

TOWN OF DEWEY-HUMBOLDT, ARIZONA

Annual Financial Statements
and Independent Auditor's Report
June 30, 2025

TABLE OF CONTENTS

INDEPENDENT AUDITOR’S REPORT	1
Management’s Discussion and Analysis	6
Government-wide Statements	
Statement of Net Position	13
Statement of Activities.....	14
Fund Statements	
Governmental Funds	
Balance Sheet.....	15
Reconciliation of the Balance Sheet to the Statement of Net Position	16
Statement of Revenues, Expenditures, and Changes in Fund Balances	17
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	18
Notes to Financial Statements	19
Other Required Supplementary Information	
Budgetary Comparison Schedules	31
Notes to Budgetary Comparison Schedules.....	34
Independent Auditor’s Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	36



1535 W. Harvard Avenue, Suite 101 · Gilbert, Arizona 85233

Tel: (480) 635-3200 · Fax: (480) 635-3201

INDEPENDENT AUDITOR'S REPORT

To the Town Council
Dewey-Humboldt, Arizona

Report on the Audit of the Financial Statements 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, 2025, 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, 2025, and the respective changes in financial position 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 U.S. 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 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 7 to the financial statements, for the year ended June 30, 2025, the Town adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 101. 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 misstatement, 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 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 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 is the responsibility of management and, 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 December 10, 2025, 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 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 Dewey-Humboldt, 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 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 of Dewey-Humboldt, Arizona failed to comply with the authorized transportation purposes, insofar as they relate to accounting matters, for Highway User Revenue Fund monies it received pursuant to Arizona Revised Statutes Title 28, Chapter 18, Article 2, and any other dedicated State transportation revenues it received. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed

additional procedures, other matters may have come to our attention regarding the Town of Dewey-Humboldt, Arizona'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 of Dewey-Humboldt, Arizona and is not intended to be and should not be used by anyone other than these specified parties.

Colby & Powell, PLC

December 10, 2025



TOWN OF DEWEY-HUMBOLDT, ARIZONA
Management's Discussion and Analysis
June 30, 2025

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, 2025. 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, 2025

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 User Revenue Fund and the Grants Fund.

TOWN OF DEWEY-HUMBOLDT, ARIZONA
Management's Discussion and Analysis
June 30, 2025

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 User 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, 2025 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 \$17,585,396 at the close of fiscal year 2025.

Condensed Statement of Net Position

	Governmental Activities	
	2025	2024
ASSETS		
Current and other assets	\$ 12,484,264	\$ 11,795,983
Capital assets, not being depreciated/amortized	4,665,788	4,665,788
Capital assets, being depreciated, net	1,111,995	722,399
Total assets	18,262,047	17,184,170
LIABILITIES		
Other liabilities	533,731	584,258
Leases payable		
Due within one year	54,397	50,795
Due in more than one year	88,523	142,921
Total liabilities	676,651	777,974
NET POSITION		
Net investment in capital assets	5,634,863	5,194,471
Restricted for:		
Highways and streets	245,630	477,464
Court	98,746	91,330
Unrestricted (deficit) as restated for June 30, 2024	11,606,157	10,642,931
Total net position	\$ 17,585,396	\$ 16,406,196
CHANGE IN NET POSITION	\$ 1,179,200	\$ 1,747,150

TOWN OF DEWEY-HUMBOLDT, ARIZONA
Management's Discussion and Analysis
June 30, 2025

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 new vehicles and infrastructure improvements totaling \$563,844 increasing capital assets. Capital assets were also depreciated by \$174,248.

