

**TOWN OF GILA BEND, ARIZONA**

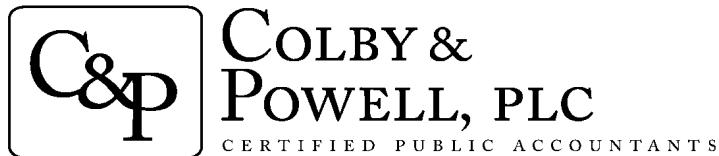
Annual Financial Statements  
and  
Independent Auditors' Report  
June 30, 2022



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## INDEPENDENT AUDITORS' REPORT

To the Town Council  
Town of Gila Bend, Arizona

### Report on the Audit of the Financial Statements

#### *Opinions*

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

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

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Gila Bend, Arizona and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Responsibilities of Management for the Financial Statements*

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

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Gila Bend, Arizona's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Gila Bend, Arizona's ability to continue as a going concern for a reasonable period of time.

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

### ***Required Supplementary Information***

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 Pension Plans, Schedule of Changes in the Town's Net Pension/OPEB Liability and Related Ratios – Agent Pension Plans, and the Schedule of Town Pension/OPEB Contributions as noted in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 15, 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 of Gila Bend, Arizona's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Gila Bend, Arizona's internal control over financial reporting and compliance.

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

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

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



May 15, 2023

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**TOWN OF GILA BEND, ARIZONA**  
**Statement of Net Position**  
**June 30, 2022**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 8,384,196	\$ -	\$ 8,384,196
Restricted cash	-	12,781	12,781
Accounts receivable - net	109,936	413,608	523,544
Taxes receivable	1,136,688	-	1,136,688
Due from other governments	59,240	274,093	333,333
Prepays	46,163	-	46,163
Internal balances	3,684,914	(3,684,914)	-
Net other postemployment benefits asset	41,676	15,376	57,052
Capital assets, not being depreciated	728,384	793,590	1,521,974
Capital assets, being depreciated, net	<u>3,733,094</u>	<u>8,097,714</u>	<u>11,830,808</u>
<b>Total assets</b>	<u>17,924,291</u>	<u>5,922,248</u>	<u>23,846,539</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pensions and other postemployment benefits	<u>295,075</u>	<u>108,861</u>	<u>403,936</u>
<b>LIABILITIES</b>			
Accounts payable	484,007	240,320	724,327
Accrued expenses	78,638	12,693	91,331
Interest payable	-	7,969	7,969
Due to fiduciary fund	1,883	-	1,883
Refundable deposits	-	12,781	12,781
Noncurrent liabilities			
Due within 1 year	63,421	89,028	152,449
Due in more than 1 year	<u>1,585,457</u>	<u>906,627</u>	<u>2,492,084</u>
<b>Total liabilities</b>	<u>2,213,406</u>	<u>1,269,418</u>	<u>3,482,824</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pensions and other postemployment benefits	<u>485,846</u>	<u>179,241</u>	<u>665,087</u>
<b>NET POSITION</b>			
Net investment in capital assets	3,981,081	8,324,652	12,305,733
Restricted for:			
Museum	16,169	-	16,169
Public safety	17,012	-	17,012
Airport	6,327	-	6,327
Unrestricted (deficit)	<u>11,499,525</u>	<u>(3,742,202)</u>	<u>7,757,323</u>
<b>Total net position</b>	<u>\$ 15,520,114</u>	<u>\$ 4,582,450</u>	<u>\$ 20,102,564</u>

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

**TOWN OF GILA BEND, ARIZONA**  
**Statement of Activities**  
**Year Ended June 30, 2022**

Functions / Programs	Program Revenue				Net (Expenses) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
<b>Primary government:</b>							
Governmental activities							
General government	\$ 1,001,271	\$ 134,964	\$ 3,492	\$ -	\$ (862,815)	\$ -	\$ (862,815)
Public safety	1,016,164	95,009	-	65,000	(856,155)	-	(856,155)
Public works and streets	1,395,048	119,704	158,067	-	(1,117,277)	-	(1,117,277)
Culture and recreation	390,700	23,223	1,105	-	(366,372)	-	(366,372)
Health and welfare	460,842	-	464,520	75,548	79,226	-	79,226
Interest on long-term debt	16,288	-	-	-	(16,288)	-	(16,288)
<b>Total governmental activities</b>	<b>4,280,313</b>	<b>372,900</b>	<b>627,184</b>	<b>140,548</b>	<b>(3,139,681)</b>	<b>-</b>	<b>(3,139,681)</b>
Business-type activities							
Water and sewer	1,118,735	705,712	-	274,093	-	(138,930)	(138,930)
Ambulance	658,638	639,324	350,679	3,277	-	334,642	334,642
<b>Total business-type activities</b>	<b>1,777,373</b>	<b>1,345,036</b>	<b>350,679</b>	<b>277,370</b>	<b>-</b>	<b>195,712</b>	<b>195,712</b>
<b>Total primary government</b>	<b>\$ 6,057,686</b>	<b>\$ 1,717,936</b>	<b>\$ 977,863</b>	<b>\$ 417,918</b>	<b>(3,139,681)</b>	<b>195,712</b>	<b>(2,943,969)</b>
<b>General revenue:</b>							
Taxes:							
Sales taxes				4,285,590	17,694	4,303,284	
Property taxes				701,551	-	701,551	
Franchise taxes				305,206	-	305,206	
State revenue sharing				253,603	-	253,603	
State sales tax revenue sharing				269,129	-	269,129	
Auto lieu tax revenue sharing				97,368	-	97,368	
Interest income				9,984	-	9,984	
Miscellaneous				56,620	-	56,620	
Total general revenue				<b>5,979,051</b>	<b>17,694</b>	<b>5,996,745</b>	
Change in net position				<b>2,839,370</b>	<b>213,406</b>	<b>3,052,776</b>	
Net position, beginning of year				<b>12,680,744</b>	<b>4,369,044</b>	<b>17,049,788</b>	
Net position, end of year				<b>\$ 15,520,114</b>	<b>\$ 4,582,450</b>	<b>\$ 20,102,564</b>	

