197,473
Highway Users Tax	-	81,234	-	-	81,234
Transportation Excise Tax	-	88,616	-	-	88,616
Property Tax	2,243,620	-	-	-	2,243,620
Vehicle Lieu Tax	49,969	-	-	-	49,969
Grant Revenue	15,074	-	168,531	162,792	346,397
Town Sales Tax	76,753	-	-	-	76,753
Winkelman Intergovernmental Contract	125,000	-	-	-	125,000
Utility Franchise	10,394	-	-	-	10,394
Licenses, Permits and Other	71,599	-	-	11,599	83,198
Fines and Forfeitures	2,991	-	-	-	2,991
Sanitation Fees	71,689	-	-	-	71,689
Golf Course Fees	14,733	-	-	-	14,733
Gain on investment	24	-	-	-	24
Interest Income	2,916	-	-	-	2,916
Total Revenues	<u>2,955,856</u>	<u>169,850</u>	<u>168,531</u>	<u>174,391</u>	<u>3,468,628</u>
Expenditures:					
Current:					
General Government	421,788	-	146,643	-	568,431
Police	465,982	-	285	-	466,267
Fire	33,243	-	-	-	33,243
Streets	-	135,206	-	-	135,206
Sanitation	178,998	-	-	-	178,998
Parks and Recreation/Golf Course	115,407	-	-	-	115,407
Cemetery	2,405	-	-	-	2,405
Pool	12,265	-	-	-	12,265
Senior Center	-	-	-	254,317	254,317
Animal Control	9,076	-	-	-	9,076
Capital Outlay	21,548	-	21,603	-	43,151
Principal on lease	4,749	-	-	-	4,749
Interest on lease	310	-	-	-	310
Total Expenditures	<u>1,265,771</u>	<u>135,206</u>	<u>168,531</u>	<u>254,317</u>	<u>1,823,825</u>
Excess of revenues over (Under) Expenditures	1,690,085	34,644	-	(79,926)	1,644,803
Other Financing Sources (uses):					
Transfers to other funds	(200,940)	-	-	-	(200,940)
Transfers from the general fund	-	-	-	79,926	79,926
Net Other Financing Sources (Uses)	<u>(200,940)</u>	<u>-</u>	<u>-</u>	<u>79,926</u>	<u>(121,014)</u>
Net change in fund balances	1,489,145	34,644	-	-	1,523,789
Fund Balances, Beginning,	2,761,322	-	-	-	2,761,322
Fund Balances, Ending	<u>\$ 4,250,467</u>	<u>\$ 34,644</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,285,111</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, 2022

Net change in fund balances-total governmental funds \$ 1,523,789

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	43,151
Depreciation/amortization expense	(145,608)

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	2,655
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Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces longterm liabilities in the statement of net position.

Principal repaid	4,749
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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.	6,288
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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	82,157
Pension revenue	350,420

Change in net position of governmental activities	\$ 1,867,601
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Town of Hayden, Arizona
Statement of Fund Net Position – Proprietary Funds
June 30, 2022

	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Proprietary Funds</u>
Assets			
Current Assets:			
Accounts Receivable	\$ 10,626	\$ 19,951	\$ 30,577
Prepaid expense	2,884	850	3,734
Total Current Assets	<u>13,510</u>	<u>20,801</u>	<u>34,311</u>
Capital Assets:			
Land and Construction in Progress	-	10,718	10,718
Depreciable Capital Assets, Net	636,184	6,167,626	6,803,810
Net Other Postemployment Benefits Asset	2,526	2,105	4,631
Total Assets	<u>652,220</u>	<u>6,201,250</u>	<u>6,853,470</u>
Deferred Outflows of Resources - Pensions	<u>18,791</u>	<u>15,659</u>	<u>34,450</u>
Liabilities			
Current Liabilities:			
Accounts payable	2,593	7,945	10,538
Accrued liabilities	1,515	1,316	2,831
Current portion of loan payable	-	8,478	8,478
Current portion of compensated absences	-	235	235
Total Current Liabilities	<u>4,108</u>	<u>17,974</u>	<u>22,082</u>
Non-Current Liabilities:			
Compensated Absences	2,276	1,439	3,715
Municipal property corporation loan payable	-	385,713	385,713
Net Pension Liabilities	74,219	61,849	136,068
Total Non-Current Liabilities	<u>76,495</u>	<u>449,001</u>	<u>525,496</u>
Total Liabilities	<u>80,603</u>	<u>466,975</u>	<u>547,578</u>
Deferred Inflows of Resources - Pensions	<u>52,011</u>	<u>43,343</u>	<u>95,354</u>
Net Position			
Invested in Capital Assets, Net of Related Debt	636,184	5,784,153	6,420,337
Restricted for Debt Retirement	-	5,800	5,800
Unrestricted	(97,787)	(83,362)	(181,149)
Total Net Position	<u>\$ 538,397</u>	<u>\$ 5,706,591</u>	<u>\$ 6,244,988</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, 2022

