

TOWN OF YOUNGTOWN, ARIZONA

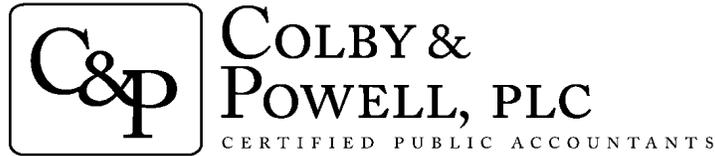
Annual Financial Statements
and Independent Auditors' Report
June 30, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Town Council
Town of Youngtown, Arizona

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Youngtown, Arizona as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town of Youngtown, Arizona'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, each major fund, and the aggregate remaining fund information of the Town of Youngtown, Arizona, 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 accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Youngtown, Arizona 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, 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 of Youngtown, Arizona's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's 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 an auditor's 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 of Youngtown, Arizona's internal control. Accordingly, no such opinion is expressed.
- 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 of Youngtown, Arizona'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 planned scope and timing of the audit, 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, Budgetary Comparison Schedules, Schedule of the Town's Proportionate Share of the Net Pension/OPEB Liability – Cost-Sharing Pension Plans, Schedule of Changes in the Town's Net Pension/OPEB Liability and Related Ratios – Agent Pension Plans, and the Schedule of Town Pension/OPEB Contributions as noted in the table of contents 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Youngtown, Arizona's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2024, on our consideration of the Town of Youngtown, 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 solely 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 the effectiveness of the Town of Youngtown, Arizona's 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 the Town of Youngtown, Arizona's internal control over financial reporting and compliance.

Compliance over the use of Highway User Revenue Fund and other dedicated State transportation revenue monies

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

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

Colby & Powell

March 28, 2024

TOWN OF YOUNGTOWN, ARIZONA
Management's Discussion and Analysis
June 30, 2023

We (the Town of Youngtown, Arizona (Town)) are pleased to provide an overview of our financial activities for the fiscal year ended June 30, 2023. The intended purpose of Management's Discussion and Analysis (MD&A) is to provide an introduction to the basic financial statements and notes, that provides an objective and easy to read analysis of our financial activities based on currently known facts, decisions, and conditions, by providing an easily readable summary of operating results and reasons for changes, which will help to determine if our financial position improved or deteriorated over the past year. This report addresses current operational activities, the sources, uses, and changes in resources, adherence to budget, service levels, limitations, significant economic factors, and the status of infrastructure.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the Town of Youngtown, Arizona at June 30, 2023 exceed liabilities and deferred inflows of resources by \$22,752,368 (net position). Of this amount, \$10,438,875 is unrestricted and may be used to meet the government's ongoing obligations to its citizens and creditors.
- As of the close of the current fiscal year, the Town of Youngtown, Arizona's governmental funds reported combined ending fund balances of \$12,897,854, an increase of \$1,442,557 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$11,482,157 or 254% of total General Fund expenditures.
- General Fund actual revenues were more than budgeted revenues by \$53,243 for the fiscal year. In addition, budgetary basis expenditures were only 58% (42% in savings) of the final budget in the General Fund.
- General Fund revenues exceeded expenditures by \$1,809,548 representing a positive variance from the final budget.
- The Town includes a separate legal entity in its report - a Community Facilities District. Although legally separate, this "component unit" is important because the Town is financially accountable for this entity. A description of this component unit is available in Note 1 on page 22. Separate financial statements are not available for this entity.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the Annual Financial Report (AFR) for the Town of Youngtown, Arizona consists of this discussion and analysis, the basic financial statements and the required supplementary schedules presented after the basic financial statements. The basic financial statements include the government-wide financial statements, fund financial statements, and notes to the basic financial statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Town of Youngtown, Arizona finances in a manner like the private sector business.

TOWN OF YOUNGTOWN, ARIZONA
Management's Discussion and Analysis
June 30, 2023

The statement of net position presents information on all the Town of Youngtown, Arizona, assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference being reported as net position. Over time, increases or decreases in net position may serve as useful indicators of whether the Town of Youngtown, Arizona financial position is improving or deteriorating.

The statement of activities presents data showing how the Town of Youngtown, Arizona net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs regardless of the timing of the related cash flows. Therefore, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal years, such as revenue from uncollected taxes or expenses from earned but unused vacation and sick leave.

Both government-wide financial statements distinguish Town of Youngtown, Arizona, functions that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the Town of Youngtown, Arizona, include general government, public safety, highways and streets, culture and recreation, and interest on long-term debt.

The government-wide financial statements may be found on pages 16-17 of this report.

Fund Financial Statements

Also presented are the traditional fund financial statements for governmental funds. The fund financial statements focus on major funds of the Town, rather than on fund type. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Youngtown, Arizona like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

- Governmental Funds - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements.

The basic governmental fund financial statements can be found on pages 18-21 of this report.

TOWN OF YOUNGTOWN, ARIZONA
Management's Discussion and Analysis
June 30, 2023

Notes to Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to the full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements may be found on pages 22-49 of this report.

Required Supplementary Information other than MD&A

Governments have an option of including the budgetary comparison statements for the General Fund and major Special Revenue Funds as either part of the fund financial statements within the basic financial statements or as required supplementary information (RSI) after the footnotes. The Town has chosen to present these budgetary statements as part of RSI on pages 52-55. Additionally, governments are required to disclose certain information about employee pension plans. The Town has disclosed this information on pages 56-63.

TOWN OF YOUNGTOWN, ARIZONA
Management's Discussion and Analysis
June 30, 2023

Government-Wide Financial Analysis

Net position may serve over time as a useful indicator of a government's financial position. The following table reflects the Condensed Statement of Net Position of the Town of Youngtown, Arizona for June 30, 2023 and 2022 showing that assets and deferred outflows of resources exceed liabilities and deferred inflows of resources by \$22,752,368 and \$20,106,443, respectively.

Table A-1
The Town's Net Position

	Governmental Activities	
	2023	2022
ASSETS		
Current and other assets	\$ 14,426,400	\$ 12,082,759
Capital assets, not being depreciated	1,722,239	1,722,239
Capital assets, being depreciated, net	<u>11,127,581</u>	<u>10,152,253</u>
Total assets	<u>27,276,220</u>	<u>23,957,251</u>
DEFERRED OUTFLOWS OF RESOURCES	292,361	345,139
LIABILITIES		
Other liabilities	1,309,568	565,983
Noncurrent liabilities		
Due within one year	205,143	222,198
Due in more than one year	<u>3,222,529</u>	<u>2,940,169</u>
Total liabilities	<u>4,737,240</u>	<u>3,728,350</u>
DEFERRED INFLOWS OF RESOURCES	78,973	467,597
NET POSITION		
Net investment in capital assets	11,492,618	10,391,984
Restricted	820,875	1,221,665
Unrestricted	<u>10,438,875</u>	<u>8,492,794</u>
Total net position	<u>\$ 22,752,368</u>	<u>\$ 20,106,443</u>
CHANGE IN NET POSITION	\$ 2,645,925	\$ 1,933,715

The net position of the Town is \$22,752,368 at the end of the fiscal year 2023. The Town of Youngtown, Arizona does not currently have any proprietary or enterprise funds that would otherwise be classified as business-type activities. All the Town of Youngtown, Arizona's funds are considered governmental activities.

TOWN OF YOUNGTOWN, ARIZONA
Management's Discussion and Analysis
June 30, 2023

Net position consists of three components. The largest portion of the Town of Youngtown, Arizona's net position (51%) reflects its net investment in capital assets (e.g., land, infrastructure, buildings and improvements, furniture, equipment and vehicles, less any related debt used to acquire those assets that is still outstanding). The Town of Youngtown, Arizona uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

An additional portion of the Town of Youngtown, Arizona's net position (4%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of net position is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors.

TOWN OF YOUNGTOWN, ARIZONA
Management's Discussion and Analysis
June 30, 2023

At the end of the current fiscal year, the Town of Youngtown, Arizona has reported positive balances in all three components of net position for the government.

Table A-2
Change in Net Position

	Governmental Activities	
	2023	2022
REVENUE		
Program revenue		
Charges for services	\$ 364,049	\$ 394,503
Operating grants and contributions	1,711,275	1,677,908
Capital grants and contributions	500,000	-
General revenue		
Local sales taxes	2,818,750	2,541,196
Property taxes	363,205	361,075
Franchise taxes	220,331	214,791
Shared revenue-Urban revenue	1,330,187	924,630
Shared revenue-State sales tax	1,036,520	931,157
Shared revenue-Vehicle license tax	347,838	294,894
Investment earnings	291,989	20,423
Gain on disposition of capital assets	1,619	-
Miscellaneous	1,561	18,805
Total revenue	<u>8,987,324</u>	<u>7,379,382</u>
EXPENSE		
General government	2,102,705	1,634,247
Public safety	2,959,475	2,516,987
Highways and streets	813,565	800,953
Culture and recreation	428,070	451,779
Interest on long-term debt	37,584	41,701
Total expense	<u>6,341,399</u>	<u>5,445,667</u>
CHANGE IN NET POSITION	2,645,925	1,933,715
Net position - beginning of year	<u>20,106,443</u>	<u>18,172,728</u>
Net position - end of year	<u>\$ 22,752,368</u>	<u>\$ 20,106,443</u>

Program revenues which consist of charges for services, operating grants and contributions, and capital grants and contribution. Charges for services decreased from the prior year by \$30,454 or 8% mainly due to a decrease in court fines.

TOWN OF YOUNGTOWN, ARIZONA
Management’s Discussion and Analysis
June 30, 2023

Operating grants and contributions increased by \$33,367. This increase was mainly due to an increase in Highway User Revenue Funds (HURF) from the prior year.

Capital grants and contributions increased by \$500,000. This increase is a result of the Town receiving Community Development Block Grant funding from the County for sidewalks.

Local taxes increased by \$277,554 due to increased sales tax revenue.

The Town’s expenses increased by \$895,732, or 16%, mainly due to increase in patrol services from the Coronavirus State and Local Fiscal Recovery funding.