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

**TOWN OF GILA BEND, ARIZONA**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2022**

	General Fund	HURF Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 7,889,622	\$ 337,710	\$ 156,864	\$ 8,384,196
Accounts receivable	16,003	-	93,933	109,936
Taxes receivable	1,136,688	-	-	1,136,688
Due from other governments	13,698	13,436	32,106	59,240
Prepays	46,163	-	-	46,163
Due from other funds	3,684,914	-	-	3,684,914
<b>Total assets</b>	<b>\$ 12,787,088</b>	<b>\$ 351,146</b>	<b>\$ 282,903</b>	<b>\$ 13,421,137</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 90,837	\$ 351,373	\$ 41,797	\$ 484,007
Accrued expenses	69,091	1,565	7,982	78,638
Due to other funds	1,883	-	-	1,883
<b>Total liabilities</b>	<b>161,811</b>	<b>352,938</b>	<b>49,779</b>	<b>564,528</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue	5,247	-	-	5,247
<b>FUND BALANCES</b>				
Nonspendable	46,163	-	-	46,163
Restricted for:				
Museum	-	-	16,169	16,169
Public safety	17,012	-	-	17,012
Airport	-	-	6,327	6,327
Assigned for health and welfare	-	-	202,354	202,354
Unassigned	12,556,855	(1,792)	8,274	12,563,337
<b>Total fund balances</b>	<b>12,620,030</b>	<b>(1,792)</b>	<b>233,124</b>	<b>12,851,362</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 12,787,088</b>	<b>\$ 351,146</b>	<b>\$ 282,903</b>	<b>\$ 13,421,137</b>

*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, 2022**

Fund balances-total governmental funds	\$ 12,851,362
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.	4,461,478
Some receivables are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds.	5,247
Net pension/OPEB assets held in trust for future benefits are not available for Town operations and, therefore, are not reported in the funds.	41,676
Liabilities, such as net pension/OPEB liabilities and finance purchases, are not due and payable in the current period and, therefore, are not reported as a liability in the funds.	
Finance purchases	(56,058)
Compensated absences	(48,503)
Notes payable	(424,339)
Net pension/OPEB liability	<u>(1,119,978)</u>
	(1,648,878)
Deferred outflows and inflows of resources related to pensions/OPEB and deferred charges or credits on debt refundings are applicable to future reporting periods and, therefore, are not reported in the funds.	<u>(190,771)</u>
<b>Net position of governmental activities</b>	<b><u>\$ 15,520,114</u></b>

*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, 2022**

	General Fund	HURF Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenue</b>				
Taxes	\$ 5,303,995	\$ -	\$ -	\$ 5,303,995
Intergovernmental	805,290	152,597	419,873	1,377,760
Charges for services	220,172	-	-	220,172
Licenses and permits	105,403	-	-	105,403
Other revenue	69,272	-	-	69,272
Rents	35,777	-	-	35,777
Interest	9,984	-	-	9,984
Contributions	-	-	8,968	8,968
<b>Total revenue</b>	<b>6,549,893</b>	<b>152,597</b>	<b>428,841</b>	<b>7,131,331</b>
<b>Expenditures</b>				
Current				
General government	901,202	-	2,115	903,317
Public safety	966,140	-	-	966,140
Public works and streets	721,997	561,802	-	1,283,799
Culture and recreation	322,634	-	-	322,634
Health and welfare	-	-	475,522	475,522
Debt Service				
Principal	6,015	7,676	9,547	23,238
Interest	931	1,396	13,961	16,288
Capital outlay	47,988	-	-	47,988
<b>Total expenditures</b>	<b>2,966,907</b>	<b>570,874</b>	<b>501,145</b>	<b>4,038,926</b>
Excess (deficiency) of revenue over (under) expenditures	<u>3,582,986</u>	<u>(418,277)</u>	<u>(72,304)</u>	<u>3,092,405</u>
<b>Other financing sources (uses)</b>				
Transfers	<u>(628,003)</u>	<u>418,277</u>	<u>209,726</u>	<u>-</u>
<b>Net change in fund balances</b>	<b>2,954,983</b>	<b>-</b>	<b>137,422</b>	<b>3,092,405</b>
Fund balances, beginning of year	<u>9,665,047</u>	<u>(1,792)</u>	<u>95,702</u>	<u>9,758,957</u>
<b>Fund balances, end of year</b>	<b>\$ 12,620,030</b>	<b>\$ (1,792)</b>	<b>\$ 233,124</b>	<b>\$ 12,851,362</b>

*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, 2022**

Net change in fund balances-total governmental funds	\$ 3,092,405
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	47,988
Depreciation expense	<u>(422,097)</u>
	(374,109)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	
Property taxes	(11,648)
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	128,960
Pension/OPEB expense	<u>(22,320)</u>
	106,640
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	23,238
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	<u>2,844</u>
<b>Change in net position of governmental activities</b>	<b><u>\$ 2,839,370</u></b>

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

**TOWN OF GILA BEND, ARIZONA**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2022**

	Business-type Activities--Enterprise Funds		
	Water and Sewer Fund	Ambulance Fund	Total
<b>ASSETS</b>			
<b>Current assets</b>			
Restricted cash	\$ 12,781	\$ -	\$ 12,781
Accounts receivable - net	70,312	343,296	413,608
Due from other governments	274,093	-	274,093
<b>Total current assets</b>	<b>357,186</b>	<b>343,296</b>	<b>700,482</b>
<b>Noncurrent assets</b>			
Net other postemployment benefits asset	3,309	12,067	15,376
Capital assets, net of accumulated depreciation, where applicable:			
Land	494,540	-	494,540
Construction in progress	299,050	-	299,050
Water systems, net	3,610,730	-	3,610,730
Sewer ponds, net	474,612	-	474,612
Mains and lines, net	3,887,297	-	3,887,297
Equipment, net	51,577	73,498	125,075
<b>Total capital assets, net</b>	<b>8,817,806</b>	<b>73,498</b>	<b>8,891,304</b>
<b>Total noncurrent assets</b>	<b>8,821,115</b>	<b>85,565</b>	<b>8,906,680</b>
<b>Total assets</b>	<b>9,178,301</b>	<b>428,861</b>	<b>9,607,162</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pensions and other postemployment benefits	<u>23,428</u>	<u>85,433</u>	<u>108,861</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable	223,987	16,333	240,320
Accrued expenses	3,081	9,612	12,693
Interest payable	7,969	-	7,969
Refundable deposits	12,781	-	12,781
Notes payable - current portion	74,795	-	74,795
Compensated absences - current portion	3,358	10,875	14,233
<b>Total current liabilities</b>	<b>325,971</b>	<b>36,820</b>	<b>362,791</b>
<b>Noncurrent liabilities</b>			
Due to other funds	3,626,181	58,733	3,684,914
Notes payable - net of current portion	491,857	-	491,857
Compensated absences - net of current portion	373	1,208	1,581
Net pension and other postemployment benefits liability	88,924	324,265	413,189
<b>Total noncurrent liabilities</b>	<b>4,207,335</b>	<b>384,206</b>	<b>4,591,541</b>
<b>Total liabilities</b>	<b>4,533,306</b>	<b>421,026</b>	<b>4,954,332</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pensions and other postemployment benefits	<u>38,575</u>	<u>140,666</u>	<u>179,241</u>
<b>NET POSITION</b>			
Net investment in capital assets	8,251,154	73,498	8,324,652
Unrestricted (deficit)	(3,621,306)	(120,896)	(3,742,202)
<b>Total net position</b>	<b>\$ 4,629,848</b>	<b>\$ (47,398)</b>	<b>\$ 4,582,450</b>

