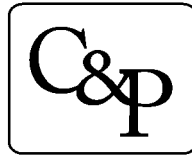


TOWN OF DEWEY-HUMBOLDT, ARIZONA

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

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INDEPENDENT AUDITORS' REPORT

To the Town Council
Dewey-Humboldt, Arizona

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Town of Dewey-Humboldt, 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. 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 Dewey-Humboldt, 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.

Emphasis of Matter

As discussed in Note 1 to the financial statements, for the year ended June 30, 2022, the Town adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 87, *Leases*. Our opinions are not modified with respect to this matter.

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 Dewey-Humboldt, 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 misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of the 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, we:

- Exercise professional judgement 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 Dewey-Humboldt, 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 Dewey-Humboldt, Arizona's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements

in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 7, 2022, on our consideration of the Town of Dewey-Humboldt, Arizona's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Dewey-Humboldt Arizona's internal control over financial reporting and compliance.

Other Reporting Required by *Arizona Revised Statutes*

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 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 Arizona Auditor General,) the Town Council and 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.



November 7, 2022



TOWN OF DEWEY-HUMBOLDT, ARIZONA
Management's Discussion and Analysis
June 30, 2022

As management of the Town of Dewey-Humboldt (Town), we offer readers of the Town's financial statements this narrative and analysis of the financial activities of the Town for the period ended June 30, 2022. We encourage readers to consider the information presented here in conjunction with the additional information that we have furnished in the financial statements and the notes thereto.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Town's basic finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all the Town's assets and liabilities, with the difference between the two reported as net position. Net position is categorized as invested in capital assets less related debt, restricted by a third party, and unrestricted. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The *statement of activities* presents information showing how the Town's net position changed during the recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences.)

The government-wide financial statements are designed to provide a broad overview of the Town's finances in a manner similar to those used by private businesses. All of the activities of the Town, except those of a fiduciary nature, are included in these statements. At this time, the Town does not have business-type activities, so all the activities presented represent Governmental activities.

Governmental activities are generally financed through taxes, intergovernmental revenues, and other non-exchange revenues. The governmental activities of the Town include general government (administration), public works, highway and streets, public safety, building safety, planning and zoning, library services, and magistrate court activities.

TOWN OF DEWEY-HUMBOLDT, ARIZONA
Management's Discussion and Analysis
June 30, 2022

The Town does not have *business-type activities* at this time. Examples of business-type activities would include water, wastewater and solid waste utilities primarily supported through user charges or fees.

Fund Financial Statements

Generally accepted accounting principles (GAAP) provide the following authoritative definition of a fund:

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

There are three broad classifications of fund types: governmental funds, proprietary funds, and fiduciary funds. *Governmental* funds typically are used to account for tax-supported (governmental) activities. *Proprietary* funds are used to account for a government's business-type activities (activities supported, at least in part, by fees or charges). *Fiduciary* funds are used to account for resources that are held by the government as a trustee or agent for parties outside the government and that cannot be used to support the government's own programs.

The Town does not have business-type activities nor does the Town serve as a trustee or agent for parties outside the government, therefore, all of the funds currently used by the Town are *governmental* funds.

Governmental Funds - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the Town's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Town's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town maintains three individual governmental funds organized according to their type: the General Fund, and two special revenue funds: Highway Users Revenue Fund and the Grants Fund.

TOWN OF DEWEY-HUMBOLDT, ARIZONA
Management's Discussion and Analysis
June 30, 2022

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Town's budget process.

The Town adopts an annual budget for all governmental funds. Budgetary comparison schedules have been provided for the General Fund, the Highway Users Revenue Fund and the Grants Fund as required supplementary information.

GOVERNMENT WIDE FINANCIAL ANALYSIS

The following tables; the Condensed Statement of Net Position and the Changes in Net Position are provided to illustrate how the Town performed financially for the year ended June 30, 2022 with comparative information for the previous year.

Net Position

Net position may serve over time as a useful indicator of a government's financial position. The assets of the Town exceeded liabilities by \$12,779,851 at the close of fiscal year 2022.

