

TOWN OF GILA BEND, ARIZONA

Annual Financial Statements
and
Independent Auditors' Report
June 30, 2021

TABLE OF CONTENTS

INDEPENDENT AUDITORS' REPORT	1
Government-wide Statements	
Statement of Net Position.....	4
Statement of Activities	5
Fund Statements	
Governmental Funds	
Balance Sheet.....	6
Reconciliation of the Balance Sheet to the Statement of Net Position	7
Statement of Revenue, Expenditures, and Changes in Fund Balances	8
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	9
Proprietary Funds	
Statement of Net Position	10
Statement of Revenue, Expenses, and Changes in Fund Net Position.....	11
Statement of Cash Flows	12
Fiduciary Funds	
Statement of Fiduciary Net Position	14
Statement of Changes in Fiduciary Net Position	15
Notes to Financial Statements	16
Other Required Supplementary Information	
Budgetary Comparison Schedules.....	40
Notes to Budgetary Comparison Schedules	43
Schedule of the Town's Proportionate Share of the Net Pension/OPEB Liability – Cost-Sharing Plans.....	44
Schedule of Town Pension/OPEB Contributions.....	46
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 <i>Governmental Auditing Standards</i>	50
Schedule of Findings and Responses.....	52



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INDEPENDENT AUDITORS' REPORT

To the Town Council
Town of Gila Bend, Arizona

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Gila Bend, Arizona, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Gila Bend, Arizona, as of June 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

The Town of Gila Bend, Arizona has not presented the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

Accounting principles generally accepted in the United States of America require that the Budgetary Comparison Schedules, Schedule of the Town's Proportionate Share of the Net Pension/OPEB Liability – Cost-Sharing Plans, and Schedule of Town Pension/OPEB Contributions 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 Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Compliance Over the Use of Highway User Revenue Fund and Other Dedicated State Transportation Revenue Monies

In connection with our audit, nothing came to our attention that caused us to believe that the Town failed to comply with the authorized transportation purposes, insofar as they relate to accounting matters, for Highway User Revenue Fund monies it received pursuant to Arizona

Revised Statutes Title 28, Chapter 18, Article 2, and any other dedicated state transportation revenues it received. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Town's noncompliance with the authorized transportation purposes referred to above, insofar as they relate to accounting matters.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 18, 2023, on our consideration of the Town of Gila Bend, Arizona's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Gila Bend, Arizona's internal control over financial reporting and compliance.

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

January 18, 2023

TOWN OF GILA BEND, ARIZONA
Statement of Net Position
June 30, 2021

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 5,633,374	\$ -	\$ 5,633,374
Restricted cash	-	10,062	10,062
Accounts receivable - net	66,625	310,651	377,276
Taxes receivable	412,656	-	412,656
Due from other governments	57,342	-	57,342
Prepays	46,147	-	46,147
Internal balances	3,762,295	(3,762,295)	-
Net other postemployment benefits asset	6,522	2,406	8,928
Capital assets, not being depreciated	728,384	494,540	1,222,924
Capital assets, being depreciated, net	4,107,203	8,561,047	12,668,250
Total assets	14,820,548	5,616,411	20,436,959
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions and other postemployment benefits	300,361	110,811	411,172
LIABILITIES			
Accounts payable	145,094	60,824	205,918
Accrued expenses	37,418	8,188	45,606
Interest payable	-	9,003	9,003
Due to fiduciary fund	20,075	-	20,075
Refundable deposits	-	10,062	10,062
Noncurrent liabilities			
Due within 1 year	66,208	81,700	147,908
Due in more than 1 year	2,115,856	1,167,921	3,283,777
Total liabilities	2,384,651	1,337,698	3,722,349
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions and other postemployment benefits	55,514	20,480	75,994
NET POSITION			
Net investment in capital assets	4,331,952	8,416,210	12,748,162
Restricted for:			
Highways and streets	54,464	-	54,464
Museum	16,169	-	16,169
Stout Hotel	14,782	-	14,782
Airport	6,327	-	6,327
Unrestricted (deficit)	8,257,050	(4,047,166)	4,209,884
Total net position	\$ 12,680,744	\$ 4,369,044	\$ 17,049,788

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

TOWN OF GILA BEND, ARIZONA
Statement of Activities
Year Ended June 30, 2021

Functions / Programs	Expenses	Program Revenue			Net (Expenses) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
Primary government:							
Governmental activities							
General government	\$ 821,219	\$ 87,229	\$ -	\$ -	\$ (733,990)	\$ -	\$ (733,990)
Public safety	1,001,942	109,945	-	-	(891,997)	-	(891,997)
Public works and streets	1,147,948	121,464	144,400	253,556	(628,528)	-	(628,528)
Culture and recreation	344,809	19,486	2,500	-	(322,823)	-	(322,823)
Health and welfare	473,028	-	322,910	-	(150,118)	-	(150,118)
Interest on long-term debt	18,808	-	-	-	(18,808)	-	(18,808)
Total governmental activities	3,807,754	338,124	469,810	253,556	(2,746,264)	-	(2,746,264)
Business-type activities							
Water and sewer	1,100,238	676,636	246,614	-	-	(176,988)	(176,988)
Ambulance	604,169	502,380	-	-	-	(101,789)	(101,789)
Total business-type activities	1,704,407	1,179,016	246,614	-	-	(278,777)	(278,777)
Total primary government	\$ 5,512,161	\$ 1,517,140	\$ 716,424	\$ 253,556	(2,746,264)	(278,777)	(3,025,041)
General revenue:							
Taxes:							
Sales taxes					3,204,791	15,502	3,220,293
Property taxes					695,429	-	695,429
Franchise taxes					174,041	-	174,041
State revenue sharing					300,119	-	300,119
State sales tax revenue sharing					243,722	-	243,722
Auto lieu tax revenue sharing					98,697	-	98,697
Interest income					659	-	659
Miscellaneous					4,117	-	4,117
Transfers					476,930	(476,930)	-
Total general revenues and transfers					5,198,505	(461,428)	4,737,077
Change in net position					2,452,241	(740,205)	1,712,036
Net position, beginning of year, as restated					10,228,503	5,109,249	15,337,752
Net position, end of year					\$ 12,680,744	\$ 4,369,044	\$ 17,049,788

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

TOWN OF GILA BEND, ARIZONA
Balance Sheet
Governmental Funds
June 30, 2021

	General Fund	HURF Fund	Social Services Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 5,570,594	\$ -	\$ -	\$ 62,780	\$ 5,633,374
Accounts receivable	15,849	-	-	50,776	66,625
Taxes receivable	412,656	-	-	-	412,656
Due from other governments	16,407	13,095	27,840	-	57,342
Prepays	46,147	-	-	-	46,147
Due from other funds	3,789,737	-	-	-	3,789,737
Total assets	\$ 9,851,390	\$ 13,095	\$ 27,840	\$ 113,556	\$ 10,005,881
LIABILITIES					
Accounts payable	\$ 119,756	\$ 8,403	\$ 4,975	\$ 11,960	\$ 145,094
Accrued expenses	29,617	2,372	3,467	1,962	37,418
Due to other funds	20,075	4,112	23,330	-	47,517
Total liabilities	169,448	14,887	31,772	13,922	230,029
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	16,895	-	-	-	16,895
FUND BALANCES					
Nonspendable	27,442	-	-	-	27,442
Restricted for:					
Highways and streets	-	54,464	-	-	54,464
Museum	-	-	-	16,169	16,169
Stout Hotel	14,782	-	-	-	14,782
Airport	-	-	-	6,327	6,327
Assigned for health and welfare	-	-	-	70,791	70,791
Unassigned	9,622,823	(56,256)	(3,932)	6,347	9,568,982
Total fund balances	9,665,047	(1,792)	(3,932)	99,634	9,758,957
Total liabilities, deferred inflows of resources, and fund balances	\$ 9,851,390	\$ 13,095	\$ 27,840	\$ 113,556	\$ 10,005,881

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

TOWN OF GILA BEND, ARIZONA
Reconciliation of the Balance Sheet to the Statement of Net Position
Governmental Funds
June 30, 2021

Fund balances-total governmental funds	\$ 9,758,957
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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.	4,835,587
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Some receivables are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds.	16,895
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Net pension/OPEB assets held in trust for future benefits are not available for Town operations and, therefore, are not reported in the funds.	6,522
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Liabilities, such as net pension/OPEB liabilities and capital leases payable, are not due and payable in the current period and, therefore, are not reported as a liability in the funds.

