

Town of Hayden, Arizona

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

For the Year Ended June 30, 2023

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

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Independent Auditor's Report

To the Town Council
Town of Hayden, Arizona

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, 2023, 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, 2023, 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 Town 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 Town'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 51 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 January 16, 2024, 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

January 16, 2024

Town of Hayden, Arizona
Management Discussion and Analysis
June 30, 2023

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, 2023. 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 \$12,596,690 (net position) for the fiscal year reported.
- Total net position is comprised of the following:
 - (1) Capital assets of \$7,436,155 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 \$5,154,735 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 \$4,038,618 this year. This compares to the prior year total ending fund balance of \$4,285,111 showing a decrease of \$246,493 during the current year.

Overview of the Financial Statements

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

Government-wide Financial Statements

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

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

Town of Hayden, Arizona
Management Discussion and Analysis
June 30, 2023

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, 2023

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, 2023:

SUMMARY OF NET POSITION

	Governmental Activities 2023	Business-type Activities 2023	Totals 2023	Totals 2022	Amount of Change
Current and other assets	\$ 6,618,993	\$ 41,331	\$ 6,660,324	\$ 6,850,757	\$ (190,433)
Non-current assets					
Capital assets	1,255,578	6,566,290	7,821,868	8,192,109	(370,241)
Total Assets	<u>7,874,571</u>	<u>6,607,621</u>	<u>14,482,192</u>	<u>15,042,866</u>	<u>(560,674)</u>
Deferred Outflows of Resources	318,792	29,752	348,544	215,964	132,580
Current liabilities	793,923	(464)	793,459	469,849	323,610
Non-current liabilities	692,282	566,509	1,258,791	1,078,015	180,776
Total Liabilities	<u>1,486,205</u>	<u>566,045</u>	<u>2,052,250</u>	<u>1,547,864</u>	<u>504,386</u>
Deferred Inflows of Resources	158,876	22,920	181,796	803,633	(621,837)
Invested in capital assets	1,255,578	6,180,577	7,436,155	7,797,918	(361,763)
Restricted	-	5,800	5,800	5,800	-
Unrestricted	<u>5,292,704</u>	<u>(137,969)</u>	<u>5,154,735</u>	<u>5,103,615</u>	<u>51,120</u>
Total Net Position	<u>\$ 6,548,282</u>	<u>\$ 6,048,408</u>	<u>\$ 12,596,690</u>	<u>\$ 12,907,333</u>	<u>\$ (310,643)</u>

The Town reported net position for governmental activities of \$6,548,282 and a net position for business-type activities of \$6,048,408. Net position decreased \$114,063 for governmental activities and decreased \$196,580 for business-type activities.

Town of Hayden, Arizona
Management Discussion and Analysis
June 30, 2023

The following table provides a summary of the Town's changes in net position for the year ended June 30, 2023.

SUMMARY OF CHANGES IN NET POSITION

	Governmental Activities 2023	Business-type Activities 2023	Totals 2023	Totals 2022	Amount of Change
Revenues:					
Program revenues:					
Charges for services	\$ 321,757	\$ 257,598	\$ 579,355	\$ 539,132	\$ 40,223
Operating grants and contributions	486,422	-	486,422	494,644	(8,222)
Capital grants and contributions	892	-	892	21,603	(20,711)
General revenues:					
City sales tax	194,858	-	194,858	76,753	118,105
State taxes and shared revenues	403,013	-	403,013	321,063	81,950
Property tax	516,525	-	516,525	2,249,908	(1,733,383)
Pension revenue	-	-	-	-	-
Other	97,073	-	97,073	13,334	83,739
Total Revenues	2,020,540	257,598	2,278,138	3,716,437	(1,438,299)
Expenses:					
General government	470,994	-	470,994	225,786	245,208
Police	549,616	-	549,616	455,216	94,400
Fire	129,483	-	129,483	58,810	70,673
Sanitation	190,971	-	190,971	175,932	15,039
Parks and Recreation/Golf Course/Pool	225,027	-	225,027	145,299	79,728
Streets	151,411	-	151,411	153,130	(1,719)
Library	5,756	-	5,756	5,756	-
Cemetery	1,834	-	1,834	2,600	(766)
Senior Center	287,043	-	287,043	255,481	31,562
Community Development	44,223	-	44,223	-	44,223
Animal Control	7,556	-	7,556	8,291	(735)
Water Utility	-	110,592	110,592	199,445	(88,853)
Sewer Utility	-	414,275	414,275	413,427	848
Total Expenses	2,063,914	524,867	2,588,781	2,099,173	489,608
Transfers	(70,689)	70,689	-	-	-
Change in net position	(114,063)	(196,580)	(310,643)	1,617,264	(1,927,907)
Beginning net position	6,662,345	6,244,988	12,907,333	11,290,069	1,617,264
Ending net position	\$ 6,548,282	\$ 6,048,408	\$ 12,596,690	\$ 12,907,333	\$ (310,643)

Town of Hayden, Arizona
Management Discussion and Analysis
June 30, 2023

Financial Analysis of the Town's Funds

Governmental funds

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

Operating revenues totaled \$2,029,309 in 2022-2023, a decrease of 41.5% from 2021-2022. The decrease was primarily due to a decrease in the property tax revenues and grant revenues.

A comparative summary of principal revenues is as follows:

	Increase (Decrease) from 2021-2022			2021-2022 Amount
	2022-2023 Amount	Amount	%	
State Sales Tax	\$ 76,571	\$ 2,950		\$ 73,621
State Revenue Sharing	284,552	87,079		197,473
Highway Users Tax	67,568	(13,666)		81,234
Transportation Excise Tax	99,024	10,408		88,616
Property Tax	525,294	(1,718,326)		2,243,620
Vehicle Lieu Tax	41,890	(8,079)		49,969
Grant Revenue	320,722	(25,675)		346,397
Town Sales Tax	194,858	118,105		76,753
Police Intergovernmental Contract	132,500	7,500		125,000
Utility Franchise	9,446	(948)		10,394
Licenses, Permits and Other	89,856	6,658		83,198
Fines and Forfeitures	3,603	612		2,991
Sanitation Fees	77,621	5,932		71,689
Golf Course Fees	18,177	3,444		14,733
Interest Income	87,627	84,687		2,940
	<u>\$ 2,029,309</u>	<u>\$ (1,439,319)</u>	<u>-41.5%</u>	<u>\$ 3,468,628</u>

Operating expenditures totaled \$2,205,113 in 2022-2023. This represents an increase of 20.9% from the prior year due to increases in spending related to the senior center and general government.

Town of Hayden, Arizona
Management Discussion and Analysis
June 30, 2023

	Increase (Decrease) from 2021-2022			2021-2022 Amount
	2022-2023 Amount	Amount	%	
General Government	\$ 774,791	\$ 206,360		\$ 568,431
Police	490,440	24,173		466,267
Fire	104,134	70,891		33,243
Streets	120,875	(14,331)		135,206
Sanitation	175,046	(3,952)		178,998
Parks and Recreation/Golf Course	132,418	17,011		115,407
Cemetery	1,639	(766)		2,405
Pool	64,173	51,908		12,265
Senior Center	262,620	8,303		254,317
Community Development	44,223	44,223		-
Animal Control	6,926	(2,150)		9,076
Principal on lease	4,911	162		4,749
Interest on lease	177	(133)		310
Capital Outlay	22,740	(20,411)		43,151
	<u>\$ 2,205,113</u>	<u>\$ 381,288</u>	<u>20.9%</u>	<u>\$ 1,823,825</u>

Operating Revenues (\$2,029,309) were less than operating expenditures (\$2,205,113) by \$175,804. Carryover fund balance decreased from \$4,285,111 at June 30, 2022 to \$4,038,618 at June 30, 2023. The decrease was primarily due to increases in operating expenses.

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 \$196,580 for the year ended June 30, 2023 compared to a decrease of \$250,337 for 2021-2022.

