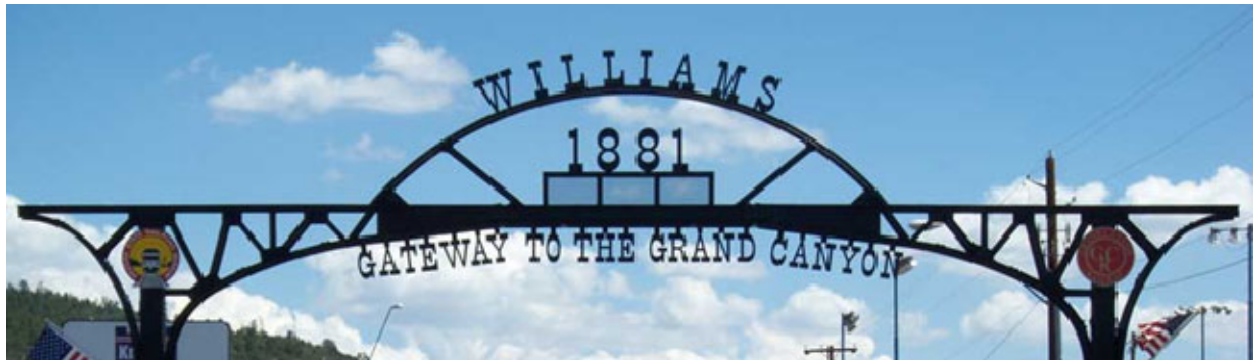


# **CITY OF WILLIAMS, ARIZONA**



## **FINANCIAL STATEMENTS**

**FISCAL YEAR ENDED JUNE 30, 2022**

**WITH REPORT OF**

**CERTIFIED PUBLIC ACCOUNTANTS**

## CITY OF WILLIAMS, ARIZONA

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## **FINANCIAL SECTION**

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**HINTONBURDICK**  
CPAs & ADVISORS

## Independent Auditors' Report

The Honorable Mayor and  
City Council  
Williams, Arizona

### Report on the Audit of the Financial Statements

#### *Unmodified Opinions and Disclaimer of Opinion*

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

#### *Summary of Opinions*

<i><b>Opinion Unit</b></i>	<i><b>Type of Opinion</b></i>
Governmental Activities	Unmodified
Business-Type Activities	Unmodified
Discretely Presented Component Unit	Disclaimer
General Fund	Unmodified
Debt Service Fund	Unmodified
Highway User Special Revenue Fund	Unmodified
Electric Fund	Unmodified
Water & Sewer Fund	Unmodified
Sanitation Fund	Unmodified
Volunteer Firefighters' Relief and Pension Fund	Unmodified
Aggregate Remaining Fund Information	Unmodified

#### *Disclaimer of Opinion for the Williams Housing Authority (Component Unit)*

We do not express an opinion on the accompanying financial statements of the discretely presented component unit, the Williams Housing Authority. Because of the significance of the matter described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the component unit financial statements.

***Unmodified Opinions on the Governmental Activities, Business-Type Activities, Each Major Fund, and the Aggregate Remaining Fund Information***

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Williams, Arizona as of June 30, 2022 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Disclaimer of Opinion on the Williams Housing Authority (Component Unit)***

On April 1, 2022 a third party management company assumed the day to day operations of the Williams Housing Authority. We were unable to obtain appropriate, sufficient audit evidence to support the balances reported in the Williams Housing Authority's financial statements or to determine whether any adjustments were necessary relating to the activity.

***Basis for Opinions on the Governmental Activities, Business-Type Activities, Each Major Fund, and the Aggregate Remaining Fund Information***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 City of Williams, 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***

The City of Williams, Arizona's 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 City of Williams, Arizona's ability to continue as a going concern for one year after the date that the financial statements are issued or when applicable, one year after the date that the financial statements are available to be issued.

***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 GAAS 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 GAAS, 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 City of Williams, 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 City of Williams, 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, schedule of proportionate share of the net pension liability, schedule of changes in the net pension liability and related ratios, schedule of pension contributions, schedule of agent OPEB plans' funding progress, and the budgetary comparison schedules, as listed 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 Standard 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 City of Williams, Arizona's basic financial statements. The debt service fund and the combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements.



The debt service fund and the combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 are fairly stated in all material respects in relation to the financial statements as a whole.

#### **Other Reporting Required by *Governmental Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 5, 2023, on our consideration of the City of Williams' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and results of that testing, and not to provide an opinion on the 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 City of William's internal control over financial reporting and compliance.

*HintonBurdick, PLLC*

Gilbert, Arizona

September 5, 2023

**CITY OF WILLIAMS, ARIZONA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended June 30, 2022**

As management of the City of Williams, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2022. This discussion and analysis is designed to (1) assist the reader in focusing on significant financial issues, (2) provide an overview of the City's financial activity (3) identify changes in the City's financial position (4) identify any material deviations from the financial plan (the approved budget) and (5) individual fund issues or concerns.

The discussion and analysis (MD&A) has a different focus and purpose than the transmittal letter of this report, and is designed to be read in conjunction with the transmittal letter as well as the basic financial statements beginning on page 14 and the accompanying notes to the basic financial statements.

**FINANCIAL HIGHLIGHTS**

- The City's total net position at the close of the fiscal year was \$63 million. This amount is comprised of \$42 million in net investment in capital assets, \$2 million of restricted net position and \$19 million in unrestricted net position.
- Governmental net position increased by \$3,876,706. Business-Type net position increased by \$1,824,904.
- Total City sales tax revenue increased by 25.9 percent from last year and still is the single largest revenue in the budget.
- Improvements and additions totaling \$8.3 million were made to the City's capital assets.
- Total debt service payments, including interest expense, were approximately \$5.27 million, new debt of \$5.5 million was issued, resulting in approximately \$28.3 million in total outstanding debt at the close of the year.
- The General Fund's unassigned fund balance increased by \$2,018,811 to \$13,314,519. The unassigned fund balance represents 177 percent of total General Fund expenditures for the fiscal year.
- Other governmental fund balances increased by \$785,918 to \$4,808,903 of which \$50,536 is restricted, \$2,943,830 is committed, \$1,346,677 is assigned and \$467,860 is nonspendable.

**USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The three components of the financial statements are: (1) Government-wide financial statements which include the Statement of Net Position and the Statement of Activities. These statements provide information about the activities of the City as a whole. (2) Fund financial statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. (3) Notes to the financial statements.

## **Reporting the City as a Whole**

### **The Statement of Net Position and the Statement of Activities (Government-wide)**

A frequently asked question regarding the City's financial health is whether the year's activities contributed positively to the overall financial well-being. The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's net position and changes in them. Net position, the difference between assets and liabilities, are one way to measure the City's financial health, or financial position. Over time, increases or decreases in net position are an indicator of whether the financial health is improving or deteriorating. However, it is important to consider other non-financial factors such as changes in the City's property tax base or condition of the City's roads to accurately assess the overall health of the City.

The Statement of Net Position and the Statement of Activities, present information about the following:

- Government activities – All of the City's basic services are considered to be governmental activities, including general government, public safety, public works/streets, economic development, culture and recreation, and interest on long-term debt. Sales tax, federal grants, intergovernmental revenues and charges for services finance most of these activities.
- Proprietary activities/Business type activities – The City charges a fee to customers that is intended to cover all or most of the cost of the services provided.

## **Reporting the City's Most Significant Funds**

### **Fund Financial Statements**

The fund financial statements provide detailed information about the most significant funds—not the City as a whole. Some funds are required to be established by State law and by bond covenants. However, management establishes other funds which aid in the management of money for particular purposes or meet legal responsibilities associated with the usage of certain taxes, grants, and other money. The City's two major kinds of funds, governmental and proprietary, use different accounting approaches as explained below.

- Governmental funds – Most of the City's basic services are reported in governmental funds. Governmental funds focus on how resources flow in and out with the balances remaining at year-end that are available for spending. These funds are reported using an accounting method called the modified accrual accounting method, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Government fund information shows whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation included on pages 17 and 19.
- Proprietary funds – When the City charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the City's financial position. The City's combined assets exceed liabilities by \$63.7 million as of June 30, 2022 as shown in the following condensed statement of net position.

### City of Williams Statement of Net Position

	Governmental activities		Business-type activities		Total	
	6/30/2022	6/30/2021	6/30/2022	6/30/2021	6/30/2022	6/30/2021
Current and other assets	\$20,083,119	\$14,845,049	\$ 9,364,486	\$ 9,591,562	\$29,447,605	\$24,436,611
Capital assets	16,180,370	17,149,842	51,149,452	45,414,914	67,329,822	62,564,756
Total assets	36,263,489	31,994,891	60,513,938	55,006,476	96,777,427	87,001,367
Deferred outflows of resources	950,396	1,137,666	201,041	206,529	1,151,437	1,344,195
Long-term liabilities outstanding	5,436,538	7,539,312	20,176,297	17,170,365	25,612,835	24,709,677
Other liabilities	888,105	1,298,369	4,486,693	4,101,641	5,374,798	5,400,010
Total liabilities	6,324,643	8,837,681	24,662,990	21,272,006	30,987,633	30,109,687
Deferred inflows of resources	2,907,593	312,365	312,342	26,256	3,219,935	338,621
Net position:						
Net investment in capital assets	13,621,796	14,151,248	28,486,486	27,038,461	42,108,282	41,189,709
Restricted	27,167	28,493	2,117,303	2,191,050	2,144,470	2,219,543
Unrestricted	14,332,686	9,802,770	5,135,858	4,685,232	19,468,544	14,488,002
Total net position	\$27,981,649	\$23,982,511	\$35,739,647	\$33,914,743	\$63,721,296	\$57,897,254

The City has \$97.9 million in total assets and deferred outflows, with \$67.3 million in capital assets (net of depreciation). The City's Utility Funds, (Electric, Water & Sewer, Sanitation, and Golf) operations are included in the Business-type activities column.

### Governmental Activities

The City's governmental programs include: General Government, Public Safety, Highways and Streets, Culture and Recreation, Economic Development, and Health and Welfare. Each programs' net cost (total cost less revenues generated by the activities) is presented below. The net cost shows the extent to which the City's general taxes support each of the City's programs.

**City of Williams**  
**Changes in Net Position**

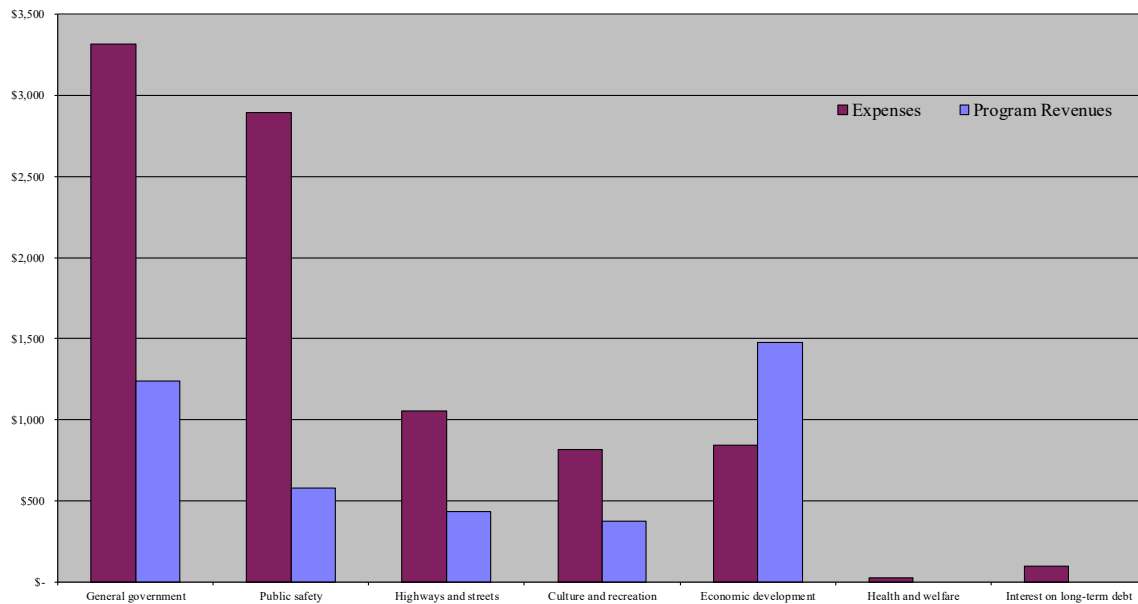
	Governmental activities		Business-type activities		Total	
	6/30/2022	6/30/2021	6/30/2022	6/30/2021	6/30/2022	6/30/2021
Revenues:						
Program revenues:						
Charges for services	\$ 931,856	\$ 1,385,267	\$ 12,002,844	\$ 11,665,253	\$ 12,934,700	\$ 13,050,520
Operating grants and contributions	2,927,452	2,983,665	-	-	2,927,452	2,983,665
Capital grants and contributions	244,965	1,076,166	298,134	-	543,099	1,076,166
General revenues:						
Property taxes	626,384	627,933	-	-	626,384	627,933
Sales taxes	7,899,226	6,272,114	-	-	7,899,226	6,272,114
State and other taxes	638,208	678,830	-	-	638,208	678,830
Other	73,016	15,918	10,937	3,923	83,953	19,841
Total revenues	13,341,107	13,039,893	12,311,915	11,669,176	25,653,022	24,709,069
Expenses:						
General government	3,316,579	3,409,793	-	-	3,316,579	3,409,793
Public safety	2,890,424	3,010,346	-	-	2,890,424	3,010,346
Highways and streets	1,051,517	1,222,807	-	-	1,051,517	1,222,807
Culture and recreation	813,757	605,803	-	-	813,757	605,803
Economic development	841,447	893,008	-	-	841,447	893,008
Health and welfare	24,708	18,292	-	-	24,708	18,292
Interest on long-term debt	95,408	108,862	-	-	95,408	108,862
Electric	-	-	5,320,616	3,922,707	5,320,616	3,922,707
Water & Sewer	-	-	3,887,943	3,365,444	3,887,943	3,365,444
Golf Course	-	-	929,815	925,968	929,815	925,968
Sanitation	-	-	779,198	639,820	779,198	639,820
Total expenses	9,033,840	9,268,911	10,917,572	8,853,939	19,951,412	18,122,850
(Decrease)/Increase in net assets before transfers	4,307,267	3,770,982	1,394,343	2,815,237	5,701,610	6,586,219
Transfers	(430,561)	(1,728,024)	430,561	1,728,024	-	-
(Decrease)/Increase in net assets	3,876,706	2,042,958	1,824,904	4,543,261	5,701,610	6,586,219
Net position, beginning	23,982,511	21,939,553	33,914,743	29,371,482	57,897,254	51,311,035
Prior period adjustment	122,432	-	-	-	122,432	-
Net position, ending	\$27,981,649	\$23,982,511	\$35,739,647	\$33,914,743	\$63,721,296	\$57,897,254

The cost of all governmental activities this year was \$9,033,840 as shown in the schedule of Changes in Net Position above. \$931,856 of this cost was paid for by those who directly benefited from the programs. \$3,172,417 was subsidized by grants received from other governmental organizations for both capital and operating activities. General taxes, Urban Revenue Sharing and investment earnings totaled \$9,236,834.

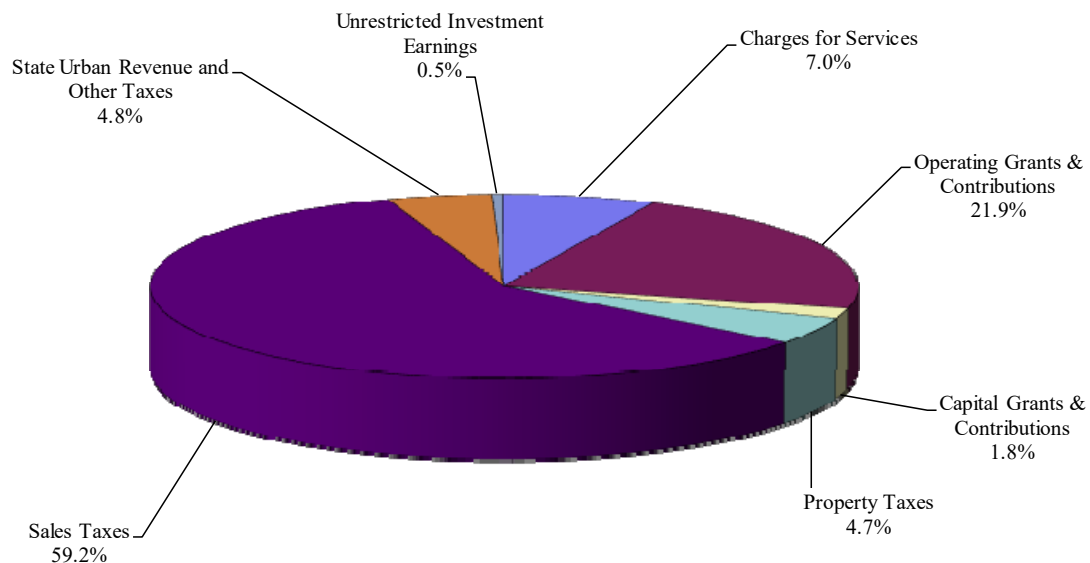
Total resources available during the year to finance governmental operations were \$37.3 million consisting of Net position at July 1, 2021 of \$24 million, program revenues of \$4.1 million and General Revenues of \$9.2 million. Total Governmental Activities during the year were \$9.0 million. Thus Governmental Net Position was increased by \$3.8 million after transfers out of \$430,561.