Condensed Statement of Net Position

	Governmental Activities	
	2022	2021
ASSETS		
Current and other assets	\$ 9,857,284	\$ 8,895,332
Capital assets, not being depreciated	2,986,109	2,982,962
Capital assets, being depreciated, net	524,889	338,543
Total assets	13,368,282	12,216,837
LIABILITIES		
Other liabilities	588,431	798,422
NET POSITION		
Net investment in capital assets	3,510,998	3,321,505
Restricted for:		
Highways and streets	443,453	554,968
Court	82,948	-
Unrestricted (deficit)	8,742,452	7,541,942
Total net position	\$ 12,779,851	\$ 11,418,415
CHANGE IN NET POSITION	\$ 1,361,436	\$ 395,595

TOWN OF DEWEY-HUMBOLDT, ARIZONA
Management's Discussion and Analysis
June 30, 2022

The Net Position consists of three components; invested in capital assets net of related debt and net of accumulated depreciation (e.g. roads, right of way, and equipment) restricted and unrestricted. Restricted represents resources that may be subject to external restrictions on how they may be used and unrestricted net position are assets that may be used to meet the Town's ongoing obligations to citizens and creditors.

Significant current year transactions that have had an impact on the Statement of Net Position were the purchase of equipment for Public Works totaling \$293,434 increasing capital assets. Capital assets were also depreciated by \$103,940.

Changes in Net Position

The following table compares the revenue and expenses for the current and previous fiscal year.

Condensed Statement of Changes in Net Position

	Governmental Activities	
	2022	2021
Revenues:		
<u>Program revenues</u>		
Charges for services	\$ 264,828	\$ 244,709
Operating grants and contributions	954,476	1,210,153
<u>General revenues</u>		
Local sales tax	1,270,419	1,065,889
Franchise tax	83,402	80,417
Shared revenue-State sales tax	609,574	490,785
Shared revenue-Urban revenue	565,403	591,235
Shared revenue-Vehicle license tax	339,770	350,860
Investment earnings	(142,437)	19,432
Miscellaneous	8,759	10,780
Total Revenues	3,954,194	4,064,260
Expenses:		
General government	584,465	461,999
Public safety	587,116	546,376
Engineering/public works	1,085,556	1,232,087
Community Development	335,621	241,904
Total Expenses	2,592,758	2,482,366
Change in net position	1,361,436	1,581,894
Beginning net position	11,418,415	9,836,521
Ending net position	\$ 12,779,851	\$ 11,418,415

Total revenues decreased by \$110,066. Decreases occurred in operating grants, investment earnings, state shared urban revenue and vehicle license tax, with corresponding increases in local sales tax and state shared sales tax. Total expenses increased by \$110,392 over the previous year with increases in all programs. The Net Position of the Town at the end of year increased \$1,361,436.

TOWN OF DEWEY-HUMBOLDT, ARIZONA
Management's Discussion and Analysis
June 30, 2022

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

The Town uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

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

The financial performance of the Town as a whole is reflected in its governmental funds. As the Town completed the year, its governmental funds reported a combined fund balance of \$9,283,779. Non-spendable fund balance plus restrictions for court fees and streets total \$537,231 resulting in unassigned balance of \$8,746,548 as of June 30, 2022.

The General Fund is the chief operating fund of the Town and accounts for nearly all of the major functions of the government, including public safety, community development, and general administrative services. The General Fund excess of revenue over expenditures was significant, totaling \$1,208,055. At the end of the current period, the General Fund reported an unassigned fund balance of \$8,746,548, a measure of the General Fund's liquidity, it may be useful to compare the unassigned fund balance to total fund expenditures.

BUDGETARY HIGHLIGHTS

A city or town budget should be more than a simple accounting mechanism. It is actually a statement outlining priorities for expenditure, needs of the citizens, proposed capital improvements, problem areas within the municipality, programs which will be initiated or abandoned and most importantly, the basic level of public services which the citizens will receive from their government.

Statements showing the budget amounts compared to the Town's actual financial activity for the General Fund, Highway Users Revenue Funds, and Grants Funds are provided in this report as required. General Fund revenues were \$220,542 under estimates, mainly as a result of overly optimistic estimates, and investment market changes. However, the expenditures were also \$1,421,411 under budget which represents a net of \$1,200,869 excess revenue more than expected in fiscal year 2022.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets - As of June 30, 2022, the Town had invested \$8,124,420 in capital assets, which consisted solely of the Town's investment in Town-owned vehicles, maintained roads, and equipment. Accumulated depreciation totaled \$4,613,422 bringing the net investment in capital assets to \$3,510,998. Additional information on the Town's capital assets can be found in the notes to the financial statements.