Town Payroll and Fringe Benefits

The Town's payroll for 2022-2023 was \$901,603, a decrease of \$4,347, or .5% from 2021-2022. A summary by department follows:

	Increase (Decrease) from 2021-2022			2021-2022 Amount
	2022-2023 Amount	Amount	%	
Administration	133,752	(17,637)		151,389
Police	286,108	(21,619)		307,727
Fire	32,152	19,153		12,999
Public works	337,232	28,690		308,542
Senior Center	112,359	(12,934)		125,293
	<u>\$ 901,603</u>	<u>\$ (4,347)</u>	<u>-0.5%</u>	<u>\$ 905,950</u>

Town of Hayden, Arizona
Management Discussion and Analysis
June 30, 2023

The following payroll fringe benefits amounted to \$418,774, a decrease of \$1,975, or .5%. The decrease was due to increases in the required pension contributions offset by health insurance as follows:

	Increase (Decrease) from 2021-2022			
	2022-2023 Amount	Amount	%	
Social security and Medicare taxes	\$ 64,687	\$ 5,209		\$ 59,478
ASRS Pension/OPEB contributions	55,199	(8,995)		64,194
PSPRS Pension/OPEB contributions	43,653	29,331		14,322
Volunteer firemen's pension contributions	1,027	606		421
Industrial Insurance	36,102	4,154		31,948
Health and life insurance	218,106	(32,280)		250,386
	<u>\$ 418,774</u>	<u>\$ (1,975)</u>	<u>-0.5%</u>	<u>\$ 420,749</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 \$4,038,618, a decrease of \$246,493 in comparison with the prior year. Total amount constitutes the General Fund Balance, which is available for its ongoing obligations. At June 30, 2023 fund balances were as follows:

	Increase (Decrease) from 2021-2022			
	2022-2023 Amount	Amount	%	
Governmental Funds:				
General Fund	\$ 3,958,257	\$ (292,210)		\$ 4,250,467
Highway Users Fund	80,361	45,717		34,644
Grants Fund	-	-		-
Senior Center Fund	-	-		-
Library fund	-	-		-
Total Governmental Funds	<u>\$ 4,038,618</u>	<u>\$ (246,493)</u>	<u>-5.8%</u>	<u>\$ 4,285,111</u>
Proprietary Funds				
Water utility fund	541,384	2,987		538,397
Sewer utility fund	5,507,024	(199,567)		5,706,591
Total Proprietary Funds	<u>6,048,408</u>	<u>(196,580)</u>	<u>-3.1%</u>	<u>6,244,988</u>
Total	<u>\$ 10,087,026</u>	<u>\$ (443,073)</u>	<u>-4.2%</u>	<u>\$ 10,530,099</u>

Budgetary Highlights

The Town's budgeted expenditures for the general fund for fiscal year 2023 was \$3,851,725.

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, 2023, budgeted expenditures were more than the actual expenditures.

The expenditure limit under the voter approved permanent base adjustment was \$6,397,985 for the year ended June 30, 2023. The Town's expenditures complied with this expenditure limitation.

**Town of Hayden, Arizona
Management Discussion and Analysis
June 30, 2023**

Capital Asset and Debt Administration

Capital Assets

The following is a comparison of capital assets net of depreciation for 2023 and 2022.

	Governmental Activities		Business-Type Activities	
	2023	2022	2023	2022
Land	\$ 90,570	\$ 90,570	\$ 10,718	\$ 10,718
Buildings	527,162	556,596	-	-
Streets, infrastructure and improvements	373,376	418,739	6,555,572	6,803,810
Furniture, Machinery and Equipment	260,534	302,991	-	-
Right-to-use assets - equipment	3,936	8,685	-	-
	<u>\$ 1,255,578</u>	<u>\$ 1,377,581</u>	<u>\$ 6,566,290</u>	<u>\$ 6,814,528</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, 2023 was \$385,713 and Interest expense for the year ended June 30, 2023 was \$10,734.

Economic Factors and Next Year's Budget

The adopted combined operating and capital expenditure budget for fiscal year 2022-23 totals \$9,319,000, an increase of \$3,209,000, or 53 percent, from the fiscal year 2021-22 budget. This large budget increase was due to the capability of the Town to levy property taxes based on assessed valuation. The Town has very large assessed valuation fluctuations from year to year. The assessed value for the Town in FY 2023 was \$3,417,449 and for FY 2024 \$12,595,094. Since this is a known variable, the Town Council has opted to assess the appropriate property tax and adjust expenses accordingly from fiscal year to fiscal year. In addition, the Town adopted its final budget in May of 2024. After the budget was adopted, the Town was notified that the Hayden Police Department received a legislative appropriation of \$1,000,000 for FY 2024. This amount was not included in the FY 2024 budget.

Basic Financial Statements

Town of Hayden, Arizona
Statement of Net Position
June 30, 2023

	PRIMARY GOVERNMENT		Total
	Governmental Activities	Business-type Activities	
Assets			
Cash and cash equivalents	\$ 1,917,046	\$ -	\$ 1,917,046
Investments	2,686,420	-	2,686,420
Property taxes receivable	11,828	-	11,828
Accounts receivable	14,099	34,691	48,790
Other receivables	37,302	-	37,302
Due from other governments	125,529	-	125,529
Due from fiduciary fund	50,923	-	50,923
Prepaid expenses	24,969	1,054	26,023
Net pension/OPEB asset	1,750,877	5,586	1,756,463
Capital assets, not being depreciated/amortized	90,570	10,718	101,288
Capital assets, being depreciated/amortized, net	1,165,008	6,555,572	7,720,580
Total Assets	<u>7,874,571</u>	<u>6,607,621</u>	<u>14,482,192</u>
Deferred Outflows of Resources - Pensions	<u>318,792</u>	<u>29,752</u>	<u>348,544</u>
Liabilities			
Accounts payable	638,056	(2,715)	635,341
Accrued expenses and other liabilities	155,867	2,251	158,118
Non-Current Liabilities:			
Due within one year:			
Municipal property corporation loan payable	-	8,714	8,714
Lease liability	3,774	-	3,774
Compensated absences	11,593	235	11,828
Due in more than one year:			
Municipal property corporation loan payable	-	376,999	376,999
Lease liability	-	-	-
Compensated absences	46,370	2,715	49,085
Net pension liabilities	630,545	177,846	808,391
Total liabilities	<u>1,486,205</u>	<u>566,045</u>	<u>2,052,250</u>
Deferred Inflows of Resources - Pensions	<u>158,876</u>	<u>22,920</u>	<u>181,796</u>
Net Position			
Invested in capital assets, net of related debt	1,255,578	6,180,577	7,436,155
Restricted	-	5,800	5,800
Unrestricted	5,292,704	(137,969)	5,154,735
Total Net Position	<u>\$ 6,548,282</u>	<u>\$ 6,048,408</u>	<u>\$ 12,596,690</u>

See Accompanying Notes to Financial Statements.