	Business-type Activities-Enterprise Funds		
	Water Utility	Sewer Utility	Total
Operating Revenues:			
Charges for Services	\$ 72,188	\$ 168,228	\$ 240,416
Taps, Extensions and Permits	1,105	-	1,105
Total Operating Revenues	<u>73,293</u>	<u>168,228</u>	<u>241,521</u>
Operating Expenses:			
Personal Services	131,562	52,245	183,807
Telephone and Utilities	16,013	22,474	38,487
Repairs and Maintenance	3,385	74,199	77,584
Supplies	1,657	2,705	4,362
Miscellaneous	1,146	961	2,107
Consultants	21,798	25,525	47,323
Depreciation	23,884	224,354	248,238
Total Operating Expenses	<u>199,445</u>	<u>402,463</u>	<u>601,908</u>
Operating Income (Loss)	<u>(126,152)</u>	<u>(234,235)</u>	<u>(360,387)</u>
Non-Operating Revenues (Expenses):			
Interest Expense	-	(10,964)	(10,964)
Total Non-Operating Revenues (Expenses)	<u>-</u>	<u>(10,964)</u>	<u>(10,964)</u>
Transfers	<u>81,662</u>	<u>39,352</u>	<u>121,014</u>
Changes in Net Position	(44,490)	(205,847)	(250,337)
Total Net Position - Beginning	582,887	5,912,438	6,495,325
Total Net Position - Ending	<u>\$ 538,397</u>	<u>\$ 5,706,591</u>	<u>\$ 6,244,988</u>

See Accompanying Notes to Financial Statements.

Town of Hayden, Arizona
Statements of Cash Flows
Proprietary Funds
June 30, 2022

	Water Utility	Sewer Utility	Total Proprietary Funds
Cash Flows from Operating Activities:			
Cash Received from Customers	\$ 71,547	\$ 166,088	\$ 237,635
Cash Payments to Suppliers for Goods and Services	(42,821)	(122,551)	(165,372)
Cash Payments for Employees, Payroll Taxes and Fringe Benefits	(110,388)	(63,677)	(174,065)
Net Cash used by Operating Activities	(81,662)	(20,140)	(101,802)
Cash Flows from Non-Capital Financing Activities:			
Transfers from the General Fund	81,662	39,352	121,014
Net Cash provided by Non-Capital Financing Activities	81,662	39,352	121,014
Cash Flows from Capital and Related Financing Activities:			
Interest Expense Payments	-	(10,964)	(10,964)
Principal Payments on Debt	-	(8,248)	(8,248)
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)	\$ (126,152)	\$ (234,235)	\$ (360,387)
Adjustments to reconcile operating Income (loss) to net cash provided (used) by operating activities:			
Depreciation	23,884	224,354	248,238
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources			
Increase (Decrease) in Net Pension Liability	(12,338)	(34,790)	(47,128)
(Increase) Decrease in Deferred Outflows Relating to Pensions	(4,075)	896	(3,179)
Increase (Decrease) in Deferred Inflows Relating to Pensions	37,056	26,518	63,574
(Increase) Decrease in Accounts Receivable	(1,746)	(2,140)	(3,886)
(Increase) Decrease in Prepaid Expenses	(6)	(2)	(8)
Increase (Decrease) in Accounts Payable	1,184	3,315	4,499
Increase (Decrease) in Accrued Payroll	437	(492)	(55)
Increase (Decrease) in Compensated Absences	94	(3,564)	(3,470)
Total Adjustments	44,490	214,095	258,585
Net Cash Used by Operating Activities	\$ (81,662)	\$ (20,140)	\$ (101,802)

See Accompanying Notes to Financial Statements.

Town of Hayden, Arizona
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2022

	Volunteer Firemen's Relief and Pension Fund
<hr/>	
Assets	
Cash and investments	\$ 78,178
Due from other governments	1,136
Total Assets	<hr/> 79,314 <hr/>
 Liabilities	
Due to other Funds	49,017
Total Liabilities	<hr/> 49,017 <hr/>
 Net Position Held in Trust for Pension Benefits	 <hr/> \$ 30,297 <hr/>

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, 2022

	Volunteer Firemen's Relief and Pension Fund
<hr/>	
Additions	
Contributions:	
Employer	\$ 1,029
Plan Members	1,029
Total Contributions	<u>2,058</u>
Investment Income:	
Gain (Loss) on investments	2
Interest	204
Total Investment Income	<u>206</u>
Total Additions	<u><u>2,264</u></u>
Deductions	
Benefits	<u>4,741</u>
Total Deductions	<u>4,741</u>
Change in Net Assets	(2,477)
Net Position Held in Trust for Pension Benefits - Beginning of Year	<u>32,774</u>
Net Position Held in Trust for Pension Benefits - End of Year	<u><u>\$ 30,297</u></u>

See Accompanying Notes to Financial Statements.

Town of Hayden, Arizona
Notes to Financial Statements
June 30, 2022

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, 2022.

For the year ended June 30, 2022, the Town implemented the provisions of GASB Statement No. 87, Leases, as amended, which establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. As a result, the Town's financial statements have been modified to reflect the recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows or outflows of resources based on the contract payment provisions.

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 and Transportation Excise Tax and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are

Town of Hayden, Arizona
Notes to Financial Statements
June 30, 2022

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.

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 - 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, 2022

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, 2022

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
June 30, 2022

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, 2022.

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.

K. Leases

As lessee, the Town recognizes lease liabilities with an initial, individual value of \$23,377 or more. The Town uses its estimated incremental borrowing rate to measure lease liabilities unless it can readily determine the interest rate implicit in the lease. The Town's estimated incremental borrowing rate is based on the current note payable rate.

Town of Hayden, Arizona
Notes to Financial Statements
June 30, 2022

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.

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, 2022, 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 \$3,420,176 and the bank balance was \$3,461,682. \$280,064 of the bank balance was covered by FDIC coverage and the remaining \$3,181,618 was collateralized by the collateral pool administered by the Arizona State Treasurer as required by Arizona Revised Statutes. The Town also had cash on hand of \$220.