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	
	2025	2024
Revenues:		
<u>Program revenues</u>		
Charges for services	\$ 270,871	\$ 213,065
Operating grants and contributions	936,614	927,132
<u>General revenues</u>		
Local sales tax	1,409,527	1,246,859
Franchise tax	103,632	98,318
Shared revenue-State sales tax	696,995	677,775
Shared revenue-Urban revenue	965,785	1,188,487
Shared revenue-Vehicle license tax	395,189	367,029
Investment earnings	575,170	645,109
Miscellaneous	1,972	1,278
Total Revenues	5,355,755	5,365,052
<u>Expenses:</u>		
General government	1,278,649	1,215,343
Public safety	682,233	599,431
Engineering/public works	1,865,818	1,467,739
Community Development	349,855	335,389
Total Expenses	4,176,555	3,617,902
Change in net position	1,179,200	1,747,150
Net position, July 1, 2024 as restated	16,406,196	14,659,046
Net position, June 30, 2025	\$ 17,585,396	\$16,406,196

Total revenues decreased by \$9,297. Increases occurred in state shared revenue, and investment earnings. Total expenses increased by \$558,653 over the previous year with increases in all programs. The Net Position of the Town at the end of year increased \$1,179,200.

TOWN OF DEWEY-HUMBOLDT, ARIZONA
Management's Discussion and Analysis
June 30, 2025

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 \$12,008,100. Non-spendable fund balance plus restrictions for court fees and streets total \$389,671 resulting in unassigned balance of \$11,618,429 as of June 30, 2025.

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 revenues over expenditures was \$980,326. At the end of the current period, the General Fund reported an unassigned fund balance of \$11,618,429, a measure of the General Fund's liquidity, it may be useful to compare the unassigned fund balance to total fund expenditures. The unassigned fund balance far exceeds the total expenditures in the general fund which totaled \$3,414,493.

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 User Revenue Funds, and Grants Funds are provided in this report as required. General Fund revenues were \$676,561 over estimates, mainly as a result of overly conservative estimates, and positive investment market changes. The expenditures and transfers were also \$3,453,118 under budget mainly because of unspent contingencies, position vacancies, and conservative budgeting. Together, this represents a net of \$4,129,679 excess revenue more than expected in fiscal year 2025.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets - As of June 30, 2025, the Town had invested \$10,856,095 in capital assets, which consisted solely of the Town's investment in Town-owned land, vehicles, maintained roads, and equipment. Accumulated depreciation totaled \$5,078,312 bringing the net investment in capital assets to \$5,777,783. 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, 2025

	Governmental Activities	
	2025	2024
Capital assets not being depreciated/amortized:		
Land	\$4,665,788	\$4,665,788
Capital assets being depreciated/amortized:		
Infrastructure	4,503,963	4,469,236
Vehicles and equipment	1,026,514	845,861
Office equipment	47,629	47,629
Construction in Progress	348,464	-
Intangibles:		
Right-to-use assets		
Buildings	263,737	263,737
Total capital assets being depreciated/amortized	6,190,307	5,626,463
Less accumulated depreciation/amortization for:		
Infrastructure	(4,365,885)	(4,330,916)
Vehicles and equipment	(546,348)	(469,132)
Office equipment	(34,210)	(24,895)
Intangibles:		
Right-to-use assets		
Buildings	(131,869)	(79,121)
Total accumulated depreciation/amortization	(5,078,312)	(4,904,064)
Net total capital assets	\$5,777,783	\$5,388,187

Debt Administration - As of June 30, 2025, 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 2025-26 budget:

- Maintain staffing in all departments. Budget for a 2.5% Cost of Living increase and 2.5% Merit increases in wages.
- Addition of 1 new position in Public Works to assist with the workload.
- Budgeting for slight decrease in local sales taxes because of a slowing down of consumer activity and revenue growth that was experienced tapers off.
- Continue budgeting for capital equipment in the public works department
- Continue budgeting for the Five-year capital plan which shows an increase in road improvements
- Contingency budget of \$3,000,000 in the Capital Projects Fund for Town Facilities and proposing to use bond funding.