**Town of Hayden, Arizona
Statement of Activities
Year Ended June 30, 2023**

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Charges for Services	Operating grant and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
General government	\$ 470,994	\$ 61,469	\$ 82,156	\$ -	\$ (327,369)	\$ -	\$ (327,369)
Police	549,616	146,584	7,309	892	(394,831)	-	(394,831)
Fire	129,483	-	-	-	(129,483)	-	(129,483)
Streets	151,411	-	166,592	-	15,181	-	15,181
Sanitation	190,971	77,621	-	-	(113,350)	-	(113,350)
Parks and recreation/golf course	142,484	18,177	19,625	-	(104,682)	-	(104,682)
Cemetery	1,834	3,200	-	-	1,366	-	1,366
Pool	82,543	2,082	-	-	(80,461)	-	(80,461)
Library	5,756	-	-	-	(5,756)	-	(5,756)
Senior Center	287,043	12,431	166,517	-	(108,095)	-	(108,095)
Animal Control	7,556	193	-	-	(7,363)	-	(7,363)
Total Governmental Activities	<u>2,063,914</u>	<u>321,757</u>	<u>486,422</u>	<u>892</u>	<u>(1,254,843)</u>	<u>-</u>	<u>(1,254,843)</u>
Business-type Activities:							
Water	110,592	75,787	-	-	-	(34,805)	(34,805)
Sewer	414,275	181,811	-	-	-	(232,464)	(232,464)
Total Business-type Activities	<u>524,867</u>	<u>257,598</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(267,269)</u>	<u>(267,269)</u>
Total	<u>\$ 2,588,781</u>	<u>\$ 579,355</u>	<u>\$ 486,422</u>	<u>\$ 892</u>	<u>(1,254,843)</u>	<u>(267,269)</u>	<u>(1,522,112)</u>
General Revenues:							
State sales tax					76,571	-	76,571
State revenue sharing					284,552	-	284,552
Property tax					516,525	-	516,525
Vehicle lieu tax					41,890	-	41,890
City sales tax					194,858	-	194,858
Utility franchise fees					9,446	-	9,446
Interest					87,627	-	87,627
Transfers					(70,689)	70,689	-
Total General Revenues and Transfers					<u>1,140,780</u>	<u>70,689</u>	<u>1,211,469</u>
Change in Net Position					(114,063)	(196,580)	(310,643)
Net Position - Beginning					<u>6,662,345</u>	<u>6,244,988</u>	<u>12,907,333</u>
Net Position - Ending					<u>\$ 6,548,282</u>	<u>\$ 6,048,408</u>	<u>\$ 12,596,690</u>

See Accompanying Notes to Financial Statements.

Town of Hayden, Arizona
Balance Sheet – Governmental Funds
June 30, 2023

	General Fund	Highway Users Fund	Grants Fund	Senior Center Fund	Total Governmental Funds
Assets					
Cash and equivalents	\$ 1,829,901	\$ -	\$ 87,145	\$ -	\$ 1,917,046
Investments	2,686,420	-	-	-	2,686,420
Property taxes receivable	11,828	-	-	-	11,828
Accounts receivable	14,099	-	-	-	14,099
Other receivables	26,976	-	-	10,326	37,302
Due from other governments	50,180	15,203	23,225	36,921	125,529
Due from other funds	104,626	70,048	-	-	174,674
Prepaid expenses	19,957	1,287	-	3,725	24,969
Total Assets	<u>\$ 4,743,987</u>	<u>\$ 86,538</u>	<u>\$ 110,370</u>	<u>\$ 50,972</u>	<u>\$ 4,991,867</u>
Liabilities and Deferred Inflows:					
Liabilities:					
Accounts payable	\$ 618,256	\$ 4,328	\$ 12,248	\$ 3,224	\$ 638,056
Accrued expenses and other liabilities	61,851	1,849	87,145	5,022	155,867
Due to other funds	70,048	-	10,977	42,726	123,751
Total Liabilities	<u>750,155</u>	<u>6,177</u>	<u>110,370</u>	<u>50,972</u>	<u>917,674</u>
Deferred Inflows of resources					
Unavailable revenue-property taxes	8,669	-	-	-	8,669
Unavailable revenue-court fines	26,906	-	-	-	26,906
Total deferred inflows of resources	<u>35,575</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>35,575</u>
Fund Balances:					
Nonspendable	19,957	1,287	-	3,725	24,969
Unassigned	3,938,300	79,074	-	(3,725)	4,013,649
Total Fund Balances	<u>3,958,257</u>	<u>80,361</u>	<u>-</u>	<u>-</u>	<u>4,038,618</u>
Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 4,743,987</u>	<u>\$ 86,538</u>	<u>\$ 110,370</u>	<u>\$ 50,972</u>	<u>\$ 4,991,867</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, 2023

Fund balances-total governmental funds	\$	4,038,618
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets of \$5,775,892, net of accumulated depreciation of (\$4,520,314), are not financial resources and therefore, are not reported in the funds		1,255,578
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 \$8,669 and magistrate fines of \$26,906.		35,575
Compensated Absences are payable only upon employee retirement and therefore are not payable from current resources		(57,963)
Long-term lease liabilities are not due and payable in the current period and, therefore, are not reported as a liability in the funds.		(3,774)
Net pension assets held in trust for future benefits are not available for current operations and, therefore, are not reported in the funds.		1,750,877
Pension liabilities are not due and payable in the current period and, therefore, are not reported as a liability in the funds.		(630,545)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.		159,916
Net position of governmental activities	<u>\$</u>	<u>6,548,282</u>

See Accompanying Notes to Financial Statements.

Town of Hayden, Arizona
Statement of Revenues, Expenditures, and Changes in Fund Balances –
Governmental Funds
For the Year Ended June 30, 2023

	General Fund	Highway Users Fund	Grants Fund	Senior Center Fund	Total Governmental Funds
Revenues:					
State sales tax	\$ 76,571	\$ -	\$ -	\$ -	\$ 76,571
State revenue sharing	284,552	-	-	-	284,552
Highway users tax	-	67,568	-	-	67,568
Transportation excise tax	-	99,024	-	-	99,024
Property tax	525,294	-	-	-	525,294
Vehicle lieu tax	41,890	-	-	-	41,890
Grant revenue	19,625	-	134,580	166,517	320,722
Town sales tax	194,858	-	-	-	194,858
Winkelman intergovernmental contract	132,500	-	-	-	132,500
Utility franchise	9,446	-	-	-	9,446
Licenses, permits and other	77,425	-	-	12,431	89,856
Fines and forfeitures	3,603	-	-	-	3,603
Sanitation fees	77,621	-	-	-	77,621
Golf course fees	18,177	-	-	-	18,177
Gain on investment	37,728	-	-	-	37,728
Interest income	49,899	-	-	-	49,899
Total Revenues	<u>1,549,189</u>	<u>166,592</u>	<u>134,580</u>	<u>178,948</u>	<u>2,029,309</u>
Expenditures:					
Current:					
General government	693,527	-	81,264	-	774,791
Police	482,239	-	8,201	-	490,440
Fire	104,134	-	-	-	104,134
Streets	-	120,875	-	-	120,875
Sanitation	175,046	-	-	-	175,046
Parks and recreation/gold course	132,418	-	-	-	132,418
Cemetery	1,639	-	-	-	1,639
Pool	64,173	-	-	-	64,173
Senior Center	-	-	-	262,620	262,620
Community development	-	-	44,223	-	44,223
Animal control	6,926	-	-	-	6,926
Capital outlay	21,848	-	892	-	22,740
Principal on lease	4,911	-	-	-	4,911
Interest on lease	177	-	-	-	177
Total Expenditures	<u>1,687,038</u>	<u>120,875</u>	<u>134,580</u>	<u>262,620</u>	<u>2,205,113</u>
Excess of Revenues Over (Under) Expenditures	(137,849)	45,717	-	(83,672)	(175,804)
Other Financing Sources (uses):					
Transfers to other funds	(154,361)	-	-	-	(154,361)
Transfers from the general fund	-	-	-	83,672	83,672
Net Other Financing Sources (Uses)	<u>(154,361)</u>	<u>-</u>	<u>-</u>	<u>83,672</u>	<u>(70,689)</u>
Net change in fund balances	(292,210)	45,717	-	-	(246,493)
Fund Balances, Beginning	4,250,467	34,644	-	-	4,285,111
Fund Balances, Ending	<u>\$ 3,958,257</u>	<u>\$ 80,361</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,038,618</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, 2023

Net change in fund balances-total governmental funds \$ (246,493)

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	22,740
Depreciation/amortization expense	(144,743)

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.