Leases payable	(69,749)	
Compensated absences	(51,347)	
Notes payable	(433,886)	
Net pension/OPEB liability	(1,627,082)	
		(2,182,064)

Deferred outflows and inflows of resources related to pensions/OPEB and deferred charges or credits on debt refundings are applicable to future reporting periods and, therefore, are not reported in the funds.	244,847
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Net position of governmental activities	\$ 12,680,744
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The accompanying notes are an integral part of these financial statements.

TOWN OF GILA BEND, ARIZONA
Statement of Revenue, Expenditures, and Changes in Fund Balance
Governmental Funds
Year Ended June 30, 2021

	General Fund	HURF Fund	Social Services Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenue					
Taxes	\$ 4,062,806	\$ -	\$ -	\$ -	\$ 4,062,806
Intergovernmental	642,538	397,956	119,462	200,000	1,359,956
Charges for services	248,554	-	-	-	248,554
Licenses and permits	63,462	-	-	-	63,462
Rents	26,708	-	-	-	26,708
Other revenue	6,013	-	-	-	6,013
Contributions	-	-	3,450	-	3,450
Interest	659	-	-	-	659
Total revenue	5,050,740	397,956	122,912	200,000	5,771,608
Expenditures					
Current					
General government	695,579	-	-	550	696,129
Public safety	945,918	-	-	-	945,918
Public works and streets	543,742	467,083	-	-	1,010,825
Culture and recreation	261,717	-	-	-	261,717
Health and welfare	-	-	267,127	195,389	462,516
Debt Service					
Principal	33,461	7,447	-	9,243	50,151
Interest	2,918	1,625	-	14,265	18,808
Capital outlay	45,218	268,622	74,816	-	388,656
Total expenditures	2,528,553	744,777	341,943	219,447	3,834,720
Excess (deficiency) of revenue over (under) expenditures	2,522,187	(346,821)	(219,031)	(19,447)	1,936,888
Other financing sources (uses)					
Transfers	15,225	290,565	152,243	18,897	476,930
Net change in fund balances	2,537,412	(56,256)	(66,788)	(550)	2,413,818
Fund balances, beginning of year, as restated	7,127,635	54,464	62,856	100,184	7,345,139
Fund balances, end of year	\$ 9,665,047	\$ (1,792)	\$ (3,932)	\$ 99,634	\$ 9,758,957

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

TOWN OF GILA BEND, ARIZONA
Reconciliation of the Statement of Revenue, Expenditures,
and Changes in Fund Balances to the Statement of Activities
Governmental Funds
Year Ended June 30, 2021

Net change in fund balances-total governmental funds \$ 2,413,818

Amounts reported for governmental activities in the Statement of Activities

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

Capital outlay	388,656	
Depreciation expense	(405,420)	
		(16,764)

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

Property taxes		11,456
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Town pension/OPEB contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the statement of net position because the reported net pension/OPEB liability is measured a year before the Town's report date. Pension/OPEB expense, which is the change in the net pension/OPEB liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the Statement of Activities.

Town pension/OPEB contributions	116,821	
Pension/OPEB expense	(134,328)	
		(17,507)

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

Debt principal repaid		50,151
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Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available resources. In the Statement of Activities, however, which is presented on the accrual basis of accounting, expenses are reported regardless of when the financial resources are available.

Decrease in compensated absences payable		11,087
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Change in net position of governmental activities		\$ 2,452,241
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The accompanying notes are an integral part of these financial statements.

TOWN OF GILA BEND, ARIZONA
Statement of Net Position
Proprietary Funds
June 30, 2021

	Business-type Activities--Enterprise Funds		
	Water and Sewer Fund	Ambulance Fund	Total
ASSETS			
Current assets			
Restricted cash	\$ 10,062	\$ -	\$ 10,062
Accounts receivable - net	69,955	240,696	310,651
Total current assets	<u>80,017</u>	<u>240,696</u>	<u>320,713</u>
Noncurrent assets			
Net other postemployment benefits asset	518	1,888	2,406
Capital assets, net of accumulated depreciation, where applicable:			
Land	494,540	-	494,540
Water systems, net	3,862,101	-	3,862,101
Sewer ponds, net	540,224	-	540,224
Mains and lines, net	4,001,822	-	4,001,822
Equipment, net	65,627	91,273	156,900
Total capital assets, net	<u>8,964,314</u>	<u>91,273</u>	<u>9,055,587</u>
Total noncurrent assets	<u>8,964,832</u>	<u>93,161</u>	<u>9,057,993</u>
Total assets	<u>9,044,849</u>	<u>333,857</u>	<u>9,378,706</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions and other postemployment benefits	23,848	86,963	110,811
LIABILITIES			
Current liabilities			
Accounts payable	46,928	13,896	60,824
Accrued expenses	2,164	6,024	8,188
Interest payable	9,003	-	9,003
Refundable deposits	10,062	-	10,062
Notes payable - current portion	72,725	-	72,725
Compensated absences - current portion	1,679	7,296	8,975
Total current liabilities	<u>142,561</u>	<u>27,216</u>	<u>169,777</u>
Noncurrent liabilities			
Due to other funds	3,474,619	287,676	3,762,295
Notes payable - net of current portion	566,652	-	566,652
Compensated absences - net of current portion	186	811	997
Net pension and other postemployment benefits liability	129,187	471,085	600,272
Total noncurrent liabilities	<u>4,170,644</u>	<u>759,572</u>	<u>4,930,216</u>
Total liabilities	<u>4,313,205</u>	<u>786,788</u>	<u>5,099,993</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions and other postemployment benefits	4,408	16,072	20,480
NET POSITION			
Net investment in capital assets	8,324,937	91,273	8,416,210
Unrestricted (deficit)	<u>(3,573,853)</u>	<u>(473,313)</u>	<u>(4,047,166)</u>
Total net position	<u>\$ 4,751,084</u>	<u>\$ (382,040)</u>	<u>\$ 4,369,044</u>

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

TOWN OF GILA BEND, ARIZONA
Statement of Revenue, Expenses, and Changes in Fund Net Position
Proprietary Funds
Year Ended June 30, 2021

	Business-type Activities--Enterprise Funds		
	Water and Sewer Fund	Ambulance Fund	Total
Operating revenues			
Charges for services			
Water and sewer	\$ 669,411	\$ -	\$ 669,411
Patient service revenue, net	-	502,380	502,380
Late fees	7,225	-	7,225
Total operating revenues	<u>676,636</u>	<u>502,380</u>	<u>1,179,016</u>
Operating expenses			
Personnel	132,725	470,701	603,426
Depreciation	452,361	17,775	470,136
Utilities	206,590	6,418	213,008
Materials and supplies	128,530	36,267	164,797
Repairs and maintenance	85,780	11,577	97,357
Professional services	43,482	26,377	69,859
Miscellaneous	11,464	22,988	34,452
Insurance	21,083	10,304	31,387
Total operating expenses	<u>1,082,015</u>	<u>602,407</u>	<u>1,684,422</u>
Operating income (loss)	(405,379)	(100,027)	(505,406)
Nonoperating revenue (expense)			
Noncapital grant	-	246,614	246,614
Sales taxes	15,502	-	15,502
Interest expense	(18,223)	(1,762)	(19,985)
Total nonoperating revenue (expense)	<u>(2,721)</u>	<u>244,852</u>	<u>242,131</u>
Income (loss) before contributions, gains, losses, and transfers	(408,100)	144,825	(263,275)
Transfers	(73,943)	(402,987)	(476,930)
Increase (decrease) in net position	(482,043)	(258,162)	(740,205)
Total net position, beginning of year	<u>5,233,127</u>	<u>(123,878)</u>	<u>5,109,249</u>
Total net position, end of year	<u>\$ 4,751,084</u>	<u>\$ (382,040)</u>	<u>\$ 4,369,044</u>

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

TOWN OF GILA BEND, ARIZONA
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2021