FINANCIAL ANALYSIS OF THE TOWN’S FUNDS

The focus of the Town’s governmental funds is to provide information on near-term inflows, outflows, and balances of resources that are available for spending. Such information is useful in assessing the Town’s financing requirements. Unassigned fund balance may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year. Types of governmental funds reported by the Town include the General Fund, Special Revenue Funds, and Debt Service Fund.

As of the end of the current fiscal year the Town’s governmental funds reported combined ending fund balances of \$12,897,854, an increase of \$1,442,557 in comparison with the prior year. Approximately 89% of this total amount (\$11,482,157) constitutes General Fund unassigned fund balance, which is available for spending on the Town’s general operations costs. At fiscal year-end June 30, 2023, fund balances were as follows:

Table A-3
Fund Balances

Fund	Balance	Increase (Decrease) From 2021-22
General Fund	\$ 11,638,949	\$ 1,809,548
HURF Fund	613,960	(404,721)
Grants Fund	12,984	-
CFD Debt Service Fund	502,170	30,647
Nonmajor Funds	129,791	7,083

The General Fund is the chief operating fund of the Town of Youngtown, Arizona. As a measure of the General Fund’s liquidity, it may be useful to compare both General Fund’s fund balance and total Town fund balance to total General Fund expenditures and total town expenditures. General Fund’s fund balance represents 254% of total General Fund expenditures, while total Town fund balance represents 171% of total Town governmental expenditures.

TOWN OF YOUNGTOWN, ARIZONA
Management's Discussion and Analysis
June 30, 2023

The fund balance of the Town of Youngtown, Arizona's General Fund increased by \$1,809,548 during the current fiscal year, primarily due to conservative spending and higher than expected revenues.

The fund balance of the Town of Youngtown, Arizona's HURF Fund decreased by \$404,721 during the current fiscal year, primarily due to spending on street projects.

The fund balance of the Town of Youngtown, Arizona's Grant Fund was comparable to prior year.

The fund balance of the Town of Youngtown, Arizona's Debt Service Fund increased \$30,647.

Nonmajor Governmental Funds of the Town of Youngtown, Arizona, are combined into one column on the governmental fund statements. The increase of \$7,083 was due to tax revenue collected for the street lighting districts which exceeded related expenditures.

BUDGETARY HIGHLIGHTS

The Town's annual budget is the legally adopted expenditure control document of the Town. Budgetary comparison statements are required for the General Fund and all major special revenue funds and may be found as part of RSI on pages 52-55. These statements compare the original adopted budget, the budget if amended throughout the fiscal year, and the actual expenditures prepared on a budgetary basis.

General Fund actual revenues of \$6,291,773 were more than budgeted revenues of \$6,238,530 by \$53,243 while actual expenditures of \$4,518,084 were only 58% of budgeted expenditures (savings of \$3,275,298). The savings is primarily due to spending less than anticipated during the current year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The Town of Youngtown, Arizona's capital assets for its governmental activities as of June 30, 2023, amount to \$12,849,820 (net of accumulated depreciation), a net increase of 8.21% from the prior year. For government-wide financial statement presentation, all depreciable capital assets were depreciated from acquisition date to the end of the current fiscal year. Fund financial statements record capital asset purchases as expenditures. See Note 5 in the notes to the basic financial statements for further information regarding capital assets.

TOWN OF YOUNGTOWN, ARIZONA
Management's Discussion and Analysis
June 30, 2023

Major capital asset events during the current fiscal year included the following:

- Street resurfacing
- Sidewalk Improvements
- Park Improvements

The following table provides a breakdown of the capital assets of the Town at June 30, 2023 and 2022.

Table A-4
Capital Assets

	Governmental Activities	
	2023	2022
Governmental activities		
Capital assets not being depreciated		
Land	\$ 1,722,239	\$ 1,722,239
Capital assets being depreciated		
Buildings and improvements	3,343,232	3,334,053
Infrastructure	18,588,801	17,107,708
Furniture, equipment, and vehicles	1,037,753	1,103,828
Total	<u>22,969,786</u>	<u>21,545,589</u>
Less accumulated depreciation for		
Buildings and improvements	(2,309,684)	(2,219,787)
Infrastructure	(8,874,987)	(8,520,965)
Furniture, equipment, and vehicles	(657,534)	(652,584)
Total	<u>(11,842,205)</u>	<u>(11,393,336)</u>
Total capital assets being depreciated	<u>11,127,581</u>	<u>10,152,253</u>
Governmental activities capital assets, net	<u>\$ 12,849,820</u>	<u>\$ 11,874,492</u>

TOWN OF YOUNGTOWN, ARIZONA
Management's Discussion and Analysis
June 30, 2023

Long-Term Debt

The following schedule shows the outstanding obligations of the Town (both current and long term) as of June 30, 2023 and 2022. Further detail on the Town's outstanding obligations may be found in Note 6.

Table A-5
Outstanding Debt

	Governmental Activities	
	2023	2022
Governmental activities		
CFD General Obligation Bonds Refunding Series 2016	\$ 1,350,000	\$ 1,350,000
Compensated absences	58,992	79,056
Net pension and other postemployment benefits liability	2,018,680	1,733,311
Total governmental activities outstanding debt	\$ 3,427,672	\$ 3,162,367

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Economic factors considered when preparing the budget included, but were not limited to:

- Budgeted \$1,145,385 for American Rescue Plan Act.
- Increase in budget by 9.48% because of increases in the General Fund, Contingency Reserve, HURF Fund and Grants Fund.
- Appropriated a 7% increase in salary and benefits for merit and cost of living.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Town's finances for all of those with an interest and to demonstrate accountability for the use of public funds. Questions about any of the information provided in this report, or requests for additional financial information should be addressed to:

Town of Youngtown
Accounting Department
12030 Clubhouse Square
Youngtown, AZ 85363
623-933-8286

Or visit our website at: www.youngtownaz.org.

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TOWN OF YOUNGTOWN, ARIZONA
Statement of Net Position
June 30, 2023

	Primary Government Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 13,663,221
Accounts receivable	5,279
Taxes receivable	58,115
Notes receivable	15,171
Due from other governments	617,786
Prepaid expenses	7,259
Net pension and other postemployment benefits asset	59,569
Capital assets, not being depreciated	1,722,239
Capital assets, being depreciated, net	11,127,581
Total assets	27,276,220
 DEFERRED OUTFLOWS OF RESOURCES	
Deferred charge on debt refunding	15,548
Deferred outflows related to pensions and other postemployment benefits	276,813
Total deferred outflows of resources	292,361
 LIABILITIES	
Accounts payable	1,226,843
Accrued expenses	60,572
Intergovernmental payable	2,624
Deposit payable	1,709
Interest payable	17,820
Noncurrent liabilities	
Due within one year	205,143
Due in more than one year	3,222,529
Total liabilities	4,737,240
 DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions and other postemployment benefits	78,973
 NET POSITION	
Net investment in capital assets	11,492,618
Restricted for:	
Pension and other postemployment benefits	59,569
Court enhancement	134,362
Grants	12,984
Highways and streets	613,960
Unrestricted (deficit)	10,438,875
Total net position	\$ 22,752,368

See accompanying notes to financial statements.

TOWN OF YOUNGTOWN, ARIZONA
Statement of Activities
Year Ended June 30, 2023

Functions / Programs	Expenses	Program Revenue			Net (Expenses) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities
Primary government					
Governmental activities					
General government	\$ 2,102,705	\$ 330,303	\$ 2,211	\$ -	\$ (1,770,191)
Public safety	2,959,475	31,246	1,163,768	-	(1,764,461)
Highways and streets	813,565	-	545,296	500,000	231,731
Culture and recreation	428,070	2,500	-	-	(425,570)
Interest on long-term debt	37,584	-	-	-	(37,584)
Total governmental activities	<u>6,341,399</u>	<u>364,049</u>	<u>1,711,275</u>	<u>500,000</u>	<u>(3,766,075)</u>
Total primary government	<u>\$ 6,341,399</u>	<u>\$ 364,049</u>	<u>\$ 1,711,275</u>	<u>\$ 500,000</u>	<u>(3,766,075)</u>
General revenue					
Taxes:					
Local sales taxes					2,818,750
Property taxes					363,205
Franchise taxes					220,331
Shared revenue-Urban revenue					1,330,187
Shared revenue-State sales tax					1,036,520
Shared revenue-Vehicle license tax					347,838
Investment earnings					291,989
Gain on disposition of capital assets					1,619
Miscellaneous					1,561
Total general revenue					<u>6,412,000</u>
Change in net position					2,645,925
Net position, beginning of year					20,106,443
Net position, end of year					<u>\$ 22,752,368</u>

See accompanying notes to financial statements.

TOWN OF YOUNGTOWN, ARIZONA
Governmental Funds
Balance Sheet
June 30, 2023

	General Fund	HURF Fund	Grants Fund	CFD Debt Service Fund	Nonmajor Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 11,504,751	\$ 1,348,669	\$ -	\$ 673,978	\$ 135,823	\$ 13,663,221
Accounts receivable, net	5,279	-	-	-	-	5,279
Taxes receivable	50,830	-	-	2,777	4,508	58,115
Notes receivable	15,171	-	-	-	-	15,171
Due from other governments	370,255	54,031	193,500	-	-	617,786
Prepaid expenses	7,259	-	-	-	-	7,259
Due from other funds	151,593	-	-	-	-	151,593
Total assets	12,105,138	1,402,700	193,500	676,755	140,331	14,518,424
LIABILITIES						
Accounts payable	404,171	785,853	28,923	-	7,896	1,226,843
Accrued expenses	57,685	2,887	-	-	-	60,572
Intergovernmental payable	2,624	-	-	-	-	2,624
Deposit payable	1,709	-	-	-	-	1,709
Principal payable	-	-	-	155,000	-	155,000
Interest payable	-	-	-	17,820	-	17,820
Due to other funds	-	-	151,593	-	-	151,593
Total liabilities	466,189	788,740	180,516	172,820	7,896	1,616,161
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue	-	-	-	1,765	2,644	4,409
FUND BALANCES						
Nonspendable	22,430	-	-	-	-	22,430
Restricted	134,362	613,960	12,984	-	-	761,306
Committed	-	-	-	502,170	129,791	631,961
Unassigned	11,482,157	-	-	-	-	11,482,157
Total fund balances	11,638,949	613,960	12,984	502,170	129,791	12,897,854
Total liabilities, deferred inflows of resources, and fund balances	\$ 12,105,138	\$ 1,402,700	\$ 193,500	\$ 676,755	\$ 140,331	\$ 14,518,424

See accompanying notes to financial statements.