*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, 2022**

	Business-type Activities--Enterprise Funds		
	Water and Sewer Fund	Ambulance Fund	Total
<b>Operating revenues</b>			
Charges for services			
Water and sewer	\$ 702,421	\$ -	\$ 702,421
Patient service revenue, net	- 639,324	639,324	639,324
Late fees	3,291	-	3,291
Miscellaneous	- -	-	-
<b>Total operating revenues</b>	<b>705,712</b>	<b>639,324</b>	<b>1,345,036</b>
<b>Operating expenses</b>			
Personnel	110,068	502,365	612,433
Depreciation	445,558	17,775	463,333
Utilities	202,930	7,606	210,536
Materials and supplies	154,743	43,127	197,870
Repairs and maintenance	103,161	16,511	119,672
Professional services	48,580	26,896	75,476
Miscellaneous	12,872	32,193	45,065
Insurance	24,886	12,165	37,051
<b>Total operating expenses</b>	<b>1,102,798</b>	<b>658,638</b>	<b>1,761,436</b>
<b>Operating income (loss)</b>	<b>(397,086)</b>	<b>(19,314)</b>	<b>(416,400)</b>
<b>Nonoperating revenue (expense)</b>			
Noncapital grant	- -	350,679	350,679
Sales taxes	17,694	- -	17,694
Interest expense	(15,937)	- -	(15,937)
<b>Total nonoperating revenue (expense)</b>	<b>1,757</b>	<b>350,679</b>	<b>352,436</b>
<b>Income (loss) before contributions, gains, losses, and transfers</b>	<b>(395,329)</b>	<b>331,365</b>	<b>(63,964)</b>
Capital grants and capital contributions	274,093	3,277	277,370
Transfers	- -	-	-
<b>Increase (decrease) in net position</b>	<b>(121,236)</b>	<b>334,642</b>	<b>213,406</b>
Total net position, beginning of year	4,751,084	(382,040)	4,369,044
<b>Total net position, end of year</b>	<b>\$ 4,629,848</b>	<b>\$ (47,398)</b>	<b>\$ 4,582,450</b>

*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, 2022**

	Business-type Activities--Enterprise Funds		
	Water and Sewer Fund	Ambulance Fund	Total
<b>Cash flows from operating activities:</b>			
Receipts from customers	\$ 708,074	\$ 536,724	\$ 1,244,798
Payments to suppliers and providers of goods and services	(576,595)	(136,061)	(712,656)
Payments to employees	<u>(115,752)</u>	<u>(525,676)</u>	<u>(641,428)</u>
<b>Net cash provided by (used by) operating activities</b>	<b>15,727</b>	<b>(125,013)</b>	<b>(109,286)</b>
<b>Cash flows from noncapital financing activities:</b>			
Advances from interfund loans	151,562	(228,943)	(77,381)
Proceeds from noncapital grants	-	350,679	350,679
Sales taxes	<u>17,694</u>	<u>-</u>	<u>17,694</u>
<b>Net cash provided by (used by) noncapital financing activities</b>	<b>169,256</b>	<b>121,736</b>	<b>290,992</b>
<b>Cash flows from capital and related financing activities:</b>			
Proceeds from capital grants/contributions	-	3,277	3,277
Interest paid	(16,971)	-	(16,971)
Purchases of capital assets	(92,568)	-	(92,568)
Principal paid on notes payable	<u>(72,725)</u>	<u>-</u>	<u>(72,725)</u>
<b>Net cash provided by (used by) capital and related financing activities</b>	<b>(182,264)</b>	<b>3,277</b>	<b>(178,987)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>2,719</b>	<b>-</b>	<b>2,719</b>
Cash and cash equivalents, beginning of year	<u>10,062</u>	<u>-</u>	<u>10,062</u>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 12,781</b>	<b>\$ -</b>	<b>\$ 12,781</b>
Capital assets purchased on accounts payable	<u>\$ 206,482</u>	<u>-</u>	<u>\$ 206,482</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, 2022**  
*(Continued)*

	Business-type Activities - Enterprise Funds		
	Water and Sewer Fund	Ambulance Fund	Total
<b>Reconciliation of operating income (loss)</b>			
<b>to net cash provided (used) by</b>			
<b>operating activities</b>			
Operating income (loss)	\$ (397,086)	\$ (19,314)	\$ (416,400)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	445,558	17,775	463,333
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:			
Accounts receivable	(357)	(102,600)	(102,957)
Net other postemployment benefits asset	(2,791)	(10,179)	(12,970)
Deferred outflows of resources related to pensions and other postemployment benefits	420	1,530	1,950
Accounts payable	(29,423)	2,437	(26,986)
Accrued expenses	917	3,588	4,505
Refundable deposits	2,719	-	2,719
Compensated absences payable	1,866	3,976	5,842
Net pension and other postemployment benefits liability	(40,263)	(146,820)	(187,083)
Deferred inflows of resources related to pensions and other postemployment benefits	<u>34,167</u>	<u>124,594</u>	<u>158,761</u>
<b>Net cash provided (used) by</b>			
<b>operating activities</b>	<u>\$ 15,727</u>	<u>\$ (125,013)</u>	<u>\$ (109,286)</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, 2022**

	<u>Firefighters' Relief and Pension Trust</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 17,015
Investments	192,865
Due from Town	<u>1,883</u>
 Total assets	 <u>211,763</u>
<b>NET POSITION</b>	
Held in trust for investment trust participants	<u>\$ 211,763</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, 2022**

	<u>Firefighters' Relief and Pension Trust</u>
<b>Additions:</b>	
Interest and dividends	\$ 13,491
Employee contributions	8,684
Employer contributions	8,684
State fire insurance premiums	<u>6,686</u>
<b>Total additions</b>	<u>37,545</u>
<b>Deductions:</b>	
Investment losses (unrealized)	59,491
Distributions	40,012
Fees	<u>4,533</u>
<b>Total deductions</b>	<u>104,036</u>
Change in net position	(66,491)
Net position, beginning of year	<u>278,254</u>
Net position, end of year	<u>\$ 211,763</u>

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

## **TOWN OF GILA BEND, ARIZONA**

### **Notes to Financial Statements**

**June 30, 2022**

#### ***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, 2022**

#### ***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, 2022**

#### ***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 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, 2022**

#### ***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 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, 2022 for the Water and Sewer Fund and the Ambulance Fund were \$12,882 and \$1,067,546, 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, 2022**

***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, 2022**

***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, 2022**

#### ***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, 2022, 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, 2022**

#### ***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.

##### *Foreign currency risk*

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

**TOWN OF GILA BEND, ARIZONA**  
**Notes to Financial Statements**  
**June 30, 2022**

***NOTE 3 – DEPOSITS AND INVESTMENTS – Continued***

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, 2022, the carrying amount of the Town's total cash in bank was \$2,520,553, and the bank balances were \$2,649,138. Of the bank balances, \$399,241 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 \$1,031,599. 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 \$4,844,340. Pool 7 is unrated.