	Business-type Activities--Enterprise Funds		
	Water and Sewer Fund	Ambulance Fund	Total
Cash flows from operating activities:			
Receipts from customers	\$ 671,287	\$ 508,813	\$ 1,180,100
Payments to suppliers and providers of goods and services	(489,549)	(114,301)	(603,850)
Payments to employees	(130,920)	(465,830)	(596,750)
Net cash provided by (used by) operating activities	<u>50,818</u>	<u>(71,318)</u>	<u>(20,500)</u>
Cash flows from noncapital financing activities:			
Advances from interfund loans	119,503	256,861	376,364
Proceeds from noncapital grants	-	246,614	246,614
Sales taxes	15,502	-	15,502
Net transfers	(73,943)	(402,987)	(476,930)
Net cash provided by (used by) noncapital financing activities	<u>61,062</u>	<u>100,488</u>	<u>161,550</u>
Cash flows from capital and related financing activities:			
Interest paid	(19,012)	(1,762)	(20,774)
Purchases of capital assets	(21,374)	-	(21,374)
Principal paid on leases payable	-	(27,408)	(27,408)
Principal paid on notes payable	(70,713)	-	(70,713)
Net cash provided by (used by) capital and related financing activities	<u>(111,099)</u>	<u>(29,170)</u>	<u>(140,269)</u>
Net increase (decrease) in cash and cash equivalents	<u>781</u>	<u>-</u>	<u>781</u>
Cash and cash equivalents, beginning of year	<u>9,281</u>	<u>-</u>	<u>9,281</u>
Cash and cash equivalents, end of year	<u><u>\$ 10,062</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 10,062</u></u>

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

TOWN OF GILA BEND, ARIZONA
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2021
(Continued)

	Business-type Activities - Enterprise Funds		
	Water and Sewer Fund	Ambulance Fund	Total
Reconciliation of operating income (loss) to net cash provided (used) by operating activities			
Operating income (loss)	\$ (405,379)	\$ (100,027)	\$ (505,406)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	452,361	17,775	470,136
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:			
Accounts receivable	(6,130)	6,433	303
Net other postemployment benefits asset	(311)	(1,133)	(1,444)
Deferred outflows of resources related to pensions and other postemployment benefits	(8,444)	(30,791)	(39,235)
Accounts payable	7,380	(370)	7,010
Accrued expenses	414	(197)	217
Refundable deposits	781	-	781
Net pension and other postemployment benefits liability	18,138	66,139	84,277
Deferred inflows of resources related to pensions and other postemployment benefits	(7,992)	(29,147)	(37,139)
Net cash provided (used) by operating activities	<u>\$ 50,818</u>	<u>\$ (71,318)</u>	<u>\$ (20,500)</u>

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

TOWN OF GILA BEND, ARIZONA
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2021

	<u>Firefighters' Relief and Pension Trust</u>
ASSETS	
Cash and cash equivalents	\$ 19,956
Investments	238,020
Due from Town	20,075
State fire insurance premium receivable	<u>203</u>
Total assets	<u>278,254</u>
NET POSITION	
Held in trust for investment trust participants	<u>\$ 278,254</u>

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

TOWN OF GILA BEND, ARIZONA
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year Ended June 30, 2021

	Firefighters' Relief and Pension Trust
Additions:	
Interest and dividends	\$ 10,700
Employee contributions	35,441
State fire insurance premiums	5,562
Investment gains	<u>66,890</u>
Total additions	<u>118,593</u>
Deductions:	
Distributions	39,568
Fees	<u>5,896</u>
Total deductions	<u>45,464</u>
Change in net position	73,129
Net position, beginning of year	<u>205,125</u>
Net position, end of year	<u><u>\$ 278,254</u></u>

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

TOWN OF GILA BEND, ARIZONA
Notes to Financial Statements
June 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The Town is a general-purpose local government that is governed by a separately elected Town Council. The accompanying financial statements present the activities of the Town (the primary government) and its component units.

Component units are legally separate entities for which the Town is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the Town's operations. Therefore, data from these units is combined with data of the primary government. The component units discussed below have a June 30 year-end.

Gila Bend Municipal Property Corporation (GBMPC) is an Arizona nonprofit corporation incorporated under the laws of the State of Arizona. The principal objective of the Corporation is to assist the Town of Gila Bend, Arizona in obtaining financing for various projects of the Town. GBMPC is a blended component unit.

Merrill Paloma Ranch Community Facilities District (MPRCFD) and the **Sonoran Trails Community Facilities District (STCFD)** are Arizona nonprofit corporations incorporated under the laws of the State of Arizona. The principal objective of the Districts are to assist the Town of Gila Bend, Arizona in developing these specific communities. MPRCFD and STCFD are blended component units. These districts had no activity during the fiscal year.

B. Basis of Presentation

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

Government-wide statements – provide information about the primary government (the Town) and its component units excluding fiduciary activities. The statements include a statement of net position and a statement of activities. These statements report the financial activities of the overall government. They also distinguish between the governmental and business-type activities of the Town. Governmental activities generally are financed through taxes and

TOWN OF GILA BEND, ARIZONA
Notes to Financial Statements
June 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

intergovernmental revenues. Business-type activities are financed in whole or in part by fees charged to external parties.

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

- ♦ charges to customers or applicants for goods, services, or privileges provided,
- ♦ operating grants and contributions, and
- ♦ capital grants and contributions, including special assessments.

Revenues that are not classified as program revenues, including internally dedicated resources and all taxes, are reported as general revenues.

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

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

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

TOWN OF GILA BEND, ARIZONA
Notes to Financial Statements
June 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

The Town reports the following major governmental funds:

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

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

The ***Social Services Fund*** accounts for specific revenue received from Maricopa County and the Area Authority on Aging that is legally restricted to expenditures for specified purposes.

The Town reports the following major enterprise funds:

The ***Water and Sewer Fund*** and ***Ambulance Fund*** account for operations that are financed and operated in a manner similar to private business enterprises, in which the intent of the Town Council is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or for which the Town Council has decided that periodic determination of revenue earned, expenses incurred, or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Additionally, the Town reports the following fiduciary fund type:

The ***Firefighters' Relief and Pension Trust Fund*** accounts for activities of the Firefighters' Relief and Pension Fund, which accumulates resources for pension benefit payments to qualified firefighters.

C. Basis of Accounting

The government-wide, proprietary fund, and fiduciary fund financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Property taxes are recognized as revenue in the year for which they are levied. Grants and donations are recognized as revenue as soon as all eligibility requirements the provider imposed have been met.

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

TOWN OF GILA BEND, ARIZONA
Notes to Financial Statements
June 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

D. Cash and Investments

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

E. Allowance for Uncollectible Accounts

Allowances for uncollectible accounts receivable in the proprietary funds are estimated by the Town. The amount recorded as uncollectible at June 30, 2021 for the Water and Sewer Fund and the Ambulance Fund were \$15,738 and \$883,208, respectively. It is the Town's policy for accounts receivables greater than 60 days past due to terminate services and or negotiate a contractual repayment plan.

F. Property Tax Calendar

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

The Town also levies various personal property taxes during the year that 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 assessment and levy thereof.

TOWN OF GILA BEND, ARIZONA
Notes to Financial Statements
June 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

G. Capital Assets

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

Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the government-wide statements and proprietary funds are as follows:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Land	\$ 1,000	n/a	n/a
Construction in progress	1,000	n/a	n/a
Land improvements	1,000	Straight-line	20
Buildings and building improvements	1,000	Straight-line	20
Fixtures and equipment	1,000	Straight-line	10
Vehicles	1,000	Straight-line	5 to 8
Treatment plant and ponds	1,000	Straight-line	30
Mains and lines	1,000	Straight-line	50
Machinery and equipment	1,000	Straight-line	8
Wells and pumping equipment	1,000	Straight-line	25
Flouride treatment plant	1,000	Straight-line	50
Pressure and storage system	1,000	Straight-line	25
Infrastructure	1,000	Straight-line	20

H. Investment Income

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

I. Compensated Absences

Compensated absences consist of leave time earned by employees based on services already rendered.

Employees may accumulate up to 160 hours of vacation depending on years of service, but any vacation hours in excess of the maximum amount are forfeited. Upon termination of employment, all unused vacation benefits are paid to employees. In addition, any employee with ten years or more of service is paid \$1 for any unused and accrued hour of sick time upon

TOWN OF GILA BEND, ARIZONA
Notes to Financial Statements
June 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

termination. Accordingly, these benefits are accrued as a liability in the government-wide and proprietary fund financial statements.

J. Deferred Outflows/Inflows of Resources

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

K. Fund Balance Reporting

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

The nonspendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form, such as inventories, or are legally or contractually required to be maintained intact. Restricted fund balances are those that have externally imposed restrictions on their usage by creditors (such as through debt covenants), grantors, contributors, or laws and regulations.

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

Assigned fund balances are resources constrained by the Town's intent to be used for specific purposes, but that are neither restricted nor committed. The Town Council has authorized the Town manager to assign resources for a specific purpose.