Increase in compensated absences	(5,263)
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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	4,911
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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. (8,769)

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	(85,465)
Pension revenue	349,019

Change in net position of governmental activities	\$ (114,063)
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Town of Hayden, Arizona
Statement of Fund Net Position – Proprietary Funds
June 30, 2023

	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Proprietary Funds</u>
Assets			
Current Assets:			
Accounts receivable	\$ 11,791	\$ 22,900	\$ 34,691
Prepaid expense	7	1,047	1,054
Total Current Assets	<u>11,798</u>	<u>23,947</u>	<u>35,745</u>
Capital Assets:			
Land and construction in progress	-	10,718	10,718
Depreciable capital assets, net	612,300	5,943,272	6,555,572
Net other postemployment benefits asset	2,793	2,793	5,586
Total Assets	<u>626,891</u>	<u>5,980,730</u>	<u>6,607,621</u>
Deferred Outflows of Resources - Pensions	<u>14,876</u>	<u>14,876</u>	<u>29,752</u>
Liabilities			
Current Liabilities:			
Accounts payable	-	(2,715)	(2,715)
Accrued liabilities	-	2,251	2,251
Current portion of loan payable	-	8,714	8,714
Current portion of compensated absences	-	235	235
Total Current Liabilities	<u>-</u>	<u>8,485</u>	<u>8,485</u>
Non-Current Liabilities:			
Compensated absences	-	2,715	2,715
Municipal property corporation loan payable	-	376,999	376,999
Net pension liabilities	88,923	88,923	177,846
Total Non-Current Liabilities	<u>88,923</u>	<u>468,637</u>	<u>557,560</u>
Total Liabilities	<u>88,923</u>	<u>477,122</u>	<u>566,045</u>
Deferred Inflows of Resources - Pensions	<u>11,460</u>	<u>11,460</u>	<u>22,920</u>
Net Position			
Invested in capital assets, net of related debt	612,300	5,568,277	6,180,577
Restricted for debt retirement	-	5,800	5,800
Unrestricted	(70,916)	(67,053)	(137,969)
Total Net Position	<u>\$ 541,384</u>	<u>\$ 5,507,024</u>	<u>\$ 6,048,408</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, 2023

	Business-type Activities-Enterprise Funds		
	Water Utility	Sewer Utility	Total
Operating Revenues:			
Charges for services	\$ 75,107	\$ 181,811	\$ 256,918
Taps, extensions and permits	680	-	680
Total Operating Revenues	<u>75,787</u>	<u>181,811</u>	<u>257,598</u>
Operating Expenses:			
Personal services	59,573	74,612	134,185
Telephone and utilities	13,580	27,958	41,538
Repairs and maintenance	3,016	28,824	31,840
Supplies	1,882	15,768	17,650
Miscellaneous	721	2,465	3,186
Consultants	7,936	29,560	37,496
Depreciation	23,884	224,354	248,238
Total Operating Expenses	<u>110,592</u>	<u>403,541</u>	<u>514,133</u>
Operating Income (Loss)	<u>(34,805)</u>	<u>(221,730)</u>	<u>(256,535)</u>
Non-Operating Revenues (Expenses):			
Interest expense	-	(10,734)	(10,734)
Total Non-Operating Revenues (Expenses)	<u>-</u>	<u>(10,734)</u>	<u>(10,734)</u>
Transfers	<u>37,792</u>	<u>32,897</u>	<u>70,689</u>
Changes in Net Position	2,987	(199,567)	(196,580)
Total Net Position - Beginning	538,397	5,706,591	6,244,988
Total Net Position - Ending	<u>\$ 541,384</u>	<u>\$ 5,507,024</u>	<u>\$ 6,048,408</u>

See Accompanying Notes to Financial Statements.

Town of Hayden, Arizona
Statements of Cash Flows
Proprietary Funds
June 30, 2023

	Water Utility	Sewer Utility	Total Proprietary Funds
Cash Flows from Operating Activities:			
Cash received from customers	\$ 74,622	\$ 178,862	\$ 253,484
Cash payments to suppliers for goods and services	(26,851)	(115,432)	(142,283)
Cash payments for employees, payroll taxes and fringe benefits	(85,563)	(77,115)	(162,678)
Net Cash used by Operating Activities	(37,792)	(13,685)	(51,477)
Cash Flows from Non-Capital Financing Activities:			
Transfers from the general fund	37,792	32,897	70,689
Net Cash provided by Non-Capital Financing Activities	37,792	32,897	70,689
Cash Flows from Capital and Related Financing Activities:			
Interest expense payments	-	(10,734)	(10,734)
Principal payments on debt	-	(8,478)	(8,478)
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)	\$ (34,805)	\$ (221,730)	\$ (256,535)
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	14,437	26,386	40,823
(Increase) decrease in deferred outflows relating to pensions	3,915	783	4,698
Increase (decrease) in deferred inflows relating to pensions	(40,551)	(31,883)	(72,434)
(Increase) decrease in accounts receivable	(1,165)	(2,949)	(4,114)
(Increase) decrease in prepaid expenses	2,877	(197)	2,680
Increase (decrease) in accounts payable	(2,593)	(10,660)	(13,253)
Increase (decrease) in accrued payroll	(1,515)	935	(580)
Increase (decrease) in compensated absences	(2,276)	1,276	(1,000)
Total Adjustments	(2,987)	208,045	205,058
Net Cash Used by Operating Activities	\$ (37,792)	\$ (13,685)	\$ (51,477)

See Accompanying Notes to Financial Statements.

Town of Hayden, Arizona
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2023

	Volunteer Firemen's Relief and Pension Fund
<hr/>	
Assets	
Cash and equivalents	\$ 507
Investments	81,238
Due from other governments	1,136
Total Assets	<hr/> 82,881 <hr/>
 Liabilities	
Due to other funds	50,923
Total Liabilities	<hr/> 50,923 <hr/>
 Net Position Held in Trust for Pension Benefits	 <hr/> \$ 31,958 <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, 2023

	Volunteer Firemen's Relief and Pension Fund
<hr/>	
Additions	
Contributions:	
Employer	\$ 1,027
Plan members	1,027
Total Contributions	<u>2,054</u>
Investment Income:	
Gain (loss) on investments	-
Interest	3,060
Total Investment Income	<u>3,060</u>
Total Additions	<u>5,114</u>
 Deductions	
Benefits	<u>3,453</u>
Total Deductions	<u>3,453</u>
Change in Net Assets	1,661
 Net Position Held in Trust for Pension Benefits - Beginning of Year	<u>30,297</u>
Net Position Held in Trust for Pension Benefits - End of Year	<u><u>\$ 31,958</u></u>

See Accompanying Notes to Financial Statements.

Town of Hayden, Arizona
Notes to Financial Statements
June 30, 2023

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, 2023.

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 subject to externally imposed restrictions to these program uses. Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

Town of Hayden, Arizona
Notes to Financial Statements
June 30, 2023

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, 2023

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, 2023

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, 2023

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, 2023.

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, 2023

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, 2023, budgeted expenditures were less than the actual expenditures.

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 \$1,917,333 and the bank balance was \$1,959,769. \$307,434 of the bank balance was covered by FDIC coverage and the remaining \$1,652,335 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 consist of \$1,239,678 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.

Additionally, the Town holds investments with a fair market value of \$1,527,980 in U.S. Treasury Bills with maturity dates less than one year. The Treasury Bills are considered level 1 investments with quoted prices on the fair market.

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

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

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

**Town of Hayden, Arizona
Notes to Financial Statements
June 30, 2023**

Note 4 – Receivables

The following is a description of significant receivables as of June 30, 2023:

PROPERTY TAXES RECEIVABLE - Property taxes due from County;
revenue deferred for amounts assessed by County but uncollected
(\$8,669) for governmental fund financial statements \$ 11,828

ACCOUNTS RECEIVABLE:
Sanitation (\$9,318), Cemetery Services (\$4,781)
Water (\$11,791), Sewer (\$22,900) 48,790

OTHER RECEIVABLES:
Magistrate Fines Receivable (Deferred for Uncollected Amounts) 101,658
Small Business Loan Receivables 41,171
Other Miscellaneous Receivables 10,396
Allowance for uncollectible accounts (115,923) 37,302

DUE FROM OTHER GOVERNMENTS:
State Sales Tax 3,010
Town Sales Tax 31,886
Vehicle Lieu Tax 1,861
Gila County Transportation Excise Tax 8,500
Highway Users Tax 6,703
Senior Center Grants 36,921
Other Grants 36,648 125,529

Total \$ 223,449

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 2022-2023 this levy limit was \$12,287,099, and the Town levied \$452,530 in primary taxes a difference of \$11,834,569. 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 (\$8,669) and magistrate fines (\$26,906). This total of \$35,575 is recorded as Deferred Inflows of Resources in the governmental fund financial statements.