The Town's Pension Trust Fund had investments in mutual funds of \$192,865 at June 30, 2022, 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:				
State Treasurer's investment pool 7	\$ 4,844,340	\$ -	\$ -	\$ 4,844,340
Amount of deposits	2,507,772	12,781	-	2,520,553
State Treasurer's investment pool 5	1,031,599	-	-	1,031,599
Money market	-	-	17,015	17,015
Cash on hand	485	-	-	485
Total	<u>\$ 8,384,196</u>	<u>\$ 12,781</u>	<u>\$ 17,015</u>	<u>\$ 8,413,992</u>

**TOWN OF GILA BEND, ARIZONA**  
**Notes to Financial Statements**  
**June 30, 2022**

**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	\$ -	\$ -	\$ 19,537
State of Arizona	13,698	13,436	-
Area Agency on Aging	<u>-</u>	<u>-</u>	<u>12,569</u>
	<u><u>\$ 13,698</u></u>	<u><u>\$ 13,436</u></u>	<u><u>\$ 32,106</u></u>

**NOTE 5 – CAPITAL ASSETS**

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

	Balance July 1, 2021	Increases	Decreases	Balance June 30, 2022
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 728,384	\$ -	\$ -	\$ 728,384
Construction in progress	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total capital assets not     being depreciated</b>	<b><u>728,384</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>728,384</u></b>
Capital assets being depreciated:				
Infrastructure	5,879,453	-	-	5,879,453
Buildings and building improvements	3,175,245	-	-	3,175,245
Furniture, machinery, and equipment	2,671,305	47,988	-	2,719,293
<b>Total</b>	<b><u>11,726,003</u></b>	<b><u>47,988</u></b>	<b><u>-</u></b>	<b><u>11,773,991</u></b>
Less accumulated depreciation for:				
Infrastructure	(3,678,219)	(219,311)	-	(3,897,530)
Buildings and building improvements	(1,672,262)	(104,400)	-	(1,776,662)
Furniture, machinery, and equipment	(2,268,319)	(98,386)	-	(2,366,705)
<b>Total</b>	<b><u>(7,618,800)</u></b>	<b><u>(422,097)</u></b>	<b><u>-</u></b>	<b><u>(8,040,897)</u></b>
<b>Total capital assets being depreciated, net</b>	<b><u>4,107,203</u></b>	<b><u>(374,109)</u></b>	<b><u>-</u></b>	<b><u>3,733,094</u></b>
Governmental activities capital assets, net	<u><u>\$ 4,835,587</u></u>	<u><u>\$ (374,109)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 4,461,478</u></u>

**TOWN OF GILA BEND, ARIZONA**  
**Notes to Financial Statements**  
**June 30, 2022**

**NOTE 5 – CAPITAL ASSETS – *Continued***

	<u>Balance</u> <u>July 1, 2021</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2022</u>
<b>Business-type activities:</b>				
Capital assets not being depreciated:				
Land	\$ 494,540	\$ -	\$ -	\$ 494,540
Construction in progress	-	299,050	-	299,050
<b>Total capital assets not being depreciated</b>	<b>494,540</b>	<b>299,050</b>	<b>-</b>	<b>793,590</b>
Capital assets being depreciated:				
Mains and lines	5,531,441	-	-	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
<b>Total</b>	<b>14,744,265</b>	<b>-</b>	<b>-</b>	<b>14,744,265</b>
Less accumulated depreciation for:				
Mains and lines	(1,529,620)	(114,524)	-	(1,644,144)
Wells, pumping equipment and pressure storage system	(2,950,480)	(251,373)	-	(3,201,853)
Sewer treatment ponds	(1,422,577)	(65,612)	-	(1,488,189)
Machinery, equipment, and vehicles	(280,541)	(31,824)	-	(312,365)
<b>Total</b>	<b>(6,183,218)</b>	<b>(463,333)</b>	<b>-</b>	<b>(6,646,551)</b>
<b>Total capital assets being depreciated, net</b>	<b>8,561,047</b>	<b>(463,333)</b>	<b>-</b>	<b>8,097,714</b>
Business-type activities capital assets, net	<u>\$ 9,055,587</u>	<u>\$ (164,283)</u>	<u>\$ -</u>	<u>\$ 8,891,304</u>

Depreciation expense was charged to functions as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
General government	\$ 134,897	\$ -
Public safety	57,599	-
Public works and streets	141,240	-
Culture and recreation	79,598	-
Health and welfare	8,763	-
Water and Sewer	-	445,558
Ambulance	-	17,775
<b>Total depreciation expense</b>	<b>\$ 422,097</b>	<b>\$ 463,333</b>

**TOWN OF GILA BEND, ARIZONA**  
**Notes to Financial Statements**  
**June 30, 2022**

**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, 2022, 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, 2022, the Town had drawn \$1,922,477 and has met the forgivable principal requirement. As of June 30, 2022 the Town had an original repayment balance of \$372,477 with a remaining \$127,523 left to draw.

Notes payable at June 30, 2022, were as follows:

Description	Original Amount	Maturity Ranges	Interest Rate	Outstanding June 30, 2022
WIFA Note	\$ 951,611	2011 - 2028	2.612%	\$ 370,213
WIFA Note	372,477	2012 - 2035	2.625%	196,439
USDA Note	518,000	2011 - 2050	3.250%	424,339
				<u>\$ 990,991</u>

**Finance Purchases**—The Town has acquired a backhoe under a contract agreement at a total purchase price of \$95,849. Payments began in fiscal year 2019 and are due quarterly in the amount of \$3,780 with final payment due July 1, 2026.

**TOWN OF GILA BEND, ARIZONA**  
**Notes to Financial Statements**  
**June 30, 2022**

**NOTE 6 – LONG-TERM LIABILITIES – *Continued***

The following schedule details debt service requirements to maturity for the Town's notes payable and finance purchases at June 30, 2022.