Investments

The Town's investments of \$1,192,990 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 AAAf/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, 2022:

PROPERTY TAXES RECEIVABLE - Property taxes due from County; revenue deferred for amounts assessed by County but uncollected (\$17,438) for governmental fund financial statements			\$ 20,537
ACCOUNTS RECEIVABLE: Sanitation (\$8,128), Cemetery Services (\$4,781) Water (\$10,626), Sewer (\$19,951)			43,486
OTHER RECEIVABLES: Magistrate Fines Receivable (Deferred for Uncollected Amounts)			101,658
Small Business Loan Receivables			41,171
Other Miscellaneous Receivables			6,176
Allowance for uncollectible accounts			<u>(115,923)</u>
			33,082
DUE FROM OTHER GOVERNMENTS: State Sales Tax			2,701
Town Sales Tax			9,702
Vehicle Lieu Tax			1,861
Gila County Transportation Excise Tax			7,723
Highway Users Tax			6,814
Senior Center Grants			47,693
Other Grants			<u>38,254</u>
			<u>114,748</u>
Total			<u>\$ 211,853</u>

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 2021-2022 this levy limit was \$12,046,175, and the Town levied \$2,180,005 in primary taxes a difference of \$9,866,170. 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 (\$17,438) and magistrate fines (\$26,906). This total of \$44,344 is recorded as Deferred Inflows of Resources in the governmental fund financial statements.

Town of Hayden, Arizona
Notes to Financial Statements
June 30, 2022

Note 5 – Capital Assets

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

Governmental Activities	Ending Balance	Increases	Decreases	Ending Balance
<i>Capital assets not being depreciated</i>				
Construction in progress	\$ -	\$ -	\$ -	\$ -
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
Streets, infrastructure and improvements	1,267,969	-	-	1,267,969
Furniture and equipment	2,424,091	43,151	-	2,467,242
Right-to-use assets - equipment	23,377	-	-	23,377
Total capital assets being depreciated	<u>5,619,431</u>	<u>43,151</u>	<u>-</u>	<u>5,662,582</u>
<i>Less accumulated depreciation</i>				
Buildings and improvements	(1,300,202)	(47,196)	-	(1,347,398)
Street Infrastructure and Improvements	(803,686)	(45,544)	-	(849,230)
Furniture and equipment	(2,116,132)	(48,119)	-	(2,164,251)
Right-to-use assets - equipment	(9,943)	(4,749)	-	(14,692)
Total accumulated depreciation	<u>(4,229,963)</u>	<u>(145,608)</u>	<u>-</u>	<u>(4,375,571)</u>
Total capital assets being depreciated, net	<u>1,389,468</u>	<u>(102,457)</u>	<u>-</u>	<u>1,287,011</u>
Governmental activities capital assets, net	<u>\$ 1,480,038</u>	<u>\$ (102,457)</u>	<u>\$ -</u>	<u>\$ 1,377,581</u>

Business-type Activities	Ending 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	9,929,509	-	-	9,929,509
Furniture and equipment	61,018	-	-	61,018
Total capital assets being depreciated	<u>9,990,527</u>	<u>-</u>	<u>-</u>	<u>9,990,527</u>
<i>Less accumulated depreciation</i>				
Streets, infrastructure and improvements	(2,877,461)	(248,238)	-	(3,125,699)
Furniture and equipment	(61,018)	-	-	(61,018)
Total accumulated depreciation	<u>(2,938,479)</u>	<u>(248,238)</u>	<u>-</u>	<u>(3,186,717)</u>
Total capital assets being depreciated, net	<u>7,052,048</u>	<u>(248,238)</u>	<u>-</u>	<u>6,803,810</u>
Governmental activities capital assets, net	<u>\$ 7,062,766</u>	<u>\$ (248,238)</u>	<u>\$ -</u>	<u>\$ 6,814,528</u>

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

Governmental Activities		Business-type Activities	
Administration	\$ 24,118	Water Utility	\$ 23,884
Police	21,416	Sewer Utility	<u>224,354</u>
Fire	25,567	Total	<u>\$ 248,238</u>
Streets	24,823		
Sanitation	7,067		
Parks and Recreation	4,311		
Cemetery	195		
Pool	18,370		
Library	5,756		
Senior Center	<u>13,985</u>		
Total	<u>\$ 145,608</u>		

Note 6 – Long-Term Liabilities

The following is a summary of changes in long-term debt for the year ended June 30, 2022:

	<u>Balance</u>			<u>Balance</u>	<u>Due</u>
	<u>July 01, 2021</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2022</u>	<u>Within</u>
					<u>One Year</u>
Governmental Activities					
Lease liability	\$ 13,434	\$ -	\$ (4,749)	\$ 8,685	\$ 4,912
Compensated Absences	55,355	-	(2,655)	52,700	10,540
Net pension/OPEB liabilities	875,160	-	(392,739)	482,421	-
Total	<u>\$ 990,766</u>	<u>\$ -</u>	<u>\$ (395,394)</u>	<u>\$ 535,121</u>	<u>\$ 10,540</u>
Business-type Activities					
Municipal Property Corporation Note	\$ 402,439	\$ -	\$ (8,248)	\$ 394,191	\$ 8,478
Compensated Absences	3,950	-	-	3,950	235
Net pension OPEB liabilities	179,250	-	(43,182)	136,068	-
Total	<u>\$ 610,932</u>	<u>\$ -</u>	<u>\$ (51,430)</u>	<u>\$ 534,209</u>	<u>\$ 8,713</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, 2022 was \$10,964. Beginning October 2014, \$215 per month will be designated as the Reserve Account until the sum of \$5,800 is reached. At June 30, 2022 \$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:

Fiscal Year Ending	Total	Interest	Principal
2023	\$ 19,212	\$ 10,734	\$ 8,478
2024	19,212	10,498	8,714
2025	19,212	10,255	8,957
2026	19,212	10,006	9,206
2027	19,212	9,749	9,463
2028-2032	96,060	44,644	51,416
2033-2037	96,060	37,074	58,986
2038-2042	96,060	28,390	67,670
2043-2047	96,060	18,428	77,632
2048-2052	96,060	6,998	89,062
2053	4,627	21	4,606
	<u>\$ 580,987</u>	<u>\$ 186,796</u>	<u>\$ 394,191</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, 2022:

Payable to/From	Payable to General Fund	Payable from General Fund
Highway Users Fund	-	22,092
Senior Center Fund	46,709	-
Grants Fund	18,369	-
Fiduciary Fund	49,017	-
Total	<u>\$ 114,095</u>	<u>\$ 22,092</u>

Interfund Transfers within the reporting entity are for the purposes of subsidizing operating functions. The General Fund transferred \$79,926 to the Senior Center Fund, and \$121,014 to the Utility Funds for the year ended June 30, 2022.

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, 2022. 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, 2022**

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, 2022 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	\$ 2,025,880	\$ 4,631	\$ 2,030,511
Net pension and OPEB liabilities	482,421	136,068	618,489
Deferred outflows of resources related to pensions and OPEB	181,514	34,450	215,964
Deferred inflows of resources related to pensions and OPEB	708,279	95,354	803,633
Pension and OPEB expense (revenue)	350,420	(13,267)	337,153

The Town reported \$82,157 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

**Town of Hayden, Arizona
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member's contributions and employer's contributions, plus interest earned. 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, 2022, statute required active ASRS members to contribute at the actuarially determined rate of 12.41 percent (12.22 percent for retirement and 0.19 percent for long-term disability) of the members' annual covered payroll, and statute required the Town to contribute at the actuarially determined rate of 12.41 percent (12.01 percent for retirement, 0.21 percent for health insurance premium benefit, and 0.19 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 10.22 percent (10.13 percent for retirement, and 0.09 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, 2022, were \$62,279, \$975, and \$940, respectively.

During fiscal year 2022, the Town paid for ASRS pension and OPEB contributions as follows: 47 percent from the general fund, 31 percent from major funds, and 22 percent from enterprise funds.

Liability - At June 30, 2022, 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	\$ 617,559
Health insurance premium benefit	(21,047)
Long-term disability	929

The net asset and net liabilities were measured as of June 30, 2021. 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, 2020, to the measurement date of June 30, 2021. The total liabilities as of June 30, 2021, reflect changes in actuarial assumptions based on the results of an actuarial experience study for the 5-year period ended June 30, 2020, including decreasing the discount rate from 7.5 percent to 7.0 percent and changing the projected salary increases from 2.7–7.2 percent to 2.9–8.4 percent.

Town of Hayden, Arizona
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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, 2021. The Town's proportion measured as of June 30, 2021, and the change from its proportions measured as of June 30, 2020, were:

ASRS	Proportion June 30, 2022 %	Increase (decrease) from June 30, 2021
Pension	0.00470%	-0.00136%
Health insurance premium benefit	0.00432%	-0.00037%
Long-term disability	0.00450%	-0.00133%

Expense - For the year ended June 30, 2022, the Town recognized the following pension and OPEB expense.

ASRS	Pension/OPEB revenue (expense)
Pension	175,633
Health insurance premium benefit	3,223
Long-term disability	376

Deferred outflows/inflows of resources - At June 30, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions and OPEB from the following sources:

ASRS	Pension		Health insurance premium benefit		Long-term disability	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 9,414	\$ -	\$ -	\$ 7,299	\$ 268	\$ 76
Changes of assumptions or other inputs	80,380	-	1,043	851	297	1,170
Net Difference between projected and actual earnings on pension plan investments	-	195,664	-	7,808	-	643
Changes in proportion and differences between contributions and proportionate share of contributions	-	218,521	650	-	345	1,397
City contributions subsequent to the measurement date	62,279	-	975	-	940	-
	<u>\$ 152,073</u>	<u>\$ 414,185</u>	<u>\$ 2,668</u>	<u>\$ 15,958</u>	<u>\$ 1,850</u>	<u>\$ 3,286</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, 2023. 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:

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Year ending June 30		Pension	Health insurance premium benefit		Long-term disability
2023	\$	(150,606)	\$ (3,327)	\$	(307)
2024		(63,224)	(3,195)		(297)
2025		(43,134)	(3,525)		(320)
2026		(67,427)	(3,932)		(417)
2027		-	(286)		(308)
Thereafter		-	-		(727)

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

ASRS	
Actuarial valuation date	June 30, 2020
Actuarial roll forward date	June 30, 2021
Actuarial cost method	Entry age normal
Investment rate of return	7.0%
Projected salary increases	2.9 - 8.4% 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, 2020, valuation was based on the results of an actuarial experience study for the 5-year period ended June 30, 2020.

The long-term expected rate of return on ASRS plan investments was determined to be 7.0 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%	4.90%
Fixed income - credit	20%	5.20%
Fixed income - interest rate sensitive	10%	70.00%
Real estate	20%	5.70%
Total	<u>100%</u>	

Town of Hayden, Arizona
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Discount rate - At June 30, 2021, the discount rate used to measure the ASRS total pension/OPEB liability was 7.0 percent, which was a decrease of 0.5 from the discount rate used as of June 30, 2020. 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 7.0 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 percent) or 1 percentage point higher (8 percent) than the current rate:

	1% Decrease 6.0%	Current rate 7.0%	1% Increase 8.0%
ASRS			
Town's proportionate share of the			
Net pension liability	\$ 971,369	\$ 617,559	\$ 322,580
Net insurance premium benefit liability (asset)	(13,936)	(21,047)	(27,095)
Net long-term liability	1,210	929	657

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.