The following graphs compare program expenses to program revenues and provide a breakdown of revenues by source for all government activities.

**Expenses and Program Revenues - Governmental Activities**  
(in Thousands)



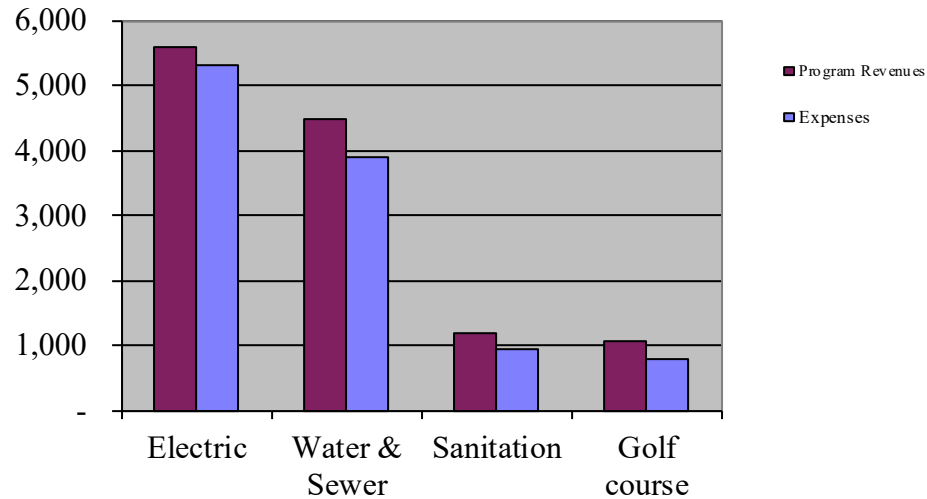
**Revenue By Source - Governmental Activities**



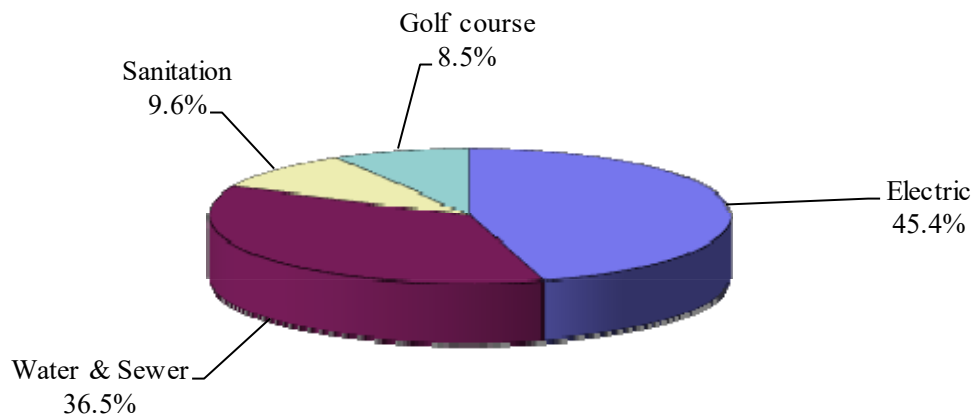
### Business Type Activities

Net position of the Business Type activities at June 30, 2022, as reflected in the Statement of Net Position was \$35.7 million. The cost of providing all Proprietary (Business Type) activities this year was \$10.9 million. As shown in the statement of Changes in Net Position, the amounts paid by users of the system were \$12.3 million. Interest earnings and other revenues were \$10,937. Net Position increased by \$1,824,904.

**Expenses and Program Revenues - Business-type Activities**  
(in Thousands)



**Revenue By Source - Business-type Activities**



## **Financial Analysis of the Government's Funds**

As noted earlier, the City of Williams uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds – The focus of the City of Williams's governmental funds is to provide information on near-term inflows, outflows, and balances of spend-able resources. Such information is useful in assessing the City of Williams's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City of Williams's governmental funds reported combined ending fund balances of \$18,123,422, an increase of \$3,955,628, before the prior period adjustment, in comparison with the prior year. Approximately, 73% of this total amount or \$13,314,519 constitutes unassigned fund balance, which is available for new spending at the government's discretion. The remainder of the fund balance is restricted, committed or assigned because it has already been committed 1) to pay debt service, 2) to pay for capital improvements or 3) for a variety of other restricted purposes.

The general fund is the chief operating fund of the City of Williams. At the end of the current fiscal year, total fund balance in the general fund was \$16,738,003, of which \$13,314,519 is unassigned. As a measure of liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. The unassigned fund balance and total fund balance represents 177% and 222% respectively of total general fund expenditures. During the year, the City of Williams's general fund balance increased by \$3,160,069, before the prior period adjustment.

The debt service fund had no change in fund balance.

Highway User fund expenditures of \$678,529 were funded by Highway User revenues of \$405,247, City Sales Tax of \$1,129,394 and \$31,697 in other revenues which resulted in an increase in fund balance of \$773,516

The non-major fund balance of \$50,493 consists of grant funds restricted for public safety and culture and recreation.

## **General Fund Budgetary Highlights**

The City's annual budget is the legally adopted expenditure control document of the City. Budgetary comparison statements are required for the General Fund and all major special revenue funds. 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 revenues of \$11,427,532 were more than the budget of \$ 10,065,862 by \$1,426,670 mainly due to sales tax. Actual expenditures of \$7,516,952 were \$2,682,790 less than budgeted expenditures of \$10,199,742. The most significant variances were in the general government, public safety and culture and recreation functions that were under budget.



## **CAPITAL ASSET AND DEBT ADMINISTRATION**

### **Capital Assets**

The capital assets of the City are those assets that are used in performance of City functions including infrastructure assets. Capital assets include equipment, vehicles, buildings, land, park facilities and roads. At the end of fiscal year 2022, net capital assets of the government activities totaled \$16.2 million and the net capital assets of the business-type activities totaled \$51.1 million. Depreciation on capital assets is recognized in the Government-Wide financial statements. (See note 7 to the financial statements.)

### **Debt**

At year-end, the City had \$5.9 million in governmental type debt, and \$22.4 million in business-type debt. (See note 8 to the financial statements.)

## **NEXT YEAR'S BUDGET AND ECONOMIC FACTORS**

In considering the City budget for fiscal year 2022/2023, the City Council and management were cautious as to the growth of revenues and expenditures. Overall General Fund operating expenditures were budgeted so as to contain costs at the same level as fiscal year 2021/2022.

## **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide a general overview of the City's finances for all of those with an interest in the government's finances 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: City of Williams, Finance Department, 113 South First Street, Williams, AZ 86046-2549. (928) 635-4451.

## **BASIC FINANCIAL STATEMENTS**

**CITY OF WILLIAMS, ARIZONA**  
**Statement of Net Position**  
**June 30, 2022**

	Primary Government			Unaudited
	Governmental Activities	Business-type Activities	Total	Component Unit
<b>Assets</b>				
Cash and cash equivalents	\$ 16,600,756	\$ 1,045,731	\$ 17,646,487	\$ 159,433
Receivables (net of allowance)	1,329,795	5,037,485	6,367,280	44,617
Lease receivables	1,524,280	-	1,524,280	-
Prepays	395,721	14,962	410,683	13,649
Inventory	72,139	-	72,139	-
Net OPEB asset	142,870	25,010	167,880	2,662
Temporarily restricted assets:				
Cash and cash equivalents	17,558	3,241,298	3,258,856	-
Capital assets (net of accumulated depreciation):				
Land and improvements	330,932	100,000	430,932	481,979
Buildings and improvements	4,581,192	2,533,132	7,114,324	521,700
System and other improvements	4,965,965	33,519,698	38,485,663	331
Furniture, equipment and vehicles	1,755,014	1,092,024	2,847,038	4,665
Infrastructure	4,476,767	-	4,476,767	-
Construction in progress	70,500	13,904,598	13,975,098	-
Total Assets	<u>36,263,489</u>	<u>60,513,938</u>	<u>96,777,427</u>	<u>1,229,036</u>
<b>Deferred Outflows of Resources</b>				
Deferred outflows related to pensions/OPEB	895,986	182,903	1,078,889	19,389
Deferred charge on refunding	54,410	18,138	72,548	-
Total deferred outflows of resources	<u>950,396</u>	<u>201,041</u>	<u>1,151,437</u>	<u>19,389</u>
<b>Liabilities</b>				
Accounts payable and other current liabilities	393,547	2,238,059	2,631,606	21,067
Unearned revenue	-	750	750	110,485
Noncurrent liabilities:				
Due within one year	494,558	2,247,884	2,742,442	-
Due in more than one year	5,436,538	20,176,297	25,612,835	72,877
Total Liabilities	<u>6,324,643</u>	<u>24,662,990</u>	<u>30,987,633</u>	<u>204,429</u>
<b>Deferred Inflows of Resources</b>				
Deferred inflows-leases	1,399,608	-	1,399,608	-
Deferred inflows related to pensions/OPEB	1,507,985	312,342	1,820,327	33,113
Total Deferred Inflows of resources	<u>2,907,593</u>	<u>312,342</u>	<u>3,219,935</u>	<u>33,113</u>
<b>Net Position</b>				
Net investment in capital assets	13,621,796	28,486,486	42,108,282	1,008,675
Restricted for:				
Other purposes	27,167	2,117,303	2,144,470	-
Unrestricted	14,332,686	5,135,858	19,468,544	2,208
Total Net Position	<u>\$ 27,981,649</u>	<u>\$ 35,739,647</u>	<u>\$ 63,721,296</u>	<u>\$ 1,010,883</u>

The accompanying notes are an integral part of the financial statements.

**CITY OF WILLIAMS, ARIZONA**  
**Statement of Activities**  
**For the Fiscal Year Ended June 30, 2022**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Primary Government			Unaudited
					Governmental Activities	Business-type Activities	Total	Component Unit
<b>Primary Government:</b>								
Governmental activities:								
General government	\$ 3,316,579	\$ 413,187	\$ 615,046	\$ 209,557	\$ (2,078,789)	\$ -	\$ (2,078,789)	\$ -
Public safety	2,890,424	472,948	92,494	15,608	(2,309,374)	-	(2,309,374)	-
Highways and streets	1,051,517	-	433,395	-	(618,122)	-	(618,122)	-
Culture and recreation	813,757	45,721	310,930	19,800	(437,306)	-	(437,306)	-
Economic development	841,447	-	1,475,587	-	634,140	-	634,140	-
Health and welfare	24,708	-	-	-	(24,708)	-	(24,708)	-
Interest on long-term debt	95,408	-	-	-	(95,408)	-	(95,408)	-
Total governmental activities	9,033,840	931,856	2,927,452	244,965	(4,929,567)	-	(4,929,567)	-
Business-type activities:								
Electric	5,320,616	5,585,877	-	-	-	265,261	265,261	-
Water & Sewer	3,887,943	4,186,907	-	298,134	-	597,098	597,098	-
Sanitation	929,815	1,179,678	-	-	-	249,863	249,863	-
Golf course	779,198	1,050,382	-	-	-	271,184	271,184	-
Total business-type activities	10,917,572	12,002,844	-	298,134	-	1,383,406	1,383,406	-
Total primary government	19,951,412	12,934,700	2,927,452	543,099	(4,929,567)	1,383,406	(3,546,161)	-
<b>Component Unit:</b>								
Housing Authority	503,439	59,867	405,505	-	-	-	-	(38,067)
General Revenues:								
Property taxes levied for general purposes					626,384	-	626,384	-
Sales taxes					7,899,226	-	7,899,226	-
State urban revenues and other taxes - Unrestricted					638,208	-	638,208	-
Unrestricted investment earnings					72,516	10,937	83,453	-
Loss on disposal of capital assets					500	-	500	-
Transfers					(430,561)	430,561	-	-
Total general revenues & transfers					8,806,273	441,498	9,247,771	-
Change in net position					3,876,706	1,824,904	5,701,610	(38,067)
Net position - beginning					23,982,511	33,914,743	57,897,254	1,048,950
Prior period adjustment					122,432	-	122,432	-
Net position - ending					\$ 27,981,649	\$ 35,739,647	\$ 63,721,296	\$ 1,010,883

The accompanying notes are an integral part of the financial statements.

**CITY OF WILLIAMS, ARIZONA**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2022**

<b>ASSETS</b>	<b>General</b>	<b>Debt Service</b>	<b>Highway User Special Revenue</b>	<b>Non-major Governmental Funds</b>	<b>Total Governmental Funds</b>
Cash and cash equivalents	\$ 15,274,254	\$ -	\$ 1,290,747	\$ 35,755	\$ 16,600,756
Receivables:					
Property Taxes	23,672	-	-	-	23,672
Other	12,908	-	-	22,182	35,090
Leases	1,524,280	-	-	-	1,524,280
Intergovernmental	1,207,787	-	63,246	-	1,271,033
Inventory	72,139	-	-	-	72,139
Prepaid items	395,721	-	-	-	395,721
Restricted Cash and Investments	17,558	-	-	-	17,558
<b>Total Assets</b>	<b>\$ 18,528,319</b>	<b>\$ -</b>	<b>\$ 1,353,993</b>	<b>\$ 57,937</b>	<b>\$ 19,940,249</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
Liabilities:					
Accounts Payable	\$ 215,927	\$ -	\$ 14,339	\$ 7,401	\$ 237,667
Accrued Liabilities	143,870	-	4,771	-	148,641
Customer Deposits	7,239	-	-	-	7,239
<b>Total Liabilities</b>	<b>367,036</b>	<b>-</b>	<b>19,110</b>	<b>7,401</b>	<b>393,547</b>
Deferred Inflows of Resources:					
Unavailable Revenue	23,672	-	-	-	23,672
Deferred inflows-leases	1,399,608	-	-	-	1,399,608
<b>Total Deferred Inflows</b>	<b>1,423,280</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,423,280</b>
Fund Balances:					
Nonspendable:					
Inventory	72,139	-	-	-	72,139
Prepaid items	395,721	-	-	-	395,721
Restricted for:					
Public safety	-	-	-	27,167	27,167
Culture and recreation	-	-	-	23,369	23,369
Committed:					
Highways & Streets	-	-	1,334,883	-	1,334,883
Economic development	1,569,342	-	-	-	1,569,342
Court enhancements	39,605	-	-	-	39,605
Assigned:					
Capital projects	660,339	-	-	-	660,339
Other items	686,338	-	-	-	686,338
Unassigned	13,314,519	-	-	-	13,314,519
<b>Total Fund Balances</b>	<b>16,738,003</b>	<b>-</b>	<b>1,334,883</b>	<b>50,536</b>	<b>18,123,422</b>
<b>Total Liabilities, Deferred Inflows, and Fund Balances</b>	<b>\$ 18,528,319</b>	<b>\$ -</b>	<b>\$ 1,353,993</b>	<b>\$ 57,937</b>	<b>\$ 19,940,249</b>

The accompanying notes are an integral part of the financial statements.

**CITY OF WILLIAMS, ARIZONA**  
**Reconciliation of Total Governmental Fund Balance**  
**To Net Position of Governmental Activities**  
**June 30, 2022**

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Total governmental fund balances	\$ 18,123,422
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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.

Governmental capital assets	\$ 74,009,130	
Accumulated depreciation	<u>(57,828,760)</u>	
		16,180,370

Certain property taxes and special assessments collected after year-end and are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the governmental funds but recognized when earned in the statement of activities.

23,672

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.

Bonds payable	\$ (1,871,015)	
Notes payable	(687,559)	
Compensated absences	(112,818)	
Net pension liability	<u>(3,259,704)</u>	
		(5,931,096)

Other long-term assets are not available to pay for current period expenditures and, therefore, not included in the funds.

Net OPEB asset	142,870
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Deferred outflows and inflows of resources are applicable to future reporting periods and, therefore, are not reported in the funds:

Deferred outflows	950,396	
Deferred inflows	<u>(1,507,985)</u>	
		(557,589)

Total net position of governmental activities	<u><u>\$ 27,981,649</u></u>
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The accompanying notes are an integral part of the financial statements.