TOWN OF DEWEY-HUMBOLDT, ARIZONA
Management's Discussion and Analysis
June 30, 2025

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, 2025

	<u>Primary Government</u>
	<u>Governmental</u>
	<u>Activities</u>
ASSETS	
Cash and cash equivalents	\$ 11,862,877
Accounts receivable - net	2,687
Taxes receivable	21,884
Due from other governments	551,521
Prepaid expenses	45,295
Capital assets, not being depreciated/amortized	4,665,788
Capital assets, being depreciated/amortized, net	1,111,995
Total assets	18,262,047
LIABILITIES	
Accounts payable	456,719
Accrued expenses	19,445
Compensated absences	57,567
Lease payable	
Due within one year	54,397
Due in more than one year	88,523
Total liabilities	676,651
NET POSITION	
Net investment in capital assets	5,634,863
Restricted for:	
Highways and streets	245,630
Court	98,746
Unrestricted	11,606,157
Total net position	\$ 17,585,396

See accompanying notes to financial statements.

TOWN OF DEWEY-HUMBOLDT, ARIZONA
Statement of Activities
Year Ended June 30, 2025

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 Government Governmental Activities
Primary government					
Governmental activities					
General government	\$ 1,278,649	\$ 2,608	\$ -	\$ -	\$ (1,276,041)
Public safety	682,233	42,696	78,300	-	(561,237)
Engineering/public works	1,865,818	6,360	858,314	-	(1,001,144)
Community development	349,855	219,207	-	-	(130,648)
Total governmental activities	\$ 4,176,555	\$ 270,871	\$ 936,614	\$ -	(2,969,070)

General revenues

Taxes:	
Local sales taxes	1,409,527
Franchise tax	103,632
Shared revenue-State sales tax	696,995
Shared revenue-Urban revenue	965,785
Shared revenue-Vehicle license tax	395,189
Investment earnings	575,170
Miscellaneous	1,972
Total general revenues	<u>4,148,270</u>
Change in net position	1,179,200
Net position, July 1, 2024, as restated	16,406,196
Net position, June 30, 2025	<u>\$ 17,585,396</u>

See accompanying notes to financial statements.

TOWN OF DEWEY-HUMBOLDT, ARIZONA
Balance Sheet
Governmental Funds
June 30, 2025

	General Fund	Highway User Revenue Fund	Grants Fund	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 11,662,594	\$ 200,283	\$ -	\$ 11,862,877
Accounts receivable - net	2,687	-	-	2,687
Taxes receivable	21,884	-	-	21,884
Due from other governments	200,816	45,726	304,979	551,521
Prepaid expenses	40,733	4,562	-	45,295
Due from other funds	115,926	-	-	115,926
Total assets	\$ 12,044,640	\$ 250,571	\$ 304,979	\$ 12,600,190
LIABILITIES				
Accounts payable	\$ 267,287	\$ 379	\$ 189,053	\$ 456,719
Accrued expenses	19,445	-	-	19,445
Due to other funds	-	-	115,926	115,926
Total liabilities	286,732	379	304,979	592,090
FUND BALANCES				
Nonspendable	40,733	4,562	-	45,295
Restricted for:				
Highways and streets	-	245,630	-	245,630
Court	98,746	-	-	98,746
Unassigned	11,618,429	-	-	11,618,429
Total fund balances	11,757,908	250,192	-	12,008,100
Total liabilities and fund balances	\$ 12,044,640	\$ 250,571	\$ 304,979	\$ 12,600,190

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, 2025

Fund balances-total governmental funds		\$ 12,008,100
--	--	---------------

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	10,856,095		
Less: accumulated depreciation/amortization	(5,078,312)		5,777,783

Lease liabilities are not due and payable in the current period and, therefore, are not reported as a liability in the funds.

(142,920)

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

(57,567)

Net position of governmental activities

\$ 17,585,396

See accompanying notes to financial statements.