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

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

TOWN OF GILA BEND, ARIZONA
Notes to Financial Statements
June 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Town's policy to use (the Town will use) committed amounts first when disbursing unrestricted fund balances, followed by assigned amounts, and lastly unassigned amounts.

L. Postemployment Benefits

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

M. Budgets

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

Expenditures may not legally exceed budgeted appropriations at the department level. The individual budgetary comparison schedules as listed in the table of contents present all major governmental funds which incurred an excess of expenditures/expenses over appropriations for the year ended June 30, 2021, if any.

NOTE 2 – RISK MANAGEMENT

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

TOWN OF GILA BEND, ARIZONA
Notes to Financial Statements
June 30, 2021

NOTE 3 – DEPOSITS AND INVESTMENTS

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

Credit risk

Statutes have the following requirements for credit risk:

1. Commercial paper must be of prime quality and be rated within the top two ratings by a nationally recognized rating agency.
2. Bonds, debentures, notes, and other evidences of indebtedness that are denominated in United States dollars must be rated "A" or better at the time of purchase by at least two nationally recognized rating agencies.
3. Fixed income securities must carry one of the two highest ratings by Moody's investor's service and Standard and Poor's rating service. If only one of the above-mentioned services rates the security, it must carry the highest rating of that service.

Custodial credit risk

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

Concentration of credit risk

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

Interest rate risk

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

TOWN OF GILA BEND, ARIZONA
Notes to Financial Statements
June 30, 2021

NOTE 3 – DEPOSITS AND INVESTMENTS – Continued

Foreign currency risk

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

The Town's investment policy states that the Town will conform with Arizona Revised Statutes. The Town does not have a formal investment policy with respect to custodial credit risk, concentration of credit risk, or foreign currency risk.

Deposits—At June 30, 2021, the carrying amount of the Town's total cash in bank was \$3,378,330, and the bank balances were \$3,744,540. Of the bank balances, \$1,250,000 was covered by federal depository insurance or similar insurance. The remaining bank balance was covered by collateral held by the pledging financial institution in the Town's name.

Investments—The Town reported investments in the State Treasurer's Investment Pool 5 with a reported amount of \$228,988. The Standard and Poor's credit quality rating of the pool is AAA.

The Town reported investments in the State Treasurer's Investment Pool 7 with a reported amount of \$2,035,633. Pool 7 is unrated.

The Town's Pension Trust Fund had investments in mutual funds of \$238,020 at June 30, 2021, categorized within the fair value hierarchy established by generally accepted accounting principles as Level 1. Investments categorized as Level 1 are valued using prices quoted in active markets for those investments.

Investments in the State Treasurer's investment pools are valued at the pool's share price multiplied by the number of shares the Town held. The fair value of a participant's position in the pools approximates the value of that participant's pool shares. The State Board of Investment provides oversight for the State Treasurer's investment pools.

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

	Governmental activities	Business-type activities	Firefighters' Relief and Pension Trust	Total
Cash and cash equivalents:				
Amount of deposits	\$ 3,368,268	\$ 10,062	\$ -	\$ 3,378,330
State Treasurer's investment pool 5	228,988	-	-	228,988
Money market	-	-	19,956	19,956
State Treasurer's investment pool 7	2,035,633	-	-	2,035,633
Cash on hand	485	-	-	485
Total	<u>\$ 5,633,374</u>	<u>\$ 10,062</u>	<u>\$ 19,956</u>	<u>\$ 5,663,392</u>

TOWN OF GILA BEND, ARIZONA
Notes to Financial Statements
June 30, 2021

NOTE 4 – DUE (TO) FROM OTHER GOVERNMENTS

Due from other governments for each governmental fund consisted of the following:

	General Fund	HURF Fund	Social Services Fund
Maricopa County	\$ -	\$ -	\$ 9,169
State of Arizona	16,407	13,095	-
Area Agency on Aging	-	-	18,671
	<u>\$ 16,407</u>	<u>\$ 13,095</u>	<u>\$ 27,840</u>

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2021, was as follows:

	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 728,384	\$ -	\$ -	\$ 728,384
Construction in progress	39,775	-	(39,775)	-
Total capital assets not being depreciated	<u>768,159</u>	<u>-</u>	<u>(39,775)</u>	<u>728,384</u>
Capital assets being depreciated:				
Infrastructure	5,571,056	308,397	-	5,879,453
Buildings and building improvements	3,130,027	45,218	-	3,175,245
Furniture, machinery, and equipment	2,596,489	74,816	-	2,671,305
Total	<u>11,297,572</u>	<u>428,431</u>	<u>-</u>	<u>11,726,003</u>
Less accumulated depreciation for:				
Infrastructure	(3,465,333)	(212,886)	-	(3,678,219)
Buildings and building improvements	(1,566,861)	(105,401)	-	(1,672,262)
Furniture, machinery, and equipment	(2,181,186)	(87,133)	-	(2,268,319)
Total	<u>(7,213,380)</u>	<u>(405,420)</u>	<u>-</u>	<u>(7,618,800)</u>
Total capital assets being depreciated, net	<u>4,084,192</u>	<u>23,011</u>	<u>-</u>	<u>4,107,203</u>
Governmental activities capital assets, net	<u>\$ 4,852,351</u>	<u>\$ 23,011</u>	<u>\$ (39,775)</u>	<u>\$ 4,835,587</u>

TOWN OF GILA BEND, ARIZONA
Notes to Financial Statements
June 30, 2021

NOTE 5 – CAPITAL ASSETS – Continued

	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 494,540	\$ -	\$ -	\$ 494,540
Capital assets being depreciated:				
Mains and lines	5,510,067	21,374	-	5,531,441
Wells, pumping equipment and pressure storage system	6,812,581	-	-	6,812,581
Sewer treatment ponds	1,962,801	-	-	1,962,801
Machinery, equipment, and vehicles	437,442	-	-	437,442
Total	<u>14,722,891</u>	<u>21,374</u>	<u>-</u>	<u>14,744,265</u>
Less accumulated depreciation for:				
Mains and lines	(1,415,309)	(114,311)	-	(1,529,620)
Wells, pumping equipment and pressure storage system	(2,699,107)	(251,373)	-	(2,950,480)
Sewer treatment ponds	(1,350,168)	(72,409)	-	(1,422,577)
Machinery, equipment, and vehicles	(248,498)	(32,043)	-	(280,541)
Total	<u>(5,713,082)</u>	<u>(470,136)</u>	<u>-</u>	<u>(6,183,218)</u>
Total capital assets being depreciated, net	<u>9,009,809</u>	<u>(448,762)</u>	<u>-</u>	<u>8,561,047</u>
Business-type activities capital assets, net	<u>\$ 9,504,349</u>	<u>\$ (448,762)</u>	<u>\$ -</u>	<u>\$ 9,055,587</u>

Depreciation expense was charged to functions as follows:

	Governmental Activities	Business-type Activities
General government	\$ 122,982	\$ -
Public safety	55,599	-
Public works and streets	135,330	-
Culture and recreation	82,483	-
Health and welfare	9,026	-
Water and Sewer	-	452,361
Ambulance	-	17,775
Total depreciation expense	<u>\$ 405,420</u>	<u>\$ 470,136</u>

TOWN OF GILA BEND, ARIZONA
Notes to Financial Statements
June 30, 2021

NOTE 6 – LONG-TERM LIABILITIES

Notes payable from direct borrowings and direct placements – On February 1, 2008, the Town entered into a note agreement with the Water Infrastructure Finance Authority of Arizona (WIFA) for the construction of a one-million-gallon water tank. The original note term was for one million dollars. As of June 30, 2021, the Town had drawn \$951,611 from WIFA.

On April 15, 2010, the Gila Bend Municipal Property Corporation (GBMPC) entered into a note agreement with the U.S. Department of Agriculture Rural Development (USDA) for the construction of a one-million-gallon water tank. The original note term was for \$518,000.

On March 18, 2012, the Town entered into a note agreement with the Water Infrastructure Finance Authority of Arizona (WIFA) for the construction water facilities improvements. The original note term was for \$2,050,000 with \$1,550,000 forgivable principal and a \$500,000 repayment amount. As of June 30, 2021, the Town had drawn \$1,922,477 and has met the forgivable principal requirement. As of June 30, 2021 the Town had an original repayment balance of \$372,477 with a remaining \$127,523 left to draw.