**Town of Hayden, Arizona
Notes to Financial Statements
June 30, 2022**

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, 2022

Employees covered by benefit terms - At June 30, 2022, 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, 2022, 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	11.96%
Health Insurance Premium Benefit	0.00%

The Town's contributions to the plans for the year ended June 30, 2022, were:

	PSPRS Police
Pension contributions made	\$ 14,322
Health Insurance Premium Benefit	
Annual OPEB cost	
Contributions made	-

During fiscal year 2022, the Town paid for PSPRS contributions 100 percent from the general fund.

Liability - At June 30, 2022, the Town reported the following assets and liabilities:

	Net pension liability (asset)	Net OPEB liability (asset)
PSPRS Police	\$ (1,952,998)	\$ (56,465)

Town of Hayden, Arizona
Notes to Financial Statements
June 30, 2022

The net assets and net liabilities were measured as of June 30, 2021, and the total liability used to calculate the net asset or liability was determined by an actuarial valuation as of that date.

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

PSPRS	
Actuarial valuation date	June 30, 2021
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, 2021, valuation was based on the results of an actuarial experience study for the 5-year period ended June 30, 2017.

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 <u>Asset class</u>	<u>Target allocation</u>	<u>Long-term expected geometric real rate of return</u>
U.S. public equity	24%	4.08%
International public equity	16%	5.20%
Global private equity	20%	7.67%
Other assets (capital appreciation)	7%	5.43%
Core bonds	2%	0.42%
Private credit	20%	5.74%
Diversifying strategies	10%	3.99%
Cash - Mellon	1%	-0.31%
Total	<u>100%</u>	

Town of Hayden, Arizona
Notes to Financial Statements
June 30, 2022

Discount rates—At June 30, 2021, the discount rate used to measure the PSPRS total pension/OPEB liabilities was 7.3 percent. 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	Plan fiduciary net position	Net pension liability (asset)	Total OPEB liability	Plan fiduciary net position	Net OPEB liability (asset)
	(a)	(b)	(a) - (b)	(a)	(b)	(a) - (b)
PSPRS - Police						
Balances at June 30, 2021	\$ 564,765	\$ 1,988,624	\$ (1,423,859)	\$ 17,165	\$ 60,000	\$ (42,835)
Changes for the year:						
Service cost	31,801	-	31,801	1,208	-	1,208
Interest on the total pension liability	43,549	-	43,549	1,341	-	1,341
Changes of benefit terms	36,667	-	36,667	-	-	-
Differences between expected and actual experience in the measurement of the pension liability	-	-	-	372	-	372
Changes of assumptions or other inputs	-	-	-	-	-	-
Contributions - employer	-	34,424	(34,424)	-	-	-
Contributions - employee	-	15,484	(15,484)	-	-	-
Net investment income	-	560,895	(560,895)	-	16,619	(16,619)
Benefit payments, including refunds of employee contributions	-	-	-	-	-	-
Hall/Parker Settlement	-	-	-	-	-	-
Administrative expense	-	(2,668)	2,668	-	(68)	68
Other changes	-	33,021	(33,021)	-	-	-
Net changes	112,017	641,156	(529,139)	2,921	16,551	(13,630)
Balances at June 30, 2022	\$ 676,782	\$ 2,629,780	\$ (1,952,998)	\$ 20,086	\$ 76,551	\$ (56,465)

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, 2022

The Town's proportionate share of net liability (asset)	1% Decrease 6.30%	Current Discount Rate 7.30%	1% Increase 8.30%
PSPRS - Police			
Pension	\$ 1,845,306	\$ 1,952,998	\$ 2,039,511
Net OPEB (asset) liability	53,833	56,465	58,682

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, 2022, the Town recognized pension and OPEB revenue:

	Pension Revenue	OPEB Revenue
PSPRS - Police	270,261	5,415

Deferred outflows/inflows of resources - At June 30, 2022, 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	\$ 36,006	\$ 107,429	\$ 382	\$ 9,666
Changes of assumptions or other inputs	8,523	-	140	972
Net Difference between projected and actual earnings on pension plan investments	-	244,983	-	7,154
City contributions subsequent to the measurement date	14,322	-	-	-
	<u>\$ 58,851</u>	<u>\$ 352,412</u>	<u>\$ 522</u>	<u>\$ 17,792</u>

Town of Hayden, Arizona
Notes to Financial Statements
June 30, 2022

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, 2022. 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		
2023	\$ (83,573)	\$ (3,253)
2024	(83,298)	(3,296)
2025	(70,434)	(3,521)
2026	(76,689)	(4,236)
2027	6,111	(1,788)
Thereafter	-	(1,176)
	\$ (307,883)	\$ (17,270)