Year Ending June 30	Governmental Activities						Business-type Activities		
	Notes Payable from Direct Borrowings and Direct Placements			Finance Purchases			Notes Payable from Direct Borrowings and Direct Placements		
	Principal	Interest	Principal	Interest	Total	Principal	Interest	Total	
2023	\$ 9,863	\$ 13,645	\$ 9,905	\$ 1,437	\$ 34,850	\$ 74,795	\$ 11,124	\$ 85,919	
2024	10,189	13,319	13,629	1,491	38,628	76,922	9,204	86,126	
2025	10,525	12,983	14,130	990	38,628	79,111	7,228	86,339	
2026	10,872	12,636	14,650	470	38,628	81,362	5,196	86,558	
2027	11,231	12,277	3,744	34	27,286	83,677	3,105	86,782	
2028-32	61,961	57,558	-	-	119,519	170,785	2,414	173,199	
2033-37	72,878	46,990	-	-	119,868	-	-	-	
2038-42	85,718	34,559	-	-	120,277	-	-	-	
2043-47	100,821	19,939	-	-	120,760	-	-	-	
2048-51	50,281	3,906	-	-	54,187	-	-	-	
Total	<u>\$ 424,339</u>	<u>\$ 228,500</u>	<u>\$ 56,058</u>	<u>\$ 4,523</u>	<u>\$ 713,319</u>	<u>\$ 566,652</u>	<u>\$ 38,271</u>	<u>\$ 604,923</u>	

The following schedule details the Town's long-term liability and obligation activity for the year ended June 30, 2022.

	Balance July 1, 2021	Additions	Reductions	Balance June 30, 2022	Due within 1 year
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**Governmental activities:**

Notes payable from direct borrowings and direct placements	\$ 433,886	\$ -	\$ 9,547	\$ 424,339	\$ 9,863
Finance purchases	69,749	-	13,691	56,058	9,905
Net pension liability	1,627,082	-	507,104	1,119,978	-
Compensated absences	51,347	-	2,844	48,503	43,653
Governmental activities long-term liabilities	<u>\$ 2,182,064</u>	<u>\$ -</u>	<u>\$ 533,186</u>	<u>\$ 1,648,878</u>	<u>\$ 63,421</u>

**Business-type activities:**

Notes payable from direct borrowings and direct placements	\$ 639,377	\$ -	\$ 72,725	\$ 566,652	\$ 74,795
Net pension liability	600,272	-	187,083	413,189	-
Compensated absences	9,972	5,842	-	15,814	14,233
Business-type activities long-term liabilities	<u>\$ 1,249,621</u>	<u>\$ 5,842</u>	<u>\$ 259,808</u>	<u>\$ 995,655</u>	<u>\$ 89,028</u>

**TOWN OF GILA BEND, ARIZONA**  
**Notes to Financial Statements**  
**June 30, 2022**

***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, 2022, the Town reported the following aggregate amounts related to pensions for the plan to which it contributes:

<b>Statement of Net Position and Statement of Activities</b>	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>
Net pension/OPEB assets	\$ 41,676		\$ 15,376		\$ 57,052
Net pension/OPEB liabilities	1,119,978		413,189		1,533,167
Deferred outflows of resources related to pension and OPEB	295,075		108,861		403,936
Deferred inflows of resources related to pension and OPEB	485,846		179,241		665,087
Pension and OPEB expense	22,320		8,234		30,554

The Town reported \$128,960 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](http://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, 2022**

**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	30 years age 55	30 years age 55
10 years age 62	25 years age 60	25 years age 60
5 years age 50*	10 years age 62	10 years age 62
Any years age 65	5 years age 50*	5 years age 65
Final average salary is based on	Highest 36 months of last 120 months	Highest 60 months of last 120 months
	2.1% to 2.3%	2.1% to 2.3%
Benefit percent per year of service		

\*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, 2022, statute required active ASRS members to contribute at the actuarially determined rate of 12.41 percent (12.22 percent for retirement and 0.19 percent for long-term disability) of the members' annual covered payroll, and statute required the Town to contribute at the actuarially

**TOWN OF GILA BEND, ARIZONA**  
**Notes to Financial Statements**  
**June 30, 2022**

***NOTE 7 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS – Continued***

determined rate of 12.41 percent (12.01 percent for retirement, 0.21 percent for health insurance premium benefit, and 0.19 percent for long-term disability) of the active members' annual covered payroll. The Town's contributions to the pension, health insurance premium benefit, and long-term disability plans for the year ended June 30, 2022, were \$170,847, \$2,987, and \$2,702, respectively.

During fiscal year 2022, 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, 2022, the Town reported the following asset and liabilities for its proportionate share of the ASRS' net pension/OPEB asset or liability.

	<b>Net Pension/OPEB (Asset) Liability</b>
Pension	\$ 1,530,758
Health insurance premium benefit	(57,052)
Long-term disability	2,409

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

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

	<b>Proportion June 30, 2021</b>	<b>Increase (decrease) from June 30, 2020</b>
Pension	0.01165%	-0.00115%
Health insurance premium benefit	0.01171%	-0.00090%
Long-term disability	0.01167%	-0.00093%

**TOWN OF GILA BEND, ARIZONA**  
**Notes to Financial Statements**  
**June 30, 2022**

***NOTE 7 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS – Continued***

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

	<b>Pension/OPEB Expense</b>
Pension	\$ 35,331
Health insurance premium benefit	(6,495)
Long-term disability	1,718

**TOWN OF GILA BEND, ARIZONA**  
**Notes to Financial Statements**  
**June 30, 2022**

**NOTE 7 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS – *Continued***

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

	Pension		Health 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	\$ 23,335	\$ -	\$ -	\$ 19,786
Changes of assumptions or other inputs	199,240	-	2,828	2,307
Net difference between projected and actual earnings on pension plan investments	-	484,998	-	21,163
Changes in proportion and differences between Town contributions and proportionate share of contributions	-	131,136	336	1
Town contributions subsequent to the measurement date	<u>170,847</u>	<u>-</u>	<u>2,987</u>	<u>-</u>
<b>Total</b>	<b><u>\$ 393,422</u></b>	<b><u>\$ 616,134</u></b>	<b><u>\$ 6,151</u></b>	<b><u>\$ 43,257</u></b>
<b>Long-Term Disability</b>				
	Deferred Outflows of Resources	Deferred Inflows of Resources		
Differences between expected and actual experience	\$ 696	\$ 196		
Changes of assumptions or other inputs	770	3,035		
Net difference between projected and actual earnings on pension plan investments	-	1,668		
Changes in proportion and differences between Town contributions and proportionate share of contributions	195	797		
Town contributions subsequent to the measurement date	<u>2,702</u>	<u>-</u>		
<b>Total</b>	<b><u>\$ 4,363</u></b>	<b><u>\$ 5,696</u></b>		

**TOWN OF GILA BEND, ARIZONA**  
**Notes to Financial Statements**  
**June 30, 2022**

***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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and OPEB will be recognized as expenses as follows:

Year ended June 30,	<b>Pension</b>	<b>Health Insurance Premium Benefit</b>	<b>Long-Term Disability</b>
2023	\$ (69,630)	\$ (9,395)	\$ (540)
2024	(49,878)	(9,010)	(512)
2025	(106,917)	(9,887)	(572)
2026	(167,134)	(10,939)	(824)
2027	-	(862)	(399)
Thereafter	-	-	(1,188)

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

**ASRS**

Actuarial valuation date	June 30, 2020
Actuarial roll forward date	June 30, 2021
Actuarial cost method	Entry age normal
Investment rate of return	7.0%
Projected salary increases	2.9 - 8.4% for pensions/not applicable for OPEB
Inflation	2.3%
Permanent benefit increase	Included for 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, 2020, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2020.