Town of Hayden, Arizona
Notes to Financial Statements
June 30, 2023

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	18,215	-	1,922,209
Streets, infrastructure and improvements	1,267,969	-	-	1,267,969
Furniture and equipment	2,467,242	4,525	-	2,471,767
Right-to-use assets - equipment	23,377	-	-	23,377
Total capital assets being depreciated	<u>5,662,582</u>	<u>22,740</u>	<u>-</u>	<u>5,685,322</u>
<i>Less accumulated depreciation</i>				
Buildings and improvements	(1,347,398)	(47,649)	-	(1,395,047)
Street Infrastructure and Improvements	(849,230)	(45,363)	-	(894,593)
Furniture and equipment	(2,164,251)	(46,982)	-	(2,211,233)
Right-to-use assets - equipment	(14,692)	(4,749)	-	(19,441)
Total accumulated depreciation	<u>(4,375,571)</u>	<u>(144,743)</u>	<u>-</u>	<u>(4,520,314)</u>
Total capital assets being depreciated, net	<u>1,287,011</u>	<u>(122,003)</u>	<u>-</u>	<u>1,165,008</u>
Governmental activities capital assets, net	<u>\$ 1,377,581</u>	<u>\$ (122,003)</u>	<u>\$ -</u>	<u>\$ 1,255,578</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	(3,125,699)	(248,238)	-	(3,373,937)
Furniture and equipment	(61,018)	-	-	(61,018)
Total accumulated depreciation	<u>(3,186,717)</u>	<u>(248,238)</u>	<u>-</u>	<u>(3,434,955)</u>
Total capital assets being depreciated, net	<u>6,803,810</u>	<u>(248,238)</u>	<u>-</u>	<u>6,555,572</u>
Governmental activities capital assets, net	<u>\$ 6,814,528</u>	<u>\$ (248,238)</u>	<u>\$ -</u>	<u>\$ 6,566,290</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	\$ 24,573	Water utility	\$ 23,884
Police	21,593	Sewer utility	<u>224,354</u>
Fire	25,349	Total	<u>\$ 248,238</u>
Streets	24,823		
Sanitation	7,067		
Parks and recreation	4,130		
Cemetery	195		
Pool	18,370		
Library	5,756		
Senior center	12,887		
Total	<u>\$ 144,743</u>		

Note 6 – Long-Term Liabilities

The following is a summary of changes in long-term debt for the year ended June 30, 2023:

	<u>Balance</u>			<u>Balance</u>	<u>Due</u>
	<u>July 01, 2022</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2023</u>	<u>Within</u>
					<u>One Year</u>
Governmental Activities					
Lease liability	\$ 8,685	\$ -	\$ (4,911)	\$ 3,774	\$ 3,774
Compensated absences	52,700	5,263	-	57,963	11,593
Net pension/OPEB liabilities	482,421	148,124	-	630,545	-
Total	<u>\$ 543,806</u>	<u>\$ 153,387</u>	<u>\$ -</u>	<u>\$ 688,508</u>	<u>\$ 11,593</u>
Business-type Activities					
Municipal property corporation note	\$ 394,191	\$ -	\$ (8,478)	\$ 385,713	\$ 8,714
Compensated absences	3,950	-	(1,000)	2,950	235
Net pension OPEB liabilities	136,068	41,778	-	177,846	-
Total	<u>\$ 534,209</u>	<u>\$ 41,778</u>	<u>\$ (9,478)</u>	<u>\$ 566,509</u>	<u>\$ 8,949</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, 2023 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, 2023 \$5,800 has been accumulated in a required restricted reserve account.

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

<u>Fiscal Year Ending</u>	<u>Total</u>	<u>Interest</u>	<u>Principal</u>
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	19,212	9,486	9,726
2029-2033	96,060	43,212	52,848
2034-2038	96,060	35,431	60,629
2039-2043	96,060	26,505	69,555
2044-2048	96,060	16,266	79,794
2049-2053	81,476	4,655	76,821
	<u>\$ 561,776</u>	<u>\$ 176,063</u>	<u>\$ 385,713</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, 2023:

<u>Payable to/From</u>	<u>Payable to General Fund</u>	<u>Payable from General Fund</u>
Highway users fund	-	70,048
Senior center fund	42,726	-
Grants fund	10,977	-
Fiduciary fund	50,923	-
Total	<u>\$ 104,626</u>	<u>\$ 70,048</u>

Interfund Transfers within the reporting entity are for the purposes of subsidizing operating functions. The General Fund transferred \$83,672 to the Senior Center Fund, and \$70,689 to the Utility Funds for the year ended June 30, 2023.

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, 2023. 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, 2023**

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, 2023 the Town reported the following aggregate amounts related to pensions and other postemployment benefits (OPEB) for all plans to which it contributes:

Statement of Net Position and Statement of Activities	Governmental Activities	Business-Type Activities	Total
Net pension and OPEB asset	\$ 1,750,877	\$ 5,586	\$ 1,756,463
Net pension and OPEB liabilities	630,545	177,846	808,391
Deferred outflows of resources related to pensions and OPEB	318,792	29,752	348,544
Deferred inflows of resources related to pensions and OPEB	158,876	22,920	181,796
Pension and OPEB expense (revenue)	349,019	(13,267)	335,752

The Town reported \$85,465 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, 2023, statute required active ASRS members to contribute at the actuarially determined rate of 12.17 percent (12.03 percent for retirement and 0.14 percent for long-term disability) of the members' annual covered payroll, and statute required the Town to contribute at the actuarially determined rate of 12.17 percent (11.92 percent for retirement, 0.11 percent for health insurance premium benefit, and 0.14 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 9.68 percent (9.62 percent for retirement, and 0.06 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, 2023, were \$60,197, \$499, and \$673, respectively.

During fiscal year 2023, the Town paid for ASRS pension and OPEB contributions as follows: 50 percent from the general fund, 28 percent from major funds, and 22 percent from enterprise funds.

Liability - At June 30, 2023, 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	\$ 807,950
Health insurance premium benefit	(25,393)
Long-term disability	441

The net asset and net liabilities were measured as of June 30, 2022. 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, 2021, to the measurement date of June 30, 2022. The total liabilities as of June 30, 2022, reflect changes in actuarial assumptions based on the results of an actuarial experience study for the 5-year period ended June 30, 2021, 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, 2022. The Town's proportion measured as of June 30, 2022, and the change from its proportions measured as of June 30, 2021, were:

ASRS	Proportion June 30, 2023 %	Increase (decrease) from June 30, 2022
Pension	0.00495%	0.00025%
Health insurance premium benefit	0.00455%	0.00023%
Long-term disability	0.00477%	0.00027%

Expense - For the year ended June 30, 2023, the Town recognized the following pension and OPEB expense.

ASRS	Pension/OPEB revenue (expense)
Pension	117,321
Health insurance premium benefit	4,252
Long-term disability	761

Deferred outflows/inflows of resources - At June 30, 2023, 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	\$ 6,884	\$ -	\$ -	\$ 12,959	\$ 229	\$ 411
Changes of assumptions or other inputs	40,100	-	412	693	240	1,075
Net Difference between projected and actual earnings on pension plan investments	-	21,282	-	855	-	14
Changes in proportion and differences between contributions and proportionate share of contributions	25,143	65,442	480	268	380	1,185
City contributions subsequent to the measurement date	60,197	-	499	-	673	-
	<u>\$ 132,324</u>	<u>\$ 86,724</u>	<u>\$ 1,391</u>	<u>\$ 14,775</u>	<u>\$ 1,522</u>	<u>\$ 2,685</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, 2024. 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
2024	\$	(13,937)	\$ (3,781)	\$	(205)
2025		2,228	(4,128)		(229)
2026		(36,951)	(4,556)		(333)
2027		34,063	(712)		(212)
2028		-	(706)		(391)
Thereafter		-	-		(466)

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

ASRS	
Actuarial valuation date	June 30, 2021
Actuarial roll forward date	June 30, 2022
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, 2021, valuation was based on the results of an actuarial experience study for the 5-year period ended June 30, 2021.