TOWN OF DEWEY-HUMBOLDT, ARIZONA
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2025

	General Fund	Highway User Revenue Fund	Grants Fund	Total Governmental Funds
Revenues				
Local taxes	\$ 1,513,159	\$ -	\$ -	\$ 1,513,159
Permits and fees	225,567	-	-	225,567
Intergovernmental	2,057,968	459,851	476,763	2,994,582
Fines, forfeitures, and penalties	42,696	-	-	42,696
Investment earnings	550,847	24,322	-	575,169
Miscellaneous	4,582	-	-	4,582
Total revenues	<u>4,394,819</u>	<u>484,173</u>	<u>476,763</u>	<u>5,355,755</u>
Expenditures				
Current				
General government	1,257,981	-	-	1,257,981
Public safety	594,121	-	-	594,121
Magistrate court	88,112	-	-	88,112
Engineering	343,995	-	-	343,995
Public works	216,585	711,445	476,763	1,404,793
Library	71,445	-	-	71,445
Community development	278,410	-	-	278,410
Capital outlay	563,844	-	-	563,844
Total expenditures	<u>3,414,493</u>	<u>711,445</u>	<u>476,763</u>	<u>4,602,701</u>
Net change in fund balances	980,326	(227,272)	-	753,054
Fund balances, June 30, 2024	<u>10,777,582</u>	<u>477,464</u>	<u>-</u>	<u>11,255,046</u>
Fund balances, June 30, 2025	<u>\$ 11,757,908</u>	<u>\$ 250,192</u>	<u>\$ -</u>	<u>\$ 12,008,100</u>

See accompanying notes to financial statements.

TOWN OF DEWEY-HUMBOLDT, ARIZONA
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances to the Statement of Activities
Governmental Funds
Year Ended June 30, 2025

Net change in fund balances-total governmental funds \$ 753,054

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	563,844	
Depreciation/amortization expense	<u>(174,248)</u>	389,596

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.

Principal payments on leases payable	50,796
--------------------------------------	--------

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>(14,246)</u>
--	-----------------

Change in net position of governmental activities	<u>\$ 1,179,200</u>
--	----------------------------

See accompanying notes to financial statements.

TOWN OF DEWEY-HUMBOLDT, ARIZONA
Notes to the Financial Statements
Year Ended June 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the Town of Dewey-Humboldt, Arizona (the “Town”) 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.

For the year ending June 30, 2025, the Town implemented the provisions of GASB Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences.

A. Reporting Entity

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, 2025, 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 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.

TOWN OF DEWEY-HUMBOLDT, ARIZONA
Notes to the Financial Statements
Year Ended June 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

- Operating grants and contributions.
- Capital grants and contributions, including special assessments.

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

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

Fund financial statements—provide information about the Town’s funds. 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 User Fund*** accounts for specific revenue received from the State of Arizona Highway User Revenue Fund and Town 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.

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, 2025

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 lease contracts and subscription-based information technology arrangements are reported as other financing sources.

D. Cash and Investments

The Town considers cash on hand, demand deposits, cash and investments held by the State Treasurer, and highly liquid investments with maturities of three months from the date of acquisition to be cash equivalents.

Cash and investments are generally pooled except for funds required to be held by fiscal agents or restricted under provisions of bond indentures. Arizona Revised Statutes (A.R.S.) authorize the Town to invest public monies in the State Treasurer's Local Government Investment Pool, interest-bearing savings accounts, certificates of deposit, and repurchase agreements in eligible depositories; bonds or other obligations of the U.S. government that are guaranteed as to principal and interest by the U.S. government; and bonds of the State of Arizona or any of its counties, cities, towns, school districts, and special districts as specified by statute. The State Board of Deposit provides oversight for the State Treasurer's pool, and the Local Government Investment Pool Advisory Committee provides consultation and advice to the Treasurer. The fair value of a participant's position in the pool approximates the value of that participant's pool shares.

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.

TOWN OF DEWEY-HUMBOLDT, ARIZONA
Notes to the Financial Statements
Year Ended June 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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, 2025, if any.