**CITY OF WILLIAMS, ARIZONA**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Fiscal Year Ended June 30, 2022**

<b>REVENUES</b>	<b>General</b>	<b>Debt Service</b>	<b>Highway User Special Revenue</b>	<b>Non-major Governmental Funds</b>	<b>Total Governmental Funds</b>
Taxes	\$ 8,435,126	\$ -	\$ 1,129,394	\$ -	\$ 9,564,520
Licenses, Permits and Fees	268,271	-	-	-	268,271
Intergovernmental Revenue	1,710,800	-	405,247	309,365	2,425,412
Charges for Services	527,503	-	-	-	527,503
Fines and Forfeitures	43,657	-	-	-	43,657
Interest	68,967	-	3,549	-	72,516
Other Revenues	373,208	-	28,148	42,133	443,489
<b>Total Revenues</b>	<b>11,427,532</b>	<b>-</b>	<b>1,566,338</b>	<b>351,498</b>	<b>13,345,368</b>
<b>EXPENDITURES</b>					
Current:					
General Government	2,812,049	-	-	-	2,812,049
Public Safety	2,990,990	-	-	95,042	3,086,032
Highways & Streets	-	-	482,360	-	482,360
Culture and Recreation	695,523	-	-	18,063	713,586
Economic Development	880,578	-	-	-	880,578
Health & Welfare	21,286	-	-	-	21,286
Capital Outlay	116,526	-	196,169	141,724	454,419
Debt Service:					
Principal	-	422,866	-	-	422,866
Interest	-	86,003	-	-	86,003
<b>Total Expenditures</b>	<b>7,516,952</b>	<b>508,869</b>	<b>678,529</b>	<b>254,829</b>	<b>8,959,179</b>
Excess of Revenues Over (Under) Expenditures	<u>3,910,580</u>	<u>(508,869)</u>	<u>887,809</u>	<u>96,669</u>	<u>4,386,189</u>
Other Financing Sources (Uses):					
Transfers in	-	508,869	-	-	508,869
Transfers out	<u>(750,511)</u>	<u>-</u>	<u>(114,293)</u>	<u>(74,626)</u>	<u>(939,430)</u>
Total Other Financing Sources (Uses)	<u>(750,511)</u>	<u>508,869</u>	<u>(114,293)</u>	<u>(74,626)</u>	<u>(430,561)</u>
Net change in fund balances	3,160,069	-	773,516	22,043	3,955,628
Fund balances, beginning of year	13,455,502	-	561,367	28,493	14,045,362
Prior period adjustment	122,432	-	-	-	122,432
Fund balances, end of year	<u>\$ 16,738,003</u>	<u>\$ -</u>	<u>\$ 1,334,883</u>	<u>\$ 50,536</u>	<u>\$ 18,123,422</u>

The accompanying notes are an integral part of the financial statements.

**CITY OF WILLIAMS, ARIZONA**  
**Reconciliation of the Statement of Revenues,**  
**Expenditures and Changes in Fund Balances of Governmental Funds**  
**To the Statement of Activities**  
**For the Fiscal Year Ended June 30, 2022**

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

Net change in fund balances - total governmental funds	\$	3,955,628
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the difference between depreciation expense and capital outlays in the current period.

Capital outlay	\$	729,415	
Depreciation expense		(1,698,887)	
			(969,472)

The issuance of long-term debt (e.g., bonds, notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The net effect of these differences in the treatment of long-term debt and related items is as follows:

Amortization of bond premium	1,478	
Deferred charge on refunding	(10,883)	
Repayment of long-term debt principal	422,866	
		413,461

Revenues that do not provide current financial resources are not reported as revenues in the funds. This represents the change in unearned revenues for property taxes and assessments receivable that have previously been deferred in the funds.	(4,261)
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Compensated absences expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	126,207
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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 net pension liability is measured a year before the City's report date. Pension/OPEB expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the Statement of Activities.

Pension/OPEB contributions	467,282	
Pension/OPEB expense	(112,139)	
		355,143

Change in net position of governmental activities	\$	3,876,706
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The accompanying notes are an integral part of the financial statements.



**CITY OF WILLIAMS, ARIZONA**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2022**

	Electric Fund	Water & Sewer Fund	Sanitation Fund	Non-major Golf Course Fund	Total
<b>Assets</b>					
Current Assets:					
Cash	\$ 7,810	\$ -	\$ 237,924	\$ 799,997	\$ 1,045,731
Receivables (net of allowance)	490,640	452,918	98,134	8,412	1,050,104
Due from other governments	-	3,987,381	-	-	3,987,381
Due from other funds	2,627,305	-	99,483	-	2,726,788
Prepaid Expenses	10,843	4,119	-	-	14,962
Total Current Assets	<u>3,136,598</u>	<u>4,444,418</u>	<u>435,541</u>	<u>808,409</u>	<u>8,824,966</u>
Restricted cash	956,620	2,274,473	2,613	7,592	3,241,298
Net OPEB asset	-	6,627	9,871	8,512	25,010
Land and improvements	100,000	-	-	-	100,000
Buildings and improvements	-	4,068,279	81,297	98,804	4,248,380
System and other improvements	9,287,112	45,631,690	104,983	2,277,690	57,301,475
Furniture, equipment and vehicles	-	1,415,736	1,812,526	1,004,360	4,232,622
Construction in progress	-	13,904,598	-	-	13,904,598
Accumulated depreciation	<u>(4,176,895)</u>	<u>(21,365,678)</u>	<u>(1,494,566)</u>	<u>(1,600,484)</u>	<u>(28,637,623)</u>
Total Noncurrent Assets	<u>6,166,837</u>	<u>45,935,725</u>	<u>516,724</u>	<u>1,796,474</u>	<u>54,415,760</u>
Total Assets	<u>9,303,435</u>	<u>50,380,143</u>	<u>952,265</u>	<u>2,604,883</u>	<u>63,240,726</u>
<b>Deferred Outflows of Resources</b>					
Deferred outflows related to pensions/OPEB	-	48,462	72,192	62,249	182,903
Deferred charge on refunding	-	18,138	-	-	18,138
Total Deferred Outflows of Resources	<u>-</u>	<u>66,600</u>	<u>72,192</u>	<u>62,249</u>	<u>201,041</u>
<b>Liabilities</b>					
Current Liabilities:					
Accounts payable	426,724	551,800	46,899	23,734	1,049,157
Accrued liabilities	-	2,857	4,157	4,354	11,368
Retainage payable	-	954,006	-	-	954,006
Unearned revenue	-	750	-	-	750
Customer deposits	56,006	157,170	10,352	-	223,528
Due to other funds	-	2,726,788	-	-	2,726,788
Current portion, compensated absences	-	5,491	7,719	10,244	23,454
Current portion, long-term debt	-	2,037,954	99,261	87,215	2,224,430
Total Current Liabilities	<u>482,730</u>	<u>6,436,816</u>	<u>168,388</u>	<u>125,547</u>	<u>7,213,481</u>
Long-Term Liabilities (net of current portion):					
Compensated absences	-	969	1,362	1,808	4,139
Revenue bonds payable	-	977,427	-	-	977,427
Loans payable	-	18,440,953	21,353	44,797	18,507,103
Net pension/OPEB liability	-	182,195	271,407	234,026	687,628
Total Long-Term Liabilities	<u>-</u>	<u>19,601,544</u>	<u>294,122</u>	<u>280,631</u>	<u>20,176,297</u>
Total Liabilities	<u>482,730</u>	<u>26,038,360</u>	<u>462,510</u>	<u>406,178</u>	<u>27,389,778</u>
<b>Deferred Inflows of Resources</b>					
Deferred inflows related to pensions/OPEB	-	82,758	123,282	106,302	312,342
Total Deferred Inflows of Resources	<u>-</u>	<u>82,758</u>	<u>123,282</u>	<u>106,302</u>	<u>312,342</u>
<b>Net Position</b>					
Net investment in capital assets	5,210,217	21,244,285	383,626	1,648,358	28,486,486
Restricted	-	2,117,303	-	-	2,117,303
Unrestricted (deficit)	<u>3,610,488</u>	<u>964,037</u>	<u>55,039</u>	<u>506,294</u>	<u>5,135,858</u>
Total Net Position (deficit)	<u>\$ 8,820,705</u>	<u>\$ 24,325,625</u>	<u>\$ 438,665</u>	<u>\$ 2,154,652</u>	<u>\$ 35,739,647</u>

The accompanying notes are an integral part of the financial statements.

**CITY OF WILLIAMS, ARIZONA**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2022**

	Electric Fund	Water & Sewer Fund	Sanitation Fund	Non-major Golf Course Fund	Total
<b>Operating Revenues</b>					
Charges for services	\$ 5,477,919	\$ 4,184,729	\$ 1,179,448	\$ 1,050,382	\$ 11,892,478
Other revenues	107,958	2,178	230	-	110,366
Total Operating Revenues	5,585,877	4,186,907	1,179,678	1,050,382	12,002,844
<b>Operating Expenses</b>					
Salaries, wages and benefits	-	238,465	406,105	407,691	1,052,261
Office expenses and travel	3,475	70,999	75,333	41,382	191,189
Repairs and maintenance	1,177,668	529,629	9,811	90,690	1,807,798
Utilities	-	448,518	5,884	56,218	510,620
Legal and professional fees	122,122	457,677	3,484	24,337	607,620
Contract services	190,836	-	-	-	190,836
Miscellaneous	-	41,368	11,038	166	52,572
Purchase power	3,545,250	14,165	-	-	3,559,415
Supplies	-	189,842	58,722	34,718	283,282
Resident and tipping fees	-	-	277,929	-	277,929
Depreciation/amortization	276,035	1,404,997	76,100	119,266	1,876,398
Total Operating Expenses	5,315,386	3,395,660	924,406	774,468	10,409,920
Operating Income (Loss)	270,491	791,247	255,272	275,914	1,592,924
<b>Non-operating Revenues (Expenses)</b>					
Interest income	3,325	7,586	7	19	10,937
Interest expense and fiscal charges	-	(428,985)	(5,409)	(4,730)	(439,124)
Capital grants	-	298,134	-	-	298,134
Change in value	(5,230)	(63,298)	-	-	(68,528)
Total Non-Operating Revenue (Expense)	(1,905)	(186,563)	(5,402)	(4,711)	(198,581)
<b>Net Income (Loss) before contributions and transfers</b>	268,586	604,684	249,870	271,203	1,394,343
Transfers in	-	430,561	-	-	430,561
<b>Net Income (Loss)</b>	268,586	1,035,245	249,870	271,203	1,824,904
Total net position (deficit), beginning of year	8,552,119	23,290,380	188,795	1,883,449	33,914,743
<b>Total net position (deficit), end of year</b>	<u>\$ 8,820,705</u>	<u>\$ 24,325,625</u>	<u>\$ 438,665</u>	<u>\$ 2,154,652</u>	<u>\$ 35,739,647</u>

The accompanying notes are an integral part of the financial statements.

**CITY OF WILLIAMS, ARIZONA**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2022**

	Electric Fund	Water & Sewer Fund	Sanitation Fund	Non-major Golf Course Fund	Total
<b>Cash Flows From Operating Activities:</b>					
Cash received from customers, service fees	\$ 5,580,906	\$ 2,570,078	\$ 1,207,632	\$ 1,099,224	\$ 10,457,840
Cash received from customers, other	107,958	2,928	230	-	111,116
Cash paid to suppliers	(5,081,288)	(2,242,863)	(472,740)	(271,878)	(8,068,769)
Cash paid to employees	-	(250,112)	(437,223)	(421,070)	(1,108,405)
Net cash flows from operating activities	607,576	80,031	297,899	406,276	1,391,782
<b>Cash Flows From Noncapital Financing Activities:</b>					
Proceeds/Payments from other funds	-	2,726,788	-	-	2,726,788
Proceeds/Payments to other funds	(2,627,305)	-	(99,483)	-	(2,726,788)
Transfers in	-	430,561	-	-	430,561
Net cash flows from noncapital financing activities	(2,627,305)	3,157,349	(99,483)	-	430,561
<b>Cash Flows From Capital and Related Financing Activities:</b>					
Purchase of capital assets	-	(6,600,095)	-	(56,836)	(6,656,931)
Principal paid on long-term debt	-	(1,983,520)	(86,314)	(63,383)	(2,133,217)
Interest paid	-	(425,358)	(5,409)	(4,730)	(435,497)
Capital contributions and grants	-	298,134	-	-	298,134
Proceeds from issuance of debt	-	5,465,724	-	-	5,465,724
Net cash flows from capital and related financing activities	-	(3,245,115)	(91,723)	(124,949)	(3,461,787)
<b>Cash Flows From Investing Activities:</b>					
Change in value of investments	(5,230)	(63,298)	-	-	(68,528)
Interest on investments	3,325	7,586	7	19	10,937
Net cash flows from investing activities	(1,905)	(55,712)	7	19	(57,591)
Net change in Cash and Cash Equivalents	(2,021,634)	(63,447)	106,700	281,346	(1,697,035)
Cash and cash equivalents, including restricted cash, beginning of year	2,986,064	2,337,920	133,837	526,243	5,984,064
<b>Cash and cash equivalents, including restricted cash, end of year</b>	<u>\$ 964,430</u>	<u>\$ 2,274,473</u>	<u>\$ 240,537</u>	<u>\$ 807,589</u>	<u>\$ 4,287,029</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:					
Net Operating Income/(Loss)	\$ 270,491	\$ 791,247	\$ 255,272	\$ 275,914	\$ 1,592,924
Adjustments to reconcile net income/(loss) to net cash provided by operating activities:					
Depreciation/amortization	276,035	1,404,998	76,100	119,266	1,876,399
Net pension/OPEB expense	-	(9,194)	(2,463)	17,726	6,069
Changes in operating assets and liabilities:					
(Increase)/Decrease in receivables	102,987	(1,624,951)	22,159	48,842	(1,450,963)
Increase/(Decrease) in prepaids	(998)	3,133	-	-	2,135
Increase/(Decrease) in accounts payable	(40,939)	(493,799)	(30,539)	(24,367)	(589,644)
Increase/(Decrease) in accrued liabilities	-	(2,453)	(28,655)	(31,105)	(62,213)
Increase/(Decrease) in unearned revenue	-	750	-	-	750
Increase/(Decrease) in deposits	-	10,300	6,025	-	16,325
Net cash provided (used) by operating activities	<u>\$ 607,576</u>	<u>\$ 80,031</u>	<u>\$ 297,899</u>	<u>\$ 406,276</u>	<u>\$ 1,391,782</u>
<b>Supplemental Schedule of Non-cash Financing and Investing Activities:</b>					
Acquisition of property and equipment on account	\$ -	\$ 954,006	\$ -	\$ -	\$ 954,006
(Acquisition of property and equipment on account \$954,006 when combined with cash purchases totals \$7,554,101 for the year ended June 30, 2022.)					

The accompanying notes are an integral part of the financial statements.

**CITY OF WILLIAMS, ARIZONA**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2022**

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	Volunteer Firefighters' Relief and Pension
<b>ASSETS</b>	
Cash and cash equivalents	\$ 736,274
Total Assets	<u>736,274</u>
<b>LIABILITIES</b>	
Total liabilities	<u>-</u>
<b>NET POSITION</b>	
Held in trust for pension benefits and other purposes	<u>\$ 736,274</u>

The accompanying notes are an integral part of the financial statements.

**CITY OF WILLIAMS, ARIZONA**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**For the Fiscal Year Ended June 30, 2022**

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	Volunteer Firefighters' Relief and Pension
<b>ADDITIONS:</b>	
Contributions:	
Other	\$ 13,892
Plan Member	20,689
Total Contributions	<u>34,581</u>
Investment Income:	
Net Appreciation (Depreciation) in Fair Value of Investments	(170,300)
Interest Earnings (Loss)	<u>27,488</u>
Net Investment Income	<u>(142,812)</u>
Total Additions	<u>(108,231)</u>
<b>DEDUCTIONS:</b>	
Benefits	7,890
Service, Supplies and Other	<u>11,716</u>
Total Deductions	<u>19,606</u>
Net Increase (Decrease)	(127,837)
Net Position Held in Trust for Pension Benefits and Other Purposes	
Beginning of Year	<u>864,111</u>
End of Year	<u><u>\$ 736,274</u></u>

The accompanying notes are an integral part of the financial statements.

**CITY OF WILLIAMS, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2022**

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**NOTE 1. Summary of Significant Accounting Policies**

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**Description of Government-Wide Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the *primary government* is reported separately from certain legally separate component units for which the primary government is financially accountable.

**Reporting Entity**

The City of Williams, Arizona (the City) is a municipal corporation governed by an elected mayor and council. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

**Blended Component Unit:** The City of Williams Municipal Development Authority, Inc.'s (MDA) board of directors consists of three members which are appointed by the Williams City Council. The MDA, which is a nonprofit corporation incorporated under the laws of the State of Arizona, was formed for the sole purpose of assisting the City in obtaining financing for various projects of the city. The City currently has no financing through the MDA that it is liable for. All related receivables and payables between the City and the MDA have been eliminated.

**Discretely Presented Component Unit:** The Williams Housing Authority is a public benefit corporation created by the City to provide subsidized public housing in accordance with federal legislation. The mayor and council appoint members of the governing board for staggered terms; they, in turn, elect a chairman. The governing board employs executives; authorizes contracts of subsidy with the U.S. Department of Housing and Urban Development pursuant to the latter agency's regulations and statutory authorizations; and causes the corporation to construct, own, and operate public housing facilities within the boundaries of the City. The financial liability of the housing authority is essentially supported by the operating and debt service subsidies received under contract from the federal government, although services or cash subsidies may be, and from time to time are, received from the City as well. For the fiscal year ended June 30, 2022, the housing authority was not audited. The unaudited information is included in these financial statements.

Separate, complete financial statements for each of the City's component units are not prepared.

**CITY OF WILLIAMS, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2022**

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**NOTE 1.      Summary of Significant Accounting Policies (Continued)**

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**Basis of Presentation – Government-Wide Financial Statements**

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As discussed earlier, the City has one discretely presented component unit. While the Williams Housing Authority is not considered to be a major component unit, it is nevertheless shown in a separate column in the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

**Basis of Presentation – Fund Financial Statements**

The fund financial statements provide information about the City's funds, including its fiduciary funds and blended component units. Separate statements for each fund category—governmental, proprietary, and fiduciary—are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

The **General Fund** is the government'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 **Debt Service Fund** accounts for the servicing of general long-term debt not being financed by proprietary or nonexpendable trust funds.