TOWN OF DEWEY-HUMBOLDT, ARIZONA
Management's Discussion and Analysis
June 30, 2022

	Governmental Activities	
	2022	2021
Capital assets not being depreciated:		
Land	\$2,986,109	\$2,982,962
Capital assets being depreciated:		
Infrastructure	4,469,236	4,469,236
Vehicles and equipment	658,497	368,211
Office equipment	10,578	10,578
Total capital assets being depreciated	5,138,311	4,848,025
Less accumulated depreciation for:		
Infrastructure	(4,260,621)	(4,224,906)
Vehicles and equipment	(342,223)	(273,998)
Office equipment	(10,578)	(10,578)
Total accumulated depreciation	(4,613,422)	(4,509,482)
Net total capital assets	\$3,510,998	\$3,321,505

Debt Administration - As of June 30, 2022, the Town had no long-term debt outstanding and lacked the legal capacity to issue most common forms of long-term debt obligations. Arizona state statutes require the Town to obtain the approval of the voters prior to issuing most forms of general obligation and revenue type bonds. To date, the Town has not yet had to seek the approval of the voters to issue debt.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Town management considered the following factors in developing the Fiscal 2022-23 budget:

- Continue utilizing the American Rescue Plan Act (ARPA) funding to pay for the Town's public safety contract in fiscal year 2023.
- Slight increase in sales taxes, as a net result of new businesses in town, yet a slowing down of the economy
- Recruit a full time Town Manager, but stabilizing the situation with a contracted interim Town Manager.
- Maintain staffing in all departments
- Continue budgeting for capital equipment in the public works department, along with investments in maintaining the Town's roads.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the Town's finances and to demonstrate the Town's accountability for the money it receives. If you have questions about this report or need additional information, contact Town Administration, Town of Dewey-Humboldt, 2735 South Highway 69, P.O. Box 69, Humboldt, AZ 86329.



TOWN OF DEWEY-HUMBOLDT, ARIZONA
Statement of Net Position
June 30, 2022

	<u>Primary Government</u>
	<u>Governmental</u>
	<u>Activities</u>
ASSETS	
Cash and cash equivalents	\$ 9,584,634
Accounts receivable - net	2,893
Taxes receivable	18,466
Due from other governments	235,853
Prepaid expense	15,438
Capital assets, not being depreciated	2,986,109
Capital assets, being depreciated, net	524,889
Total assets	13,368,282
 LIABILITIES	
Accounts payable	352,130
Accrued expenses	9,977
Unearned revenue	211,398
Compensated absences	14,926
Total liabilities	588,431
 NET POSITION	
Net investment in capital assets	3,510,998
Restricted for:	
Highways and streets	443,453
Court	82,948
Unrestricted (deficit)	8,742,452
Total net position	\$ 12,779,851

See accompanying notes to financial statements.

TOWN OF DEWEY-HUMBOLDT, ARIZONA
Statement of Activities
Year Ended June 30, 2022

Functions / Programs	Expenses	Program Revenue			Net (Expenses)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
					Primary Governmental Activities
Primary government					
Governmental activities					
General government	\$ 584,465	\$ -	\$ -	\$ -	\$ (584,465)
Public safety	587,116	21,905	479,440	-	(85,771)
Engineering/public works	1,085,556	6,105	475,036	-	(604,415)
Community development	335,621	236,818	-	-	(98,803)
Total governmental activities	\$ 2,592,758	\$ 264,828	\$ 954,476	\$ -	(1,373,454)
General revenues					
Taxes:					
Local sales taxes					1,270,419
Franchise tax					83,402
Shared revenue-State sales tax					609,574
Shared revenue-Urban revenue					565,403
Shared revenue-Vehicle license tax					339,770
Investment earnings					(142,437)
Miscellaneous					8,759
Total general revenues					<u>2,734,890</u>
Change in net position					1,361,436
Net position, beginning of year					11,418,415
Net position, end of year					<u>\$ 12,779,851</u>

See accompanying notes to financial statements.