Required Supplementary Information

Town of Hayden, Arizona
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
Revenues:				
State Sales Tax	\$ 71,315	\$ 71,315	\$ 73,621	\$ 2,306
State Revenue Sharing	217,860	217,860	197,473	(20,387)
Property Tax	2,210,005	2,210,005	2,243,620	33,615
Vehicle Lieu Tax	47,755	47,755	49,969	2,214
Grant revenues	9,465	9,465	15,074	5,609
City Sales Tax	250,000	250,000	76,753	(173,247)
Winkelman Intergovernmental Contract	100,000	100,000	125,000	25,000
Utility Franchise	10,500	10,500	10,394	(106)
Licenses, Permits and Other	54,925	54,925	71,599	16,674
Fines and Forfeitures	3,450	3,450	2,991	(459)
Sanitation Fees	58,925	58,925	71,689	12,764
Golf Course Fees	27,275	27,275	14,733	(12,542)
Interest Income	15,000	15,000	2,916	(12,084)
Gain on Investments	-	-	24	24
Total Revenues	<u>3,076,475</u>	<u>3,076,475</u>	<u>2,955,856</u>	<u>(120,619)</u>
General Government	576,690	576,690	421,788	154,902
Contingency	1,891,515	1,831,515	-	1,831,515
Police	748,210	748,210	465,982	282,228
Fire	77,760	77,760	33,243	44,517
Sanitation	198,640	198,640	178,998	19,642
Parks and Recreation/Golf Course	239,400	239,400	115,407	123,993
Cemetery	7,000	7,000	2,405	4,595
Pool	17,500	17,500	12,265	5,235
Animal Control	15,010	15,010	9,076	5,934
Capital outlay	140,000	140,000	21,548	118,452
Principal on lease	-	-	4,749	(4,749)
Interest on lease	-	-	310	(310)
Total Expenditures	<u>3,911,725</u>	<u>3,851,725</u>	<u>1,265,771</u>	<u>2,591,013</u>
Excess of Revenues				
(Under) Expenditures	(835,250)	(775,250)	1,690,085	2,470,394
Other Financing Sources (Uses)				
Transfer to other Funds	(464,761)	(524,764)	(200,940)	323,824
Net Other Financing Sources (Uses)	<u>(464,761)</u>	<u>(524,764)</u>	<u>(200,940)</u>	<u>323,824</u>
Net change in fund balances	(1,300,011)	(1,300,014)	1,489,145	2,794,218
Fund Balance, Beginning	2,761,322	2,761,322	2,761,322	-
Fund Balance, Ending	<u>\$ 1,461,311</u>	<u>\$ 1,461,308</u>	<u>\$ 4,250,467</u>	<u>\$ 2,789,159</u>

Town of Hayden, Arizona
Budgetary Comparison Schedule
HURF Fund
For the Year Ended June 30, 2022

	<u>Budget Amounts</u>		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Highway Users Tax	\$ 74,405	\$ 74,405	\$ 81,234	\$ 6,829
Transportation Excise Tax	45,000	45,000	88,616	43,616
Total Revenues	<u>119,405</u>	<u>119,405</u>	<u>169,850</u>	<u>50,445</u>
Expenditures:				
Streets	<u>245,845</u>	<u>245,845</u>	<u>135,206</u>	<u>110,639</u>
Total Expenditures	<u>245,845</u>	<u>245,845</u>	<u>135,206</u>	<u>110,639</u>
Excess of Revenues (Under) Expenditures	(126,440)	(126,440)	34,644	161,084
Other Financing Sources (Uses)				
Transfer from other Funds	<u>60,003</u>	<u>60,003</u>	-	<u>(60,003)</u>
Net Other Financing Sources (Uses)	<u>60,003</u>	<u>60,003</u>	-	<u>(60,003)</u>
Fund Balance, Beginning	-	-	-	-
Fund Balance, Ending	<u>\$ (6,434)</u>	<u>\$ (6,434)</u>	<u>\$ 34,644</u>	<u>\$ 41,078</u>

Town of Hayden, Arizona
Budgetary Comparison Schedule
Grant Fund
For the Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
Revenues:				
Grant Revenue	\$ 1,429,000	\$ 1,429,000	\$ 168,531	\$ (1,260,469)
Total Revenues	<u>1,429,000</u>	<u>1,429,000</u>	<u>168,531</u>	<u>(1,260,469)</u>
Expenditures:				
General government	-	-	146,643	(146,643)
Police	-	-	285	(285)
Capital outlay	-	-	21,603	(21,603)
Grant Expenditures	1,008,285	1,008,285	-	1,008,285
Total Expenditures	<u>1,008,285</u>	<u>1,008,285</u>	<u>168,531</u>	<u>839,754</u>
Excess of Revenues Over (Under) Expenditures	420,715	420,715	-	(420,715)
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>\$ 420,715</u>	<u>\$ 420,715</u>	<u>\$ -</u>	<u>\$ (420,715)</u>

Town of Hayden, Arizona
Budgetary Comparison Schedule
Senior Center Fund
For the Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Grant Revenue	\$ 243,900	\$ 243,900	\$ 162,792	\$ (81,108)
Licenses, Permits and Other	-	-	11,599	11,599
Total Revenues	<u>243,900</u>	<u>243,900</u>	<u>174,391</u>	<u>(69,509)</u>
Expenditures:				
Senior Center	302,276	302,276	254,317	47,959
Capital Outlay	-	-	-	-
Total Expenditures	<u>302,276</u>	<u>302,276</u>	<u>254,317</u>	<u>47,959</u>
Excess of Revenues Over (Under) Expenditures	(58,376)	(58,376)	(79,926)	(21,550)
Other Financing Sources (Uses)				
Transfer from general fund	58,376	58,376	79,926	21,550
Net Other Financing Sources (Uses)	<u>58,376</u>	<u>58,376</u>	<u>79,926</u>	<u>21,550</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, 2022