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%	3.90%
Fixed income - credit	20%	5.30%
Fixed income - interest rate sensitive	10%	-0.20%
Real estate	20%	6.00%
Total	<u>100%</u>	

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Discount rate - At June 30, 2022, 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, 2021. 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:

ASRS	1% Decrease 6.0%	Current rate 7.0%	1% Increase 8.0%
Town's proportionate share of the			
Net pension liability	\$ 1,192,106	\$ 807,950	\$ 487,624
Net insurance premium benefit liability (asset)	(18,259)	(25,393)	(31,447)
Net long-term liability	730	441	160

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, 2023**

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, 2023

Employees covered by benefit terms - At June 30, 2023, 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	5
Total	7

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, 2023, 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	14.65%
Health Insurance Premium Benefit	0.00%

The Town's contributions to the plans for the year ended June 30, 2023, were:

	PSPRS Police
Pension contributions made	\$ 37,483
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, 2023, the Town reported the following assets and liabilities:

	Net pension liability (asset)	Net OPEB liability (asset)
PSPRS Police	\$ (1,681,677)	\$ (49,393)

Town of Hayden, Arizona
Notes to Financial Statements
June 30, 2023

The net assets and net liabilities were measured as of June 30, 2022, and the total liability used to calculate the net asset or liability was determined by an actuarial valuation as of that date. The total liabilities as of June 30, 2022, reflect changes of actuarial assumptions, including decreasing the investment rate of return from 7.3 percent to 7.2 percent, changing the wage inflation from 3.5 percent to a range of 3.0 – 6.25 percent, and increasing the cost-of-living adjustment from 1.75 percent to 1.85 percent.

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

PSPRS

Actuarial valuation date	June 30, 2022
Actuarial cost method	Entry age normal
Investment rate of return	7.20%
Wage inflation	3.0-6.25% for pensions/not applicable for OPEB
Price Inflation	2.5% for pensions/not applicable for OPEB
Cost-of-living adjustment	1.85% for pensions/not applicable for OPEB
Mortality rate	PubS-2010 tables
Healthcare cost trend rate	Not applicable

Actuarial assumptions used in the June 30, 2022, valuation was based on the results of an actuarial experience study for the 5-year period ended June 30, 2021.

The long-term expected rate of return on PSPRS pension plan investments was determined to be 7.2 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expenses and inflation) are developed for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

PSPRS Asset class	Target allocation	Long-term expected geometric real rate of return
U.S. public equity	24%	3.49%
International public equity	16%	4.47%
Global private equity	20%	7.18%
Other assets (capital appreciation)	7%	4.83%
Core bonds	2%	0.45%
Private credit	20%	5.10%
Diversifying strategies	10%	2.68%
Cash - Mellon	1%	-0.35%
Total	<u>100%</u>	

Town of Hayden, Arizona
Notes to Financial Statements
June 30, 2023

Discount rates—At June 30, 2022, the discount rate used to measure the PSPRS total pension/OPEB liabilities was 7.2 percent, which was a decrease of 0.1 from the discount rate used as of June 30, 2021. The projection of cash flows used to determine the discount rates assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the actuarially determined contribution rate and the member rate. Based on those assumptions, the plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension/OPEB liability.

Changes in the net pension/OPEB liability:

	Pension			Health Insurance Premium Benefit		
	Total pension liability (a)	Plan fiduciary net position (b)	Net pension liability (asset) (a) - (b)	Total OPEB liability (a)	Plan fiduciary net position (b)	Net OPEB liability (asset) (a) - (b)
PSPRS - Police						
Balances at June 30, 2022	\$ 676,782	\$ 2,629,780	\$ (1,952,998)	\$ 20,086	\$ 76,551	\$ (56,465)
Changes for the year:						
Service cost	53,484	-	53,484	1,549	-	1,549
Interest on the total pension liability	53,309	-	53,309	1,579	-	1,579
Changes of benefit terms	-	-	-	-	-	-
Differences between expected and actual experience in the measurement of the pension liability	114,696	-	114,696	1,094	-	1,094
Changes of assumptions or other inputs	(7,380)	-	(7,380)	(243)	-	(243)
Contributions - employer	-	29,244	(29,244)	-	-	-
Contributions - employee	-	21,017	(21,017)	-	-	-
Net investment income	-	(105,567)	105,567	-	(3,039)	3,039
Benefit payments, including refunds of employee contributions	-	-	-	-	-	-
Hall/Parker Settlement	-	-	-	-	-	-
Administrative expense	-	(1,906)	1,906	-	(54)	54
Other changes	-	-	-	-	-	-
Net changes	214,109	(57,212)	271,321	3,979	(3,093)	7,072
Balances at June 30, 2023	\$ 890,891	\$ 2,572,568	\$ (1,681,677)	\$ 24,065	\$ 73,458	\$ (49,393)

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, 2023

The Town's proportionate share of net liability (asset)	Current Discount Rate		
	1% Decrease 6.20%	7.20%	1% Increase 8.20%
PSPRS - Police			
Pension	\$ 1,536,417	\$ 1,681,677	\$ 1,798,151
Net OPEB (asset) liability	46,255	49,393	52,026

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, 2023, the Town recognized pension and OPEB revenue:

	Pension Revenue	OPEB Revenue
PSPRS - Police	164,287	3,846

Deferred outflows/inflows of resources - At June 30, 2023, 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	\$ 123,658	\$ 62,462	\$ 1,317	\$ 7,994
Changes of assumptions or other inputs	4,190	6,150	120	1,006
Net Difference between projected and actual earnings on pension plan investments	45,328	-	1,211	-
City contributions subsequent to the measurement date	37,483	-	-	-
	<u>\$ 210,659</u>	<u>\$ 68,612</u>	<u>\$ 2,648</u>	<u>\$ 9,000</u>

Town of Hayden, Arizona
Notes to Financial Statements
June 30, 2023

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, 2023. 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	\$ (5,551)	\$ (1,486)
2024	7,313	(1,711)
2025	1,058	(2,426)
2026	83,858	22
2027	17,886	(596)
Thereafter	-	(155)
	\$ 104,564	\$ (6,352)

Required Supplementary Information

Town of Hayden, Arizona
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		Actual	Variance with
	<u>Original</u>	<u>Final</u>	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
Revenues:				
State Sales Tax	\$ 74,090	\$ 74,090	\$ 76,571	\$ 2,481
State Revenue Sharing	195,715	195,715	284,552	88,837
Property Tax	482,530	482,530	525,294	42,764
Vehicle Lieu Tax	48,680	48,680	41,890	(6,790)
Grant revenues	20,080	20,080	19,625	(455)
City Sales Tax	100,000	100,000	194,858	94,858
Winkelman Intergovernmental Contract	130,000	130,000	132,500	2,500
Utility Franchise	13,000	13,000	9,446	(3,554)
Licenses, Permits and Other	54,925	54,925	77,425	22,500
Fines and Forfeitures	3,450	3,450	3,603	153
Sanitation Fees	101,395	101,395	77,621	(23,774)
Golf Course Fees	24,345	24,345	18,177	(6,168)
Interest Income	15,000	15,000	49,899	34,899
Gain on Investments	-	-	37,728	37,728
Total Revenues	<u>1,263,210</u>	<u>1,263,210</u>	<u>1,549,189</u>	<u>285,979</u>
General Government	576,690	576,690	693,527	(116,837)
Contingency	1,831,515	1,831,515	-	1,831,515
Police	748,210	748,210	482,239	265,971
Fire	77,760	77,760	104,134	(26,374)
Sanitation	198,640	198,640	175,046	23,594
Parks and Recreation/Golf Course	239,400	239,400	132,418	106,982
Cemetery	7,000	7,000	1,639	5,361
Pool	17,500	17,500	64,173	(46,673)
Animal Control	15,010	15,010	6,926	8,084
Capital outlay	140,000	140,000	21,848	118,152
Principal on lease	-	-	4,911	(4,911)
Interest on lease	-	-	177	(177)
Total Expenditures	<u>3,851,725</u>	<u>3,851,725</u>	<u>1,687,038</u>	<u>2,169,775</u>
Excess of Revenues				
(Under) Expenditures	(2,588,515)	(2,588,515)	(137,849)	2,455,754
Other Financing Sources (Uses)				
Transfer to other Funds	(431,925)	(411,925)	(154,361)	257,564
Net Other Financing Sources (Uses)	<u>(431,925)</u>	<u>(411,925)</u>	<u>(154,361)</u>	<u>257,564</u>
Net change in fund balances	(3,020,440)	(3,000,440)	(292,210)	2,713,318
Fund Balance, Beginning	4,250,467	4,250,467	4,250,467	-
Fund Balance, Ending	<u>\$ 1,230,027</u>	<u>\$ 1,250,027</u>	<u>\$ 3,958,257</u>	<u>\$ 2,708,230</u>