**TOWN OF GILA BEND, ARIZONA**  
**Notes to Financial Statements**  
**June 30, 2022**

***NOTE 7 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS – Continued***

The long-term expected rate of return on ASRS plan investments was determined to be 7.0 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

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

**Discount Rate** – At June 30, 2021, the discount rate used to measure the ASRS total pension/OPEB liability was 7.0 percent, which was a decrease of 0.5 from the discount rate used as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board’s funding policy, which establishes the contractually required rate under Arizona statute. Based on those assumptions, the 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, 2022**

***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 7.0 percent, as well as what the Town's proportionate share of the net pension/OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.0 percent) or 1 percentage point higher (8.0 percent) than the current rate:

	<b>Current Discount</b>		
	<b>1% Decrease</b> <b>(6.00%)</b>	<b>Rate</b> <b>(7.00%)</b>	<b>1% Increase</b> <b>(8.00%)</b>
<b>Town's Proportionate share of the</b>			
Net pension liability	\$ 2,407,755	\$ 1,530,758	\$ 799,586
Net insurance premium benefit liability (asset)	(37,774)	(57,052)	(73,444)
Net long-term disability liability	3,137	2,409	1,705

**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, 2022, were as follows:

Payable from	Payable to		
	General Fund	Firefighters' Relief and Pension Trust	Total
General Fund	\$ -	\$ 1,883	\$ 1,883
Water and Sewer Fund	3,626,181	-	3,626,181
Ambulance Fund	58,733	-	58,733
<b>Total</b>	<b>\$ 3,684,914</b>	<b>\$ 1,883</b>	<b>\$ 3,686,797</b>

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, 2022**

***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, 2022, were as follows:

Transfer to	Transfer from		
	General Fund	Water and Sewer Fund	Total
HURF Fund	\$ 418,277	\$ -	\$ 418,277
Social Services Fund	146,384	-	146,384
Care 1st Fund (Nonmajor)	39,834	-	39,834
GBMPC (Nonmajor)	-	23,508	23,508
Water and Sewer Fund	23,508	-	23,508
<b>Total</b>	<b>\$ 628,003</b>	<b>\$ 23,508</b>	<b>\$ 651,511</b>

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.

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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, 2022**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	Amounts	
<b>Revenue</b>				
Taxes	\$ 3,397,167	\$ 3,397,167	\$ 5,303,995	\$ 1,906,828
Intergovernmental	618,157	618,157	805,290	187,133
Charges for services	190,260	190,260	220,172	29,912
Licenses and permits	110,000	110,000	105,403	(4,597)
Other revenue	28,000	28,000	69,272	41,272
Rents	21,000	21,000	35,777	14,777
Interest	2,500	2,500	9,984	7,484
Fines and forfeitures	55,000	55,000	-	(55,000)
<b>Total revenue</b>	<b>4,422,084</b>	<b>4,422,084</b>	<b>6,549,893</b>	<b>2,127,809</b>
<b>Expenditures</b>				
Mayor and Council	52,830	52,830	29,931	22,899
Magistrate Court	56,951	56,951	48,565	8,386
Town Clerk	170,551	170,551	168,929	1,622
Finance	313,478	313,478	270,870	42,608
Town Manager	678,781	635,298	408,726	226,572
Police	750,520	750,520	629,008	121,512
Public Works	573,824	573,824	408,667	165,157
Community Development	188,860	188,860	147,748	41,112
Airport	34,962	34,962	23,644	11,318
Sanitation	187,732	187,732	168,606	19,126
Parks	294,858	294,858	180,195	114,663
Recreation	182,708	182,708	145,462	37,246
Fire Operations	312,439	312,439	336,556	(24,117)
<b>Total expenditures</b>	<b>3,798,494</b>	<b>3,755,011</b>	<b>2,966,907</b>	<b>788,104</b>
Excess (deficiency) of revenue over (under) expenditures	623,590	667,073	3,582,986	2,915,913
<b>Other financing sources (uses)</b>				
Transfers	(1,036,267)	(1,036,267)	(628,003)	408,264
<b>Net change in fund balances</b>	<b>(412,677)</b>	<b>(369,194)</b>	<b>2,954,983</b>	<b>3,324,177</b>
Fund balances, beginning of year	9,665,047	9,665,047	9,665,047	-
<b>Fund balances, end of year</b>	<b>\$ 9,252,370</b>	<b>\$ 9,295,853</b>	<b>\$ 12,620,030</b>	<b>\$ 3,324,177</b>

*See accompanying notes to budgetary comparison schedule.*

**TOWN OF GILA BEND, ARIZONA**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**HURF Fund**  
**Year Ended June 30, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenue</b>				
Intergovernmental	\$ 139,698	\$ 139,698	\$ 152,597	\$ 12,899
<b>Expenditures</b>				
Current				
Public works and streets	474,260	517,743	561,802	(44,059)
Debt Service				
Principal	7,676	7,676	7,676	-
Interest	1,396	1,396	1,396	-
<b>Total expenditures</b>	<b>483,332</b>	<b>526,815</b>	<b>570,874</b>	<b>(44,059)</b>
Excess (deficiency) of revenue over (under) expenditures	(343,634)	(387,117)	(418,277)	(31,160)
<b>Other financing sources (uses)</b>				
Transfers	337,809	337,809	418,277	80,468
<b>Net change in fund balances</b>	<b>(5,825)</b>	<b>(49,308)</b>	<b>-</b>	<b>49,308</b>
Fund balances, beginning of year	(1,792)	(1,792)	(1,792)	-
<b>Fund balances, end of year</b>	<b>\$ (7,617)</b>	<b>\$ (51,100)</b>	<b>\$ (1,792)</b>	<b>\$ 49,308</b>

*See accompanying notes to budgetary comparison schedule.*

**TOWN OF GILA BEND, ARIZONA**  
**Required Supplementary Information**  
**Notes to Budgetary Comparison Schedules**  
**June 30, 2022**

***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, 2022, expenditures exceeded final budget amounts at the department level (the legal level of budgetary control) in the Fire Operations and HURF 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, 2022**