TOWN OF DEWEY-HUMBOLDT, ARIZONA
Balance Sheet
Governmental Funds
June 30, 2022

	General Fund	Highway Users Fund	Grants Fund	Capital Projects Fund	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 8,680,413	\$ 692,823	\$ 211,398	\$ -	\$ 9,584,634
Accounts receivable	2,893	-	-	-	2,893
Due from other governments	192,749	43,104	-	-	235,853
Taxes receivables	18,466	-	-	-	18,466
Prepaid expenses	10,830	4,608	-	-	15,438
Total assets	<u>\$ 8,905,351</u>	<u>\$ 740,535</u>	<u>\$ 211,398</u>	<u>\$ -</u>	<u>\$ 9,857,284</u>
LIABILITIES					
Accounts payable	\$ 55,048	\$ 297,082	\$ -	\$ -	\$ 352,130
Accrued expenses	9,977	-	-	-	9,977
Unearned revenue	-	-	211,398	-	211,398
Total liabilities	<u>65,025</u>	<u>297,082</u>	<u>211,398</u>	<u>-</u>	<u>573,505</u>
FUND BALANCES					
Nonspendable	10,830	4,608	-	-	15,438
Restricted for:					
Highways and streets	-	438,845	-	-	438,845
Court	82,948	-	-	-	82,948
Unassigned	8,746,548	-	-	-	8,746,548
Total fund balances	<u>8,840,326</u>	<u>443,453</u>	<u>-</u>	<u>-</u>	<u>9,283,779</u>
Total liabilities and fund balances	<u>\$ 8,905,351</u>	<u>\$ 740,535</u>	<u>\$ 211,398</u>	<u>\$ -</u>	<u>\$ 9,857,284</u>

See accompanying notes to financial statements.

TOWN OF DEWEY-HUMBOLDT, ARIZONA
Reconciliation of the Balance Sheet to the Statement of Net Position
Governmental Funds
June 30, 2022

Fund balances-total governmental funds \$ 9,283,779

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

Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.

Governmental capital assets	8,124,420	
Less: accumulated depreciation	<u>(4,613,422)</u>	3,510,998

Compensated absences are not due and payable in the current period and, therefore, are not reported as a in the funds.

(14,926)

Net position of governmental activities \$ 12,779,851

See accompanying notes to financial statements.

TOWN OF DEWEY-HUMBOLDT, ARIZONA
Statement of Revenue, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2022

	General Fund	Highway Users Fund	Grants Fund	Capital Projects Fund	Total Governmental Funds
Revenues					
Local taxes	\$ 1,353,820	\$ -	\$ -	\$ -	\$ 1,353,820
Permits and fees	242,923	-	-	-	242,923
Intergovernmental	1,514,747	422,536	531,940	-	2,469,223
Fines, forfeitures, and penalties	21,905	-	-	-	21,905
Investment earnings	(144,179)	1,743	-	-	(142,436)
Miscellaneous	8,759	-	-	-	8,759
Total revenues	<u>2,997,975</u>	<u>424,279</u>	<u>531,940</u>	<u>-</u>	<u>3,954,194</u>
Expenditures					
Current					
General government	582,180	-	-	910	583,090
Public safety	28,402	-	479,440	-	507,842
Magistrate Court	79,274	-	-	-	79,274
Engineering	5,432	-	-	-	5,432
Public Works	405,816	456,531	113,429	-	975,776
Parks and recreation	408	-	-	-	408
Library	70,264	-	-	-	70,264
Community Development	262,872	-	-	-	262,872
Capital outlay	293,433	-	-	-	293,433
Total expenditures	<u>1,728,081</u>	<u>456,531</u>	<u>592,869</u>	<u>910</u>	<u>2,778,391</u>
Excess (deficiency) of revenue over expenditures	<u>1,269,894</u>	<u>(32,252)</u>	<u>(60,929)</u>	<u>(910)</u>	<u>1,175,803</u>
Other financing sources (uses)					
Transfers in	-	-	60,929	910	61,839
Transfers out	(61,839)	-	-	-	(61,839)
Total other financing sources	<u>(61,839)</u>	<u>-</u>	<u>60,929</u>	<u>910</u>	<u>-</u>
Net change in fund balances	1,208,055	(32,252)	-	-	1,175,803
Fund balances, beginning of year	<u>7,632,271</u>	<u>475,705</u>	<u>-</u>	<u>-</u>	<u>8,107,976</u>
Fund balances, end of year	<u>\$ 8,840,326</u>	<u>\$ 443,453</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,283,779</u>

See accompanying notes to financial statements.