TOWN OF YOUNGTOWN, ARIZONA
Governmental Funds
Reconciliation of the Balance Sheet to the Statement of Net Position
June 30, 2023

Fund balances-total governmental funds		\$ 12,897,854
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		12,849,820
Some receivables are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds.		4,409
Net pension/OPEB assets held in trust for future benefits are not available for Town operations and, therefore, are not reported in the funds.		59,569
Liabilities, such as net pension/OPEB liabilities and notes payable, are not due and payable in the current period and, therefore, are not reported as a liability in the funds.		
Bonds payable	(1,195,000)	
Compensated absences	(58,992)	
Net pension and other postemployment benefits liability	<u>(2,018,680)</u>	
		(3,272,672)
Deferred outflows and inflows of resources related to pensions/OPEB and deferred charges or credits on debt refundings are applicable to future reporting periods and, therefore, are not reported in the funds.		<u>213,388</u>
Net position of governmental activities		<u><u>\$ 22,752,368</u></u>

See accompanying notes to financial statements.

TOWN OF YOUNGTOWN, ARIZONA
Governmental Funds
Statement of Revenue, Expenditures, and Changes in Fund Balances
Year Ended June 30, 2023

	General Fund	HURF Fund	Grants Fund	CFD Debt Service Fund	Nonmajor Funds	Total Governmental Funds
Revenues						
Intergovernmental	\$ 2,714,546	\$ 545,296	\$ 1,645,386	\$ -	\$ -	\$ 4,905,228
Sales taxes	2,818,750	-	-	-	-	2,818,750
Property taxes	-	-	-	256,021	105,566	361,587
Licenses and permits	325,079	-	-	-	-	325,079
Investment earnings	151,944	140,045	-	-	-	291,989
Franchise taxes	220,331	-	-	-	-	220,331
Fines and forfeitures	31,245	-	-	-	-	31,245
Other	19,943	-	-	-	-	19,943
Rents and royalties	5,224	-	-	-	-	5,224
Charges for services	2,500	-	-	-	-	2,500
Contributions	2,211	-	-	-	-	2,211
Total revenues	6,291,773	685,341	1,645,386	256,021	105,566	8,984,087
Expenditures						
Current						
General government	2,051,148	-	-	494	-	2,051,642
Public safety	1,814,276	-	1,145,386	-	-	2,959,662
Highways and streets	-	192,054	-	-	98,483	290,537
Culture and recreation	390,014	-	-	-	-	390,014
Debt service						
Principal	-	-	-	155,000	-	155,000
Interest	-	-	-	35,640	-	35,640
Capital outlay	262,646	898,008	500,000	-	-	1,660,654
Total expenditures	4,518,084	1,090,062	1,645,386	191,134	98,483	7,543,149
Excess (deficiency) of revenue over expenditures	1,773,689	(404,721)	-	64,887	7,083	1,440,938
Other financing sources (uses)						
Transfers	34,240	-	-	(34,240)	-	-
Sale of capital assets	1,619	-	-	-	-	1,619
Total other financing sources (uses)	35,859	-	-	(34,240)	-	1,619
Net change in fund balances	1,809,548	(404,721)	-	30,647	7,083	1,442,557
Fund balances, beginning of year	9,829,401	1,018,681	12,984	471,523	122,708	11,455,297
Fund balances, end of year	\$ 11,638,949	\$ 613,960	\$ 12,984	\$ 502,170	\$ 129,791	\$ 12,897,854

See accompanying notes to financial statements.

TOWN OF YOUNGTOWN, ARIZONA
Governmental Funds
Reconciliation of the Statement of Revenue, Expenditures,
and Changes in Fund Balances to the Statement of Activities
Year Ended June 30, 2023

Net change in fund balances-total governmental funds \$ 1,442,557

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/amortization expense.

Capital outlay	1,660,654	
Depreciation/amortization expense	(685,326)	
		975,328

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

Property taxes		1,618
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Town pension/OPEB 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/OPEB liability is measured a year before the Town's report date. Pension/OPEB expense, which is the change in the net pension/OPEB liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the Statement of Activities.

Town pension/OPEB contributions	200,163	
Pension/OPEB expense	(146,861)	
		53,302

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 long-term liabilities in the Statement of Net Position.

Debt principal repaid	155,000	
Amortization of deferred charge/credit on bond refunding	(1,944)	
		153,056

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

Decrease in compensated absences payable		20,064
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Change in net position of governmental activities		<u><u>\$ 2,645,925</u></u>
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See accompanying notes to financial statements.

TOWN OF YOUNGTOWN, ARIZONA
Notes to Financial Statements
June 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the Town of Youngtown, Arizona have been prepared in conformity with U.S. generally accepted accounting principles applicable to governmental units adopted by the Governmental Accounting Standards Board (GASB). A summary of the Town's more significant accounting policies follows.

A. Reporting Entity

The Town is a municipal government that is governed by a separately elected governing body. It is legally separate from and fiscally independent of other state and local governments. The accompanying financial statements present the Town and its component units, entities for which the Town is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the Town's operations.

Included within the reporting entity as blended component unit: The Agua Fria Ranch Community Facilities District was formed by petition to Town Council in 2003. The District's purpose is to improve public infrastructure in specified land areas. Since special purpose districts are separate political subdivisions under the Arizona Constitution, the districts can levy taxes and issue bonds independently of the Town. Property owners in the designated area are assessed for district taxes and thus for the costs of operating the district. The Town Council serves as the Board of Directors. For financial reporting purposes, transactions of the District are combined together and included as a Governmental Fund type as if they were part of the Town's operations. Separate financial statements are not issued.

B. Basis of Presentation

The basic financial statements include both government-wide statements and fund financial statements. The government-wide statements focus on the Town as a whole, while the fund statements focus on major funds. Each presentation provides valuable information that can be analyzed and compared between years and between governments to enhance the information's usefulness.

Government-wide statements—provide information about the primary government (the Town). The statements include a statement of net position and a statement of activities. These statements report the overall government's financial activities.

TOWN OF YOUNGTOWN, ARIZONA
Notes to Financial Statements
June 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

A statement of activities presents a comparison between direct expenses and program revenues for each function of the Town’s governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The Town does not allocate indirect expenses to programs or functions. Program revenues include:

- Charges to customers or applicants for goods, services, or privileges provided.
- Operating grants and contributions.
- Capital grants and contributions, including special assessments.

Revenues that are not classified as program revenues, including internally dedicated resources and all taxes the Town levies or imposes, are reported as general revenues.

Generally, the effect of interfund activity has been eliminated from the government-wide financial statements to minimize the double-counting of internal activities. However, charges for interfund services provided and used are not eliminated if the prices approximate their external exchange values.

Fund financial statements—provide information about the Town’s funds. The emphasis of fund financial statements is on major funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The Town reports the following major governmental funds:

The ***General Fund*** is the Town’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The ***HURF Fund*** accounts for specific revenue received from the State of Arizona Highway User Revenue Fund which is legally restricted to expenditures for authorized street and highway purposes.

The ***Grants Fund*** accounts for specific revenues received from state and federal granting agencies restricted for grant specific purposes.

The ***Community Facilities District (CFD) Debt Service Fund*** accounts for all the debt activity associated with the Agua Fria Ranch CFD.

TOWN OF YOUNGTOWN, ARIZONA
Notes to Financial Statements
June 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

C. Basis of Accounting

The government-wide 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 at the time liabilities are incurred, regardless of when the related cash flows take place. Property taxes are recognized as revenue in the year for which they are levied. Grants and donations are recognized as revenue as soon as all eligibility requirements the provider imposed have been met.

Under the terms of grant agreements, the Town funds certain programs by a combination of grants and general revenues. Therefore, when program expenses are incurred, there are both restricted and unrestricted resources available to finance the program. The Town applies grant resources to such programs before using general revenues.

Governmental funds in the fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when they become both measurable and available. The Town considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after year-end. The Town's major revenue sources that are susceptible to accrual are property taxes, special assessments, intergovernmental, charges for services, and investment earnings. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, compensated absences, and pollution remediation obligations, which are recognized as expenditures to the extent they are due and payable. General capital asset acquisitions are reported as expenditures in governmental funds. Issuances of general long-term debt and acquisitions under lease agreements are reported as other financing sources.

D. Cash and Investments

For the statement of cash flows, the Town's cash and cash equivalents are considered to be cash on hand, demand deposits, investments in the State Treasurer's local government investment pool, and only those highly liquid investments with a maturity of three months or less when purchased.

E. Allowance for Uncollectible Accounts

Allowances for uncollectible accounts receivable are estimated by the Town. Management has determined that no allowances are considered necessary for the fiscal year.

TOWN OF YOUNGTOWN, ARIZONA
Notes to Financial Statements
June 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

F. Property Tax Calendar

Property taxes are recognized as revenue in the fiscal year they are levied and collected or if they are collected within 60 days subsequent to fiscal year-end. Property taxes not collected within 60 days subsequent to fiscal year-end or collected in advance of the fiscal year for which they are levied are reported as unavailable revenue.

The Town levies real property taxes on or before the third Monday in August that become due and payable in two equal installments. The first installment is due on the first day of October and becomes delinquent after the first business day of November. The second installment is due on the first day of March of the next year and becomes delinquent after the first business day of May.