Town of Hayden, Arizona
Budgetary Comparison Schedule
HURF Fund
For the Year Ended June 30, 2023

	Budget Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Highway Users Tax	\$ 72,373	\$ 74,405	\$ 67,568	\$ (6,837)
Transportation Excise Tax	76,280	45,000	99,024	54,024
Total Revenues	<u>148,653</u>	<u>119,405</u>	<u>166,592</u>	<u>47,187</u>
Expenditures:				
Streets	<u>245,845</u>	<u>245,845</u>	<u>120,875</u>	<u>124,970</u>
Total Expenditures	<u>245,845</u>	<u>245,845</u>	<u>120,875</u>	<u>124,970</u>
Excess of Revenues (Under) Expenditures	(97,192)	(126,440)	45,717	172,157
Other Financing Sources (Uses)				
Transfer from other Funds	<u>51,605</u>	<u>51,605</u>	-	<u>(51,605)</u>
Net Other Financing Sources (Uses)	<u>51,605</u>	<u>51,605</u>	-	<u>(51,605)</u>
Fund Balance, Beginning	<u>34,644</u>	<u>34,644</u>	<u>34,644</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 40,662</u>	<u>\$ 11,414</u>	<u>\$ 80,361</u>	<u>\$ 68,947</u>

Town of Hayden, Arizona
Budgetary Comparison Schedule
Grant Fund
For the Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Grant Revenue	\$ 1,008,285	\$ 1,008,285	\$ 134,580	\$ (873,705)
Total Revenues	<u>1,008,285</u>	<u>1,008,285</u>	<u>134,580</u>	<u>(873,705)</u>
Expenditures:				
General government	-	-	81,264	(81,264)
Police	-	-	8,201	(8,201)
Community development	-	-	44,223	(44,223)
Capital outlay	-	-	892	(892)
Grant Expenditures	1,008,285	1,008,285	-	1,008,285
Total Expenditures	<u>1,008,285</u>	<u>1,008,285</u>	<u>134,580</u>	<u>873,705</u>
Excess of Revenues Over (Under) Expenditures	-	-	-	-
Other Financing Sources (Uses)				
Transfer to other Funds	-	-	-	-
Net Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, Beginning	-	-	-	-
Fund Balance, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Town of Hayden, Arizona
Budgetary Comparison Schedule
Senior Center Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Grant Revenue	\$ 243,900	\$ 243,900	\$ 166,517	\$ (77,383)
Licenses, Permits and Other	-	-	12,431	12,431
Total Revenues	<u>243,900</u>	<u>243,900</u>	<u>178,948</u>	<u>(64,952)</u>
Expenditures:				
Senior Center	302,275	302,275	262,620	39,655
Capital Outlay	-	-	-	-
Total Expenditures	<u>302,275</u>	<u>302,275</u>	<u>262,620</u>	<u>39,655</u>
Excess of Revenues Over (Under) Expenditures	(58,375)	(58,375)	(83,672)	(25,297)
Other Financing Sources (Uses)				
Transfer from general fund	26,430	26,430	83,672	57,242
Net Other Financing Sources (Uses)	<u>26,430</u>	<u>26,430</u>	<u>83,672</u>	<u>57,242</u>
Net Change in Fund Balance	<u>(31,945)</u>	<u>(31,945)</u>	<u>-</u>	<u>31,945</u>
Fund Balance, Beginning	-	-	-	-
Fund Balance, Ending	<u>\$ (31,945)</u>	<u>\$ (31,945)</u>	<u>\$ -</u>	<u>\$ 31,945</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, 2023

	Reporting fiscal year (measurement date)									
	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	2014 (2013)
ASRS - Pension										
Town's proportion of net pension liability	0.00495%	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	\$ 807,950	\$ 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	\$ 528,612	\$ 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	152.84%	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	74.26%	78.58%	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	0.00455%	0.00432%	0.00569%	0.00751%	0.00777%	0.00624%	Information not available			
Town's proportion share of net pension liability	\$ (25,393)	\$ (21,047)	\$ (4,029)	\$ (2,075)	\$ (2,798)	\$ (3,397)				
Town's covered-employee payroll	\$ 528,612	\$ 541,173	\$ 659,449	\$ 826,689	\$ 755,418	\$ 591,551				
Town's proportionate share of the net pension liability as a percentage of its covered payroll	-4.80%	-3.89%	-0.61%	-0.25%	-0.37%	-0.57%				
Plan fiduciary net position as a percentage of the total pension liability	137.79%	130.24%	104.33%	101.62%	102.20%	103.57%				
ASRS - Long-term disability										
Town's proportion of net pension liability	0.00477%	0.00450%	0.00583%	0.00760%	0.00794%	0.00631%	Information not available			
Town's proportion share of net pension liability	\$ 441	\$ 929	\$ 4,423	\$ 4,951	\$ 4,149	\$ 2,287				
Town's covered-employee payroll	\$ 528,612	\$ 541,173	\$ 659,449	\$ 826,689	\$ 755,418	\$ 591,551				
Town's proportionate share of the net pension liability as a percentage of its covered payroll	0.08%	0.17%	0.67%	0.60%	0.55%	0.39%				
Plan fiduciary net position as a percentage of the total pension liability	95.40%	90.38%	68.01%	72.85%	77.83%	84.44%				

Town of Hayden, Arizona
Required supplementary information
Schedule of Changes in the Town's Net Pension/OPEB Liability (Asset) and
Related Ratios – Agent Plans
June 30, 2023

Public Safety Personnel Retirement System - Police

	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	2014 (2013)
Total pension liability										Information not available
Service cost	\$ 53,484	\$ 31,801	\$ 47,619	\$ 53,993	\$ 58,080	\$ 76,631	\$ 65,750	\$ 95,972	\$ 98,039	
Interest on total pension liability	53,309	43,549	37,805	38,589	45,022	41,792	33,510	29,545	26,222	
Changes in benefit terms	-	-	-	-	-	11,303	52,559	-	(1,984)	
Difference between expected and actual experience in the measurement of the pension liability	114,696	36,667	9,084	(77,981)	(149,459)	(34,798)	(50,568)	(50,880)	(69,806)	
Changes in assumptions or other inputs	(7,380)	-	-	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	214,109	112,017	94,508	(15,453)	(140,966)	107,765	123,300	59,807	46,819	
Total pension liability - beginning	676,782	564,765	470,257	485,710	626,676	518,911	395,611	335,804	288,985	
Total pension liability - ending (a)	<u>\$ 890,891</u>	<u>\$ 676,782</u>	<u>\$ 564,765</u>	<u>\$ 470,257</u>	<u>\$ 485,710</u>	<u>\$ 626,676</u>	<u>\$ 518,911</u>	<u>\$ 395,611</u>	<u>\$ 335,804</u>	
Plan fiduciary net position										
Contributions - employer	29,244	34,424	22,684	36,031	58,276	40,028	39,277	95,963	49,263	
Contributions - employee	21,017	15,484	11,961	18,371	28,310	34,147	36,703	42,001	40,346	
Net investment income	(105,567)	560,895	24,812	98,357	121,699	179,824	8,413	48,444	145,233	
Benefit payments, including refunds of employee contributions	-	-	-	(36,467)	(94,609)	-	(3,214)	(14,830)	(7,935)	
Hall/Parker Settlement	-	-	-	-	(38,142)	-	-	-	-	
Pension plan administrative expense	(1,906)	(2,668)	(2,024)	(2,702)	(2,552)	(1,991)	(1,612)	(1,569)	-	
Other changes	-	33,021	-	(9)	22	23	(10,074)	4,693	(50,425)	
Net change in plan fiduciary net position	<u>(57,212)</u>	<u>641,156</u>	<u>57,433</u>	<u>113,581</u>	<u>73,004</u>	<u>252,031</u>	<u>69,493</u>	<u>174,702</u>	<u>176,482</u>	
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	1,071,898	
Total pension liability - ending (b)	<u>2,572,568</u>	<u>2,629,780</u>	<u>1,988,624</u>	<u>1,931,191</u>	<u>1,817,610</u>	<u>1,744,606</u>	<u>1,492,575</u>	<u>1,423,082</u>	<u>1,248,380</u>	
Town's net pension liability - ending (a) - (b)	<u>\$ (1,681,677)</u>	<u>\$ (1,952,998)</u>	<u>\$ (1,423,859)</u>	<u>\$ (1,460,934)</u>	<u>\$ (1,331,900)</u>	<u>\$ (1,117,930)</u>	<u>\$ (973,664)</u>	<u>\$ (1,027,471)</u>	<u>\$ (912,576)</u>	
Plan fiduciary net position as a percentage of the total pension liability	288.76%	388.57%	352.12%	410.67%	374.22%	278.39%	287.64%	359.72%	371.76%	
Covered payroll	255,857	119,749	181,016	272,447	412,725	323,116	296,319	318,988	490,868	
County's net pension liability as a percentage of covered payroll	-657.27%	-1630.91%	-786.59%	-536.23%	-322.71%	-345.98%	-328.59%	-322.10%	-185.91%	