TOWN OF DEWEY-HUMBOLDT, 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 \$ 1,175,803

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

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

Capital outlay	293,433	
Depreciation expense	<u>(103,940)</u>	189,493

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 resources. In the statement of activities, however, which is presented on the accrual basis of accounting, expenses are reported regardless of when the financial resources are available.

Increase in compensated absences payable	<u>(3,860)</u>
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Change in net position of governmental activities \$ 1,361,436

See accompanying notes to financial statements.

TOWN OF DEWEY-HUMBOLDT, ARIZONA
Notes to the Financial Statements
Year Ended June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the Town of Dewey-Humboldt, 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 of Dewey-Humboldt (the “Town”) was incorporated on December 20, 2004. The government of the Town is organized under the authority of Title 9 of the Arizona State Statutes and is operated under a Common Council – Manager form of government. The Town is governed by an elected mayor and six-member council.

The basis financial statements of the Town include the funds of all organizational entities for which the Town Council has oversight responsibility or financial accountability and are consequently determined to be included in the Town’s financial reporting entity in accordance with Governmental Accounting Standards Board, Accounting Standards Codification. The Town provides basic government services to its citizens including roads, land use regulations, library and public safety services. As of June 30, 2022, the Town had no blended or discretely presented component units, nor was the Town a component unit of any other reporting entity.

B. Basis of Presentation

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

Government-wide statements—provide information about the primary government (the Town). The statements include a statement of net position and a statement of activities. These statements report the overall government’s financial activities. Governmental activities generally are financed through taxes and intergovernmental revenues.

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

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

TOWN OF DEWEY-HUMBOLDT, ARIZONA
Notes to the Financial Statements
Year Ended June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

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

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

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 ***Highway Users Fund*** accounts for specific revenue received from the State of Arizona Highway User Revenue Fund and County Excise taxes which are legally restricted to expenditures for authorized street and highway purposes.

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

The ***Capital Projects Fund*** accounts for resources and construction expenditures of public buildings.

C. Basis of Accounting

The government-wide is 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. 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 DEWEY-HUMBOLDT, ARIZONA
Notes to the Financial Statements
Year Ended 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 they become both measurable and available. The Town considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after year-end. The Town's major revenue sources that are susceptible to accrual are 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, which are recognized as expenditures to the extent they are due and payable. General capital asset acquisitions are reported as expenditures in governmental funds. Issuances of general long-term debt and acquisitions under capital lease agreements are reported as other financing sources.

D. Cash and Investments

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

E. Allowance for Uncollectible Accounts

Allowances for uncollectible accounts receivable are estimated by the Town. The Town expects to collect fully all accounts receivable and has not made an allowance.

F. Budgets

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

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

TOWN OF DEWEY-HUMBOLDT, ARIZONA
Notes to the Financial Statements
Year Ended 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 are as follows:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Land	\$ 10,000	N/A	N/A
Infrastructure	10,000	Straight-line	20
Vehicles and machinery	10,000	Straight-line	5-10
Office equipment	10,000	Straight-line	3-5

H. Investment Earnings

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

I. 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.

TOWN OF DEWEY-HUMBOLDT, ARIZONA
Notes to the Financial Statements
Year Ended June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

The unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not reported in the other classifications. Also, deficits in fund balances of the other governmental funds are reported as unassigned. When an expenditure is incurred that can be paid from either restricted or unrestricted fund balances, it is the Town's policy to use (the Town will use) restricted fund balance first. It is the Town's policy to use (the Town will use) committed amounts first when disbursing unrestricted fund balances, followed by assigned amounts, and lastly unassigned amounts.

NOTE 2 – DEPOSITS AND INVESTMENTS

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

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

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

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

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

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

TOWN OF DEWEY-HUMBOLDT, ARIZONA
Notes to the Financial Statements
Year Ended June 30, 2022

NOTE 2 – DEPOSITS AND INVESTMENTS – Continued

Deposits — At June 30, 2022, the carrying amount of the Town’s total cash in bank was \$136,462, and the bank balance was \$155,337. Of the bank balance, the entire amount was covered by federal depository insurance or similar insurance. The remainder was covered by collateral held by the pledging financial institution in the Town’s name.