G. Budgets

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at year end. The Town is subject to the State of Arizona’s Spending Limitation Law for Towns and Cities. This law does not permit the Town to spend more than budgeted revenues plus the carry-over unrestricted cash balance from the prior fiscal year. The limitation is applied to the total of the combined funds. The Town complied with this law during the year.

Expenditures may not legally exceed budgeted appropriations at the department level. The individual Schedules of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual reports as listed in the table of contents present all departments which incurred an excess of expenditures/expenses over appropriations for the year ended June 30, 2023, if any.

H. Capital Assets

Capital assets are reported at actual cost (or estimated historical cost if historical records are not available). Donated assets are reported at acquisition value.

Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets are as follows:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Land	\$ 5,000	N/A	N/A
Construction in progress	5,000	N/A	N/A
Buildings and improvements	5,000	Straight-line	15-40
Infrastructure	5,000	Straight-line	40
Furniture, equipment, and vehicles	5,000	Straight-line	5-10

TOWN OF YOUNGTOWN, ARIZONA
Notes to Financial Statements
June 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

I. Investment Earnings

Investment income is composed of interest, dividends, and net changes in the fair value of applicable investments.

J. Fund Balance Reporting

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 inventories, 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 unrestricted fund balance category is composed of committed, assigned, and unassigned resources. Committed fund balances are self-imposed limitations that the Town Council has approved, which is the highest level of decision-making authority within the Town. Only the Town 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 Council has authorized the Town manager to assign resources for a specific purpose.

The unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not reported in the other classifications. Also, deficits in fund balances of the other governmental funds are reported as unassigned.

When an expenditure is incurred that can be paid from either restricted or unrestricted fund balances, it is the Town's policy to use (the Town will use) restricted fund balance first. It is the Town's policy to use (the Town will use) committed amounts first when disbursing unrestricted fund balances, followed by assigned amounts, and lastly unassigned amounts.

TOWN OF YOUNGTOWN, ARIZONA
Notes to Financial Statements
June 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

K. Compensated Absences

Employees may accumulate vacation in varying amounts depending on years of service. Any hours accrued over 160 may be forfeited at the end of each fiscal year unless approved by the Town Manager. Employees are compensated upon departure for every sick time hour at a rate of \$1.50 per hour up to 720 hours. Upon termination of employment, all unused vacation benefits and eligible sick time are paid to employees. Accordingly, vacation and sick pay benefits are accrued as a liability in the financial statements.

L. Deferred Outflows/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.

NOTE 2 – DEPOSITS AND INVESTMENTS

Arizona Revised Statutes (A.R.S.) authorize the Town to invest public monies in the State Treasurer's investment pool; obligations issued or guaranteed by the United States or any of the senior debt of its agencies, sponsored agencies, corporations, sponsored corporations, or instrumentalities; specified state and local government bonds, notes, and other evidences of indebtedness; interest-earning investments such as savings accounts, certificates of deposit, and repurchase agreements in eligible depositories; specified commercial paper issued by corporations organized and doing business in the United States; specified bonds, debentures, notes, and other evidences of indebtedness that are denominated in United States dollars; and certain open-end and closed-end mutual funds, including exchange traded funds. In addition, the Town Treasurer may invest trust funds in certain fixed income securities of corporations doing business in the United States or District of Columbia.

Credit risk - The Town's investment policy allows for investments in obligations guaranteed by the full faith and credit of the United States of America, government sponsored enterprises, government bonds with minimum credit ratings of Aa or AA, commercial paper with a minimum short-term rating of P1 or A1, negotiable certificates of deposit, corporate bonds carrying a minimum credit rating of A, and the Local Government Investment Pool.

Custodial credit risk - Statutes require collateral for deposits at 102 percent of all deposits federal depository insurance does not cover.

TOWN OF YOUNGTOWN, ARIZONA
Notes to Financial Statements
June 30, 2023

NOTE 2 – DEPOSITS AND INVESTMENTS – Continued

Concentration of credit risk - Statutes do not include any requirements for concentration of credit risk.

Foreign currency risk - Statutes do not allow foreign investments unless the investment is denominated in United States dollars.

Interest rate risk - Statutes require that public monies invested in securities and deposits have a maximum maturity of 5 years. The maximum maturity for investments in repurchase agreements is 180 days.

Deposits — At June 30, 2023, the carrying amount of the Town’s total cash in bank was \$5,736,014, and the bank balance was \$5,815,885. Of the bank balance, \$403,300 was covered by federal depository insurance or similar insurance. The remainder was covered by collateral held by the pledging financial institution in the Town’s name.

Investments — The Town reported investments in the State Treasurer’s Pool 5 with a reported amount of \$7,926,907. The Standard and Poor’s credit quality rating of the pool is AAA. The State Board of Investment provides oversight for the State Treasurer’s investment pools. The fair value of a participant’s position in the pool approximates the value of that participant’s pool shares and the participant’s shares are not identified with specific investments.

A reconciliation of cash, deposits, and investments to amounts shown on the statements of net position follows:

	Governmental activities
Cash and cash equivalents:	
Cash on hand	\$ 300
Amount of deposits	5,736,014
State Treasurer’s investment pool 5	7,926,907
Total	\$ 13,663,221

TOWN OF YOUNGTOWN, ARIZONA
Notes to Financial Statements
June 30, 2023

NOTE 3 – DUE FROM OTHER GOVERNMENTS

Amounts due from other governments at June 30, 2023 consisted of the following:

	<u>General Fund</u>	<u>HURF Fund</u>	<u>Grants Fund</u>
State of Arizona			
Local sales tax	\$ 314,247	\$ -	\$ -
State sales tax	40,752	-	-
Auto lieu tax revenues	15,256	-	-
Highway user revenues	-	54,031	-
Maricopa County			
CDBG grant revenues	-	-	193,500
	<u>\$ 370,255</u>	<u>\$ 54,031</u>	<u>\$ 193,500</u>

NOTE 4 – NOTES RECEIVABLE

The Town has a \$15,171 note receivable outstanding with the Englewood Development Company, Inc. which will be collected over a period of 12 years. The Town will receive \$1,302 a month including principal and interest calculated at 5.5%.

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2023, was as follows:

	Balance July 1, 2022	Increases	Decreases	Transfers	Balance June 30, 2023
Governmental activities					
Capital assets not being depreciated:					
Land	\$ 1,722,239	\$ -	\$ -	\$ -	\$ 1,722,239
Capital assets being depreciated					
Buildings and improvements	3,334,053	-	-	9,179	3,343,232
Infrastructure	17,107,708	1,660,654	(179,561)	-	18,588,801
Furniture, equipment, and vehicles	1,103,828	-	(56,896)	(9,179)	1,037,753
Total	<u>21,545,589</u>	<u>1,660,654</u>	<u>(236,457)</u>	<u>-</u>	<u>22,969,786</u>
Less accumulated depreciation for					
Buildings and improvements	(2,219,787)	(89,897)	-	-	(2,309,684)
Infrastructure	(8,520,965)	(533,583)	179,561	-	(8,874,987)
Furniture, equipment, and vehicles	(652,584)	(61,846)	56,896	-	(657,534)
Total	<u>(11,393,336)</u>	<u>(685,326)</u>	<u>236,457</u>	<u>-</u>	<u>(11,842,205)</u>
Total capital assets being depreciated, net	<u>10,152,253</u>	<u>975,328</u>	<u>-</u>	<u>-</u>	<u>11,127,581</u>
Governmental activities capital assets, net	<u>\$ 11,874,492</u>	<u>\$ 975,328</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,849,820</u>

TOWN OF YOUNGTOWN, ARIZONA
Notes to Financial Statements
June 30, 2023

NOTE 5 – CAPITAL ASSETS – Continued

Depreciation expense was charged to functions as follows:

Governmental activities:	
General government	\$ 81,783
Public safety	29,192
Highways and streets	529,363
Culture and recreation	44,988
Total	\$ 685,326

NOTE 6 – LONG-TERM LIABILITIES

The following schedule details the Town’s long-term liability and obligation activity for the year ended June 30, 2023.

	Balance July 1, 2022	Additions	Reductions	Balance June 30, 2023	Due within one year
Governmental activities					
CFD General Obligation Bonds Refunding Series 2016 (direct placement)	\$ 1,350,000	\$ -	\$ -	\$ 1,350,000	\$ 155,000
Compensated absences	79,056	-	20,064	58,992	50,143
Net pension and other postemployment benefits liability	1,733,311	285,369	-	2,018,680	-
Total government activities	\$ 3,162,367	\$ 285,369	\$ 20,064	\$ 3,427,672	\$ 205,143

The Town has long-term bonds payable issued to provide funds for the acquisition and construction of major capital facilities. Compensated absences are paid by the applicable fund where each employee is regularly paid, primarily the General Fund.

Description	Original Amount	Maturity Ranges	Interest Rates	Outstanding Principal
Governmental activities				
CFD Series 2016 General Obligation Bond; Refunding Issue	\$ 2,360,000	2020-2030	2.64%	\$ 1,350,000

Community facilities districts (CFDs) are created only by petition to the Town Council by property owners within the District areas. As Board of Directors for the District, the Town Council has adopted a formal policy that CFD debt will be permitted only when the ratio of full cash value of the District property (prior to improvements being installed), when compared to proposed District debt, is a minimum of 3-to-1 prior to issuance of debt and 5-to-1 or higher after

TOWN OF YOUNGTOWN, ARIZONA
Notes to Financial Statements
June 30, 2023

NOTE 6 – LONG-TERM LIABILITIES – Continued

construction of improvements. These ratios are verified by an appraisal paid for by the District and administered by the Town. In addition, cumulative debt of all CFDs cannot exceed 5% of the Town’s secondary assessed valuation.

General Obligation Refunding Bonds - Direct Placement. The Agua Fria Ranch CFD Refunding Bonds were issued to refund the 2005 General Obligation Bonds for savings purposes and are backed by ad valorem property taxes levied on all taxable property within the Community Facilities District. Principal and interest payments are due annually and semiannually, respectively.