The **Highway User Revenue Special Revenue Fund** is used to account for the City's share of motor fuel tax revenues and lottery proceeds which are restricted for the maintaining, repairing, and upgrading of streets.

The City reports the following major proprietary funds:

The **Electric Utilities Fund** is used to account for the provision of electricity to the residents of the City.

The **Water & Sewer Fund** is used to account for the provision of water & sewer services to the residents of the City.

**CITY OF WILLIAMS, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2022**

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**NOTE 1. Summary of Significant Accounting Policies (Continued)**

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The **Sanitation Fund** is used to account for the provision of sanitation services to the residents of the City.

Additionally, the City reports the following fund types:

The **Pension Trust Fund** accounts for the activities of the Public Safety Employees Retirement System, which accumulates resources for pension benefit payments to qualified public safety employees.

During the course of operations the City has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column.

**Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated



**CITY OF WILLIAMS, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2022**

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**NOTE 1.      Summary of Significant Accounting Policies (Continued)**

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absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, state shared revenues, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the government.

The proprietary and pension trust funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*.

**Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance**

***Deposits and Investments***

The City's cash and cash equivalents are considered to be cash-on-hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition for purposes of this note and the statement of cash flows.

***Receivables and Payables***

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to" or "due from other funds." All trade accounts receivable in the enterprise funds are shown net of an allowance for uncollectible accounts. Due to the nature of the accounts receivable in governmental type activities, management does not consider an allowance for uncollectible accounts receivable necessary or material. Therefore, no allowance for uncollectible accounts receivable is presented.

***Inventories and Prepaid Items***

Inventories are valued at the lower of cost or market. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased. Inventories of the business type activities are deemed immaterial and are not recorded.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

**CITY OF WILLIAMS, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2022**

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**NOTE 1.      Summary of Significant Accounting Policies (Continued)**

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***Capital Assets***

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activity columns in the government-wide financial statements. Capital assets are defined by the City as assets with an individual cost of more than \$5,000 and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Depreciation is computed using the straight-line method over estimated useful lives of the assets as follows:

Buildings	25-50 years
Improvements	10-20 years
Equipment	3-10 years
Water and sewer lines	20-40 years
Distribution system	50 years

***Deferred Outflows/Inflows of Resources***

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The City has two types of items that qualify for reporting in this category. The first item is a deferred charge on refunding that is reported on the government-wide statements. The second item is pension related items reported on the government-wide financial statements. See footnote 14 for more information.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has three types of items that qualify for reporting in this category. The first type will arise only under a modified accrual basis of accounting. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source: property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The second item is related to lease receivables and is included in the government-wide and governmental fund statements. The third item is pension related items which are reported on the government-wide financial statements. See footnote 14 for more information.

**CITY OF WILLIAMS, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2022**

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**NOTE 1.      Summary of Significant Accounting Policies (Continued)**

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***Pensions***

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the pension plan's fiduciary net position of the Arizona State Retirement System (ASRS) and Public Safety Personnel Retirement System (PSPRS) and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by ASRS and PSPRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

***Net Position Flow Assumption***

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

***Fund Balance Flow Assumption***

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

**CITY OF WILLIAMS, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2022**

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**NOTE 1.      Summary of Significant Accounting Policies (Continued)**

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***Fund Balance Policies***

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City's highest level of decision-making authority. The City council is the highest level of decision-making authority for the City that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. The City Manager is authorized to assign amounts to a specific purpose in accordance with the City's budget policy. The council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

***Leases***

Lessee: The City recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The City recognizes lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.

**CITY OF WILLIAMS, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2022**

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**NOTE 1.      Summary of Significant Accounting Policies (Continued)**

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- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Lessor: The City is a lessor for noncancellable leases of land and buildings. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements. At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term.

Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The City uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

**Revenues and Expenditures/Expenses**

***Program Revenues***

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

**CITY OF WILLIAMS, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2022**

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**NOTE 1.      Summary of Significant Accounting Policies (Continued)**

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***Property Taxes***

Property tax revenues are recognized as revenues in the year collected or if collected within 60 days thereafter unless they are prepaid.

The County levies real property taxes on or before the third Monday in August, which 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. The County also levies various personal property taxes during the year, which are due the second Monday of the month following receipt of the tax notice and become delinquent 30 days thereafter. A lien against real and personal property assessed attaches on the first day of January preceding the assessment and levy thereof.

***Compensated Absences***

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation is accrued when incurred in the government-wide and proprietary fund financial statements. For governmental funds amounts of accumulated vacation and compensatory time that are not expected to be liquidated with expendable available financial resources are reported as liabilities in the government-wide statement of net position and as expenses in the government-wide statement of activities. No expenditures are reported for these amounts in the fund financial statements. Unused sick pay is reported as a liability in governmental funds only if they have matured, for example, as a result of employee resignation and retirements. Sick pay amounts are charged as wages when used. Annually, employees with over 10 years of service with the City and over 960 hours of accumulated sick pay are paid out one hour for every three hours over 960. If an employee with over 10 years of service separates from service with the City they are paid out one-third of any unused sick leave.

***Proprietary Funds Operating and Nonoperating Revenues and Expenses***

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

***Use of Estimates***

Generally accepted accounting principles require management to make estimates and assumptions that affect assets and liabilities, contingent assets and liabilities, and revenues and expenditures. Actual results could differ from those estimates.

**CITY OF WILLIAMS, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2022**

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**NOTE 1.      Summary of Significant Accounting Policies (Continued)**

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**Encumbrances**

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed by the City throughout the year; however, all encumbrances and/or appropriations lapse at fiscal year-end.

**New Pronouncements**

For the year ended June 30, 2022, the City implemented the provisions of GASB Statement No. 87, *Leases*. GASB Statement No. 87 improves accounting and financial reporting for leases by governments. This Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The Statement also establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Implementation of this new statement resulted in a restatement of beginning net position in the government-wide financial statements and governmental fund financial statements (see Note 15).

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**NOTE 2.      Reconciliation of Government-Wide and Fund Financial Statements**

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The governmental fund balance sheet includes a reconciliation between total governmental fund balances and net position of governmental activities as reported in the government-wide statement of net position. These differences primarily result from the long-term economic focus of the statement of net position versus the current financial resources focus of the governmental fund balance sheets. The details of these differences are reported in the reconciliation on page 17.

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances-total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. These differences are the result of converting from the current resources measurement focus and modified accrual basis for governmental fund statements to the economic resources measurement focus and full accrual basis used for government-wide statements. The details of these differences are reported in the reconciliation on page 19.

**CITY OF WILLIAMS, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2022**

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**NOTE 3. Stewardship, Compliance and Accountability**

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**Budgets and Budgetary Accounting**

Annual budgets are adopted on a basis consistent with GAAP for all governmental funds. Budgeted amounts are as originally adopted, or as amended by the City Council to June 30, 2022. There were amendments made to the original appropriations during the current fiscal year.

Budgetary Process: State law requires that on or before the third Monday in July of each fiscal year, the City council must adopt a tentative budget. Once this tentative budget has been adopted, the expenditures may not be increased upon final adoption, however, they may be decreased. Actually, with the adoption of the tentative budget, the council has set its maximum “limits” for expenditure, but these limits may be reduced upon final adoption.

The expenditure limitation for the City is legally enacted through passage of an ordinance. To ensure compliance with the State imposed expenditure limitation, a separate uniform expenditure report must be filed with the State each year. Expenditures may not legally exceed the expenditure limitation of all fund types as a whole. The City complied with this law during the current fiscal year.

For management purposes, the City adopts a budget by function and activity for each individual fund. The adopted budget can be amended as long as the total budgeted expenditures of all funds does not increase. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the department level in the General Fund and at the individual fund level for the Special Revenue, Debt Service and Capital Projects funds. The City Manager, subject to City Council approval, may at any time transfer any unencumbered appropriation balance or portion thereof between a department or activity. The adopted budget cannot be amended in any way without Council approval.

Final Budget Adoption: State law specifies that exactly seven days prior to the day the property tax levy is adopted, the City council must adopt the final budget for the fiscal year. The date in State law for adoption of the tax levy is on or before the third Monday in August. The adopted budget then becomes the amount proposed for expenditure in the upcoming fiscal year. The adoption of the final budget may take place through a simple motion approved by the council.

**Expenditures over Appropriations**

Expenditures may not legally exceed budgeted appropriations at the department level. The Statement of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual reports as listed in the table of contents present all of the departments which incurred an excess of expenditures/expenses over appropriations for the year ended June 30, 2022, if any.



**CITY OF WILLIAMS, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2022**

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**NOTE 4. Deposits and Investments**

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A reconciliation of cash and investments as shown on the Statement of Net Position is as follows:

Cash and cash equivalents	\$ 17,646,487
Restricted cash and cash equivalents	3,258,856
Agency fund monies	<u>736,274</u>
	<u><u>\$ 21,641,617</u></u>

**Deposits**

*Custodial Credit Risk*

For deposits this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The City does not have a formal policy for custodial credit risk. At June 30, 2022 cash on hand was \$1,250 and the carrying amount of the City's deposits was \$745,749. As of June 30, 2022 none of the bank balance of \$3,283,395 was exposed to custodial credit risk because it was uninsured and uncollateralized.

**Investments**

**Investment Fund**

The Arizona State Treasurer's Office operates the Local Government Investment Pool (LGIP). The LGIP is available for investment of funds administered by any Arizona Public Treasurer.

The LGIP is not registered with the SEC as an investment company. Deposits in the LGIP are not insured or otherwise guaranteed by the State of Arizona, and participants share proportionally in any realized gain or losses on investments.

The provisions of State law (A.R.S. 35-323) govern the investment of funds in excess of \$100,000. A.R.S. 35-323 allows for investment in certificates of deposit, interest bearing savings accounts, repurchase agreements with a maximum maturity of 180 days, pooled investment funds established by the State Treasurer, obligations guaranteed by the United States, bonds of the State of Arizona or other local municipalities, commercial paper of prime quality that is rated "P1" by Moody's investors or "A1" by Standard and Poor's rating service, and bonds, debentures or notes that are issued by corporations organized and doing business in the United States subject to certain restrictions. For investments of less than \$100,000, procedures as specified by local ordinance or resolution must be followed.

**CITY OF WILLIAMS, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2022**

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**NOTE 4. Deposits and Investments (Continued)**

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As of June 30, 2022 the government had the following deposits and investments:

	Fair Value	Credit Rating (1)	Weighted Average Maturity (2)
<b>Deposits:</b>			
Cash on deposit	\$ 808,000	N/A	N/A
Cash on hand	1,250	N/A	N/A
<b>Investments:</b>			
Local Governments Investment Pool 5 *	17,497,708	AAAF/S1+	< 1 year
Local Governments Investment Pool 7 *	765,997	AAA	< 1 year
Certificates of Deposit	1,900,721	N/A	3.12 years
Mutual Funds	667,941	N/A	N/A
Total cash and investments	<u>\$ 21,641,616</u>		

\* The fair value of the City's position in each pool is the same as the value of the pool shares.

(1) Ratings are provided where applicable to indicate associated credit risk. N/A indicates not applicable.

(2) Interest rate risk is estimated using the weighted average days to maturity.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The City has the following recurring fair value measurements as of June 30, 2022:

- Local Government's Investment Pool is valued using quoted market prices (Level 1 inputs)
- Mutual Funds are valued using quoted market prices (Level 1 inputs)

**Interest rate risk**

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City's policy for managing its exposure to fair value loss arising from increasing interest rates is to comply with the provisions of State law (A.R.S. 35- 323) which requires that the City's investment portfolio maturities do not exceed five years from the time of purchase.

**CITY OF WILLIAMS, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2022**

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**NOTE 4. Deposits and Investments (Continued)**

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**Credit risk**

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City's policy for reducing its exposure to credit risk is to comply with State law (A.R.S. 35-323) which limits investment in commercial paper and corporate bonds to the top ratings issued by nationally recognized statistical rating organizations such as Standard & Poor's and Moody's Investor Services.

**Housing Authority**

Cash and investments of the Housing Authority at June 30, 2022 consist of the following:

	Fair Value	Credit Rating (1)	Weighted Average Maturity (2)
<b>Deposits:</b>			
Cash on deposit	\$ 97,017	N/A	N/A
Certificates of deposit	62,417	N/A	< 1 year
Total	<u>\$ 159,433</u>		

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**NOTE 5. Property Taxes Receivable**

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Property taxes receivable in the amount of \$23,672 in the general fund consist of collected and undistributed taxes and uncollected property taxes as determined from the records of the County Treasurer's office. Unavailable revenue of \$23,672 represents that portion of the property taxes receivable that have not been collected within 60 days after year end. Consequently, this amount has not been included in current year revenues.

**CITY OF WILLIAMS, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2022**

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**NOTE 6. Leases Receivable**

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During the fiscal year 2001, the City began leasing land for two cell towers to third parties. The lease is for thirty years and the City will receive monthly payments ranging from \$1,840 to \$2,963. The City recognized \$18,092 in lease revenue and \$7,735 in interest revenue during the current fiscal year related to these leases. As of June 30, 2022, the City's receivable for lease payments was \$252,679. Also, the City has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of June 30, 2022, the balance of the deferred inflow of resources was \$250,593.

During the fiscal year 2010, the City began leasing space in the visitor center to a third party. The lease is for ten years and the City will receive monthly payments in the amount of \$528 with annual CPI adjustments. The City recognized \$5,822 in lease revenue and \$822 in interest revenue during the current fiscal year related to the lease. As of June 30, 2022, the City's receivable for lease payments was \$44,601. Also, the City has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of June 30, 2022, the balance of the deferred inflow of resources was \$43,664.

During the fiscal year 2020, the City began leasing a building to a third party. The lease is for eight years and the City will receive monthly payments in the amount of \$16,313 with annual CPI adjustments. The City recognized \$182,844 in lease revenue and \$19,588 in interest revenue during the current fiscal year related to the lease. As of June 30, 2022, the City's receivable for lease payments was \$1,042,131. Also, the City has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of June 30, 2022, the balance of the deferred inflow of resources was \$1,030,881.

During the fiscal year 2021, the City began leasing land to a third party. The lease is for five years and the City will receive semi-annual payments in the amount of \$27,500. The City recognized \$53,087 in lease revenue and \$3,679 in interest revenue during the current fiscal year related to the lease. As of June 30, 2022, the City's receivable for lease payments was \$186,955. Also, the City has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of June 30, 2022, the balance of the deferred inflow of resources was \$185,804.

**CITY OF WILLIAMS, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2022**

**NOTE 7. Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2022 was as follows:

	Balance 6/30/2021	Additions	Deletions	Transfers	Balance 6/30/2022
<b>Governmental Activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 330,932	\$ -	\$ -	\$ -	\$ 330,932
Construction in progress	53,217	83,968	-	(66,685)	70,500
Total capital assets not being depreciated	384,149	83,968	-	(66,685)	401,432
Capital assets, being depreciated:					
Land Improvements	21,054,812	49,000	-	21,093	21,124,905
Buildings and Improvements	8,995,140	-	-	-	8,995,140
Infrastructure	35,957,539	-	-	-	35,957,539
Furniture, Equipment, Vehicles	6,990,710	596,447	(102,635)	45,592	7,530,114
Total capital assets being depreciated	72,998,201	645,447	(102,635)	66,685	73,607,698
Less accumulated depreciation for:					
Land Improvements	(15,562,371)	(596,569)	-	-	(16,158,940)
Buildings and Improvements	(4,159,740)	(254,208)	-	-	(4,413,948)
Infrastructure	(31,033,170)	(447,602)	-	-	(31,480,772)
Furniture, Equipment, Vehicles	(5,477,227)	(400,508)	102,635	-	(5,775,100)
Total accumulated depreciation	(56,232,508)	(1,698,887)	102,635	-	(57,828,760)
Total capital assets being depreciated, net	16,765,693	(1,053,440)	-	66,685	15,778,938
Governmental activities capital assets, net	\$ 17,149,842	\$ (969,472)	\$ -	\$ -	\$ 16,180,370

Depreciation expense was charged to the functions/programs of the City as follows:

<b>Governmental Activities:</b>	
General government	\$ 766,990
Public safety	177,517
Highways and streets	618,088
Culture and recreation	131,874
Health and welfare	4,418
Total depreciation expense - governmental activities	\$ 1,698,887

**CITY OF WILLIAMS, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2022**

**NOTE 7. Capital Assets (Continued)**

Capital asset activity for the fiscal year ended June 30, 2022 was as follows:

<b>Business Type Activities:</b>	<b>Balance 6/30/2021</b>	<b>Additions</b>	<b>Deletions</b>	<b>Transfers</b>	<b>Balance 6/30/2022</b>
Capital assets, not being depreciated:					
Land and Improvements	\$ 100,000	\$ -	\$ -	\$ -	\$ 100,000
Construction in Progress	8,175,414	7,406,120	-	(1,676,936)	13,904,598
Total capital assets not being depreciated	<u>8,275,414</u>	<u>7,406,120</u>	<u>-</u>	<u>(1,676,936)</u>	<u>14,004,598</u>
Capital assets, being depreciated:					
Buildings and Improvements	4,248,380	-	-	-	4,248,380
System and Other Improvements	55,524,746	127,382	-	1,649,347	57,301,475
Furniture, Equipment, Vehicles	4,127,597	77,436	-	27,589	4,232,622
Total capital assets being depreciated	<u>63,900,723</u>	<u>204,818</u>	<u>-</u>	<u>1,676,936</u>	<u>65,782,477</u>
Less accumulated depreciation for:					
Buildings and Improvements	(1,617,009)	(98,239)	-	-	(1,715,248)
System and Other Improvements	(22,203,875)	(1,577,902)	-	-	(23,781,777)
Furniture, Equipment, Vehicles	(2,940,339)	(200,259)	-	-	(3,140,598)
Total accumulated depreciation	<u>(26,761,223)</u>	<u>(1,876,400)</u>	<u>-</u>	<u>-</u>	<u>(28,637,623)</u>
Total capital assets being depreciated, net	<u>37,139,500</u>	<u>(1,671,582)</u>	<u>-</u>	<u>1,676,936</u>	<u>37,144,854</u>
Business-type activities capital assets, net	<u>\$ 45,414,914</u>	<u>\$ 5,734,538</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 51,149,452</u>

**Depreciation expense was charged to the functions/programs of the City as follows:**

<b>Business Type Activities:</b>	
Electric	\$ 276,035
Water & sewer	1,404,997
Golf course	119,268
Sanitation	76,100
Total depreciation expense - business activities	<u>\$ 1,876,400</u>

**CITY OF WILLIAMS, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2022**

**NOTE 7. Capital Assets (Continued)**

**Component Unit, Housing Authority Activities (unaudited):**

	<b>Balance 6/30/2021</b>	<b>Additions</b>	<b>Deletions</b>	<b>Transfers</b>	<b>Balance 6/30/2022</b>
Capital assets, not being depreciated:					
Land and Improvements	\$ 481,979	\$ -	\$ -	\$ -	\$ 481,979
Total capital assets not being depreciated	<u>481,979</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>481,979</u>
Capital assets, being depreciated:					
Buildings and Improvements	1,921,103	-	-	-	1,921,103
Other Improvements	212,107	-	-	-	212,107
Furniture, Equipment, Vehicles	139,514	1,098	-	-	140,612
Total capital assets being depreciated	<u>2,272,724</u>	<u>1,098</u>	<u>-</u>	<u>-</u>	<u>2,273,822</u>
Less accumulated depreciation for:					
Buildings and Improvements	(1,355,268)	(44,135)	-	-	(1,399,403)
Other Improvements	(208,679)	(3,097)	-	-	(211,776)
Furniture, Equipment, Vehicles	(134,450)	(1,497)	-	-	(135,947)
Total accumulated depreciation	<u>(1,698,397)</u>	<u>(48,729)</u>	<u>-</u>	<u>-</u>	<u>(1,747,126)</u>
Total capital assets being depreciated, net	<u>574,327</u>	<u>(47,631)</u>	<u>-</u>	<u>-</u>	<u>526,696</u>
Component Unit activities capital assets, net	<u>\$ 1,056,306</u>	<u>\$ (47,631)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,008,675</u>

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**CITY OF WILLIAMS, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2022**

**NOTE 8. Long-Term Liabilities**

The City has several obligations with payment dates on July 1 of each year. It is the City's policy to provide payment for these obligations on or before June 30 of each year. Thus, these early debt service payments have been recognized as expenditures and related reductions in liabilities. The City plans to continue using the "early recognition" option in all future years.

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

	<b>Balance 6/30/2021</b>	<b>Additions</b>	<b>Retirements</b>	<b>Balance 6/30/2022</b>	<b>Current Portion</b>
<b>Governmental Activities:</b>					
Accrued Compensated Absences	\$ 239,025	\$ 59,101	\$ (185,308)	\$ 112,818	\$ 95,895
Net Pension/OPEB Liability	4,944,870	-	(1,685,166)	3,259,704	-
Total other long-term debt	5,183,895	59,101	(1,870,474)	3,372,522	95,895
<b>Revenue Bonds:</b>					
<b>Direct Placements</b>					
GADA Revenue Bonds, Series 2014	55,618	-	(12,861)	42,757	13,553
Pledged Revenue Bonds, Series 2017	2,061,488	-	(239,133)	1,822,355	243,620
Premium	7,381	-	(1,478)	5,903	1,479
Total Revenue Bonds	2,124,487	-	(253,472)	1,871,015	258,652
<b>Notes Payable:</b>					
<b>Direct Borrowings</b>					
ADOT Hangar Note	387,892	-	(21,604)	366,288	22,561
Notes Payable*	470,539	-	(149,268)	321,271	117,450
Total Notes Payable	858,431	-	(170,872)	687,559	140,011
Total Governmental Debt	\$ 8,166,813	\$ 59,101	\$ (2,294,818)	\$ 5,931,096	\$ 494,558

For governmental activities, claims and judgments and compensated absences are generally liquidated by the General Fund.



**CITY OF WILLIAMS, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2022**

**NOTE 8. Long-Term Liabilities (Continued)**

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

<b>Business-type Activities:</b>	<b>Balance 6/30/2021</b>	<b>Additions</b>	<b>Retirements</b>	<b>Balance 6/30/2022</b>	<b>Current Portion</b>
<b>Revenue Bonds:</b>					
<b>Direct Placements</b>					
GADA Revenue Bonds, Series 2014	\$ 744,382	\$ -	\$ (172,139)	\$ 572,243	\$ 181,448
Pledged Revenue Bonds, Series 2017	688,512	-	(79,867)	608,645	81,380
Premium	98,937	-	(19,785)	79,152	19,785
Total Revenue Bonds	1,531,831	-	(271,791)	1,260,040	282,613
<b>Notes Payable:</b>					
<b>Direct Borrowings</b>					
Water Infrastructure Finance Authority, 2005-2006 Loan	499,614	-	(93,683)	405,931	96,703
Water Infrastructure Finance Authority, 2005-2006 Loan	3,542,571	-	(456,207)	3,086,364	471,900
Water Infrastructure Finance Authority, 2008 Loan	3,802,076	-	(369,518)	3,432,558	381,759
Water Infrastructure Finance Authority, 2015 Loan	1,445,440	-	(96,875)	1,348,565	99,069
Water Infrastructure Finance Authority, 2016 Loan	351,642	-	(20,713)	330,929	21,074
Water Infrastructure Finance Authority, 2020 Water Tank Loan	2,093,587	40,057	(95,510)	2,038,134	97,195
Water Infrastructure Finance Authority, 2020 Dogtown Water Lines	4,707,369	5,423,900	(577,457)	9,553,812	587,641
Notes Payable*	402,323	-	(149,696)	252,627	186,476
Total Notes Payable	16,844,622	5,463,957	(1,859,659)	20,448,920	1,941,817
<b>Other long-term debt:</b>					
Accrued Compensated Absences	58,644	20,645	(51,696)	27,593	23,454
Net Pension Liability	948,375	-	(260,747)	687,628	-
Total other long-term debt	1,007,019	20,645	(312,443)	715,221	23,454
Total Business-type Long-Term Debt	\$ 19,383,472	\$ 5,484,602	\$ (2,443,893)	\$ 22,424,181	\$ 2,247,884

**CITY OF WILLIAMS, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2022**

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**NOTE 8. Long-Term Liabilities (Continued)**

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Bonds and other long-term obligations consist of the following at June 30, 2022:

**Revenue bonds from direct placements:**

Greater Arizona Development Authority Infrastructure Revenue Bonds, Series 2014A, due in semiannual principal and interest installments, bearing interest at 2% to 5%, maturing August 1, 2029. Used to refund Greater Arizona Development Authority Infrastructure Revenue Bonds Series 2003A	\$ 615,000
Pledged Revenue Refunding Obligations, Series 2017, due in semiannual principal and interest installments, bearing interest at 2.360%, maturing August 1, 2029. Used to partially refund Greater Arizona Development Authority Infrastructure Revenue Bonds, Series 2005B, Series 2008A, Series 2014A and Zions Bank 2010 loan.	<u>2,431,000</u>
Total bonds payable	\$ 3,046,000
Less current portion	<u>(520,001)</u>
Total Revenue Bonds net of current portion	<u><u>\$ 2,525,999</u></u>

\* The GADA, Series 2014 Revenue Bond was used by both the general government and the water and sewer enterprise fund and is allocated across the funds as follows:

Governmental Activities	\$ 42,757
Business-type Activities	<u>572,243</u>
Total GADA, Series 2014	<u><u>\$ 615,000</u></u>

\*\* The Pledged Revenue, Series 2017 Bond was used by both the general government and the water and sewer enterprise fund and is allocated across the funds as follows:

Governmental Activities	\$ 1,822,355
Business-type Activities	<u>608,645</u>
Total Pledged Revenue, Series 2017	<u><u>\$ 2,431,000</u></u>

**CITY OF WILLIAMS, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2022**

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**NOTE 8. Long-Term Liabilities (Continued)**

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Revenue bonds from direct placements debt service maturities are as follows:

Year Ended June 30,	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2023	\$ 257,173	\$ 47,485	\$ 304,658	\$ 262,828	\$ 74,337	\$ 337,165
2024	266,114	41,058	307,172	274,887	63,343	338,230
2025	270,570	34,544	305,114	285,428	53,728	339,156
2026	347,814	25,280	373,094	116,186	8,444	124,630
2027	358,309	17,071	375,380	119,691	5,703	125,394
2028-2032	365,132	25,686	390,818	121,868	2,878	124,746
Total	<u>\$1,865,112</u>	<u>\$ 191,124</u>	<u>\$ 2,056,236</u>	<u>\$ 1,180,888</u>	<u>\$ 208,433</u>	<u>\$ 1,389,321</u>

**Revenue Bonds**

The City has issued revenue bonds through the Greater Arizona Development Authority (GADA) for utility system improvements and governmental facilities and improvements. The bonds are secured by, and to be repaid from, the associated utility net revenue, excise taxes and state shared revenue. In the event of default for non-payment, state shared revenues may be diverted by the State Treasurer to make the debt payments.

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**CITY OF WILLIAMS, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2022**

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**NOTE 8. Long-Term Liabilities (Continued)**

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**Notes payable from direct borrowings:**

**Governmental activities:**

Arizona Department of Transportation note payable, issued in 2014, bearing interest at 4.36%, due in quarterly principal and interest installments, maturing October 1, 2034. \$ 366,288

Government Capital Corporation note payable, issued August 17, 2018, bearing interest at 3.81%, due in annual principal and interest installments, maturing August 8, 2023. Secured by equipment. 99,544

TCF Equipment Finance notes payable, issued in fiscal year 2018, bearing interest at 3.95%, due in monthly principal and interest installments, maturing in fiscal year 2023. Secured by equipment. 18,733

Caterpillar Financial Services Corporation note payable, issued in fiscal year 2018, bearing interest at 4.20%, due in monthly principal and interest installments, maturing November 1, 2024. Secured by equipment. 202,994

**Business-type activities:**

Water Infrastructure Finance Authority note payable, issued in fiscal year 2005-2006, bearing interest at 3.225% due in semiannual principal and interest installments, maturing July 1, 2026 405,931

Water Infrastructure Finance Authority note payable, issued in fiscal year 2005-2006, bearing interest at 3.140% due in semiannual principal and interest installments, maturing July 1, 2028 3,086,364

Water Infrastructure Finance Authority note payable, issued in fiscal year 2008, bearing interest at 3.312% due in semiannual principal and interest installments, maturing July 1, 2030 3,432,558

Water Infrastructure Finance Authority note payable, issued in fiscal year 2015, interest not to exceed 4.000% due in semiannual principal and interest installments, maturing July 1, 2035 1,348,565

**(Continued)**

**CITY OF WILLIAMS, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2022**

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**NOTE 8. Long-Term Liabilities (Continued)**

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Notes payable from direct borrowings debt service maturities are as follows:

Water Infrastructure Finance Authority note payable, issued in fiscal year 2016, bearing interest at 1.744% due in semiannual principal and interest installments, maturing July 1, 2036	330,929
Water Infrastructure Finance Authority note payable, issued in fiscal year 2021, bearing interest at 1.764% due in semiannual principal and interest installments, maturing July 1 ,2040. Total authorized note amount is \$15,000,000 of which \$1,532,500 is expected to be forgiven. As of June 30, 2021 the City had not drawn all available note funds.	9,553,812
Water Infrastructure Finance Authority note payable, issued in fiscal year 2021, bearing interest at 1.764% due in semiannual principal and interest installments, maturing July 1 ,2040. Total authorized note amount is \$3,000,000 of which \$772,500 is expected to be forgiven. As of June 30, 2021 the City had not drawn all available note funds.	2,038,134
Rush Truck Centers of Arizona, Inc. note payable, issued in fiscal year 2018, bearing interest at 2.92%, due in annual principal and interest installments, maturing August 1, 2022. Secured by equipment.	57,609
JP Morgan Chase note payable, issued October 1, 2018, bearing interest at 3.53%, due in quarterly principal and interest payments. Maturing October 1, 2023. Secured by equipment.	195,018
	<hr/>
Total notes payable	\$ 21,136,479
Less current portion	(2,081,828)
	<hr/>
Total notes payable net of current portion	<u>\$ 19,054,651</u>

**CITY OF WILLIAMS, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2022**

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**NOTE 8. Long-Term Liabilities (Continued)**

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Notes payable from direct borrowings debt service maturities are as follows:

Year Ended June 30,	Governmental Activities		Total	Business-Type Activities		Total
	Principal	Interest		Principal	Interest	
2023	\$ 140,011	\$ 27,869	\$ 167,880	\$ 1,941,817	\$ 478,467	\$ 2,420,284
2024	126,656	22,368	149,024	1,868,176	425,779	2,293,955
2025	125,332	15,167	140,499	1,850,055	376,862	2,226,917
2026	25,695	12,470	38,165	1,900,056	326,801	2,226,857
2027	26,834	11,331	38,165	1,840,486	276,570	2,117,056
2028-2032	153,098	37,728	190,826	6,520,807	761,203	7,282,010
2033-2037	89,933	5,479	95,412	4,141,794	230,414	4,372,208
2038-2042	-	-	-	385,729	28,224	413,953
Total	<u>\$ 687,559</u>	<u>\$ 132,412</u>	<u>\$ 819,971</u>	<u>\$ 20,448,920</u>	<u>\$ 2,904,320</u>	<u>\$ 23,353,240</u>

**Notes Payable**

The City received loans from the Water Infrastructure Financing Authority (WIFA) and Arizona Department of Transportation (ADOT) for water/sewer system improvements and airport facilities and improvements. The WIFA loans are secured by, and to be repaid from, the associated utility net revenue. In the event of default for non-payment, WIFA may take any action permitted or required under the law, including appointment of a receiver of the system. The ADOT loan is secured by, and to be repaid from, rental payments for the use of the T-Hangars and general revenues of the City. In the event that a deficiency exists in the rental income of the hangars to make the required debt payment, the City must provide resources to cover the shortfall. The City financed the purchase of various equipment through Rush Truck Centers and JP Morgan Chase. The loans are secured by the equipment.

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**CITY OF WILLIAMS, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2022**

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**NOTE 9. Interfund Receivables, Payables and Transfers**

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The composition of interfund receivables and payables balances as of June 30, 2022 follows:

	Due from Other Funds	Due to Other Funds
Enterprise Funds:		
Electric	\$ 2,627,305	\$ -
Water & Sewer	-	2,726,788
Sanitation	99,483	-
	<u>          </u>	<u>          </u>
Total	<u>\$ 2,726,788</u>	<u>\$ 2,726,788</u>

Interfund balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. Residual balances outstanding between the governmental activities and the business-type activities are netted and reported in the government-wide financial statement as internal balances. The interfund balances reflected above are intended to be repaid during the subsequent year except.

As of June 30, 2022 interfund transfers are as follows:

	<u>Transfers Out:</u>			
<u>Transfers In:</u>	<u>General Fund</u>	<u>Highway User</u>	<u>Non-major Funds</u>	<u>Total</u>
Debt Service	\$ 394,576	\$ 114,293	\$ -	\$ 508,869
Utility	355,935	-	74,626	430,561
	<u>\$ 750,511</u>	<u>\$ 114,293</u>	<u>\$ 74,626</u>	<u>\$ 939,430</u>

**CITY OF WILLIAMS, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2022**

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**NOTE 10.      Segment Information - Enterprise Funds**

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The City maintains four enterprise funds which account for the operation of the City's Electric System, Water & Sewer Utilities, Sanitation and Golf Course. Segment information for the fiscal year ended June 30, 2022 is not presented here since the information for all four funds is available in the basic financial statements.

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**NOTE 11.      Risk Management**

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The City is exposed to various risks of loss to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the City carries commercial insurance. The City is insured by Arizona State Workers Compensation Insurance Fund for potential job-related accidents. There were no significant reductions in insurance coverage from the previous year and the amount of settlements did not exceed insurance coverage for each of the past three fiscal years.

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**NOTE 12.      Closure and Postclosure Care Costs**

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The City currently contracts with Waste Management, Inc. for landfill services; thus, there are no liabilities for landfill closure and postclosure care costs.

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**NOTE 13.      Contingent Liabilities**

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Sick leave benefits provide for ordinary sick pay and are cumulative but do not vest with employees until ten years of service has been completed; therefore, this portion is not accrued.