**ASRS-Pension**

	Reporting Fiscal Year (Measurement Date)								
	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	2014 through 2013
Town's proportion of the net pension liability	0.011650%	0.012800%	0.013100%	0.013700%	0.012850%	0.015490%	0.015590%	0.015258%	Information
Town's proportionate share of the net pension liability	\$ 1,530,758	\$ 2,217,795	\$ 1,906,202	\$ 1,910,668	\$ 2,001,780	\$ 2,500,242	\$ 2,428,344	\$ 2,257,648	not available
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 proportionate share of the net pension liability as a percentage of its covered payroll	112.43%	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	78.58%	69.33%	73.24%	73.40%	69.92%	64.27%	68.35%	69.49%	

**ASRS-Health Insurance Premium Benefit**

	Reporting Fiscal Year (Measurement Date)					
	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 through 2013
Town's proportion of the net OPEB (asset)	0.011710%	0.012610%	0.012910%	0.013520%	0.012720%	Information
Town's proportionate share of the net OPEB (asset)	\$ (57,052)	\$ (8,928)	\$ (3,568)	\$ (4,868)	\$ (6,925)	not available
Town's covered payroll	\$ 1,361,490	\$ 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	-4.19%	-0.64%	-0.26%	-0.36%	-0.55%	
Plan fiduciary net position as a percentage of the total OPEB liability	130.24%	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, 2022**

**ASRS-Long-Term Disability**

	<b>Reporting Fiscal Year (Measurement Date)</b>					
	<b>2022 (2021)</b>	<b>2021 (2020)</b>	<b>2020 (2019)</b>	<b>2019 (2018)</b>	<b>2018 (2017)</b>	<b>2017 through 2013</b>
Town's proportion of the net OPEB (asset)	0.011670%	0.012600%	0.012950%	0.013690%	0.012760%	Information
Town's proportionate share of the net OPEB (asset)	\$ 2,409	\$ 9,559	\$ 8,436	\$ 7,153	\$ 7,942	not available
Town's covered payroll	\$ 1,361,490	\$ 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	0.18%	0.68%	0.61%	0.53%	0.63%	
Plan fiduciary net position as a percentage of the total OPEB liability	90.38%	68.01%	72.85%	77.83%	84.44%	

**TOWN OF GILA BEND, ARIZONA**  
**Required Supplementary Information**  
**Schedule of Town Pension/OPEB Contributions**  
**June 30, 2022**

**ASRS-Pension**

	<b>Reporting Fiscal Year</b>										Information not available
	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	
Statutorily required contribution	\$ 170,847	\$ 152,579	\$ 160,140	\$ 154,517	\$ 148,399	\$ 135,138	\$ 157,339	\$ 156,371	\$ 147,167	\$ 147,167	
Town's contributions in relation to the statutorily required contribution	<u>(170,847)</u>	<u>(152,579)</u>	<u>(160,140)</u>	<u>(154,517)</u>	<u>(148,399)</u>	<u>(135,138)</u>	<u>(157,339)</u>	<u>(156,371)</u>	<u>(147,167)</u>	<u>(147,167)</u>	
Town's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Town's covered payroll	<u>\$ 1,430,867</u>	<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>	<u>\$ 1,450,129</u>	<u>\$ 1,435,914</u>	<u>\$ 1,375,393</u>	<u>\$ 1,375,393</u>	
Town's contributions as a percentage of covered payroll	11.94%	11.21%	11.46%	11.14%	10.90%	10.78%	10.85%	10.89%	10.70%	10.70%	

**ASRS-Health Insurance Premium Benefit**

	<b>Reporting Fiscal Year</b>							Information not available
	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016 through 2013</b>	
Statutorily required contribution	\$ 2,987	\$ 5,008	\$ 6,591	\$ 6,111	\$ 5,802	\$ 6,848	\$ 6,848	
Town's contributions in relation to the statutorily required contribution	<u>(2,987)</u>	<u>(5,008)</u>	<u>(6,591)</u>	<u>(6,111)</u>	<u>(5,802)</u>	<u>(6,848)</u>	<u>(6,848)</u>	
Town's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Town's covered payroll	<u>\$ 1,430,867</u>	<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>	<u>\$ 1,253,599</u>	
Town's contributions as a percentage of covered payroll	0.21%	0.37%	0.47%	0.44%	0.43%	0.55%	0.55%	

**TOWN OF GILA BEND, ARIZONA**  
**Required Supplementary Information**  
**Schedule of Town Pension/OPEB Contributions**  
**June 30, 2022**

**ASRS-Long-Term Disability**

	<b>Reporting Fiscal Year</b>						2016 through 2013
	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	
Statutorily required contribution	\$ 2,702	\$ 2,332	\$ 2,309	\$ 2,152	\$ 2,172	\$ 1,735	Information not available
Town's contributions in relation to the statutorily required contribution	<u>(2,702)</u>	<u>(2,332)</u>	<u>(2,309)</u>	<u>(2,152)</u>	<u>(2,172)</u>	<u>(1,735)</u>	
Town's contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
Town's covered payroll	<u>\$ 1,430,867</u>	<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 payroll	0.19%	0.17%	0.17%	0.16%	0.16%	0.14%	

**REPORTS AND SCHEDULES REQUIRED BY**  
**GOVERNMENTAL AUDITING STANDARDS AND**  
**UNIFORM GUIDANCE**

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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 fund information of the Town of Gila Bend, Arizona, as of and for the year ended June 30, 2022, 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 May 15, 2023.

**Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of 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.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items **2022-001, 2022-002, 2022-004, and 2022-005** that we consider to be material weaknesses.

## **Report on 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item **2022-003**.

## **Town of Gila Bend, Arizona's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Town of Gila Bend, Arizona's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Town of Gila Bend, Arizona's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

## **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.



May 15, 2023



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

To the City Council  
Town of Gila Bend, Arizona

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Town of Gila Bend, Arizona's compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of Town of Gila Bend, Arizona's major federal programs for the year ended June 30, 2022. Town of Gila Bend, Arizona's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Town of Gila Bend, Arizona complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

***Basis for Opinion on Each Major Federal Program***

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

We are required to be independent of Town of Gila Bend, Arizona and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Town of Gila Bend, Arizona's compliance with the compliance requirements referred to above.

### ***Responsibilities of Management for Compliance***

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

### ***Auditor's Responsibilities for the Audit of Compliance***

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Town of Gila Bend, Arizona's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Town of Gila Bend, Arizona's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Town of Gila Bend, Arizona's internal control over compliance. Accordingly, no such opinion is expressed.