Notes payable at June 30, 2021, were as follows:

Description	Original Amount	Maturity Ranges	Interest Rate	Outstanding June 30, 2021
WIFA Note	\$ 951,611	2011 - 2028	2.612%	\$ 425,950
WIFA Note	372,477	2012 - 2035	2.625%	213,427
USDA Note	518,000	2011 - 2050	3.250%	433,885
				<u>\$ 1,073,262</u>

TOWN OF GILA BEND, ARIZONA
Notes to Financial Statements
June 30, 2021

NOTE 6 – LONG-TERM LIABILITIES – Continued

The following schedule details debt service requirements to maturity for the Town's notes payable at June 30, 2021.

Year Ending June 30	Governmental Activities			Business-type Activities		
	Notes Payable from Direct Borrowings and Direct Placements			Notes Payable from Direct Borrowings and Direct Placements		
	Principal	Interest	Total	Principal	Interest	Total
2022	\$ 9,548	\$ 13,960	\$ 23,508	\$ 72,725	\$ 12,991	\$ 85,716
2023	9,863	13,645	23,508	74,794	11,124	85,918
2024	10,189	13,319	23,508	76,922	9,204	86,126
2025	10,525	12,983	23,508	79,111	7,228	86,339
2026	10,872	12,636	23,508	81,362	5,196	86,558
2027-31	59,982	57,558	117,540	232,451	5,518	237,969
2032-36	70,550	46,990	117,540	22,012	-	22,012
2037-41	82,981	34,559	117,540	-	-	-
2042-46	97,601	19,939	117,540	-	-	-
2047-51	71,774	3,906	75,680	-	-	-
Total	\$ 433,885	\$ 230,183	\$ 664,068	\$ 639,377	\$ 51,261	\$ 690,638

The following schedule details the Town's long-term liability and obligation activity for the year ended June 30, 2021.

	Balance July 1, 2020	Additions	Reductions	Balance June 30, 2021	Due within 1 year
Governmental activities:					
Notes payable from direct borrowings and direct placements	\$ 443,128	\$ -	\$ 9,243	\$ 433,885	\$ 9,548
Capital leases payable	110,658	-	40,908	69,750	10,448
Net pension liability	1,398,643	228,439	-	1,627,082	-
Compensated absences	62,434	-	11,087	51,347	46,212
Governmental activities long-term liabilities	\$ 2,014,863	\$ 228,439	\$ 61,238	\$ 2,182,064	\$ 66,208
Business-type activities:					
Notes payable from direct borrowings and direct placements	\$ 710,090	\$ -	\$ 70,713	\$ 639,377	\$ 72,725
Capital leases payable	27,408	-	27,408	-	-
Net pension liability	515,995	84,277	-	600,272	-
Compensated absences	9,972	-	-	9,972	8,975
Business-type activities long-term liabilities	\$ 1,263,465	\$ 84,277	\$ 98,121	\$ 1,249,621	\$ 81,700

TOWN OF GILA BEND, ARIZONA
Notes to Financial Statements
June 30, 2021

NOTE 6 – LONG-TERM LIABILITIES – Continued

Capital leases – The Town has acquired equipment under the provisions of a long-term lease agreement classified as a capital lease for accounting purposes because it provides for a bargain purchase option or a transfer of ownership by the end of the lease term.

The assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>
Copier	\$ 5,264
Backhoe	95,849
Less: accumulated depreciation	<u>(19,384)</u>
Carrying value	<u><u>\$ 81,729</u></u>

The following schedule details debt service requirements to maturity for the Town's capital leases payable at June 30, 2021:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>
2022	\$ 12,254
2023	15,120
2024	15,120
2025	15,120
2026	15,120
2027	<u>3,780</u>
Total minimum lease payments	76,514
Less amount representing interest	<u>(6,764)</u>
Present value of net minimum lease payments	<u><u>\$ 69,750</u></u>

TOWN OF GILA BEND, ARIZONA
Notes to Financial Statements
June 30, 2021

NOTE 7 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

The Town contributes to the pension plan described below. The plan is a component unit of the State of Arizona.

At June 30, 2021, the Town reported the following aggregate amounts related to pensions for the plan to which it contributes:

Statement of Net Position and Statement of Activities	Governmental Activities	Business-type Activities	Total
Net pension/OPEB assets	\$ 6,522	\$ 2,406	\$ 8,928
Net pension/OPEB liabilities	1,627,082	600,272	2,227,354
Deferred outflows of resources related to pension and OPEB	300,361	110,811	411,172
Deferred inflows of resources related to pension and OPEB	55,514	20,480	75,994
Pension and OPEB expense	134,328	49,557	183,885

The Town reported \$116,821 of pension and OPEB expenditures in the governmental funds related to the pension plan to which it contributes.

A. Arizona State Retirement System

Plan Description – All eligible town employees participate in the Arizona State Retirement System (ASRS). The ASRS administers a cost-sharing multiple-employer defined benefit pension plan, a cost-sharing multiple-employer defined benefit health insurance premium benefit (OPEB) plan, and a cost-sharing multiple-employer defined benefit long-term disability (OPEB) plan. The Arizona State Retirement System Board governs the ASRS according to the provisions of A.R.S. Title 38, Chapter 5, Articles 2 and 2.1. The ASRS issues a publicly available financial report that includes its financial statements and required supplementary information. The report is available on its website at www.azasrs.gov.

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

TOWN OF GILA BEND, ARIZONA
Notes to Financial Statements
June 30, 2021

NOTE 7 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS – Continued

	Initial Membership Date:	
	Before July 1, 2011	On or after July 1, 2011
Years of service and age required to receive benefit	Sum of years and age equals 80 10 years age 62 5 years age 50* Any years age 65	30 years age 55 25 years age 60 10 years age 62 5 years age 50* Any years age 65
Final average salary is based on	Highest 36 months of last 120 months	Highest 60 months of last 120 months
Benefit percent per year of service	2.1% to 2.3%	2.1% to 2.3%

*With actuarially reduced benefits.

Retirement benefits for members who joined the ASRS prior to September 13, 2013, are subject to automatic cost-of-living adjustments based on excess investment earnings. 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, 2021, statute required active ASRS members to contribute at the actuarially determined rate of 12.22 percent (12.04 percent for retirement and 0.18 percent for long-term disability) of the members' annual covered payroll, and statute required the Town to contribute at the actuarially

TOWN OF GILA BEND, ARIZONA
Notes to Financial Statements
June 30, 2021

NOTE 7 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS – Continued

determined rate of 12.22 percent (11.65 percent for retirement, 0.39 percent for health insurance premium benefit, and 0.18 percent for long-term disability) of the active members' annual covered payroll. The Town's contributions to the pension, health insurance premium benefit, and long-term disability plans for the year ended June 30, 2021, were \$152,579, \$5,008, and \$2,332, respectively.

During fiscal year 2020, the Town paid for ASRS pension and OPEB contributions as follows: 73.05 percent from the General Fund, 5.80 percent from the Water and Sewer Fund, and 21.15 percent from the Ambulance Fund.

Liability - At June 30, 2021, the Town reported the following asset and liabilities for its proportionate share of the ASRS' net pension/OPEB asset or liability.

	Net Pension/OPEB (Asset) Liability
Pension	\$ 2,217,795
Health insurance premium benefit	(8,928)
Long-term disability	9,559

The net asset and net liabilities were measured as of June 30, 2020. 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, 2019, to the measurement date of June 30, 2020. The Town's proportion of the net asset or net liability was based on the Town's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2020. The Town's proportions measured as of June 30, 2020, and the change from its proportions measured as of June 30, 2019, were:

	Proportion June 30, 2020	Increase (decrease) from June 30, 2019
Pension	0.01280%	-0.00030%
Health insurance premium benefit	0.01261%	-0.00030%
Long-term disability	0.01260%	-0.00035%

Expense – For the year ended June 30, 2021, the Town recognized the following pension and OPEB expense.