	Reporting fiscal year (measurement date)									
	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	2013 through 2007	
ASRS - Pension										
Town's proportion of net pension liability	0.00470%	0.00606%	0.00777%	0.00795%	0.00640%	0.00690%	0.00851%	0.01032%	Information not available	
Town's proportion share of net pension liability	\$ 617,559	\$ 1,049,987	\$ 1,130,625	\$ 1,108,745	\$ 996,995	\$ 1,113,729	\$ 1,325,106	\$ 1,526,891		
Town's covered-employee payroll	\$ 541,173	\$ 659,449	\$ 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	114.11%	159.22%	136.77%	146.77%	168.54%	172.36%	169.11%	164.15%		
Plan fiduciary net position as a percentage of the total pension liability	78.68%	69.33%	73.24%	73.40%	69.92%	67.06%	68.35%	69.49%		
ASRS - Health insurance premium benefit										
Town's proportion of net pension liability	0.00432%	0.00569%	0.00751%	0.00777%	0.00624%	0.00624%	0.00624%	0.00624%	Information not available	
Town's proportion share of net pension liability	\$ (21,047)	\$ (4,029)	\$ (2,075)	\$ (2,798)	\$ (3,397)	\$ (3,397)	\$ (3,397)	\$ (3,397)		
Town's covered-employee payroll	\$ 541,173	\$ 659,449	\$ 826,689	\$ 755,418	\$ 591,551	\$ 591,551	\$ 591,551	\$ 591,551		
Town's proportionate share of the net pension liability as a percentage of its covered payroll	-3.89%	-0.61%	-0.25%	-0.37%	-0.57%	-0.57%	-0.57%	-0.57%		
Plan fiduciary net position as a percentage of the total pension liability	130.24%	104.33%	101.62%	102.20%	103.57%	103.57%	103.57%	103.57%		
ASRS - Long-term disability										
Town's proportion of net pension liability	0.00450%	0.00583%	0.00760%	0.00794%	0.00631%	0.00631%	0.00631%	0.00631%	Information not available	
Town's proportion share of net pension liability	\$ 929	\$ 4,423	\$ 4,951	\$ 4,149	\$ 2,287	\$ 2,287	\$ 2,287	\$ 2,287		
Town's covered-employee payroll	\$ 541,173	\$ 659,449	\$ 826,689	\$ 755,418	\$ 591,551	\$ 591,551	\$ 591,551	\$ 591,551		
Town's proportionate share of the net pension liability as a percentage of its covered payroll	0.17%	0.67%	0.60%	0.55%	0.39%	0.39%	0.39%	0.39%		
Plan fiduciary net position as a percentage of the total pension liability	90.38%	68.01%	72.85%	77.83%	84.44%	84.44%	84.44%	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, 2022

Public Safety Personnel Retirement System - Police

	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	2014 through 2007
Total pension liability	\$ 31,801	\$ 47,619	\$ 53,993	\$ 58,080	\$ 76,631	\$ 65,750	\$ 95,972	\$ 98,039	Information not available
Service cost	43,549	37,805	38,589	45,022	41,792	33,510	29,545	26,222	
Interest on total pension liability	-	-	-	-	11,303	52,559	-	(1,984)	
Changes in benefit terms	-	-	-	-	-	-	-	-	
Difference between expected and actual experience in the measurement of the pension liability	36,667	9,084	(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	112,017	94,508	(15,453)	(140,986)	107,765	123,300	59,807	46,819	
Total pension liability - beginning	564,765	470,257	485,710	626,676	518,911	395,611	335,804	288,985	
Total pension liability - ending (a)	\$ 676,782	\$ 564,765	\$ 470,257	\$ 485,710	\$ 626,676	\$ 518,911	\$ 395,611	\$ 335,804	
Plan fiduciary net position	34,424	22,684	36,031	58,276	40,028	39,277	95,963	49,263	
Contributions - employer	15,484	11,961	18,371	28,310	34,147	36,703	42,001	40,346	
Contributions - employee	560,895	24,812	98,357	121,699	179,824	8,413	48,444	145,233	
Net investment income	-	-	(36,467)	(94,609)	-	(3,214)	(14,830)	(7,935)	
Benefit payments, including refunds of employee contributions	-	-	-	(38,142)	-	-	-	-	
Hall/Parker Settlement	(2,668)	(2,024)	(2,702)	(2,552)	(1,991)	(1,612)	(1,569)	-	
Pension plan administrative expense	33,021	-	(9)	22	23	(10,074)	4,693	(50,425)	
Other changes	641,156	57,433	113,581	73,004	252,031	69,493	174,702	176,482	
Net change in plan fiduciary net position	1,988,624	1,931,191	1,817,610	1,744,606	1,492,575	1,423,082	1,248,380	1,071,898	
Total pension liability - beginning	2,629,780	1,988,624	1,931,191	1,817,610	1,744,606	1,492,575	1,423,082	1,248,380	
Total pension liability - ending (b)	\$ (1,952,998)	\$ (1,423,859)	\$ (1,460,934)	\$ (1,331,900)	\$ (1,117,930)	\$ (973,664)	\$ (1,027,471)	\$ (912,576)	
Town's net pension liability - ending (a) - (b)	388.57%	352.12%	410.67%	374.22%	278.39%	287.64%	359.72%	371.76%	
Plan fiduciary net position as a percentage of the total pension liability	119,749	181,016	272,447	412,725	323,116	296,319	318,988	490,868	
Covered payroll	-1630.91%	-786.59%	-536.23%	-322.71%	-345.98%	-328.59%	-322.10%	-185.91%	
County's net pension liability as a percentage of covered payroll									