The City is contingently liable with respect to lawsuits and other claims incidental to the ordinary course of its operations. In the opinion of the City Management, based on the advice of the City Attorney with respect to such litigation, such matters will not have a material adverse effect on the City's financial position at June 30, 2022.



**CITY OF WILLIAMS, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2022**

**NOTE 14. Pensions and Other Postemployment Benefits**

The City contributes to the plans described below. The plans are component units of the State of Arizona. At June 30, 2022, the City 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	ASRS	PSPRS	Combined Total	Governmental Activities	Business-Type Activities*
Net pension/OPEB asset	\$ 114,250	\$ 56,280	\$ 170,530	\$ 142,870	\$ 27,672
Net pension/OPEB liabilities	3,141,286	878,923	4,020,209	3,259,704	760,505
Deferred outflows of resources	835,558	262,720	1,098,278	895,986	202,292
Deferred inflows of resources	1,426,877	426,563	1,853,440	1,507,985	345,455
Pension/OPEB (income)/expense	(236,100)	(125,937)	(362,037)	(353,337)	(8,700)

\*Includes component unit

The City's accrued payroll and employee benefits includes \$382 of outstanding pension and OPEB contribution amounts payable to all pension plans for the year ended June 30, 2022. Also, the City reported \$480,706 of pension contributions as expenditures in the governmental funds related to all pension plans to which it contributes.

**Arizona State Retirement System (ASRS)**

**Plan description** – The City participates 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](http://www.azasrs.gov).

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

	Initial Membership Date Before July 1, 2011	Initial Membership Date 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 consecutive months of last 120 months	Highest 60 consecutive months of last 120 months
Benefit percent per year of service	2.1% to 2.3%	2.1% to 2.3%

\* With actuarially reduced benefits.

**CITY OF WILLIAMS, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2022**

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**NOTE 14. Pensions and Other Postemployment Benefits (Continued)**

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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.

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

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

**Contributions** – In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2022, active ASRS members were required by statute to contribute at the actuarially determined rate of 12.41 percent (12.22 percent for retirement and 0.19 percent for long-term disability) of the members' annual covered payroll, and the City was required by statute to contribute at the actuarially determined rate of 12.41 percent (12.01 percent for retirement, 0.21 percent for health insurance premium benefit, and 0.19 percent for long-term disability) of the active members' annual covered payroll. In addition, the City was required by statute to contribute at the actuarially determined rate of 10.22 percent (10.13 percent for retirement and 0.09 percent for long-term disability) of annual covered payroll of retired members who worked for the City in positions that would typically be filled by an employee who contributes to the ASRS. The City's contributions to the pension, health insurance premium benefit and long-term disability plans for the year ended June 30, 2022, were as follows:

Year Ended June 30,	Retirement Fund	Health Benefit Supplement Fund	Long-Term Disability Fund
2022	\$ 357,324	\$ 6,248	\$ 5,653

**CITY OF WILLIAMS, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2022**

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**NOTE 14. Pensions and Other Postemployment Benefits (Continued)**

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**Liability** – At June 30, 2022, the City reported the following asset and liabilities for its proportionate share of the ASRS' net pension/OPEB asset or liability.

	<b>Net pension/OPEB</b>
	<b><u>(asset) liability</u></b>
Pension	\$ 3,136,412
Health insurance premium benefit	(114,250)
Long-term disability	4,874

The net asset and net liabilities were measured as of June 30, 2021. The total liability used to calculate the net asset or net liability was determined using update procedures to roll forward the total liability from an actuarial valuation as of June 30, 2020, to the measurement date of June 30, 2021. The total liabilities as of June 30, 2021, reflect changes in actuarial assumptions based on the results of an actuarial experience study for the 5-year period ended June 30, 2020, including decreasing the discount rate from 7.5 percent to 7.0 percent and changing the projected salary increases from 2.7–7.2 percent to 2.9–8.4 percent. The City's proportion of the net asset or net liability was based on the City's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2021. The City's proportion measured as of June 30, 2021, and the change from its proportions measured as of June 30, 2020, were:

	<b>Proportion</b>	<b>Proportion</b>	<b>Increase</b>
	<b>June 30, 2020</b>	<b>June 30, 2021</b>	<b>(decrease) from</b>
	<b>June 30, 2020</b>	<b>June 30, 2021</b>	<b>June 30, 2020</b>
Pension	0.026740%	0.023870%	-0.002870%
Health insurance premium benefit	0.026880%	0.023450%	-0.003430%
Long-term disability	0.026820%	0.023610%	-0.003210%

**Expense** – For the year ended June 30, 2022, the City recognized the following pension and OPEB (income)/expense:

	<b><u>Pension/OPEB Expense</u></b>
Pension	\$ 141,007
Health insurance premium benefit	(12,910)
Long-term disability	3,346

**CITY OF WILLIAMS, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2022**

**NOTE 14. Pensions and Other Postemployment Benefits (Continued)**

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

	Pension		Health Insurance Premium Benefit		Long-Term Disability	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 47,812	\$ -	\$ -	\$ 39,622	\$ 1,408	\$ 397
Changes of assumptions or other inputs	408,229	-	5,664	4,619	1,559	6,141
Net difference between projected and actual earnings on pension plan investments	-	993,726	-	42,381	-	3,375
Changes in proportion and differences between contributions and proportionate share of contributions	-	334,244	1,271	44	388	2,316
Contributions subsequent to the measurement date	357,324	-	6,248	-	5,653	-
Total	<u>\$ 813,365</u>	<u>\$ 1,327,970</u>	<u>\$ 13,183</u>	<u>\$ 86,666</u>	<u>\$ 9,008</u>	<u>\$ 12,229</u>

**CITY OF WILLIAMS, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2022**

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**NOTE 14. Pensions and Other Postemployment Benefits (Continued)**

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The amounts reported as deferred outflows of resources related to ASRS pensions and OPEB resulting from City contributions subsequent to the measurement date will be recognized as an increase in the net asset or a reduction of the net liability in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ASRS pensions and OPEB will be recognized as expenses as follows:

Year Ended June 30,	Pension	Health Insurance Premium Benefit	Long-Term Disability
2023	\$ (183,508)	\$ (18,714)	\$ (1,223)
2024	(126,910)	(17,917)	(1,164)
2025	(219,066)	(19,659)	(1,286)
2026	(342,445)	(21,767)	(1,797)
2027	-	(1,674)	(780)
Thereafter	-	-	(2,624)

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

Actuarial valuation date	June 30, 2020
Actuarial roll forward date	June 30, 2021
Actuarial cost method	Entry age normal
Investment rate of return	7.0%
Projected salary increases	2.9-8.4% for pensions/not applicable for OPEB
Inflation	2.3%
Permanent benefit increase	Included for pensions/not applicable for OPEB
Mortality rates	2017 SRA Scale U-MP for pensions and health insurance premium benefit
Recovery rates	2012 GLDT for long-term disability
Healthcare cost trend rates	Not applicable

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

**CITY OF WILLIAMS, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2022**

**NOTE 14. 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 and by adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<b>Asset Class</b>	<b>Target Asset Allocation</b>	<b>Long-Term Expected Geometric Real Rate of Return</b>
Equity	50%	4.90%
Fixed income-credit	20%	5.20%
Fixed income-interest rate sensitive	10%	0.70%
Real Estate	20%	5.70%
Total	100%	

**Discount Rate** – At June 30, 2021, the discount rate used to measure the ASRS total pension/OPEB liability was 7.0 percent, which was a decrease of 0.5 from the discount rate used as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board's funding policy, which establishes the contractually required rate under Arizona statute. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension/OPEB liability.

**Sensitivity of the proportionate share of the net pension/OPEB (asset) liability to changes in the discount rate** – The following table presents the City's proportionate share of the net pension/OPEB (asset) liability calculated using the discount rate of 7.0 percent, as well as what the City's proportionate share of the net pension/OPEB (asset) 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:

	<b>1% Decrease (6.0%)</b>	<b>Discount Rate (7.0%)</b>	<b>1% Increase (8.0%)</b>
Proportionate share of			
Net pension liability	\$ 4,933,313	\$ 3,136,412	\$ 1,638,293
Net insurance premium benefit liability (asset)	(75,646)	(114,250)	(147,077)
Net long-term disability liability	6,346	4,874	3,449

**Plan fiduciary net position** – Detailed information about the plan's fiduciary net position is available in the separately issued ASRS financial report.

**CITY OF WILLIAMS, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2022**

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**NOTE 14. Pensions and Other Postemployment Benefits (Continued)**

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**Public Safety Personnel Retirement System (PSPRS)**

**Plan description** – The City employees who are regularly assigned hazardous duty 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).

The PSPRS issues a publicly available financial report that includes financial statements and required supplementary information for PSPRS. The reports are available on the PSPRS website at [www.psprs.com](http://www.psprs.com).

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

*This section intentionally left blank.*

**CITY OF WILLIAMS, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2022**

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**NOTE 14. Pensions and Other Postemployment Benefits (Continued)**

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	Initial Membership Date Before January 1, 2012	Initial Membership Date 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 percent		
Normal Retirement	50% less 2.0% for each year of credited service less than 20 years OR plus 2.0% to 2.5% for each year of credited service over 20 years, not to exceed 80%	1.5% to 2.5% per year of credited service, not to exceed 80%
Accidental Disability Retirement	50% or normal retirement, whichever is greater	
Catastrophic Disability Retirement	90% for the first 60 months 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 the 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.



**CITY OF WILLIAMS, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2022**

**NOTE 14. 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, 2022, the following employees were covered by the agent pension plans' benefit terms:

<b>PSPRS - Police</b>	<u>Pension</u>	<u>Health</u>
Inactive employees or beneficiaries currently receiving benefits	4	4
Inactive employees entitled to but not yet receiving benefits	4	1
Active employees	5	5
Total	13	10

**Contributions and annual OPEB cost** – State statutes establish the pension contribution requirements for active PSPRS employees. In accordance with state statutes, annual actuarial valuations determine employer contribution requirements for PSPRS pension 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. Contribution rates for the year ended June 30, 2022, are indicated below. Rates are a percentage of active members' annual covered payroll.

	<u>Active member - Pension</u>	<u>City - Pension</u>	<u>City-Health insurance premium</u>
PSPRS Police	7.65%	31.03%	0.00%
PSPRS Tier 3 risk pool	9.94%	29.8300%	0.13%

For the agent plan, the City's contributions to the pension plan and annual OPEB cost and contributions for the health insurance premium benefit for the year ended June 30, 2022, were:

<b>PSPRS - Police</b>	<u>Pension</u>	<u>Health insurance premium benefit</u>
PSPRS	\$ 116,470	\$ -
PSPRS Tier 3 risk pool	70,977	-

In addition, statute required the City to contribute at the actuarially determined rate of 16.19 of annual covered payroll of retired members who worked for the City in positions that an employee who contributes to the PSPRS would typically fill and employees participating in the PSPRS Tier 3 Risk Pool and PSPDCRP members in addition to the City's required contributions to the PSPRS Tier 3 Risk Pool and PSPDCRP

**CITY OF WILLIAMS, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2022**

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**NOTE 14. Pensions and Other Postemployment Benefits (Continued)**

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**Liability** – At June 30, 2022, the City reported the following assets and liabilities:

	Net pension (asset) liability	Net OPEB (asset) liability
PSPRS Police	\$ 878,923	\$ (56,280)

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

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

PSPRS	
Actuarial valuation date	June 30, 2021
Actuarial cost method	Entry age normal
Investment rate of return	7.3%
Wage inflation	3.5% for pensions/not applicable for OPEB
Price inflation	2.5% for pensions/not applicable for OPEB
Cost-of-living adjustment	1.75% for pensions/not applicable for OPEB
Mortality rates	PubS-2010 tables.
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, 2017.

**CITY OF WILLIAMS, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2022**

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**NOTE 14. Pensions and Other Postemployment Benefits (Continued)**

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

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

**Discount Rate** –At June 30, 2021, the discount rate used to measure the PSPRS total pension/OPEB liabilities was 7.3 percent. The projection of cash flows used to determine the discount 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 actuarially determined contribution rates and the member rate. Based on those assumptions, the plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension/OPEB liability.

**CITY OF WILLIAMS, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2022**

**NOTE 14. Pensions and Other Postemployment Benefits (Continued)**

**Changes in the Net Pension/OPEB Liability**

**PSPRS-Police**

	Pension Increase (decrease)			Health insurance premium benefit Increase (decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a) - (b)	(a)	(b)	(a) - (b)
Balances at June 30, 2021	\$ 3,468,934	\$ 2,109,552	\$ 1,359,382	\$ 37,884	\$ 124,107	\$ (86,223)
Changes for the year:						
Service cost	59,240	-	59,240	2,103	-	2,103
Interest on total pension/OPEB liability	252,938	-	252,938	2,027	-	2,027
Changes of benefit terms	-	-	-	-	-	-
Difference between expected and actual experience in the measurement of the pension/OPEB liability	(60,062)	-	(60,062)	57,200	-	57,200
Changes of assumptions	-	-	-	-	-	-
Contributions - employer	-	121,954	(121,954)	-	-	-
Contributions - employee	-	26,334	(26,334)	-	-	-
Net investment income	-	587,045	(587,045)	-	31,517	(31,517)
Benefit payments, including refunds of employee contributions	(126,532)	(126,532)	-	(24,440)	(24,440)	-
Plan administrative expenses	-	(2,758)	2,758	-	(130)	130
Other changes*	-	-	-	-	-	-
Net changes	125,584	606,043	(480,459)	36,890	6,947	29,943
Balances at June 30, 2022	\$ 3,594,518	\$ 2,715,595	\$ 878,923	\$ 74,774	\$ 131,054	\$ (56,280)

\* Other changes include adjustments for prior year GASB 68 and reserve transfer to/from employer and employee reserves.

**CITY OF WILLIAMS, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2022**

**NOTE 14. Pensions and Other Postemployment Benefits (Continued)**

**Sensitivity of the proportionate share of the net pension/OPEB (asset) liability to changes in the discount rate** – The following table presents the City's net pension/OPEB (asset) liability calculated using the discount rate of 7.3 percent, as well as what the City's net pension/OPEB (asset) liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.3 percent) or 1 percentage point higher (8.3 percent) than the current rate:

	1% Decrease (6.30%)	Discount Rate (7.30%)	1% Increase (8.30%)
<b>PSPRS-Police</b>			
Net pension (asset) / liability	\$ 1,354,066	\$ 878,923	\$ 489,761
Net OPEB (asset)/ liability	(47,289)	(56,280)	(63,832)

**Plan fiduciary net position** – Detailed information about the pension plan's fiduciary net position is available in the separately issued PSPRS financial report.

**Expense** – For the year ended June 30, 2022, the City recognized the following pension and OPEB expense:

	Pension expense	OPEB expense
PSPRS Police	\$ 48,164	\$ (1,999)

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

	Pension		Health Insurance Premium Benefit	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 151,692	\$ 45,764	\$ 12,473
Changes in assumptions	29,134	-	375	608
Net difference between projected and actual earnings on pension/OPEB plan investments	-	248,557	-	13,233
Contributions subsequent to the measurement date	187,447	-	-	-
Total	<u>\$ 216,581</u>	<u>\$ 400,249</u>	<u>\$ 46,139</u>	<u>\$ 26,314</u>

**CITY OF WILLIAMS, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2022**

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**NOTE 14. Pensions and Other Postemployment Benefits (Continued)**

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The amounts reported as deferred outflows of resources related to PSPRS pensions and OPEB resulting from City contributions subsequent to the measurement date will be recognized as an increase in the net asset or a reduction of the net liability in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to PSPRS pensions and OPEB will be recognized in pension expense as follows:

Year Ended June 30,	PSPRS Police	
	Pension	Health Insurance Premium Benefit
2023	\$ (108,176)	\$ 2,737
2024	(101,205)	3,314
2025	(75,263)	7,005
2026	(86,471)	6,769
2027	-	-
Thereafter	-	-

**Firefighters' Relief and Pension Fund**

The City of Williams, Arizona Volunteer Firefighters' Relief and Pension Fund is a defined contribution pension plan administered by the City and a board of trustees for the City's volunteer firefighters.

A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive.

As established by the Plan document, all volunteer firefighters are eligible to participate in the pension plan as of their first day of volunteer service with the department. The volunteers may contribute a minimum of 5% of their earned wage to their pension account with the City matching the 5% contribution. The Plan has a vesting schedule beginning at five years of service vesting at 25% of the City's contributions and ending with 100% of the City's contributions at thirteen years of service.

No pension provision changes occurred during the year that affected the required contributions made by the City or its voluntary firefighters.

The Firefighters' Relief and Pension Fund held no securities of the City or other related parties during the fiscal year or as of the close of the fiscal year.

The State of Arizona is required by statute to contribute a portion of the annual tax received on fire insurance premiums. During the fiscal year ended June 30, 2022, the State's contribution was \$13,892.

**CITY OF WILLIAMS, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2022**

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**NOTE 15.      Restatement Adjustment**

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During the fiscal year ended June 30, 2022 the City implemented the provisions of GASB 87 *Leases*. The implementation resulted in an increase to beginning fund balance of \$122,432 in the governmental funds and an increase in beginning net position of governmental activities of \$122,432.

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**NOTE 16.      Subsequent Events**

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Effective April 1, 2022 the management of the Williams Housing Authority was contracted out to a third party management company. The agreement was terminated effective January 31, 2023.