	Pension/OPEB Expense
Pension	\$ 178,043
Health insurance premium benefit	2,835
Long-term disability	3,007

TOWN OF GILA BEND, ARIZONA
Notes to Financial Statements
June 30, 2021

NOTE 7 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS – Continued

Deferred Outflows/Inflows of Resources—At June 30, 2021, the Town 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	\$ 20,064	\$ -	\$ -	\$ 17,592
Changes of assumptions or other inputs	-	-	4,950	-
Net difference between projected and actual earnings on pension plan investments	213,909	-	9,135	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	-	57,743	39	4
Town contributions subsequent to the measurement date	152,579	-	5,008	-
Total	\$ 386,552	\$ 57,743	\$ 19,132	\$ 17,596

	Long-Term Disability	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 832	\$ 246
Changes of assumptions or other inputs	1,030	-
Net difference between projected and actual earnings on pension plan investments	1,052	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	242	409
Town contributions subsequent to the measurement date	2,332	-
Total	\$ 5,488	\$ 655

TOWN OF GILA BEND, ARIZONA
Notes to Financial Statements
June 30, 2021

NOTE 7 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS – Continued

The amounts reported as deferred outflows of resources related to ASRS pensions and OPEB resulting from Town contributions subsequent to the measurement date will be recognized as an increase of the net asset or a reduction of the net liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and OPEB will be recognized as expenses as follows:

Year ended June 30,	Pension	Health Insurance Premium Benefit	Long-Term Disability
2022	\$ (18,664)	\$ (1,886)	\$ 421
2023	51,360	48	592
2024	77,373	463	624
2025	66,161	(482)	558
2026	-	(1,615)	286
Thereafter	-	-	20

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

ASRS

Actuarial valuation date	June 30, 2019
Actuarial roll forward date	June 30, 2020
Actuarial cost method	Entry age normal
Investment rate of return	7.5%
Projected salary increases	2.7 - 7.2% for pensions/not applicable for OPEB
Inflation	2.3%
Permanent benefit increase	Included for 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 rate	Not applicable

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

TOWN OF GILA BEND, ARIZONA
Notes to Financial Statements
June 30, 2021

NOTE 7 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS – Continued

The long-term expected rate of return on ASRS plan investments was determined to be 7.50 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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Geometric Real Rate of Return</u>
Equity	50%	6.39%
Fixed income - credit	20%	5.44%
Fixed income - interest rate sensitive	10%	0.22%
Real estate	20%	5.85%
Total	<u>100%</u>	

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

TOWN OF GILA BEND, ARIZONA
Notes to Financial Statements
June 30, 2021

NOTE 7 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS – Continued

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Town's Proportionate share of the			
Net pension liability	\$ 3,032,804	\$ 2,217,795	\$ 1,536,489
Net insurance premium benefit liability (asset)	11,714	(8,928)	(26,495)
Net long-term disability liability	10,436	9,559	8,706

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

NOTE 8 – INTERFUND BALANCES AND ACTIVITY

Interfund receivables and payables – Interfund balances at June 30, 2021, were as follows:

Payable from	Payable to		Total
	General Fund	Firefighters' Relief and Pension Trust	
General Fund	\$ -	\$ 20,075	\$ 20,075
HURF Fund	4,112	-	4,112
Social Services Fund	23,330	-	23,330
Water and Sewer Fund	3,474,619	-	3,474,619
Ambulance Fund	287,676	-	287,676
Total	<u>\$3,789,737</u>	<u>\$ 20,075</u>	<u>\$3,809,812</u>

The purpose of the amounts due to the General Fund was to finance ongoing operations for each fund that had borrowed from the General Fund. With the exception of the Firefighters' Relief and Pension Trust Fund borrowing, balances are not expected to be repaid within one year.

TOWN OF GILA BEND, ARIZONA
Notes to Financial Statements
June 30, 2021

NOTE 8 – INTERFUND BALANCES AND ACTIVITY – Continued

The amount due to the Firefighters' Relief and Pension Trust are participant contributions that have yet to be deposited into the investment account of the Trust.

Interfund transfers – Interfund transfers of cash for the year ended June 30, 2021, were as follows:

Transfer to	Transfer from				Total
	General Fund	Care 1st Fund (Nonmajor)	Water and Sewer Fund	Ambulance Fund	
General Fund	\$ -	\$ 4,611	\$ 50,435	\$ 402,987	\$ 458,033
HURF Fund	290,565	-	-	-	290,565
Social Services Fund	152,243	-	-	-	152,243
GBMPC (Nonmajor)	-	-	23,508	-	23,508
Total	<u>\$ 442,808</u>	<u>\$ 4,611</u>	<u>\$ 73,943</u>	<u>\$ 402,987</u>	<u>\$ 924,349</u>

The purpose of the interfund transfers from the General Fund shown above were to help pay for excess expenditures in the current year over revenues. The purpose of the interfund transfer from the Water and Sewer Fund to the GBMPC Fund was to fund the payment of debt service paid from the GBMPC Fund.

NOTE 9 – RESTATED FUND BALANCE/NET POSITION

The Town restated the fund balance in the general fund and the net position in the governmental activities due to a correction of an error. Prior year general fund accounts payable was overstated by \$58,339 and general fund expenditures were overstated by the same.

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OTHER REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF GILA BEND, ARIZONA
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenue				
Taxes	\$ 2,994,500	\$ 2,994,500	\$ 4,062,806	\$ 1,068,306
Intergovernmental	586,764	586,764	642,538	55,774
Charges for services	254,060	254,060	248,554	(5,506)
Licenses and permits	110,200	110,200	63,462	(46,738)
Rents	25,000	25,000	26,708	1,708
Other revenue	12,000	12,000	6,013	(5,987)
Interest	2,000	2,000	659	(1,341)
Total revenue	<u>3,984,524</u>	<u>3,984,524</u>	<u>5,050,740</u>	<u>1,066,216</u>
Expenditures				
Mayor and Council	32,454	32,454	10,590	21,864
Magistrate Court	81,868	81,868	50,570	31,298
Town Clerk	168,150	168,150	161,265	6,885
Finance	312,118	312,118	309,665	2,453
Town Manager	652,865	609,382	217,976	391,406
Police	641,129	641,129	638,900	2,229
Public Works	524,022	524,022	330,978	193,044
Community Development	102,015	102,015	89,439	12,576
Airport	33,862	33,862	42,462	(8,600)
Sanitation	190,877	190,877	126,349	64,528
Parks	189,513	189,513	135,281	54,232
Recreation	163,441	163,441	129,460	33,981
Fire Operations	296,947	296,947	285,618	11,329
Total expenditures	<u>3,389,261</u>	<u>3,345,778</u>	<u>2,528,553</u>	<u>817,225</u>
Excess (deficiency) of revenue over (under) expenditures	<u>595,263</u>	<u>638,746</u>	<u>2,522,187</u>	<u>1,883,441</u>
Other financing sources (uses)				
Transfers	<u>(661,369)</u>	<u>(661,369)</u>	<u>15,225</u>	<u>676,594</u>
Net change in fund balances	<u>(66,106)</u>	<u>(22,623)</u>	<u>2,537,412</u>	<u>2,560,035</u>
Fund balances, beginning of year	<u>7,127,635</u>	<u>7,127,635</u>	<u>7,127,635</u>	<u>-</u>
Fund balances, end of year	<u>\$ 7,061,529</u>	<u>\$ 7,105,012</u>	<u>\$ 9,665,047</u>	<u>\$ 2,560,035</u>

See accompanying notes to budgetary comparison schedule.

TOWN OF GILA BEND, ARIZONA
Required Supplementary Information
Budgetary Comparison Schedule
HURF Fund
Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenue				
Intergovernmental	\$ 560,185	\$ 560,185	\$ 397,956	\$ (162,229)
Expenditures				
Current				
Public works and streets	710,984	754,467	467,083	287,384
Debt Service				
Principal	7,447	7,447	7,447	-
Interest	1,625	1,625	1,625	-
Capital outlay	268,622	268,622	268,622	-
Total expenditures	988,678	1,032,161	744,777	287,384
Excess (deficiency) of revenue over (under) expenditures	(428,493)	(471,976)	(346,821)	125,155
Other financing sources (uses)				
Transfers	428,493	428,493	290,565	(137,928)
Net change in fund balances	-	(43,483)	(56,256)	(12,773)
Fund balances, beginning of year	54,464	54,464	54,464	-
Fund balances, end of year	\$ 54,464	\$ 10,981	\$ (1,792)	\$ (12,773)

See accompanying notes to budgetary comparison schedule.