Property taxes have been pledged for the payment of these Direct Placement notes. The ad valorem tax to be levied for the payment of the Refunding Bonds will be unlimited as to rate, except that the total aggregate of taxes levied to pay principal and interest on the Refunding Bonds in the aggregate will not exceed the total aggregate of principal and interest due on the 2005 General Obligation Bonds from the date of issuance of the Refunding Bonds to the final date of maturity of the 2005 General Obligation Bonds. State law requires the CFD Board annually levy, and cause to be collected, an ad valorem property tax, on all taxable property in the CFD, sufficient to pay debt service. Such taxes will be limited by statutory provisions to an amount which shall not exceed the total aggregate principal and interest requirements coming due.

Debt service requirements on long-term debt at June 30, 2023, are as follows:

Year	Governmental Activities	
Ending June 30	Principal	Interest
2024	\$ 155,000	\$ 31,548
2025	160,000	27,324
2026	160,000	23,100
2027	165,000	18,744
2028	170,000	14,256
2029-31	540,000	14,520
Total	\$ 1,350,000	\$ 129,492

TOWN OF YOUNGTOWN, ARIZONA
Notes to Financial Statements
June 30, 2023

NOTE 7 – INTERFUND BALANCES AND ACTIVITY

Interfund transfers — During the year, the CFD Debt Service Fund transferred \$34,240 to the General Fund to pay for general operations and administration of the Agua Fria CFD.

Interfund borrowings — During the year, the General Fund loaned \$151,593 to the Grants Fund to cover expenditures expected to be reimbursed by a federal grant. The funds are anticipated to be repaid within the following year when the grant proceeds are received.

NOTE 8– RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town carries commercial insurance for all such risks of loss, including workers’ compensation and employees’ health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 9– FUND BALANCE CLASSIFICATIONS

The Town’s fund balance classifications are as follows:

	General Fund	Grants Fund	CFD Debt Service Fund	Nonmajor Governmental Funds	Total
Nonspendable					
Prepays	\$ 7,259	\$ -	\$ -	\$ -	\$ 7,259
Notes receivable	15,171	-	-	-	15,171
Restricted					
Court enhancement	134,362	-	-	-	134,362
Highways and streets	-	-	-	613,960	613,960
Grants	-	12,984	-	-	12,984
Committed					
Debt service	-	-	502,170	-	502,170
Street lighting districts	-	-	-	129,791	129,791
Unassigned	11,482,157	-	-	-	11,482,157
Total Fund Balance	<u>\$ 11,638,949</u>	<u>\$ 12,984</u>	<u>\$ 502,170</u>	<u>\$ 743,751</u>	<u>\$ 12,897,854</u>

TOWN OF YOUNGTOWN, ARIZONA
Notes to Financial Statements
June 30, 2023

NOTE 10 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

The Town contributes to the pension plans described below. 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	<u>Governmental Activities</u>
Net pension/OPEB assets	\$ 59,569
Net pension/OPEB liabilities	2,018,680
Deferred outflows of resources related to pension and OPEB	276,813
Deferred inflows of resources related to pension and OPEB	78,973
Pension and OPEB expense	146,861

The Town reported \$200,163 of pension and OPEB contributions as expenditures in the governmental funds related to all plans to which it contributes.

TOWN OF YOUNGTOWN, ARIZONA
Notes to Financial Statements
June 30, 2023

NOTE 10 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS – Continued

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 benefits terms. Retirement benefits are calculated on the basis of age, average monthly compensation, and service credit as follows:

	Initial Membership Date:	
	Before July 1, 2011	On or after July 1, 2011
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 is based on	Highest 36 months of last 120 months	Highest 60 months of last 120 months
Benefit percent per year of service	2.1% to 2.3%	2.1% to 2.3%

*With actuarially reduced benefits.

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

TOWN OF YOUNGTOWN, ARIZONA
Notes to Financial Statements
June 30, 2023

NOTE 10 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS – Continued

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 would typically fill. The Town’s contributions to the pension, health insurance premium benefit, and long-term disability plans for the year ended June 30, 2023, were \$104,171, \$955, and \$1,220, respectively.

During fiscal year 2023, the Town paid for ASRS pension and OPEB contributions as follows: 91.4 percent from the General Fund and 8.6 percent from the Highways and Streets Fund.

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.

	Net Pension/OPEB
	(Asset) Liability
Pension	\$ 1,122,969
Health insurance premium benefit	(39,346)
Long-term disability	641

TOWN OF YOUNGTOWN, ARIZONA
Notes to Financial Statements
June 30, 2023

NOTE 10 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS – Continued

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 Town’s proportion of the net asset or net 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 proportions measured as of June 30, 2022, and the change from its proportions measured as of June 30, 2021, were:

	<u>Proportion June 30, 2022</u>	<u>Increase (decrease) from June 30, 2021</u>
Pension	0.00688%	0.00007%
Health insurance premium benefit	0.00705%	0.00007%
Long-term disability	0.00694%	0.00004%

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

	<u>Pension/OPEB Expense</u>
Pension	68,358
Health insurance premium benefit	(5,727)
Long-term disability	163

TOWN OF YOUNGTOWN, ARIZONA
Notes to Financial Statements
June 30, 2023

NOTE 10 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS – Continued

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:

	<u>Pension</u>		<u>Health Insurance Premium Benefit</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 9,568	\$ -	\$ -	\$ 20,080
Changes of assumptions or other inputs	55,735	-	639	1,073
Net difference between projected and actual earnings on pension plan investments	-	29,580	-	1,325
Changes in proportion and differences between Town contributions and proportionate share of contributions	6,960	24,099	181	83
Town contributions subsequent to the measurement date	<u>104,171</u>	<u>-</u>	<u>955</u>	<u>-</u>
Total	<u>\$ 176,434</u>	<u>\$ 53,679</u>	<u>\$ 1,775</u>	<u>\$ 22,561</u>
	<u>Long-Term Disability</u>			
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>		
Differences between expected and actual experience	\$ 334	\$ 597		
Changes of assumptions or other inputs	349	1,564		
Net difference between projected and actual earnings on pension plan investments	-	20		
Changes in proportion and differences between Town contributions and proportionate share of contributions	149	552		
Town contributions subsequent to the measurement date	<u>1,220</u>	<u>-</u>		
Total	<u>\$ 2,052</u>	<u>\$ 2,733</u>		

TOWN OF YOUNGTOWN, ARIZONA
Notes to Financial Statements
June 30, 2023

NOTE 10 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS – Continued

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 ended 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:

Year ended June 30,	<u>Pension</u>	<u>Health Insurance Premium Benefit</u>	<u>Long-Term Disability</u>
2024	\$ 32,757	\$ (5,965)	(192)
2025	(10,159)	(6,497)	(228)
2026	(51,358)	(7,140)	(378)
2027	47,344	(1,076)	(136)
2028	-	(1,063)	(391)
Thereafter	-	-	(576)

Actuarial Assumptions – The significant actuarial assumptions used to measure the total pension/OPEB 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 pensions/not applicable for OPEB
Mortality rates	2017 SRA Scale U-MP for pensions and health insurance
Recovery rates	2012 GLDT for long-term disability
Healthcare cost trend rate	Not applicable

Actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2020.

TOWN OF YOUNGTOWN, ARIZONA
Notes to Financial Statements
June 30, 2023

NOTE 10 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS – Continued

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. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Geometric Real Rate of Return</u>
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>	

Discount Rate – At June 30, 2022, the discount rate used to measure the ASRS total pension/OPEB liability was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board’s funding policy, which establishes the contractually required rate under Arizona statute. Based on those assumptions, the 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.

TOWN OF YOUNGTOWN, ARIZONA
Notes to Financial Statements
June 30, 2023

NOTE 10 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS – Continued

Sensitivity of the Town’s Proportionate Share of the ASRS Net Pension/OPEB (Asset) 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 (6.0 percent) or 1 percentage point higher (8.0 percent) than the current rate:

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
Town's Proportionate share of the			
Net pension liability	\$ 1,656,907	\$ 1,122,969	\$ 677,748
Net insurance premium benefit liability (asset)	(28,292)	(39,346)	(48,725)
Net long-term disability liability	1,063	641	232

Plan Fiduciary Net Position – Detailed information about the plans’ fiduciary net position is available in the separately issued ASRS financial report.

B. Public Safety Personnel Retirement System

Plan Descriptions – Town police participate in the Public Safety Personnel Retirement System (PSPRS) or employees who became members on or after July 1, 2017, may participate in the Public Safety Personnel Defined Contribution Retirement Plan (PSPDCRP). The PSPRS administers agent and cost-sharing multiple-employer defined benefit pension plans and agent and cost-sharing multiple-employer defined benefit health insurance premium benefit (OPEB) plans. 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 publicly available financial report that includes financial statements and required supplementary information. The report is available on the PSPRS website at www.psprs.com.

Benefits Provided – The PSPRS provide retirement, health insurance premium supplement, disability, and survivor benefits. State statute establishes benefits terms.

TOWN OF YOUNGTOWN, ARIZONA
Notes to Financial Statements
June 30, 2023

NOTE 10 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS – Continued

Retirement, disability, and survivor benefits are calculated on the basis of age, average monthly compensation, and service credit as follows:

	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 is based on	Highest 36 consecutive months of last 20 years	Highest 60 consecutive months of last 20 years
Benefit percentage		
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 services 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 then 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 of credited service, whichever is greater, multiplied by years of credited service (not to exceed 20 years) divided by 20	
Survivor Benefit		
Retired Members	80% to 100% of retired member's pension benefit	
Active Members	80% to 100% of accidental disability retirement benefit or 100% of average monthly compensation if death was result of injuries received on the job	

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.

TOWN OF YOUNGTOWN, ARIZONA
Notes to Financial Statements
June 30, 2023

NOTE 10 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS – Continued

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.