## **REQUIRED SUPPLEMENTARY INFORMATION**



**CITY OF WILLIAMS, ARIZONA**  
**Schedule of the Proportionate Share of the Net Pension/OPEB Liability**  
**June 30, 2022**

ASRS - Pension	Reporting Fiscal Year (Measurement Date)							
	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
Proportion of the net pension liability (asset)	0.023870%	0.026740%	0.027646%	0.026460%	0.028120%	0.028260%	0.026710%	0.028013%
Proportionate share of the net pension liability (asset)	\$ 3,136,412	\$ 4,633,111	\$ 4,021,942	\$ 3,690,239	\$ 4,380,548	\$ 4,561,448	\$ 4,160,164	\$ 4,144,975
Covered payroll	\$ 2,601,671	\$ 2,929,807	\$ 2,921,447	\$ 2,635,508	\$ 2,662,889	\$ 2,713,366	\$ 2,541,058	\$ 2,541,058
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	120.55%	158.14%	137.67%	140.02%	164.50%	168.11%	163.72%	163.12%
Plan fiduciary net position as a percentage of the total pension liability	78.58%	69.33%	73.24%	73.40%	69.92%	67.06%	68.35%	69.49%

Note: The City implemented GASB 68 in fiscal year 2015. Prior year information is not available.

See accompanying notes to the pension plan schedules.

**CITY OF WILLIAMS, ARIZONA**  
**Schedule of the Proportionate Share of the Net Pension/OPEB Liability**  
**June 30, 2022**

ASRS - Health insurance premium benefit	Reporting Fiscal Year (Measurement Date)					
	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)
Proportion of the net OPEB (asset)	0.023450%	0.026880%	0.028050%	0.026610%	0.028360%	0.028358%
Proportionate share of the net OPEB (asset)	\$ (114,250)	\$ (19,031)	\$ (7,752)	\$ (9,582)	\$ (15,439)	\$ 8,200
Covered payroll	\$ 2,601,671	\$ 2,929,807	\$ 2,921,447	\$ 2,635,508	\$ 2,662,889	\$ 2,713,366
Proportionate share of the net OPEB (asset) as a percentage of its covered payroll	-4.39%	-0.65%	-0.27%	-0.36%	-0.58%	0.30%
Plan fiduciary net position as a percentage of the total OPEB liability	130.24%	104.33%	101.62%	102.20%	103.57%	98.02%

Note: The City implemented GASB 75 in fiscal year 2018. Prior year information is not available.

ASRS - Long-term disability	Reporting Fiscal Year (Measurement Date)					
	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)
Proportion of the net OPEB (asset)	0.023610%	0.026820%	0.027890%	0.026500%	0.028150%	0.028150%
Proportionate share of the net OPEB (asset)	\$ 4,874	\$ 20,346	\$ 18,169	\$ 13,846	\$ 10,204	\$ 10,116
Covered payroll	\$ 2,601,671	\$ 2,929,807	\$ 2,921,447	\$ 2,635,508	\$ 2,662,889	\$ 2,713,366
Proportionate share of the net OPEB (asset) as a percentage of its covered payroll	0.19%	0.69%	0.62%	0.53%	0.38%	0.37%
Plan fiduciary net position as a percentage of the total OPEB liability	90.38%	68.01%	72.85%	77.83%	84.44%	85.17%

Note: The City implemented GASB 75 in fiscal year 2018. Prior year information is not available.

See accompanying notes to pension plan schedules.

**CITY OF WILLIAMS, ARIZONA**  
**Schedule of Changes in the Net Pension/OPEB Liability and Related Ratios**  
**June 30, 2022**

**PSPRS - Pension**

PSPRS - Pension	Reporting Fiscal Year (Measurement Date)									
	2022 (2021)	#	2021 (2020)	2020 (2019)	#	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
<b>Total pension liability</b>										
Service cost	\$ 59,240		\$ 89,806	\$ 119,916		\$ 119,872	\$ 132,471	\$ 107,891	\$ 100,954	\$ 99,043
Interest on total pension liability	252,938		261,710	253,490		242,076	204,127	203,884	189,982	142,848
Changes of benefit terms	-		-	-		-	86,849	(118,594)	-	78,400
Difference between expected and actual experience of the total net pension liability	(60,062)		(190,394)	(6,617)		(133,116)	130,047	(67,906)	16,150	(35,269)
Changes of assumptions	-		-	72,835		-	138,386	121,336	-	435,084
Benefit payments, including refunds of employee contributions	(126,532)		(374,911)	(125,039)		(144,104)	(127,869)	(141,034)	(125,871)	(115,398)
<b>Net change in total pension liability</b>	<b>125,584</b>		<b>(213,789)</b>	<b>314,585</b>		<b>84,728</b>	<b>564,011</b>	<b>105,577</b>	<b>181,215</b>	<b>604,708</b>
<b>Total pension liability - beginning</b>	<b>3,468,934</b>		<b>3,682,723</b>	<b>3,368,138</b>		<b>3,283,410</b>	<b>2,719,399</b>	<b>2,613,822</b>	<b>2,432,607</b>	<b>1,827,899</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 3,594,518</b>		<b>\$ 3,468,934</b>	<b>\$ 3,682,723</b>		<b>\$ 3,368,138</b>	<b>\$ 3,283,410</b>	<b>\$ 2,719,399</b>	<b>\$ 2,613,822</b>	<b>\$ 2,432,607</b>
<b>Plan fiduciary net position</b>										
Contributions - employer	\$ 121,954		\$ 157,958	\$ 188,041		\$ 167,121	\$ 159,192	\$ 158,399	\$ 88,900	\$ 62,029
Contributions - employee	26,334		34,130	42,776		46,402	62,468	66,794	59,320	45,171
Net investment income	587,045		27,617	113,491		133,332	191,834	8,886	52,134	173,102
Benefit payments, including refunds of employee contributions	(126,532)		(374,911)	(125,039)		(144,104)	(127,869)	(141,034)	(125,871)	(115,398)
Hall/Parker settlement	-		-	-		(82,899)	-	-	-	-
Other (net transfer)	(2,758)		(2,252)	(2,965)		(2,707)	70,802	(1,669)	(1,049)	(3,791)
<b>Net change in plan fiduciary net position</b>	<b>606,043</b>		<b>(157,458)</b>	<b>216,304</b>		<b>117,145</b>	<b>356,427</b>	<b>91,376</b>	<b>73,434</b>	<b>161,113</b>
<b>Plan fiduciary net position - beginning</b>	<b>2,109,552</b>		<b>2,267,010</b>	<b>2,050,706</b>		<b>1,933,561</b>	<b>1,577,134</b>	<b>1,485,758</b>	<b>1,412,324</b>	<b>1,251,211</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 2,715,595</b>		<b>\$ 2,109,552</b>	<b>\$ 2,267,010</b>		<b>\$ 2,050,706</b>	<b>\$ 1,933,561</b>	<b>\$ 1,577,134</b>	<b>\$ 1,485,758</b>	<b>\$ 1,412,324</b>
<b>Net pension liability - ending (a) - (b)</b>	<b>\$ 878,923</b>		<b>\$ 1,359,382</b>	<b>\$ 1,415,713</b>		<b>\$ 1,317,432</b>	<b>\$ 1,349,849</b>	<b>\$ 1,142,265</b>	<b>\$ 1,128,064</b>	<b>\$ 1,020,283</b>
Plan fiduciary net position as a percentage of the total pension liability	75.55%		60.81%	61.56%		60.89%	58.89%	58.00%	56.84%	58.06%
Covered valuation payroll	\$ 316,680		\$ 306,469	\$ 479,687		\$ 554,961	\$ 535,236	\$502,284	\$542,846	\$ 485,464
Net pension liability as a percentage of covered-employee payroll	277.54%		443.56%	295.13%		237.39%	252.20%	227.41%	207.81%	210.17%

Note: The City implemented GASB 68 in fiscal year 2015. Information prior to 2015 is not available.

See accompanying notes to pension plan schedules

**CITY OF WILLIAMS, ARIZONA**  
**Schedule of Changes in the Net Pension/OPEB Liability and Related Ratios**  
**June 30, 2022**

**PSPRS-Health Insurance Premium Benefit**

	Reporting Fiscal Year (Measurement Date)				
	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)
<b>Total OPEB liability</b>					
Service cost	\$ 2,103	\$ 2,808	\$ 2,608	\$ 2,664	\$ 3,265
Interest on total OPEB liability	2,027	3,722	3,786	3,329	3,178
Changes of benefit terms*	-	-	-	-	(2)
Difference between expected and actual experience of the total net OPEB liability	57,200	(16,139)	(8,211)	(1,084)	9
Changes of assumptions or other inputs	-	-	751	-	(3,538)
Benefit payments	(24,440)	-	-	-	-
<b>Net change in total OPEB liability</b>	<b>36,890</b>	<b>(9,609)</b>	<b>(1,066)</b>	<b>4,909</b>	<b>2,912</b>
<b>Total OPEB liability - beginning</b>	<b>37,884</b>	<b>47,493</b>	<b>48,559</b>	<b>43,650</b>	<b>40,738</b>
<b>Total OPEB liability - ending (a)</b>	<b>\$ 74,774</b>	<b>\$ 37,884</b>	<b>\$ 47,493</b>	<b>\$ 48,559</b>	<b>\$ 43,650</b>
<b>Plan fiduciary net position</b>					
Contributions - employer	\$ -	\$ -	\$ -	\$ -	\$ 225
Net investment income	31,517	1,552	6,304	7,618	11,484
Benefit payments	(24,440)	-	-	-	-
Administrative expense	(130)	(126)	(109)	(116)	(101)
Other changes	-	-	-	(1)	-
<b>Net change in plan fiduciary net position</b>	<b>6,947</b>	<b>1,426</b>	<b>6,195</b>	<b>7,501</b>	<b>11,608</b>
<b>Plan fiduciary net position - beginning</b>	<b>124,107</b>	<b>122,681</b>	<b>116,486</b>	<b>108,985</b>	<b>97,377</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 131,054</b>	<b>\$ 124,107</b>	<b>\$ 122,681</b>	<b>\$ 116,486</b>	<b>\$ 108,985</b>
<b>Net OPEB liability - ending (a) - (b)</b>	<b>\$ (56,280)</b>	<b>\$ (86,223)</b>	<b>\$ (75,188)</b>	<b>\$ (67,927)</b>	<b>\$ (65,335)</b>
Plan fiduciary net position as a percentage of the total OPEB liability	175.27%	327.60%	258.31%	239.89%	249.68%
Covered employee payroll	\$ 316,680	\$ 306,469	\$ 479,687	\$ 554,961	\$ 535,236
Net OPEB liability as a percentage of covered-employee payroll	-17.77%	-28.13%	-15.67%	-12.24%	-12.21%

Note: The City implemented GASB 75 in fiscal year 2018. Information prior to 2018 is not available.

See accompanying notes to pension plan schedules

**CITY OF WILLIAMS, ARIZONA**  
**Schedule of Pension/OPEB Contributions**  
**June 30, 2022**

**ASRS - Pension**

ASRS - Pension	Reporting Fiscal Year							
	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 357,324	\$ 312,606	\$ 334,634	\$ 325,935	\$ 286,628	\$ 287,115	\$ 267,890	\$ 270,194
Contributions in relation to the contractually required contribution	\$ (357,324)	\$ (312,606)	\$ (334,634)	\$ (325,935)	\$ (286,628)	\$ (287,115)	\$ (267,890)	\$ (270,194)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 2,963,852	\$ 2,601,671	\$ 2,929,807	\$ 2,921,447	\$ 2,635,508	\$ 2,662,889	\$ 2,713,366	\$ 2,541,058
Contributions as a percentage of covered payroll	12.06%	12.02%	11.42%	11.16%	10.88%	10.78%	9.87%	10.63%

Note: The City implemented GASB 68 in fiscal year 2015. Prior year information is not available.

**PSPRS-Pensions**

PSPRS-Pensions	Reporting Fiscal Year								
	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 187,447	\$ 121,954	\$ 157,958	\$ 188,041	\$ 167,121	\$ 159,192	\$ 158,399	\$ 88,900	\$ 62,029
Contributions in relation to the actuarially determined contribution	\$ (187,447)	\$ (121,954)	\$ (157,958)	\$ (188,041)	\$ (167,121)	\$ (159,192)	\$ (158,399)	\$ (88,900)	\$ (62,029)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 334,596	\$ 316,680	\$ 306,469	\$ 479,687	\$ 554,961	\$ 535,236	\$ 502,284	\$ 542,846	\$ 485,464
Contributions as a percentage of covered-employee payroll	56.02%	38.51%	51.54%	39.20%	30.11%	29.74%	31.54%	16.38%	12.78%

Note: The City implemented GASB 68 in fiscal year 2015. Information prior to 2015 is not available.

See accompanying notes to pension plan schedules

**CITY OF WILLIAMS, ARIZONA**  
**Schedule of Pension/OPEB Contributions**  
**June 30, 2022**

**ASRS - Health insurance premium benefit**

	Reporting Fiscal Year					
	2022	2021	2020	2019	2018	2017
Contractually required contribution	\$ 6,248	\$ 10,027	\$ 14,052	\$ 13,280	\$ 11,712	\$ 15,269
Contributions in relation to the contractually required contribution	(6,248)	(10,027)	(14,052)	(13,280)	(11,712)	(15,269)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 2,963,852	\$ 2,601,671	\$ 2,929,807	\$ 2,921,447	\$ 2,635,508	\$ 2,662,889
Contributions as a percentage of covered payroll	0.21%	0.39%	0.48%	0.45%	0.44%	0.57%

**ASRS - Long-term disability**

	Reporting Fiscal Year					
	2022	2021	2020	2019	2018	2017
Contractually required contribution	\$ 5,653	\$ 4,717	\$ 4,860	\$ 4,204	\$ 4,259	\$ 3,829
Contributions in relation to the contractually required contribution	(5,653)	(4,717)	(4,860)	(4,204)	(4,259)	(3,829)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 2,963,852	\$ 2,601,671	\$ 2,929,807	\$ 2,921,447	\$ 2,635,508	\$ 2,662,889
Contributions as a percentage of covered payroll	0.19%	0.18%	0.17%	0.14%	0.16%	0.14%

**PSPRS-Health Insurance Premium Benefit**

	Reporting Fiscal Year					
	2022	2021	2020	2019	2018	2017
Actuarially determined contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the actuarially determined contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 334,596	\$ 316,680	\$ 306,469	\$ 479,687	\$ 554,961	\$ 535,000
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Note: The City implemented GASB 75 in fiscal year 2018. Information prior to 2018 is not available.

See accompanying notes to pension plan schedules

**CITY OF WILLIAMS, ARIZONA**  
**Required Supplementary Information**  
**Notes to Pension/OPEB Plan Schedules**  
**June 30, 2022**

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**NOTE 1. Actuarially Determined Contribution Rates**

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Actuarially 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	22 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 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)

**CITY OF WILLIAMS, ARIZONA**  
**Required Supplementary Information**  
**Notes to Pension/OPEB Plan Schedules**  
**June 30, 2022**

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**NOTE 2. Factors that Affect the Identification of Trends**

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Arizona courts have ruled that provisions of a 2011 law that changed the mechanism for funding permanent pension benefit increases and increased employee pension contribution rates were unconstitutional or a breach of contract because those provisions apply to individuals who were members as of the law's effective date. As a result, the PSPRS changed benefit terms to reflect the prior mechanism for funding permanent benefit increases for those members and revised actuarial assumptions to explicitly value future permanent benefit increases. PSPRS also reduced those members' employee contribution rates. These changes are reflected in the plans' pension liabilities for fiscal year 2015 (measurement date 2014) for members who were retired as of the law's effective date and fiscal year 2018 (measurement date 2017) for members who retired or will retire after the law's effective date. These changes also increased the PSPRS required pension contributions beginning in fiscal year 2016 for members who were retired as of the law's effective date. These changes increased the PSPRS required contributions beginning in fiscal year 2019 for members who retired or will retire after the law's effective date. Also, the City refunded excess employee contributions to PSPRS members. PSPRS allowed the City to reduce its actual employer contributions for the refund amounts. As a result, the City's pension contributions were less than the actuarially or statutorily determined contributions for 2018 and 2019.



## **REQUIRED SUPPLEMENTARY INFORMATION**

### **BUDGETARY COMPARISON SCHEDULES**

#### **FOR THE FOLLOWING FUNDS:**

##### **General Fund**

The **General Fund** is used to account for resources traditionally associated with government which are not required legally or by sound financial management to be accounted for in another fund.

##### **Special Revenue Fund**

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

- The **Highway User Revenue Fund** (Streets) is used to account for the City's share of motor fuel tax revenues and lottery proceeds which are restricted for the maintaining, repairing, and upgrading of streets.

Annual budgets are adopted on a basis consistent with Generally Accepted Accounting Principles for all governmental funds.