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

## Report on Internal Control over Compliance

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

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

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

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



May 15, 2023

**Town of Gila Bend, Arizona**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2022**

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Pass through Grantor's Number	Disbursements/ Expenditures
<b><u>U.S. Department of Health and Human Services</u></b>			
Passed through Area Agency on Aging:			
Aging Cluster:			
Special Programs for the Aging_Title III, Part B	93.044	2022-20-GLB	\$ 14,373
Special Programs for the Aging_Title III, Part C	93.045	2022-20-GLB	46,444
Nutrition Services Incentive Program	93.053	2022-20-GLB	<u>2,541</u>
Total Aging Cluster			63,358
Social Services Block Grant	93.667	2022-20-GLB	6,100
Passed through Maricopa County Human Services Department:			
Temporary Assistance for Needy Families	93.558	C-22-16-045-3-07	417
Community Services Block Grant	93.569	C-22-16-045-3-07	333
Low-Income Home Energy Assistance	93.568	C-22-16-045-3-07	<u>3,953</u>
Total U.S. Department Health and Human Services			<u>74,161</u>
<b><u>U.S. Department of the Treasury</u></b>			
Passed through Arizona Office of the Governor:			
Coronavirus State and Local Fiscal Recovery Funds	21.027		350,679
Passed through Maricopa County Human Services Department:			
Emergency Rental Assistance Program	21.023	C-22-16-045-3-07	63,652
Coronavirus State and Local Fiscal Recovery Funds	21.027	C-22-22-050-X-00	<u>274,093</u>
Total U.S. Department of the Treasury			<u>688,424</u>
<b><u>U.S. Department of Housing and Urban Development</u></b>			
Passed through Maricopa County Community Development:			
CDBG - Entitlement Grants Cluster:			
Community Development Block Grants/Entitlement Grants	14.218	C-21-22-131-X-00	<u>114,720</u>
Total Federal Assistance			<u>\$ 877,305</u>

*The accompanying notes are an integral part of this schedule.*

**Town of Gila Bend, Arizona**  
**Notes to Schedule of Expenditures of Federal Awards**  
**June 30, 2022**

***NOTE 1 – BASIS OF PRESENTATION***

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal award activity of the Town of Gila Bend, Arizona under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Town of Gila Bend, Arizona, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Town of Gila Bend, Arizona.

***NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES***

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

**Town of Gila Bend, Arizona**  
**Schedule of Findings and Questioned Costs**  
**June 30, 2022**

**Section I - Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued	Unmodified		
Internal control over financial reporting:			
Material weakness(es) identified?	<input type="checkbox"/>	Yes	<input type="checkbox"/> No
Significant deficiency(ies) identified not considered to be material weakness(es)?	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/> X No
Noncompliance material to financial statements noted?	<input checked="" type="checkbox"/>	Yes	<input type="checkbox"/> No

**Federal Awards**

Internal control over major federal programs:			
Material weakness(es) identified?	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/> X No
Significant deficiency(ies) identified not considered to be material weakness(es)?	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/> X No
Type of auditor's report issued on compliance for major federal programs:	Unmodified		
Any audit findings disclosed that are required to be reported in accordance with §200.516 of Uniform Guidance?	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/> X No

Identification of major federal programs:

CFDA

Number      Name of Federal Program

21.027      Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between type A and type B programs:	\$750,000		
Auditee qualified as low-risk auditee?	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/> X No

**Town of Gila Bend, Arizona**  
**Schedule of Findings and Questioned Costs**  
**June 30, 2022**

**Item: 2022-001**

*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. This will be done prior to the start of next year's audit by the Finance Director.

**Item: 2022-002**

*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.

**Town of Gila Bend, Arizona**  
**Schedule of Findings and Questioned Costs**  
**June 30, 2022**

*Response:* Management agrees with this finding and will evaluate and implement a reconciliation procedure of the ASRS accounts beginning in FY23. The reconciliation will be done monthly by the Finance Director.

**Item: 2022-003**

*Subject:* Timeliness of annual financial reporting

*Criteria/Specific Requirements:* Arizona Revised Statutes require cities and towns to complete their annual financial statement audit within nine months after the fiscal year end.

*Condition:* The Town's financial records were not ready to complete an annual financial statement audit until after the required deadline.

*Recommendation:* Management should implement policies and procedures to complete year end adjustments and reconciliations within a reasonable time period to allow for the completion of the annual audit within the allowed time requirement.

*Response:* Management agrees with this finding and will ensure that financial records and reconciliations are complete and ready for audit within a reasonable time period to allow for the completion of the annual audit within the allowed time requirement. This will be done prior to December 31 each year by the Finance Director.

**Item: 2022-004**

*Subject:* Billing adjustments

*Criteria/Specific Requirements:* The abilities to collect payments and adjust utility accounts should be segregated. If it can not be segregated, there should be a formal review performed regularly by someone who does not have the ability to collect payments and adjust utility accounts. The process of the review should consist of reviewing all adjustments performed during the period and ensuring that all adjustments were appropriately approved.

*Condition:* During our audit, we noted that the same person has the ability to adjust utility accounts and collect payments.

*Recommendation:* If the ability to adjust utility accounts cannot be segregated from the ability to collect payments, we recommend that billing and payment adjustments be reviewed regularly by someone not responsible for cash collections. We recommend that the review be documented by printing out the adjustments from the accounting system and evidencing the review of the report by initialing and dating the report.

*Response:* Management agrees with this finding and will begin review of all utility adjustments posted in the accounting program and will document the review by printing, initialing, and dating the report.

**Town of Gila Bend, Arizona**  
**Schedule of Findings and Questioned Costs**  
**June 30, 2022**

**Item: 2022-005**

*Subject:* Bank Reconciliation Review

*Criteria/Specific Requirements:* Review and approval of the monthly bank reconciliations should be done by someone who does not perform the monthly reconciliations to ensure the reconciliations are being completed timely and accurately.

*Condition:* During our audit we noted there is no oversight or review being done on the monthly bank reconciliations by someone who does not perform the monthly reconciliations.

*Recommendation:* We recommend that monthly bank reconciliations are reviewed and approved by someone who does not perform the monthly reconciliations. Evidence of the review should be documented on the reconciliation with an initial and date.

*Response:* Management agrees with this finding and will begin to have someone who does not perform the monthly reconciliations review and approve the monthly bank reconciliation. That person will evidence his or her review with an initial and date. The review will be performed by the Town Manager within one month of the reconciling month's ending date.

**TOWN OF GILA BEND, ARIZONA**  
**Summary Schedule of Prior Year Audit Findings**  
**June 30, 2022**

*The status of audit findings from the prior year is as follows:*

**Item: 2021-001 (Repeated as finding 2022-001)**

*Subject:* General ledger maintenance and reconciliation.

*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.

*Views of Responsible Officials and Planned Corrective Action:* 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. This will be done prior to the start of next year's audit by the Finance Director.

**Item: 2021-002 (Repeated as finding 2022-002)**

*Subject:* Arizona State Retirement System Reconciliation.

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

*Views of Responsible Officials and Planned Corrective Action:* Management agrees with this finding and will evaluate and implement a reconciliation procedure of the ASRS accounts beginning in FY23. The reconciliation will be done monthly by the Finance Director.