Employees Covered by Benefit Terms – At June 30, 2023, the following employees were covered by the agent plans’ benefit terms:

	PSPRS Police	
	Pension	Health
Inactive employees or beneficiaries currently receiving benefits	3	3
Inactive employees entitled to but not yet receiving benefits	1	-
Active employees	-	-
Total	4	3

Contributions – 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 and health insurance premium benefits. 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. The Town currently does not have any active members of the plan. The Town’s contribution consists of an actuarially determined amount to pay for their unfunded accrued liability.

TOWN OF YOUNGTOWN, ARIZONA
Notes to Financial Statements
June 30, 2023

NOTE 10 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS – Continued

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

	Pension	Health Insurance Premium Benefit
PSPRS Police	\$ 93,817	\$ -

During fiscal year 2023, the Town paid for 100 percent of PSPRS-Police pension and OPEB contributions from the General Fund.

Liability – At June 30, 2023, the Town reported the following assets and liabilities:

	Net Pension (Asset) Liability	Net OPEB (Asset) Liability
PSPRS Police	\$ 895,070	\$ (20,223)

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.

TOWN OF YOUNGTOWN, ARIZONA
Notes to Financial Statements
June 30, 2023

NOTE 10 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS – Continued

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 rates	PubS-2010 tables
Healthcare cost trend rate	Not applicable

Actuarial assumptions used in the June 30, 2022, valuation were 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 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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Geometric Real Rate of Return</u>
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 YOUNGTOWN, ARIZONA
Notes to Financial Statements
June 30, 2023

NOTE 10 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS – Continued

Discount Rates – At June 30, 2022, the discount rate used to measure the PSPRS and CORP 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 rate 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 (Asset)

PSPRS-Police

	Pension		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2022	\$ 1,397,182	\$ 560,099	\$ 837,083
Changes for the year			
Interest on the total liability	97,854	-	97,854
Differences between expected and actual experience in the measurement of the liability	13,624	-	13,624
Changes of assumptions or other inputs	15,295	-	15,295
Contributions-employee	-	92,947	(92,947)
Net investment income	-	(23,732)	23,732
Benefit payments, including refunds of employee contributions	(113,444)	(113,444)	-
Administrative expense	-	(429)	429
Net changes	13,329	(44,658)	57,987
Balances at June 30, 2023	\$ 1,410,511	\$ 515,441	\$ 895,070

TOWN OF YOUNGTOWN, ARIZONA
Notes to Financial Statements
June 30, 2023

NOTE 10 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS – Continued

PSPRS OPEB-Police

	Health Insurance Premium Benefit		
	Total OPEB Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net OPEB (Asset) Liability (a) - (b)
Balances at June 30, 2022	\$ 35,104	\$ 59,785	\$ (24,681)
Changes for the year			
Interest on the total liability	2,468	-	2,468
Differences between expected and actual experience in the measurement of the liability	(592)	-	(592)
Changes of assumptions or other inputs	212	-	212
Net investment income	-	(2,329)	2,329
Benefit payments, including refunds of employee contributions	(2,592)	(2,592)	-
Administrative expense	-	(41)	41
Net changes	(504)	(4,962)	4,458
Balances at June 30, 2023	\$ 34,600	\$ 54,823	\$ (20,223)

TOWN OF YOUNGTOWN, ARIZONA
Notes to Financial Statements
June 30, 2023

NOTE 10 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS – Continued

Sensitivity of the Town’s Net Pension/OPEB Liability to Changes in the Discount Rate –

The following table presents the Town’s net pension/OPEB (assets) liabilities calculated using the discount rate of 7.2 percent, as well as what the Town’s net pension/OPEB (asset) liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.2 percent) or 1 percentage point higher (8.2 percent) than the current rate:

	<u>1% Decrease (6.2%)</u>	<u>Current Discount Rate (7.2%)</u>	<u>1% Increase (8.2%)</u>
PSPRS Police			
Net pension (asset) liability	\$ 1,024,272	\$ 895,070	\$ 783,520
Net OPEB (asset) liability	(17,434)	(20,223)	(22,662)

Plan Fiduciary Net Position – Detailed information about the plans’ fiduciary net position is available in the separately issued PSPRS financial reports.

TOWN OF YOUNGTOWN, ARIZONA
Notes to Financial Statements
June 30, 2023

NOTE 10 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS – Continued

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

	Pension Expense		OPEB Expense	
PSPRS Police	\$ 86,017	\$	(1,950)	

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:

PSPRS-Police

	Pension		Health Insurance Premium Benefit	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 1,959	\$ -	\$ 776	\$ -
Town contributions subsequent to the measurement date	93,817	-	-	-
Total	\$ 95,776	\$ -	\$ 776	\$ -

TOWN OF YOUNGTOWN, ARIZONA
Notes to Financial Statements
June 30, 2023

NOTE 10 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS – Continued

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, 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:

Year ended June 30,	PSPRS Police	
	Pension	Health
2024	\$ (1,067)	\$ 150
2025	(2,207)	(45)
2026	(7,538)	(648)
2027	12,771	1,319
2028	-	-
Thereafter	-	-

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REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF YOUNGTOWN, ARIZONA
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 2,705,918	\$ 2,705,918	\$ 2,714,546	\$ 8,628
Sales taxes	2,512,450	2,512,450	2,818,750	306,300
Licenses and permits	714,875	714,875	325,079	(389,796)
Investment earnings	4,445	4,445	151,944	147,499
Franchise taxes	215,026	215,026	220,331	5,305
Fines and forfeitures	36,875	36,875	31,245	(5,630)
Other	34,600	34,600	19,943	(14,657)
Rents and royalties	10,200	10,200	5,224	(4,976)
Charges for services	3,434	3,434	2,500	(934)
Contributions	707	707	2,211	1,504
Total revenues	<u>6,238,530</u>	<u>6,238,530</u>	<u>6,291,773</u>	<u>53,243</u>
Expenditures				
General government	1,626,963	1,626,963	1,510,638	116,325
Parks	447,217	447,217	234,499	212,718
Municipal court	226,336	226,336	204,949	21,387
Buildings	203,363	211,717	211,717	-
Library	175,926	175,926	140,480	35,446
Comm and econ dev	480,860	480,860	382,323	98,537
Code enforcement	1,852,923	1,852,923	1,609,327	243,596
Agua Fria Ranch	220,000	220,000	224,151	(4,151)
Library improvement	50,000	50,000	-	50,000
Contingency	2,506,794	2,501,440	-	2,501,440
Total expenditures	<u>7,790,382</u>	<u>7,793,382</u>	<u>4,518,084</u>	<u>3,275,298</u>
Excess (deficiency) of revenue over expenditures	<u>(1,551,852)</u>	<u>(1,554,852)</u>	<u>1,773,689</u>	<u>3,328,541</u>
Other financing sources (uses)				
Sale of capital assets	-	-	1,619	1,619
Transfers	26,765	26,765	34,240	7,475
Total other financing sources and uses	<u>26,765</u>	<u>26,765</u>	<u>35,859</u>	<u>9,094</u>
Net change in fund balance	(1,525,087)	(1,528,087)	1,809,548	3,337,635
Fund balances, beginning of year	<u>9,829,401</u>	<u>9,829,401</u>	<u>9,829,401</u>	<u>-</u>
Fund balances, end of year	<u><u>\$ 8,304,314</u></u>	<u><u>\$ 8,301,314</u></u>	<u><u>\$ 11,638,949</u></u>	<u><u>\$ 3,337,635</u></u>

See accompanying notes to budgetary comparison schedules.

TOWN OF YOUNGTOWN, ARIZONA
Required Supplementary Information
Budgetary Comparison Schedule
HURF Fund
Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 577,530	\$ 577,530	\$ 545,296	\$ (32,234)
Investment earnings	3,600	3,600	140,045	136,445
Total revenues	<u>581,130</u>	<u>581,130</u>	<u>685,341</u>	<u>104,211</u>
Expenditures				
Highways and streets	1,398,161	1,398,161	1,090,062	308,099
Net change in fund balance	(817,031)	(817,031)	(404,721)	412,310
Fund balances, beginning of year	<u>1,018,681</u>	<u>1,018,681</u>	<u>1,018,681</u>	<u>-</u>
Fund balances, end of year	<u><u>\$ 201,650</u></u>	<u><u>\$ 201,650</u></u>	<u><u>\$ 613,960</u></u>	<u><u>\$ 412,310</u></u>

See accompanying notes to budgetary comparison schedules.

TOWN OF YOUNGTOWN, ARIZONA
Required Supplementary Information
Budgetary Comparison Schedule
Grants Fund
Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	<u>\$ 4,856,985</u>	<u>\$ 4,856,985</u>	<u>\$ 1,645,386</u>	<u>\$ (3,211,599)</u>
Expenditures				
Grants	<u>4,856,985</u>	<u>4,856,985</u>	<u>1,645,386</u>	<u>3,211,599</u>
Net change in fund balance	-	-	-	-
Fund balances, beginning of year	<u>12,984</u>	<u>12,984</u>	<u>12,984</u>	<u>-</u>
Fund balances, end of year	<u><u>\$ 12,984</u></u>	<u><u>\$ 12,984</u></u>	<u><u>\$ 12,984</u></u>	<u><u>\$ -</u></u>

See accompanying notes to budgetary comparison schedules.

TOWN OF YOUNGTOWN, ARIZONA
Required Supplementary Information
Budgetary Comparison Schedule
Grants Fund
Year Ended June 30, 2023

NOTE 1 – BUDGETING AND BUDGETARY CONTROL

A.R.S. requires the Town to prepare and adopt a balanced budget annually for each governmental fund. The Town Council must approve such operating budgets on or before the third Monday in July to allow sufficient time for the legal announcements and hearings required for the adoption of the property tax levy on the third Monday in August. A.R.S. prohibits expenditures or liabilities in excess of the amounts budgeted.

Expenditures may not legally exceed appropriations at the department level. In certain instances, transfers of appropriations between departments or from the contingency account to a department may be made upon the Town Council's approval. With the exception of the General Fund, each fund includes only one department.

NOTE 2 – BUDGETARY BASIS OF ACCOUNTING

The Town's budget is prepared on a basis consistent with generally accepted accounting principles.