Town of Hayden, Arizona
Required supplementary information
Schedule of Changes in the Town's Net Pension/OPEB Liability (Asset) and
Related Ratios – Agent Plans
June 30, 2023

PSPRS - Police OPEB

	<u>2023</u> <u>(2022)</u>	<u>2022</u> <u>(2021)</u>	<u>2021</u> <u>(2020)</u>	<u>2020</u> <u>(2019)</u>	<u>2019</u> <u>(2018)</u>	<u>2018</u> <u>(2017)</u>	<u>2017</u> <u>through</u> <u>2010</u>
Total OPEB liability							Information not available
Service cost	\$ 1,549	\$ 1,208	\$ 1,428	\$ 1,478	\$ 1,585	\$ 2,042	
Interest on total OPEB liability	1,579	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	1,094	372	(308)	(6,261)	(9,078)	94	
Changes in assumptions or other inputs	(243)	-	-	199	-	(1,882)	
Benefit payments, including refunds of employee contributions	-	-	-	-	-	-	
Net change in pension liability	<u>3,979</u>	<u>2,921</u>	<u>2,324</u>	<u>(3,144)</u>	<u>(5,683)</u>	<u>2,922</u>	
Total pension liability - beginning	<u>20,086</u>	<u>17,165</u>	<u>14,841</u>	<u>17,985</u>	<u>23,668</u>	<u>20,746</u>	
Total pension liability - ending (a)	<u>\$ 24,065</u>	<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	(3,039)	16,619	753	3,042	3,679	5,550	
Benefit payments, including refunds of employee contributions	-	-	-	-	-	-	
OPEB plan administrative expense	(54)	(68)	(61)	(53)	(56)	(49)	
Other changes	-	-	-	9	-	-	
Net change in plan fiduciary net position	<u>(3,093)</u>	<u>16,551</u>	<u>692</u>	<u>2,990</u>	<u>3,703</u>	<u>5,501</u>	
Plan fiduciary net position - beginning	<u>76,551</u>	<u>60,000</u>	<u>59,308</u>	<u>56,318</u>	<u>52,615</u>	<u>47,114</u>	
Plan fiduciary net position - ending (b)	<u>73,458</u>	<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>\$ (49,393)</u>	<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	305.25%	381.12%	349.55%	399.62%	222.30%	222.30%	
Covered payroll	255,857	119,749	181,016	272,447	412,725	323,116	
County's net OPEB (asset) liability as a percentage of covered payroll	-19.30%	-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, 2023

	Reporting Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
ASRS - Pension										
Statutorily determined contribution	\$ 61,369	\$ 64,194	\$ 64,812	\$ 91,953	\$ 91,953	\$ 81,431	\$ 67,910	\$ 69,325	\$ 85,329	\$ 99,532
Town's contributions in relation to the statutorily determined contributions	61,369	64,194	64,812	91,953	91,953	81,431	67,910	69,325	85,329	99,532
Town's contribution (deficiency) excess	-	-	-	-	-	-	-	-	-	-
Town's covered-employee payroll	\$ 517,306	\$ 528,612	\$ 541,173	\$ 659,449	\$ 826,689	\$ 755,418	\$ 591,551	\$ 646,147	\$ 783,554	\$ 930,206
Town's contributions as a percentage of covered payroll	11.86%	12.14%	11.98%	11.12%	11.12%	10.78%	11.48%	10.85%	10.89%	11.30%
ASRS - Health insurance premium benefit								2016 through 2014		
Statutorily determined contribution	\$ 499	\$ 975	\$ 1,855	\$ 2,955	\$ 3,558	\$ 3,152	\$ 3,313	Information not available		
Town's contributions in relation to the statutorily determined contributions	499	975	1,855	2,955	3,558	3,152	3,313	Information not available		
Town's contribution (deficiency) excess	-	-	-	-	-	-	-	Information not available		
Town's covered-employee payroll	\$ 517,306	\$ 528,612	\$ 541,173	\$ 659,449	\$ 826,689	\$ 755,418	\$ 591,551	Information not available		
Town's contributions as a percentage of covered payroll	0.10%	0.18%	0.34%	0.45%	0.43%	0.42%	0.56%	Information not available		
ASRS - Long-term disability								2016 through 2014		
Statutorily determined contribution	\$ 673	\$ 929	\$ 902	\$ 1,058	\$ 1,261	\$ 1,175	\$ 828	Information not available		
Town's contributions in relation to the statutorily determined contributions	673	929	902	1,058	1,261	1,175	828	Information not available		
Town's contribution (deficiency) excess	-	-	-	-	-	-	-	Information not available		
Town's covered-employee payroll	\$ 517,306	\$ 528,612	\$ 541,173	\$ 659,449	\$ 826,689	\$ 755,418	\$ 591,551	Information not available		
Town's contributions as a percentage of covered payroll	0.13%	0.18%	0.17%	0.16%	0.15%	0.16%	0.14%	Information not available		

Town of Hayden, Arizona
Required supplementary information
Schedule of Town Pension/OPEB Contributions
June 30, 2023

Reporting Fiscal Year

PSPRS - Police Pension

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Statutorily determined contribution	\$ 37,483	\$ 14,322	\$ 35,461	\$ 32,394	\$ 49,073	\$ 53,088	\$ 37,751	\$ 38,748	\$ 39,362	\$ 46,484
Town's contributions in relation to the statutorily determined contributions	<u>37,483</u>	<u>14,322</u>	<u>35,461</u>	<u>32,394</u>	<u>49,073</u>	<u>53,088</u>	<u>37,751</u>	<u>38,748</u>	<u>39,362</u>	<u>46,484</u>
Town's contribution (deficiency) excess	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Town's covered-employee payroll	\$ 255,857	\$ 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	14.65%	11.96%	19.59%	11.89%	11.89%	16.43%	12.74%	12.30%	13.53%	13.12%

PSPRS - Police OPEB

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016 through 2014</u>
Statutorily determined contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 97	\$ -	Information not available
Town's contributions in relation to the statutorily determined contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>97</u>	<u>-</u>	
Town's contribution (deficiency) excess	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
Town's covered-employee payroll	\$ 255,857	\$ 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%	0.00%	0.03%	0.00%	

Town of Hayden, Arizona
Required supplementary information
Notes to Pension Plan Schedules
June 30, 2023

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, 2023

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.