TOWN OF GILA BEND, ARIZONA
Required Supplementary Information
Budgetary Comparison Schedule
Social Services Fund
Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenue				
Intergovernmental	\$ 129,722	\$ 129,722	\$ 119,462	\$ (10,260)
Contributions	-	-	3,450	3,450
Total revenue	<u>129,722</u>	<u>129,722</u>	<u>122,912</u>	<u>(6,810)</u>
Expenditures				
Current				
Health and welfare	250,347	250,347	267,127	(16,780)
Capital outlay	74,816	74,816	74,816	-
Total expenditures	<u>325,163</u>	<u>325,163</u>	<u>341,943</u>	<u>(16,780)</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(195,441)</u>	<u>(195,441)</u>	<u>(219,031)</u>	<u>(23,590)</u>
Other financing sources (uses)				
Transfers	<u>205,376</u>	<u>205,376</u>	<u>152,243</u>	<u>(53,133)</u>
Net change in fund balances	<u>9,935</u>	<u>9,935</u>	<u>(66,788)</u>	<u>(76,723)</u>
Fund balances, beginning of year	<u>62,856</u>	<u>62,856</u>	<u>62,856</u>	<u>-</u>
Fund balances, end of year	<u>\$ 72,791</u>	<u>\$ 72,791</u>	<u>\$ (3,932)</u>	<u>\$ (76,723)</u>

See accompanying notes to budgetary comparison schedule.

TOWN OF GILA BEND, ARIZONA
Required Supplementary Information
Notes to Budgetary Comparison Schedules
June 30, 2021

NOTE 1 – BUDGETING AND BUDGETARY CONTROL

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

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

NOTE 2 – BUDGETARY BASIS OF ACCOUNTING

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

NOTE 3 – EXPENDITURES IN EXCESS OF APPROPRIATIONS

For the year ended June 30, 2021, expenditures exceeded final budget amounts at the department level (the legal level of budgetary control) in the Airport and Social Services departments.

TOWN OF GILA BEND, ARIZONA
Required Supplementary Information
Schedule of the Town's Proportionate
Share of the Net Pension/OPEB Liability
Cost-Sharing Plans
June 30, 2021

ASRS-Pension

	Reporting Fiscal Year (Measurement Date)							2014 through 2012
	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	
Town's proportion of the net pension liability	0.012800%	0.013100%	0.013700%	0.012850%	0.015490%	0.015590%	0.015258%	Information not available
Town's proportionate share of the net pension liability	\$ 2,217,795	\$ 1,906,202	\$ 1,910,668	\$ 2,001,780	\$ 2,500,242	\$ 2,428,344	\$ 2,257,648	
Town's covered payroll	\$ 1,397,969	\$ 1,386,709	\$ 1,361,459	\$ 1,253,599	\$ 1,450,129	\$ 1,435,914	\$ 1,375,393	
Town's proportionate share of the net pension liability as a percentage of its covered payroll	158.64%	137.46%	140.34%	159.68%	172.42%	169.11%	164.15%	
Plan fiduciary net position as a percentage of the total pension liability	69.33%	73.24%	73.40%	69.92%	64.27%	68.35%	69.49%	

ASRS-Health Insurance Premium Benefit

	Reporting Fiscal Year (Measurement Date)					2017 through 2012
	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)		
Town's proportion of the net OPEB (asset)	0.012610%	0.012910%	0.013520%	0.012720%	Information not available	
Town's proportionate share of the net OPEB (asset)	\$ (8,928)	\$ (3,568)	\$ (4,868)	\$ (6,925)		
Town's covered payroll	\$ 1,397,969	\$ 1,386,709	\$ 1,361,459	\$ 1,253,599		
Town's proportionate share of the net pension liability as a percentage of its covered payroll	-0.64%	-0.26%	-0.36%	-0.55%		
Plan fiduciary net position as a percentage of the total OPEB liability	104.33%	101.62%	102.20%	103.57%		

TOWN OF GILA BEND, ARIZONA
Required Supplementary Information
Schedule of the Town's Proportionate
Share of the Net Pension/OPEB Liability
Cost-Sharing Plans
June 30, 2021

ASRS-Long-Term Disability

	Reporting Fiscal Year (Measurement Date)				
	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 through 2012
Town's proportion of the net OPEB (asset)	0.012600%	0.012950%	0.013690%	0.012760%	Information not available
Town's proportionate share of the net OPEB (asset)	\$ 9,559	\$ 8,436	\$ 7,153	\$ 7,942	
Town's covered payroll	\$ 1,397,969	\$ 1,386,709	\$ 1,361,459	\$ 1,253,599	
Town's proportionate share of the net pension liability as a percentage of its covered payroll	0.68%	0.61%	0.53%	0.63%	
Plan fiduciary net position as a percentage of the total OPEB liability	68.01%	72.85%	77.83%	84.44%	

TOWN OF GILA BEND, ARIZONA
Required Supplementary Information
Schedule of Town Pension/OPEB Contributions
June 30, 2021

ASRS-Pension

	Reporting Fiscal Year								2013 through 2012
	2021	2020	2019	2018	2017	2016	2015	2014	
Statutorily required contribution	\$ 152,579	\$ 160,140	\$ 154,517	\$ 148,399	\$ 135,138	\$ 157,339	\$ 156,371	\$ 147,167	Information not available
Town's contributions in relation to the statutorily required contribution	(152,579)	(160,140)	(154,517)	(148,399)	(135,138)	(157,339)	(156,371)	(147,167)	
Town's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Town's covered payroll	\$ 1,361,490	\$ 1,397,969	\$ 1,386,709	\$ 1,361,459	\$ 1,253,599	\$ 1,450,129	\$ 1,435,914	\$ 1,375,393	
Town's contributions as a percentage of covered	11.21%	11.46%	11.14%	10.90%	10.78%	10.85%	10.89%	10.70%	

ASRS-Health Insurance Premium Benefit

	Reporting Fiscal Year					2016 through 2012
	2021	2020	2019	2018	2017	
Statutorily required contribution	\$ 5,008	\$ 6,591	\$ 6,111	\$ 5,802	\$ 6,848	Information not available
Town's contributions in relation to the statutorily required contribution	(5,008)	(6,591)	(6,111)	(5,802)	(6,848)	
Town's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	
Town's covered payroll	\$ 1,361,490	\$ 1,397,969	\$ 1,386,709	\$ 1,361,459	\$ 1,253,599	
Town's contributions as a percentage of covered	0.37%	0.47%	0.44%	0.43%	0.55%	

TOWN OF GILA BEND, ARIZONA
Required Supplementary Information
Schedule of Town Pension/OPEB Contributions
June 30, 2021

ASRS-Long-Term Disability

	Reporting Fiscal Year					
	2021	2020	2019	2018	2017	2016 through 2012
Statutorily required contribution	\$ 2,332	\$ 2,309	\$ 2,152	\$ 2,172	\$ 1,735	Information not available
Town's contributions in relation to the statutorily required contribution	(2,332)	(2,309)	(2,152)	(2,172)	(1,735)	
Town's contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
Town's covered payroll	<u>\$ 1,361,490</u>	<u>\$ 1,397,969</u>	<u>\$ 1,386,709</u>	<u>\$ 1,361,459</u>	<u>\$ 1,253,599</u>	
Town's contributions as a percentage of covered	0.17%	0.17%	0.16%	0.16%	0.14%	

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GOVERNMENTAL AUDITING STANDARDS



COLBY &
POWELL, PLC

CERTIFIED PUBLIC ACCOUNTANTS

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**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***

To the Town Council
Town of Gila Bend, 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, each major fund, and the aggregate remaining fund information of the Town of Gila Bend, Arizona, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town of Gila Bend, Arizona's, basic financial statements, and have issued our report thereon dated January 18, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Gila Bend, 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 Town of Gila Bend, Arizona's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Gila Bend, Arizona's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and responses, we did identify certain deficiencies in internal control that we consider to be a material weakness and significant deficiencies.

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. We consider the deficiency described in the accompanying schedule of findings and responses as item **2021-01** to be a material weakness.

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. We consider the deficiency described in the accompanying schedule of findings and responses as item **2021-02** to be a significant deficiency.

Compliance and Other Matters

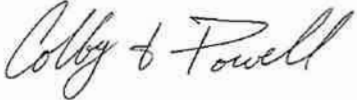
As part of obtaining reasonable assurance about whether the Town of Gila Bend, Arizona's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

The Town of Gila Bend, Arizona's Response to the Finding

The Town of Gila Bend, Arizona's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. The Town of Gila Bend, Arizona's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.



January 18, 2023

TOWN OF GILA BEND, ARIZONA
Schedule of Findings and Responses
June 30, 2021

Item: 2021-001

Subject: General ledger maintenance and reconciliation.