NOTE 3 – EXPENDITURES IN EXCESS OF APPROPRIATIONS

For the year ended June 30, 2023, expenditures exceeded final budget amounts at the department level (the legal level of budgetary control) in the Agua Fria Ranch department in the General Fund.

TOWN OF YOUNGTOWN, ARIZONA
Required Supplementary Information
Schedule of the Town's Proportionate
Share of the Net Pension/OPEB Liability
Cost-Sharing Plans
June 30, 2023

ASRS-Pension

	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)
Town's proportion of the net pension liability	0.006880%	0.006810%	0.007310%	0.008060%	0.008580%	0.007740%	0.007680%	0.007000%	0.007770%	Information not available
Town's proportionate share of the net pension liability	\$ 941,792	\$ 894,804	\$ 1,266,569	\$ 1,172,826	\$ 1,196,608	\$ 1,205,741	\$ 1,239,629	\$ 1,090,364	\$ 1,150,357	
Town's covered payroll	\$ 818,818	\$ 765,159	\$ 788,218	\$ 859,739	\$ 974,969	\$ 839,061	\$ 689,809	\$ 656,855	\$ 697,757	
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll	115.02%	116.94%	160.69%	136.42%	122.73%	143.70%	179.71%	166.00%	164.86%	
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

	Reporting Fiscal Year (Measurement Date)						
	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 through 2014
Town's proportion of the net OPEB (asset)	0.007050%	0.006980%	0.007490%	0.008260%	0.008740%	0.007850%	Information not available
Town's proportionate share of the net OPEB (asset)	\$ (39,346)	\$ (34,007)	\$ (5,303)	\$ (2,283)	\$ (3,147)	\$ (4,274)	
Town's covered payroll	\$ 818,818	\$ 765,159	\$ 788,218	\$ 859,739	\$ 974,969	\$ 839,061	
Town's proportionate share of the net OPEB (asset) as a percentage of its covered-employee payroll	-4.81%	-4.44%	-0.67%	-0.27%	-0.32%	-0.51%	
Plan fiduciary net position as a percentage of the total OPEB liability	137.79%	130.24%	104.33%	101.62%	102.20%	103.57%	

See accompanying notes to pension plan schedules.

TOWN OF YOUNGTOWN, ARIZONA
Required Supplementary Information
Schedule of the Town's Proportionate
Share of the Net Pension/OPEB Liability
Cost-Sharing Plans
June 30, 2023

ASRS-Long-Term Disability

	Reporting Fiscal Year (Measurement Date)						
	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 through 2014
Town's proportion of the net OPEB (asset)	0.006940%	0.006900%	0.007410%	0.008180%	0.008600%	0.007770%	Information not available
Town's proportionate share of the net OPEB (asset)	\$ 641	\$ 1,424	\$ 5,621	\$ 5,329	\$ 4,494	\$ 2,816	
Town's covered payroll	\$ 818,818	\$ 765,159	\$ 788,218	\$ 859,739	\$ 974,969	\$ 839,061	
Town's proportionate share of the net OPEB (asset) as a percentage of its covered-employee payroll	0.08%	0.19%	0.71%	0.62%	0.46%	0.34%	
Plan fiduciary net position as a percentage of the total OPEB liability	95.40%	90.38%	68.01%	72.85%	77.83%	84.44%	

See accompanying notes to pension plan schedules.

TOWN OF YOUNGTOWN, 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

	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)
Total pension liability										Information not available
Service cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,105	\$ 15,074	
Interest on the total pension liability	97,854	98,323	98,474	97,334	96,374	92,504	113,410	121,502	100,264	
Changes of benefit terms	-	-	-	-	-	17,194	(166,469)	-	72,959	
Differences between expected and actual experience in the measurement of the pension liability	13,624	7,577	9,589	11,264	25,704	6,162	(71,694)	(94,679)	(113,041)	
Changes of assumptions or other inputs	15,295	-	-	33,000	-	60,208	47,985	-	302,947	
Benefit payments, including refunds of employee contributions	(113,444)	(111,220)	(109,039)	(106,901)	(111,296)	(102,912)	(166,198)	(108,731)	(106,602)	
Net change in total pension liability	13,329	(5,320)	(976)	34,697	10,782	73,156	(242,966)	(66,803)	271,601	
Total pension liability - beginning	1,397,182	1,402,502	1,403,478	1,368,781	1,357,999	1,284,843	1,527,809	1,594,612	1,323,011	
Total pension liability - ending (a)	<u>\$ 1,410,511</u>	<u>\$ 1,397,182</u>	<u>\$ 1,402,502</u>	<u>\$ 1,403,478</u>	<u>\$ 1,368,781</u>	<u>\$ 1,357,999</u>	<u>\$ 1,284,843</u>	<u>\$ 1,527,809</u>	<u>\$ 1,594,612</u>	
Plan fiduciary net position										
Contributions - employer	\$ 92,947	\$ 82,906	\$ 125,098	\$ -	\$ 51,475	\$ 76,064	\$ 70,420	\$ 35,339	\$ 29,173	
Contributions - employee	-	-	-	-	-	-	3,922	6,259	5,795	
Net investment income	(23,732)	133,728	5,604	28,339	37,512	61,804	3,410	22,563	94,394	
Benefit payments, including refunds of employee contributions	(113,444)	(111,220)	(109,039)	(106,901)	(111,296)	(102,912)	(166,198)	(108,731)	(106,602)	
Hall/Parker Settlement	-	-	-	-	-	-	-	-	-	
Administrative expense	(429)	(640)	(457)	(1,493)	(1,271)	(947)	(891)	(919)	(760)	
Other changes	-	-	-	-	7	9	6	(57,709)	(79,290)	
Net change in plan fiduciary net position	(44,658)	104,774	21,206	(80,055)	(23,573)	34,018	(89,331)	(103,198)	(57,290)	
Plan fiduciary net position - beginning	560,099	455,325	434,119	514,174	537,747	503,729	593,060	696,258	753,548	
Plan fiduciary net position - ending (b)	<u>\$ 515,441</u>	<u>\$ 560,099</u>	<u>\$ 455,325</u>	<u>\$ 434,119</u>	<u>\$ 514,174</u>	<u>\$ 537,747</u>	<u>\$ 503,729</u>	<u>\$ 593,060</u>	<u>\$ 696,258</u>	
Town's net pension liability (asset) - ending (a) - (b)	<u>\$ 895,070</u>	<u>\$ 837,083</u>	<u>\$ 947,177</u>	<u>\$ 969,359</u>	<u>\$ 854,607</u>	<u>\$ 820,252</u>	<u>\$ 781,114</u>	<u>\$ 934,749</u>	<u>\$ 898,354</u>	
Plan fiduciary net position as a percentage of the total pension liability	36.54%	40.09%	32.47%	30.93%	37.56%	39.60%	39.21%	38.82%	43.66%	
Covered payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 56,641	\$ 55,994	
Town's net pension (asset) liability as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1650.30%	1604.38%	

See accompanying notes to pension plan schedules.

TOWN OF YOUNGTOWN, 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 OPEB - Police

	Reporting Fiscal Year (Measurement Date)						
	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	
Total OPEB liability							
Service cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	Information not available
Interest on the total OPEB liability	2,468	2,577	1,919	2,093	2,973	3,035	
Changes of benefit terms	-	-	-	-	-	-	
Differences between expected and actual experience in the measurement of the OPEB liability	(592)	(1,455)	10,314	(2,064)	(12,727)	(2,586)	
Changes of assumptions or other inputs	212	-	-	453	-	1,224	
Benefit payments	(2,592)	(2,636)	(3,096)	(2,580)	(1,686)	(2,230)	
Net change in total OPEB liability	(504)	(1,514)	9,137	(2,098)	(11,440)	(557)	
Total OPEB liability - beginning	35,104	36,618	27,481	29,579	41,019	41,576	
Total OPEB liability - ending (a)	<u>\$ 34,600</u>	<u>\$ 35,104</u>	<u>\$ 36,618</u>	<u>\$ 27,481</u>	<u>\$ 29,579</u>	<u>\$ 41,019</u>	
Plan fiduciary net position							
Contributions - employer	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Contributions - employee	-	-	-	-	-	-	
Net investment income	\$ (2,329)	\$ 13,325	\$ 639	\$ 2,741	\$ 3,432	\$ 5,396	
Benefit payments	(2,592)	(2,636)	(3,096)	(2,580)	(1,686)	(2,230)	
Administrative expense	(41)	(55)	(52)	(47)	(52)	(48)	
Other changes	-	-	-	-	-	-	
Net change in plan fiduciary net position	(4,962)	10,634	(2,509)	114	1,694	3,118	
Plan fiduciary net position - beginning	59,785	49,151	51,660	51,546	49,852	46,734	
Plan fiduciary net position - ending (b)	<u>\$ 54,823</u>	<u>\$ 59,785</u>	<u>\$ 49,151</u>	<u>\$ 51,660</u>	<u>\$ 51,546</u>	<u>\$ 49,852</u>	
Town's net OPEB (asset) liability - ending (a) - (b)	<u>\$ (20,223)</u>	<u>\$ (24,681)</u>	<u>\$ (12,533)</u>	<u>\$ (24,179)</u>	<u>\$ (21,967)</u>	<u>\$ (8,833)</u>	
Plan fiduciary net position as a percentage of the total OPEB liability	158.45%	170.31%	134.23%	187.98%	174.27%	121.53%	
Covered payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Town's net OPEB (asset) liability as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	

See accompanying notes to pension plan schedules.