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, 2022

PSPRS - Police OPEB

	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 through 2010 Information not available
Total OPEB liability						
Service cost	\$ 1,208	\$ 1,428	\$ 1,478	\$ 1,585	\$ 2,042	
Interest on total OPEB liability	1,341	1,204	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	372	(308)	(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	2,921	2,324	(3,144)	(5,683)	2,922	
Total pension liability - beginning	17,165	14,841	17,985	23,668	20,746	
Total pension liability - ending (a)	<u>\$ 20,086</u>	<u>\$ 17,165</u>	<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	16,619	753	3,042	3,679	5,550	
Benefit payments, including refunds of employee contributions	-	-	-	-	-	
OPEB plan administrative expense	(68)	(61)	(53)	(56)	(49)	
Other changes	-	-	9	-	-	
Net change in plan fiduciary net position	16,551	692	2,990	3,703	5,501	
Plan fiduciary net position - beginning	60,000	59,308	56,318	52,615	47,114	
Plan fiduciary net position - ending (b)	<u>76,551</u>	<u>60,000</u>	<u>59,308</u>	<u>56,318</u>	<u>52,615</u>	
Town's net OPEB (asset) liability - ending (a) - (b)	<u>\$ (56,465)</u>	<u>\$ (42,835)</u>	<u>\$ (44,467)</u>	<u>\$ (38,333)</u>	<u>\$ (28,947)</u>	
Plan fiduciary net position as a percentage of the total OPEB liability	381.12%	349.55%	399.62%	222.30%	222.30%	
Covered payroll	119,749	181,016	272,447	412,725	323,116	
County's net OPEB (asset) liability as a percentage of covered payroll	-47.15%	-23.66%	-16.32%	-9.29%	-8.96%	

Town of Hayden, Arizona
Required supplementary information
Schedule of Town Pension/OPEB Contributions
June 30, 2022

	Reporting Fiscal Year										2013 through 2010 Information not available
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013 through 2010 Information not available	
ASRS - Pension											
Statutorily determined contribution	\$ 64,194	\$ 64,812	\$ 91,953	\$ 91,953	\$ 81,431	\$ 67,910	\$ 69,325	\$ 85,329	\$ 99,532	\$ 99,532	-
Town's contributions in relation to the statutorily determined contributions	64,194	64,812	91,953	91,953	81,431	67,910	69,325	85,329	99,532	99,532	-
Town's contribution (deficiency) excess	\$ 528,612	\$ 541,173	\$ 659,449	\$ 826,689	\$ 755,418	\$ 591,551	\$ 646,147	\$ 783,554	\$ 930,206	\$ 930,206	-
Town's covered-employee payroll	12.14%	11.98%	11.12%	11.12%	10.78%	11.48%	10.85%	10.89%	11.30%	11.30%	-
Town's contributions as a percentage of covered payroll											
ASRS - Health insurance premium benefit											
Statutorily determined contribution	\$ 975	\$ 1,855	\$ 2,955	\$ 3,558	\$ 3,152	\$ 3,313	-	-	-	-	-
Town's contributions in relation to the statutorily determined contributions	975	1,855	2,955	3,558	3,152	3,313	-	-	-	-	-
Town's contribution (deficiency) excess	\$ 528,612	\$ 541,173	\$ 659,449	\$ 826,689	\$ 755,418	\$ 591,551	-	-	-	-	-
Town's covered-employee payroll	0.18%	0.34%	0.45%	0.43%	0.42%	0.56%	-	-	-	-	-
Town's contributions as a percentage of covered payroll											
ASRS - Long-term disability											
Statutorily determined contribution	\$ 929	\$ 902	\$ 1,058	\$ 1,261	\$ 1,175	\$ 828	-	-	-	-	-
Town's contributions in relation to the statutorily determined contributions	929	902	1,058	1,261	1,175	828	-	-	-	-	-
Town's contribution (deficiency) excess	\$ 528,612	\$ 541,173	\$ 659,449	\$ 826,689	\$ 755,418	\$ 591,551	-	-	-	-	-
Town's covered-employee payroll	0.18%	0.17%	0.16%	0.15%	0.16%	0.14%	-	-	-	-	-
Town's contributions as a percentage of covered payroll											

Town of Hayden, Arizona
Required supplementary information
Schedule of Town Pension/OPEB Contributions
June 30, 2022

Reporting Fiscal Year

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013 through 2010
Statutorily determined contribution	\$ 14,322	\$ 35,461	\$ 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	14,322	35,461	32,394	49,073	53,088	37,751	38,748	39,362	46,484	
Town's contribution (deficiency) excess	-	-	-	-	-	-	-	-	-	-
Town's covered-employee payroll	\$ 119,749	\$ 181,016	\$ 272,447	\$ 412,725	\$ 323,116	\$ 296,319	\$ 315,044	\$ 290,924	\$ 354,302	
Town's contributions as a percentage of covered payroll	11.96%	19.59%	11.89%	11.89%	16.43%	12.74%	12.30%	13.53%	13.12%	

PSPRS - Police Pension

Statutorily determined contribution
Town's contributions in relation to the
statutorily determined contributions
Town's contribution (deficiency) excess
Town's covered-employee payroll
Town's contributions as a percentage of
covered payroll

PSPRS - Police OPEB

Statutorily determined contribution
Town's contributions in relation to the
statutorily determined contributions
Town's contribution (deficiency) excess
Town's covered-employee payroll
Town's contributions as a percentage of
covered payroll

	2022	2021	2020	2019	2018	2017	2016 through 2010
Statutorily determined contribution	\$ -	\$ -	\$ -	\$ -	\$ 97	\$ -	Information not available
Town's contributions in relation to the statutorily determined contributions	-	-	-	-	97	-	
Town's contribution (deficiency) excess	-	-	-	-	-	-	
Town's covered-employee payroll	\$ 119,749	\$ 181,016	\$ 272,447	\$ 412,725	\$ 323,116	\$ 296,319	
Town's contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.03%	0.00%	

Town of Hayden, Arizona
Required supplementary information
Notes to Pension Plan Schedules
June 30, 2022

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 2020 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 2019 actuarial valuation, the investment rate of return was decreased from 7.4% to 7.3%. 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 2019 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 2019 actuarial valuation, changed to PubS-2010 tables. 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, 2022

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.