Investments — The Town reported investments in the State Treasurer’s Pool. The State Board of Investment provides oversight for the State Treasurer’s investment pools. The fair value of a participant’s position in the pool approximates the value of that participant’s pool shares and the participant’s shares are not identified with specific investments. The Town’s investments at June 30, 2022, are as follows:

<u>Investment Type</u>	<u>Amount</u>	<u>Ratings as of Year-End</u>		
		<u>AAAF/S1+</u>	<u>AA-3</u>	<u>Not Rated</u>
State Investment Pool 5	\$ 3,752,108	\$ 3,752,108	\$ -	\$ -
State Investment Pool 500	5,695,914	-	5,695,914	-
	<u>\$ 9,448,022</u>	<u>\$ 3,752,108</u>	<u>\$ 5,695,914</u>	<u>\$ -</u>

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

Cash and cash equivalents:	
Cash on hand	\$ 150
Amount of deposits	136,462
State Treasurer's investment pool	9,448,022
Total cash and equivalents	<u>\$ 9,584,634</u>

TOWN OF DEWEY-HUMBOLDT, ARIZONA
Notes to the Financial Statements
Year Ended June 30, 2022

NOTE 3 – DUE FROM OTHER GOVERNMENTS

Amounts due from other governments at June 30, 2022 consisted of the following:

	General Fund	Highway Users Fund
State of Arizona		
City sales tax	\$ 157,065	\$ -
State sales tax	23,234	-
Auto lieu tax revenues	12,450	-
Highway user revenues	-	43,104
	\$ 192,749	\$ 43,104

NOTE 4 – 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/rights-of-way	\$ 2,982,962	\$ 3,147	\$ -	\$ 2,986,109
Capital assets being depreciated:				
Infrastructure	4,469,236	-	-	4,469,236
Vehicles and equipment	368,211	290,286	-	658,497
Office equipment	10,578	-	-	10,578
Total	4,848,025	290,286	-	5,138,311
Less accumulated depreciation for:				
Infrastructure	(4,224,906)	(35,715)	-	(4,260,621)
Vehicles and equipment	(273,998)	(68,225)	-	(342,223)
Office equipment	(10,578)	-	-	(10,578)
Total	(4,509,482)	(103,940)	-	(4,613,422)
Total capital assets being depreciated, net	338,543	186,346	-	524,889
Governmental activities capital assets, net	\$ 3,321,505	\$ 189,493	\$ -	\$ 3,510,998

Depreciation expense was charged to the public works function in the governmental activities totaling \$103,940.

TOWN OF DEWEY-HUMBOLDT, ARIZONA
Notes to the Financial Statements
Year Ended June 30, 2022

NOTE 5 – RETIREMENT

The Town provides pension benefits for all of its employees through a defined contribution plan. The plan is a 401(a) Money Purchase Plan administered by the ICMA Retirement Corporation. Each participant has an individual account with ICMA into which all contributions flow. The participants are offered various investment options through the plan and are allowed to invest moneys in their account, at their own discretion, among the options. The Town may amend, modify, or terminate the Plan, upon approval of such an amendment, modification or termination provided that no amendment or modification shall reduce the account balances of any participant accrued on the date of the change. Employees covered by the plan are eligible to participate from the date of employment. The Town provides a defined contribution, an amount that the Town promises to pay into the system; however, Town employees have no guarantee that the 401(a) account will produce a defined benefit at the time of retirement. Employees may contribute no less than 3 percent and no more than 6 percent of income to receive a two-to-one match from the Town of no less than 6% and no more than 12 percent. The Town's contributions for each employee are fully vested after two years.

Contributions to the Plan for the year ended June 30, 2022 totaled \$73,966, which consisted of \$47,773 contributed by the Town and \$26,193 contributed by employees.

The Town also has a 457 Retirement Plan through ICMA Retirement Corporation. This plan is eligible to full time employees who may contribute no less than 3 percent and no more than 6 percent of income to receive a Town two-to-one match of at least 6 percent and no more than 12 percent. Part time employees may contribute 2.5 percent of income in order to receive a Town two-to-one match of 5 percent. Participation in this plan without a Town match is optional to full-time employees.

Contributions to the Plan for the year ended June 30, 2022 totaled \$6,092, which consisted of \$3,917 contributed by the Town and \$2,175 contributed by employees.

NOTE 6 – INTERFUND BALANCES AND ACTIVITY

During the year ended June 30, 2022, the Town made transfers between funds to help meet the needs of those respective funds to pay for current year expenditures. The Town transferred \$60,929 to the Grants Fund and \$910 to the Capital Projects Fund from the General Fund.