TOWN OF YOUNGTOWN, ARIZONA
Required Supplementary Information
Schedule of Town Pension/OPEB Contributions
June 30, 2023

ASRS-Pension

	Reporting Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Statutorily required contribution	\$ 104,171	\$ 98,340	\$ 89,141	\$ 91,535	\$ 95,019	\$ 92,962	\$ 81,379	\$ 77,986	\$ 70,213	\$ 74,987
Town's contributions in relation to the statutorily required contribution	<u>(104,171)</u>	<u>(98,340)</u>	<u>(89,141)</u>	<u>(91,535)</u>	<u>(95,019)</u>	<u>(92,962)</u>	<u>(81,379)</u>	<u>(77,986)</u>	<u>(70,213)</u>	<u>(74,987)</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 payroll	<u>\$ 877,823</u>	<u>\$ 818,818</u>	<u>\$ 765,159</u>	<u>\$ 788,218</u>	<u>\$ 859,739</u>	<u>\$ 974,969</u>	<u>\$ 839,061</u>	<u>\$ 689,809</u>	<u>\$ 656,855</u>	<u>\$ 697,757</u>
Town's contributions as a percentage of covered payroll	11.87%	12.01%	11.65%	11.61%	11.05%	9.53%	9.70%	11.31%	10.69%	10.75%

ASRS-Health Insurance Premium Benefit

	Reporting Fiscal Year							2016 through 2014
	2023	2022	2021	2020	2019	2018	2017	
Statutorily required contribution	\$ 955	\$ 1,720	\$ 2,984	\$ 3,917	\$ 3,910	\$ 3,753	\$ 4,227	Information not available
Town's contributions in relation to the statutorily required contribution	<u>(955)</u>	<u>(1,720)</u>	<u>(2,984)</u>	<u>(3,917)</u>	<u>(3,910)</u>	<u>(3,753)</u>	<u>(4,227)</u>	
Town's contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
Town's covered payroll	<u>\$ 877,823</u>	<u>\$ 818,818</u>	<u>\$ 765,159</u>	<u>\$ 788,218</u>	<u>\$ 859,739</u>	<u>\$ 974,969</u>	<u>\$ 839,061</u>	
Town's contributions as a percentage of covered payroll	0.11%	0.21%	0.39%	0.50%	0.45%	0.38%	0.50%	

ASRS-Long-Term Disability

	Reporting Fiscal Year							2016 through 2014
	2023	2022	2021	2020	2019	2018	2017	
Statutorily required contribution	\$ 1,220	\$ 1,555	\$ 1,377	\$ 1,359	\$ 1,360	\$ 1,365	\$ 1,057	Information not available
Town's contributions in relation to the statutorily required contribution	<u>(1,220)</u>	<u>(1,555)</u>	<u>(1,377)</u>	<u>(1,359)</u>	<u>(1,360)</u>	<u>(1,365)</u>	<u>(1,057)</u>	
Town's contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
Town's covered payroll	<u>\$ 877,823</u>	<u>\$ 818,818</u>	<u>\$ 765,159</u>	<u>\$ 788,218</u>	<u>\$ 859,739</u>	<u>\$ 974,969</u>	<u>\$ 839,061</u>	
Town's contributions as a percentage of covered payroll	0.14%	0.19%	0.18%	0.17%	0.16%	0.14%	0.13%	

See accompanying notes to pension plan schedules.

TOWN OF YOUNGTOWN, ARIZONA
Required Supplementary Information
Schedule of Town Pension/OPEB Contributions
June 30, 2023

PSPRS - Police

	Reporting Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 93,817	\$ 92,947	\$ 82,906	\$ 125,098	\$ -	\$ 51,475	\$ 76,064	\$ 70,420	\$ 35,339	\$ 29,173
Town's contributions in relation to the actuarially determined contribution	<u>(93,817)</u>	<u>(92,947)</u>	<u>(82,906)</u>	<u>(125,098)</u>	<u>-</u>	<u>(51,475)</u>	<u>(76,064)</u>	<u>(70,420)</u>	<u>(35,339)</u>	<u>(29,173)</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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 56,641	\$ 55,994
Town's contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	62.39%	52.10%

PSPRS OPEB - Police

	Reporting Fiscal Year							2016 through 2014
	2023	2022	2021	2020	2019	2018	2017	
Actuarially determined contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	Information not available
Town's contributions in relation to the actuarially determined contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</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 payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Town's contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	

See accompanying notes to pension plan schedules.

TOWN OF YOUNGTOWN, ARIZONA
Required Supplementary Information
Notes to Pension/OPEB 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
Remaining amortization period as of the 2020 actuarial valuation	16 years
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 2017 actuarial valuation, the investment rate of return was decreased from 7.5% to 7.4%. In the 2016 actuarial valuation, the investment rate of return was decreased from 7.85% to 7.5%. In the 2013 actuarial valuation, the investment rate of return was decreased from 8.0% to 7.85%.
Projected salary increases	In the 2017 actuarial valuation, projected salary increases were decreased from 4.0%–8.0% to 3.5%–7.5% for PSPRS. In the 2014 actuarial valuation, projected salary increases were decreased from 4.5%–8.5% to 4.0%–8.0% for PSPRS. In the 2013 actuarial valuation, projected salary increases were decreased from 5.0%–9.0% to 4.5%–8.5% for PSPRS.
Wage growth	In the 2017 actuarial valuation, wage growth was decreased from 4% to 3.5% for PSPRS. In the 2014 actuarial valuation, wage growth was decreased from 4.5% to 4.0% for PSPRS. In the 2013 actuarial valuation, wage growth was decreased from 5.0% to 4.5% for PSPRS.
Retirement age	Experience-based table of rates that is specific to the type of eligibility condition. Last updated for the 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)

NOTE 2 – FACTORS THAT AFFECT 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.

TOWN OF YOUNGTOWN, ARIZONA
Required Supplementary Information
Notes to Pension/OPEB plan schedules
June 30, 2023

NOTE 2 – FACTORS THAT AFFECT TRENDS - Continued

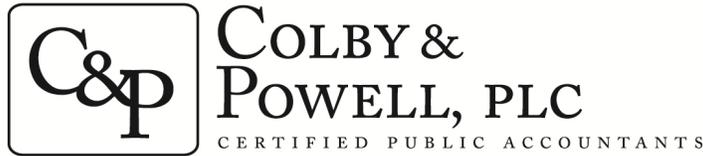
These changes are reflected in the plans' pension liabilities for fiscal year 2015 (measurement date 2014) for members who were retired as of the law's effective date and fiscal year 2019 (measurement date 2017) for members who retired or will retire after the law's effective date. These changes increased the PSPRS-required pension contributions beginning in fiscal year 2016 for members who were retired as of the law's effective date.

These changes will increase 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 members. 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.

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REPORTS AND SCHEDULES REQUIRED BY
GOVERNMENTAL AUDITING STANDARDS AND
UNIFORM GUIDANCE

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL
CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

To the Town Council
Town of Youngtown, Arizona

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Youngtown, Arizona, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town of Youngtown, Arizona's, basic financial statements, and have issued our report thereon dated March 28, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Youngtown, Arizona's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Youngtown, Arizona's internal control. Accordingly, we do not express an opinion on the effectiveness the Town of Youngtown, Arizona's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

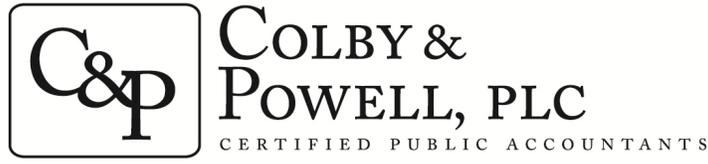
As part of obtaining reasonable assurance about whether the Town of Youngtown, Arizona's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Colby & Powell".

March 28, 2024



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM
GUIDANCE**

To the City Council
Town of Youngtown, Arizona

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Town of Youngtown, Arizona's compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of Town of Youngtown, Arizona's major federal programs for the year ended June 30, 2023. Town of Youngtown, Arizona's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Town of Youngtown, Arizona complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Town of Youngtown, Arizona and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of Town of Youngtown, Arizona's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Town of Youngtown, Arizona's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Town of Youngtown, Arizona's compliance based on our audit. 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, Government Auditing Standards, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Town of Youngtown, Arizona's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Town of Youngtown, Arizona's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Town of Youngtown, Arizona's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Town of Youngtown, Arizona's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Colby & Powell

March 28, 2024

TOWN OF YOUNGTOWN, ARIZONA
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<u>U.S. Department of the Treasury</u>			
Passed through the Arizona Office of the Governor			
COVID-Coronavirus State and Local Fiscal Recovery Funds	21.027	AZ0067	\$ 1,145,385
<u>U.S. Department of Housing and Urban Development</u>			
Passed through Maricopa County			
CDGB - Entitlement Grants Cluster			
Community Development Block Grants/Entitlement Grants	14.218	C-22-21-136-X-00	500,000
Total Federal Awards			\$ 1,645,385

The accompanying notes are an integral part of this schedule.

TOWN OF YOUNGTOWN, ARIZONA
Notes to Schedule of Expenditures of Federal Awards
June 30, 2023

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal award activity of the Town of Youngtown, Arizona under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Town of Youngtown, Arizona, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Town of Youngtown, Arizona.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual/accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Town of Youngtown, Arizona has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

TOWN OF YOUNGTOWN, ARIZONA
Schedule of Findings and Questioned Costs
June 30, 2023

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	_____ Yes	_____ <u>X</u> No	
Significant deficiency(ies) identified not considered to be material weakness(es)?	_____ Yes	_____ <u>X</u> No	
Noncompliance material to financial statements noted?	_____ Yes	_____ <u>X</u> No	

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified?	_____ Yes	_____ <u>X</u> No	
Significant deficiency(ies) identified not considered to be material weakness(es)?	_____ Yes	_____ <u>X</u> No	

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133? _____ Yes _____ X No

Identification of major federal programs:

CFDA Number	Name of Federal Program
21.027	COVID-Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? _____ Yes _____ X No

TOWN OF YOUNGTOWN, ARIZONA
Schedule of Findings and Questioned Costs - Continued
June 30, 2023

Section II – *Financial Statement Findings*

None

Section III – *Federal Award Findings and Questioned Costs*

None

TOWN OF YOUNGTOWN, ARIZONA
Summary Schedule of Prior Audit Findings
June 30, 2023

There are no prior year audit findings.