Criteria/Specific Requirements: To help ensure that internal and external financial reports are accurate, timely, and in accordance with generally accepted accounting principles, general ledger accounts should be reconciled on a monthly basis and supporting schedules should be prepared and reconciled with these general ledger accounts.

Condition: At the time of the audit, the Town had incorrect balances in many of its asset and liability accounts. Significant audit adjustments were necessary in order to present the financial statements in accordance with generally accepted accounting principles. These entries were proposed, accepted, and recorded by the Town in the financial statements.

Cause/Effect: Due to employee oversight, the need of proper training, and lack of management's review of performance, internal control procedures such as reconciliations of various general ledger accounts were not performed.

Recommendation: The Town's Finance Department should evaluate and implement closing procedures that establish clear deadlines for recording transactions and reconciling accounts to the general ledger and subsidiary ledgers. The Finance Department should also evaluate procedures to ensure that all accounts are reconciled and supported by documentation.

Response: Management agrees with this finding and will evaluate and implement closing procedures that will establish clear timelines and deadlines for recording transactions and reconciliations to the general ledger and sub ledgers.

Item: 2021-002

Subject: Arizona State Retirement System Reconciliation.

Criteria/Specific Requirements: The Town participates in the Arizona State Retirement System (ASRS) through payroll deductions of participating members. The Town is responsible to provide ASRS with a contribution summary report for each payroll for which ASRS is withheld as well as submit an electronic payment of the amount due to ASRS for the pay period.

Condition: The Town missed paying an ACH payment for the last payroll in FY 2021 which was not discovered and corrected until FY 2023.

Cause/Effect: Due to employee oversight. There is no internal control in place to monitor and reconcile the ASRS account.

Recommendation: The Town's Finance Department should evaluate procedures to ensure that the ASRS accounts are reconciled and supported by documentation.

Response: Management agrees with this finding and will evaluate and implement a reconciliation procedure of the ASRS accounts.

TOWN OF GILA BEND, ARIZONA

Annual Expenditure Limitation Report
and Independent Accountants' Report
June 30, 2021

TABLE OF CONTENTS

INDEPENDENT ACCOUNTANTS' REPORT	1
Annual Expenditure Limitation Report - Part I	2
Annual Expenditure Limitation Report - Part II	3
Annual Expenditure Limitation Report - Reconciliation	4
Notes to Annual Expenditure Limitation Report	5



COLBY &
POWELL, PLC

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT ACCOUNTANTS' REPORT

The Auditor General of the State of Arizona and
The Honorable Mayor and Town Council
of the Town of Gila Bend, Arizona

We have examined the accompanying Annual Expenditure Limitation Report of the Town of Gila Bend, Arizona for the year ended June 30, 2021, and the related notes to the report. The Town's management is responsible for presenting this report in accordance with the Uniform Expenditure Reporting System as described in Note 1. Our responsibility is to express an opinion on this report based on our examination.

We conducted our examination in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether this report is presented in accordance with the Uniform Expenditure Reporting System in all material respects. An examination involves performing procedures to obtain evidence about the amounts and disclosures in the report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of the report, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

In our opinion, the Annual Expenditure Limitation Report referred to above is presented in accordance with the Uniform Expenditure Reporting System as described in Note 1 in all material respects.

January 18, 2022

TOWN OF GILA BEND, ARIZONA
Annual Expenditure Limitation Report – Part I
Year Ended June 30, 2021

1. Voter-approved alternative expenditure limitation (Approved September 11, 2018)	\$ 9,296,019
2. Amount subject to the expenditure limitation (total amount from Part II, Line C)	<u>5,222,084</u>
3. Amount under the expenditure limitation	<u><u>\$ 4,073,935</u></u>

I hereby certify, to the best of my knowledge and belief, that the information contained in this report is accurate and in accordance with the requirements of the Uniform Expenditure Reporting System.

Signature of Chief Fiscal Officer: _____

Name and Title: Katherine Valenzuela, Town Manager

Telephone Number: (928) 683-2255 Date: January 18, 2023

See accompanying notes to report.

TOWN OF GILA BEND, ARIZONA
Annual Expenditure Limitation Report – Part II
Year Ended June 30, 2021

Description	Governmental funds	Enterprise funds	Fiduciary funds	Total
A. Amounts reported on the reconciliation, line D	\$3,829,313	\$1,347,307	\$ 45,464	\$5,222,084
B. Less exclusions claimed:	-	-	-	-
Total exclusions claimed	-	-	-	-
C. Amounts subject to the expenditure limitation	<u>\$3,829,313</u>	<u>\$1,347,307</u>	<u>\$ 45,464</u>	<u>\$5,222,084</u>

See accompanying notes to report.

TOWN OF GILA BEND, ARIZONA
Annual Expenditure Limitation Report – Reconciliation
Year Ended June 30, 2021

Description	Governmental funds	Enterprise funds	Fiduciary funds	Total
A. Total expenditures/expenses/deductions and applicable other financing uses, special items, and extraordinary items reported within the fund financial statements	\$3,834,720	\$1,704,407	\$ 45,464	\$5,584,591
B. Subtractions:				
Items not requiring use of current financial resources:				
Depreciation	-	470,136	-	470,136
Pension and other postemployment benefits (OPEB) expense	-	49,557	-	49,557
Required fees paid to the Arizona Department of Revenue	5,407	-	-	5,407
Total subtractions	5,407	519,693	-	525,100
C. Additions:				
Principal payments on long-term debt	-	98,121	-	98,121
Capital asset acquisitions	-	21,374	-	21,374
Pension and OPEB contributions paid in the current year	-	43,098	-	43,098
Total additions	-	162,593	-	162,593
D. Amounts reported on part II, line A	\$3,829,313	\$1,347,307	\$ 45,464	\$5,222,084

See accompanying notes to report.

TOWN OF GILA BEND, ARIZONA
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Annual Expenditure Limitation Report (AELR) is presented as prescribed by the Uniform Expenditure Reporting System (UERS), as required by Arizona Revised Statutes §41-1279.07, and in accordance with the voter-approved alternative expenditure limitation adopted September 11, 2018, as authorized by the Arizona Constitution, Article IX, §20(9).

In accordance with the UERS, a note to the AELR is presented below for any exclusion claimed on part II and each subtraction or addition in the reconciliation that cannot be traced directly to an amount reported in the fund financial statements. All references to financial statement amounts in the following notes refer to the statement of revenues, expenditures, and changes in fund balances for the governmental funds; statement of revenues, expenses, and changes in fund net position for the proprietary funds; statement of cash flows for the proprietary funds; and the statement of changes in fiduciary net position for the fiduciary funds.

NOTE 2 – PENSION AND OTHER POST-EMPLOYMENT BENEFITS EXPENSE AND CONTRIBUTIONS

The (\$49,557) subtraction for pension and other post-employment benefit (OPEB) expense consists of changes in the net pension and OPEB liabilities, changes in deferred outflows related to pensions and OPEB, and changes in deferred inflows related to pensions and OPEB, recognized in the current year in the enterprise funds. The \$43,098 addition for pension and OPEB contributions paid in the current year consists of the required pension and OPEB contributions made to the Arizona State Retirement System from the enterprise funds. reconciles the net effect the subtraction and addition have on the expenditures subject to the limitation to the amounts reported on the statement of cash flows' net effect on cash.

Description	Enterprise Funds
Statement of Cash Flows	
Change in net pension and OPEB asset	\$ 1,444
Change in deferred outflows related to pensions and OPEB	39,235
Change in net pension and OPEB liability	(84,277)
Change in deferred inflows related to pensions and OPEB	37,139
Total	<u>\$ (6,459)</u>
AELR-Reconciliation	
Pension/OPEB contributions - addition	\$ 43,098
Pension/OPEB expense (income) - subtraction	(49,557)
Total	<u>\$ (6,459)</u>

TOWN OF GILA BEND, ARIZONA
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2021

NOTE 3 – PRINCIPAL PAYMENTS ON LONG-TERM DEBT

The addition of \$98,121 for principal payments on long-term debt in the enterprise funds consists of principal paid to WIFA (\$70,713) for outstanding notes payable and principal paid to Stryker (\$27,408) for outstanding capital lease payable.

NOTE 4 – REQUIRED FEES PAID TO THE ARIZONA DEPARTMENT OF REVENUE

The subtraction of \$5,407 are fees paid to the Arizona Department of Revenue pursuant to ARS §42-5041 to recover a portion of administrative, program, and other operating costs the Department incurred in providing administrative and collection services to the Town.