**CITY OF WILLIAMS, ARIZONA**  
**GENERAL FUND**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual (Continued)**  
**For the Fiscal Year Ended June 30, 2022**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
<b>Taxes:</b>				
Property Tax	\$ 619,900	\$ 619,900	\$ 630,645	\$ 10,745
Sales Tax	4,918,126	4,918,126	6,298,481	1,380,355
Bed, Board & Booze Tax	1,135,321	1,135,321	1,450,484	315,163
Smart and Safe Tax	5,500	5,500	18,437	12,937
Franchise Fees	27,429	27,429	37,079	9,650
Total Taxes	6,706,276	6,706,276	8,435,126	1,728,850
<b>Licenses, Permits and Fees:</b>				
Business Licenses	10,700	10,700	18,370	7,670
Dog Licenses	1,000	1,000	799	(201)
Building Permits	132,338	132,338	249,102	116,764
Total Licenses, Fees and Permits	144,038	144,038	268,271	124,233
<b>Intergovernmental:</b>				
State Revenue Sharing	423,786	423,786	422,540	(1,246)
Auto Lieu Taxes	151,080	151,080	178,589	27,509
State Sales Taxes	403,798	403,798	452,914	49,116
Library Assistance Tax	108,344	108,344	114,373	6,029
Other intergovernmental revenue	820,000	820,000	542,384	(277,616)
Total Intergovernmental	1,907,008	1,907,008	1,710,800	(196,208)
<b>Charges for Services:</b>				
Airport Lease	30,000	30,000	34,320	4,320
Airport Fuel	1,000	1,000	1,223	223
Cemetery Charges & Sales	8,200	8,200	20,400	12,200
Swimming Pool Fees	7,500	7,500	1,849	(5,651)
Community Development Fees	10,000	10,000	13,100	3,100
Plan Check Fees & Development Review	100,000	100,000	139,607	39,607
Facility Rental	260,161	260,161	269,506	9,345
Recreation Programs	8,600	8,600	10,933	2,333
Rodeo Grounds Fund	22,858	22,858	24,674	1,816
City Park Revenues	3,548	3,548	3,641	93
Rural Fire Districts	7,500	7,500	8,250	750
Police Travel Reimbursement	10,000	10,000	-	(10,000)
Total Charges for Services	469,367	469,367	527,503	58,136
<b>Fines and Forfeitures:</b>				
Fines & Forfeitures	60,584	60,584	43,657	(16,927)
Total Fines and Forfeitures	60,584	60,584	43,657	(16,927)
<b>Interest</b>	17,794	17,794	68,967	51,173
<b>Other Revenues:</b>				
Miscellaneous	695,295	695,295	372,708	(322,587)
Donations & Contributions	65,000	65,000	-	(65,000)
Sale of Assets	500	500	500	-
Total Other Revenues	760,795	760,795	373,208	(322,587)
<b>TOTAL REVENUES</b>	10,065,862	10,065,862	11,427,532	1,426,670

(continued)

**CITY OF WILLIAMS, ARIZONA**  
**GENERAL FUND**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual (Continued)**  
**For the Fiscal Year Ended June 30, 2022**

<b>EXPENDITURES</b>	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>General Government:</b>				
Mayor & Council	166,227	162,442	77,307	85,135
Magistrate	138,727	138,727	124,258	14,469
General & Administrative	2,010,519	1,355,085	940,809	414,276
Finance	580,614	580,614	487,995	92,619
Maintenance	538,035	543,393	450,168	93,225
Central Garage	521,866	521,866	560,989	(39,123)
Airport	147,025	230,730	142,553	88,177
Community Facilities	94,125	94,125	27,970	66,155
Total General Government	<u>4,197,138</u>	<u>3,626,982</u>	<u>2,812,049</u>	<u>814,933</u>
<b>Public Safety:</b>				
Police	2,595,606	2,595,606	2,291,213	304,393
Fire	319,892	589,614	584,018	5,596
Building Inspection	167,606	167,606	115,759	51,847
Total Public Safety	<u>3,083,104</u>	<u>3,352,826</u>	<u>2,990,990</u>	<u>361,836</u>
<b>Culture &amp; Recreation:</b>				
Library	160,711	160,711	118,490	42,221
Parks & Recreation	480,918	480,918	388,323	92,595
Swimming Pool	123,294	123,294	43,415	79,879
Recreation Facilities	372,600	320,979	145,295	175,684
Total Culture and Recreation	<u>1,137,523</u>	<u>1,085,902</u>	<u>695,523</u>	<u>390,379</u>
<b>Economic Development:</b>				
Planning	201,762	201,762	151,024	50,738
Visitor Center	309,729	309,729	282,933	26,796
Tourism Promotion	395,000	446,621	446,621	-
Total Economic Development	<u>906,491</u>	<u>958,112</u>	<u>880,578</u>	<u>77,534</u>
<b>Health &amp; Welfare:</b>				
Senior Center	<u>36,500</u>	<u>36,500</u>	<u>21,286</u>	<u>15,214</u>
<b>Capital Outlay</b>	<u>1,414,500</u>	<u>1,139,420</u>	<u>116,526</u>	<u>1,022,894</u>
<b>TOTAL EXPENDITURES</b>	<u>10,775,256</u>	<u>10,199,742</u>	<u>7,516,952</u>	<u>2,682,790</u>
Excess of Revenues Over Expenditures	<u>(709,394)</u>	<u>(133,880)</u>	<u>3,910,580</u>	<u>4,044,460</u>
<b>Other Financing Sources (Uses):</b>				
Transfers out	<u>(750,611)</u>	<u>(750,611)</u>	<u>(750,511)</u>	<u>100</u>
Total Other Financing Sources (Uses)	<u>(750,611)</u>	<u>(750,611)</u>	<u>(750,511)</u>	<u>100</u>
Net change in fund balance	(1,460,005)	(884,491)	3,160,069	4,044,560
Fund balance, beginning of year	13,455,502	13,455,502	13,455,502	-
Prior period adjustment	122,432	122,432	122,432	-
Fund balance, end of year	<u>\$12,117,929</u>	<u>\$12,693,443</u>	<u>\$16,738,003</u>	<u>\$ 4,044,560</u>

**CITY OF WILLIAMS, ARIZONA**  
**HIGHWAY USER REVENUE – STREETS**  
**SPECIAL REVENUE FUND**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**For the Fiscal Year Ended June 30, 2022**

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
<b>REVENUES:</b>				
Highway User Revenues	\$ 385,726	\$ 385,726	\$ 405,247	\$ 19,521
City Sales Tax	705,832	705,832	1,129,394	423,562
Interest	400	400	3,549	3,149
Other Revenues	25,000	25,000	28,148	3,148
Total Revenues	<u>1,116,958</u>	<u>1,116,958</u>	<u>1,566,338</u>	<u>449,380</u>
<b>EXPENDITURES:</b>				
Highways & Streets:				
Salaries & Wages	356,982	356,982	245,877	111,105
Benefits	151,097	151,097	106,625	44,472
Service, Supplies and Other	284,800	289,411	129,858	159,553
Capital Outlay	<u>1,030,000</u>	<u>1,025,389</u>	<u>196,169</u>	<u>829,220</u>
Total Expenditures	<u>1,822,879</u>	<u>1,822,879</u>	<u>678,529</u>	<u>1,144,350</u>
Excess of Revenues Over (Under) Expenditures	<u>(705,921)</u>	<u>(705,921)</u>	<u>887,809</u>	<u>1,593,730</u>
Other Financing Sources (Uses):				
Transfers out	<u>(114,293)</u>	<u>(114,293)</u>	<u>(114,293)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(114,293)</u>	<u>(114,293)</u>	<u>(114,293)</u>	<u>-</u>
Net change in fund balance	(820,214)	(820,214)	773,516	1,593,730
Fund balance, beginning of year	<u>561,367</u>	<u>561,367</u>	<u>561,367</u>	<u>-</u>
Fund balance, end of year	<u>\$ (258,847)</u>	<u>\$ (258,847)</u>	<u>\$ 1,334,883</u>	<u>\$ 1,593,730</u>

**CITY OF WILLIAMS, ARIZONA**  
**Combining Statements and Individual Fund Schedules**  
**DEBT SERVICE FUND, NONMAJOR GOVERNMENTAL FUNDS and COMPONENT UNIT**

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**Debt Service Fund**

The **Debt Service Fund** is used to account for the accumulation of resources for, and the payment of current and future debt service requirements for governmental debt principal and interest.

**Special Revenue Fund**

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

- The **Grants Fund** is used to account for federal and state grants and other contributions that are restricted for specific use.

**Component Unit**

- The **Williams Housing Authority** is a public benefit corporation created by the City to provide subsidized public housing in accordance with federal legislation.

**CITY OF WILLIAMS, ARIZONA**  
**DEBT SERVICE FUND**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**For the Fiscal Year Ended June 30, 2022**

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
<b>REVENUES:</b>	\$ -	\$ -	\$ -	\$ -
<b>EXPENDITURES:</b>				
Debt Service:				
Principal	422,866	422,866	422,866	-
Interest	86,103	86,103	86,003	100
Total Expenditures	508,969	508,969	508,869	100
Excess of Revenues Over (Under) Expenditures	(508,969)	(508,969)	(508,869)	100
Other Financing Sources (Uses):				
Transfers in	508,969	508,969	508,869	(100)
Total Other Financing Sources (Uses)	508,969	508,969	508,869	(100)
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	\$ -	\$ -	\$ -	\$ -

**CITY OF WILLIAMS, ARIZONA**  
**Combining Balance Sheet**  
**Non-Major Governmental Funds**  
**June 30, 2022**

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	Special Revenue Fund	
	Grants Fund	Total Non-major Governmental Funds
<b>ASSETS</b>		
Cash and cash equivalents	\$ 35,755	\$ 35,755
Receivables:		
Other	22,182	22,182
Total assets	<u>\$ 57,937</u>	<u>\$ 57,937</u>
 <b>LIABILITIES AND FUND BALANCES</b>		
Liabilities:		
Accounts Payable	7,401	7,401
Due to Other Funds	-	-
Total liabilities	<u>7,401</u>	<u>7,401</u>
Fund Balances:		
Restricted for:		
Public safety	27,167	27,167
Culture and recreation	23,369	23,369
Total Fund Balances	<u>50,536</u>	<u>50,536</u>
Total Liabilities and Fund Balances	<u>\$ 57,937</u>	<u>\$ 57,937</u>

**CITY OF WILLIAMS, ARIZONA**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Non-Major Governmental Funds**  
**For the Fiscal Year Ended June 30, 2022**

	Special Revenue Fund	Total Non-major Governmental Funds
<b>REVENUES</b>	<b>Grants Fund</b>	
Intergovernmental revenue	\$ 309,365	\$ 309,365
Donations and other revenue	42,133	42,133
Total revenues	<u>351,498</u>	<u>351,498</u>
<b>EXPENDITURES</b>		
Current:		
Public Safety	95,042	95,042
Culture and Recreation	18,063	18,063
Capital outlay	<u>141,724</u>	<u>141,724</u>
Total expenditures	<u>254,829</u>	<u>254,829</u>
Excess of revenues over (under) expenditures	<u>96,669</u>	<u>96,669</u>
Other financing sources (uses):		
Transfers out	<u>(74,626)</u>	<u>(74,626)</u>
Total other financing sources (uses)	<u>(74,626)</u>	<u>(74,626)</u>
Net change in fund balances	22,043	22,043
Fund balances, beginning of year	<u>28,493</u>	<u>28,493</u>
Fund balances, end of year	<u><u>\$ 50,536</u></u>	<u><u>\$ 50,536</u></u>



**CITY OF WILLIAMS, ARIZONA**  
**GRANTS**  
**SPECIAL REVENUE FUND**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual**  
**For the Fiscal Year Ended June 30, 2022**

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
<b>REVENUES:</b>				
Intergovernmental Revenue	\$ 948,476	\$ 948,476	\$ 309,365	\$ (639,111)
Donations and Other Revenue	16,100	16,100	42,133	26,033
Total Revenues	964,576	964,576	351,498	(613,078)
<b>EXPENDITURES:</b>				
Public Safety	200,000	200,000	95,042	104,958
Culture and Recreation	4,873	4,873	18,063	(13,190)
Capital Outlay	759,703	759,703	141,724	617,979
Total Expenditures	964,576	964,576	254,829	709,747
Excess of Revenues Over (Under) Expenditures	-	-	96,669	96,669
Other Financing Sources (Uses):				
Transfers out	-	-	(74,626)	(74,626)
Total Other Financing Sources (Uses)	-	-	(74,626)	(74,626)
Net change in fund balance	-	-	22,043	22,043
Fund balance, beginning of year	28,493	28,493	28,493	-
Fund balance, end of year	\$ 28,493	\$ 28,493	\$ 50,536	\$ 22,043

**CITY OF WILLIAMS, ARIZONA**  
**Statement of Net Position**  
**Component Unit**  
**June 30, 2022**  
**Unaudited**

	<u><b>Unaudited</b></u>
	Williams Housing Authority
<b>Assets</b>	
Current Assets:	
Cash	\$ 159,433
Receivables (net of allowance)	44,617
Prepays	13,649
Net OPEB asset	2,662
Total Current Assets	<u>220,361</u>
Noncurrent Assets:	
Land and improvements	481,979
Buildings and improvements	1,921,103
Other improvements	212,107
Furniture, equipment, vehicles	140,612
Accumulated depreciation	<u>(1,747,126)</u>
Total noncurrent assets	<u>1,008,675</u>
<b>Total Assets</b>	<u>1,229,036</u>
<b>Deferred Outflows of Resources</b>	
Deferred outflows related to pensions/OPEB	<u>19,389</u>
<b>Liabilities</b>	
Current Liabilities:	
Accounts payable	8,937
Accrued liabilities	9,693
Tenant security deposits	2,437
Unearned revenue	110,485
Total Current Liabilities	<u>131,552</u>
Long-Term Debt (net of current portion):	
Net pension/OPEB liability	<u>72,877</u>
Total Long-Term Debt	<u>72,877</u>
Total Liabilities	<u>204,429</u>
<b>Deferred Inflows of Resources</b>	
Deferred inflows related to pensions/OPEB	<u>33,113</u>
<b>Net Position</b>	
Net investment in capital assets	1,008,675
Unrestricted	<u>2,208</u>
Total Net Position	<u>\$ 1,010,883</u>

**CITY OF WILLIAMS, ARIZONA**  
**Statement of Activities**  
**Component Unit**  
**For the Year Ended June 30, 2022**  
**Unaudited**

	<u><b>Unaudited</b></u>
	Williams Housing Authority
<b>Operating Revenues</b>	
Charges for services	\$ 59,867
Grants and other revenues	405,505
Total Operating Revenues	<u>465,372</u>
<b>Operating Expenses</b>	
Salaries, wages and benefits	54,137
Office expenses and travel	3,725
Repairs and maintenance	14,979
Utilities	7,160
Legal and professional fees	61,061
Insurance	16,476
Program expense	279,892
Miscellaneous	10,276
Supplies	7,004
Depreciation/amortization	48,729
Total Operating Expenses	<u>503,439</u>
Operating Income (Loss)	<u>(38,067)</u>
<b>Net Income (Loss)</b>	(38,067)
Total net position, beginning of year	<u>1,048,950</u>
<b>Total net position, end of year</b>	<u><u>\$ 1,010,883</u></u>

**OTHER COMMUNICATIONS FROM INDEPENDENT AUDITORS**

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## HINTONBURDICK

CPAs & ADVISORS

### **Independent Auditors' 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***

The Honorable Mayor and  
City Council  
City of Williams, 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, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Williams, Arizona, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City of Williams, Arizona's basic financial statements and have issued our report thereon dated September 5, 2023.

#### **Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City of Williams, Arizona's internal control over financial reporting (internal control) to determine the 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 City of Williams, Arizona's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Williams, 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 identify deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

2021-001      Lack of Documentation and Controls – Williams Housing Authority

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Williams's financial statements are free of 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 determination of financial statement amounts. 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*.

We noted certain other matters that we have reported to the management of the City of Williams in a separate letter dated September 5, 2023.

## **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.

*HintonBurdick, PLLC*

Gilbert, Arizona  
September 5, 2023



## **Independent Auditors' Report on State Legal Compliance**

The Honorable Mayor and  
City Council  
Williams, Arizona

We have audited the basic financial statements of the City of Williams, Arizona for the year ended June 30, 2022, and have issued our report thereon dated September 5, 2023. Our audit also included test work on the City of Williams's compliance with selected requirements identified in the State of Arizona Revised Statutes and the Arizona State Constitution including, but not limited to, Title 28, Chapter 18, Article 2.

The management of the City of Williams is responsible for the City's compliance with all requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit; accordingly, we make the following statements:

The City of Williams has established separate funds to account for Highway User Revenue funds and Local Transportation Assistance funds. Highway user revenue fund monies received by the City of Williams pursuant to Title 28, Chapter 18, Article 2 and other dedicated state transportation revenues received during the current fiscal year appear to have been used solely for authorized purposes. The funds are administered in accordance with Generally Accepted Accounting Principles. Sources of revenues available and fund balances are reflected in the individual fund financial statements.

Our opinion regarding the City's compliance with annual expenditure limitations has been issued separately with the City's Annual Expenditure Limitation Report.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the City of Williams complied, in all material respects, with the requirements identified above for the year ended June 30, 2022.

The purpose of this report is solely to describe the scope of our testing of the applicable compliance requirements identified in the Arizona Revised Statutes as noted above and the results of that testing based on the state requirements. Accordingly, this report is not suitable for any other purpose.

*HintonBurdick, PLLC*  
Gilbert, Arizona  
September 5, 2023