NOTE 7– 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.



OTHER REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF DEWEY-HUMBOLDT, ARIZONA
Required Supplementary Information
Budgetary Comparison Schedules
General Fund
Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Local taxes	\$ 858,600	\$ 858,600	\$ 1,353,820	\$ 495,220
Permits and fees	266,000	266,000	242,923	(23,077)
Intergovernmental	2,032,922	2,032,922	1,514,747	(518,175)
Fines, forfeitures, and penalties	43,495	43,495	21,905	(21,590)
Investment earnings	5,000	5,000	(144,179)	(149,179)
Miscellaneous	12,500	12,500	8,759	(3,741)
Total revenues	<u>3,218,517</u>	<u>3,218,517</u>	<u>2,997,975</u>	<u>(220,542)</u>
Expenditures				
General government				
Town Council and management	206,833	206,833	155,747	51,086
Town Clerk	216,183	216,183	153,128	63,055
Finance/human resources	196,663	196,663	133,580	63,083
Legal	107,000	109,000	108,197	803
Information technology	130,500	130,500	31,528	98,972
Public Safety	516,540	516,540	28,402	488,138
Magistrate court	86,326	86,326	79,274	7,052
Engineering	154,866	154,866	5,432	149,434
Public works	589,865	589,865	405,816	184,049
Parks and recreation	1,500	1,500	408	1,092
Library	77,155	77,155	70,264	6,891
Community development	411,061	411,061	262,872	148,189
Capital Outlay	455,000	455,000	293,433	161,567
Total expenditures	<u>3,149,492</u>	<u>3,151,492</u>	<u>1,728,081</u>	<u>1,423,411</u>
Excess (deficiency) of revenue over expenditures	<u>69,025</u>	<u>67,025</u>	<u>1,269,894</u>	<u>1,202,869</u>
Other financing sources (uses)				
Transfers	<u>(400,040)</u>	<u>(400,040)</u>	<u>(61,839)</u>	<u>338,201</u>
Net change in fund balance	(331,015)	(333,015)	1,208,055	1,541,070
Fund balances, beginning of year	<u>7,632,271</u>	<u>7,632,271</u>	<u>7,632,271</u>	<u>-</u>
Fund balances, end of year	<u><u>\$ 7,301,256</u></u>	<u><u>\$ 7,299,256</u></u>	<u><u>\$ 8,840,326</u></u>	<u><u>\$ 1,541,070</u></u>

TOWN OF DEWEY-HUMBOLDT, ARIZONA
Required Supplementary Information
Budgetary Comparison Schedule
HURF Fund
Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 357,639	\$ 357,639	\$ 422,536	\$ 64,897
Investment earnings	500	500	1,743	1,243
Total revenues	<u>358,139</u>	<u>358,139</u>	<u>424,279</u>	<u>66,140</u>
 Expenditures				
Public works	<u>825,000</u>	<u>825,000</u>	<u>456,531</u>	<u>368,469</u>
 Excess (deficiency) of revenue over expenditures	<u>(466,861)</u>	<u>(466,861)</u>	<u>(32,252)</u>	<u>434,609</u>
 Net change in fund balance	(66,821)	(66,821)	(32,252)	34,569
 Fund balances, beginning of year	<u>475,705</u>	<u>475,705</u>	<u>475,705</u>	<u>-</u>
 Fund balances, end of year	<u>\$ 408,884</u>	<u>\$ 408,884</u>	<u>\$ 443,453</u>	<u>\$ 34,569</u>

TOWN OF DEWEY-HUMBOLDT, ARIZONA
Required Supplementary Information
Budgetary Comparison Schedule
Grants Fund
Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 1,400,000	\$ 1,400,000	\$ 531,940	\$ (868,060)
Expenditures				
Public works	1,400,000	1,400,000	113,429	1,286,571
Excess (deficiency) of revenue over expenditures	-	-	(60,929)	(60,929)
Other financing sources (uses)				
Transfer in	-	-	60,929	60,929
Net change in fund balance	-	-	-	-
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

TOWN OF DEWEY-HUMBOLDT, 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. 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.





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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
Dewey-Humboldt, 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 and each major fund of the Town of Dewey-Humboldt, 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 Dewey-Humboldt, Arizona's basic financial statements and have issued our report thereon dated November 7, 2022.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

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.



November 7, 2022