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
Right-of-use assets			
Leases	10,000	Straight-line	-

Intangible right-to-use lease assets are amortized over the shorter of the lease term or the useful life of the underlying asset, unless the lease contains a purchase option that the Town is reasonably certain of being exercised—then the lease asset is amortized over the useful life of the underlying asset.

Intangible right-to-use subscription assets are amortized over the shorter of the subscription term or the useful life of the underlying IT assets.

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.

TOWN OF DEWEY-HUMBOLDT, ARIZONA
Notes to the Financial Statements
Year Ended June 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

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

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

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

J. Leases and Subscription-Based Information Technology Arrangements

Leases - As lessee, the Town recognizes lease liabilities with an initial, individual value of \$10,000 or more. The Town uses its estimated incremental borrowing rate to measure lease liabilities unless it can readily determine the interest rate implicit in the lease. The Town's estimated incremental borrowing rate is based on describe how the Town determined its estimated incremental borrowing rate.

As lessor, the Town recognizes lease receivables with an initial, individual value of \$10,000 or more. If there is no stated rate in the lease contract (or if the stated rate is not the rate the Town charges the lessee) and the implicit rate cannot be determined, the Town uses its own estimated incremental borrowing rate as the discount rate to measure lease receivables. The Town's estimated incremental borrowing rate is calculated as described above.

Subscription-based information technology arrangements - The Town recognizes subscription liabilities with an initial, individual value of \$10,000 or more. The Town uses its estimated incremental borrowing rate to measure subscription liabilities unless it can readily determine the interest rate implicit in the arrangement. The Town's estimated incremental borrowing rate is calculated as described above.

TOWN OF DEWEY-HUMBOLDT, ARIZONA
Notes to the Financial Statements
Year Ended June 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

K. Compensated Absences

Compensated absences consist of vacation and sick earned by employees based on services already rendered.

Employees may accumulate up to 80 hours of vacation hours. Upon termination of employment, all unused vacation benefits are paid to employees. Accordingly, vacation benefits are accrued as a liability in the financial statements.

Employees may accumulate 240 hours of sick leave. Generally, sick leave benefits provide for ordinary sick pay and are cumulative but are forfeited upon termination of employment. GASB 101 requires that a liability be recognized for leave that has not been used if [a] the leave is attributable to services already rendered, [b] the leave accumulates, and [c] the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Sick leave is considered to meet these criteria and the portion expected to be more likely than not to be used for time off has been estimated and accrued in the financial statements.

L. Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

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.

TOWN OF DEWEY-HUMBOLDT, ARIZONA
Notes to the Financial Statements
Year Ended June 30, 2025

NOTE 2 – DEPOSITS AND INVESTMENTS – Continued

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.

Investment Valuation Techniques. - U.S. treasuries, agencies, money market, and equity securities in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for identical securities. Governmental bonds, corporate bonds, and other fixed income instruments, classified in Level 2 of the fair value hierarchy are valued based on significant other observable inputs, which may include, but are not limited to, quoted prices for similar or identical assets or liabilities in markets that are active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, prepayment speeds, loss severities, credit risks and default rates) or other market corroborated inputs.

Deposits — At June 30, 2025, the carrying amount of the Town's total cash in bank was \$(237,061), and the bank balance was \$378,755. 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.

TOWN OF DEWEY-HUMBOLDT, ARIZONA
Notes to the Financial Statements
Year Ended June 30, 2025

NOTE 2 – DEPOSITS AND INVESTMENTS – Continued

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, 2025, are as follows:

Investment Type	Amount	Ratings as of Year-End	
		AAAf/S1+	AA3
State Investment Pool 5	\$ 7,043,394	\$ 7,043,394	\$ -
State Investment Pool 500	4,819,333	-	4,819,333
	\$ 11,862,727	\$ 7,043,394	\$ 4,819,333

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	-
State Treasurer's investment pool	11,862,727
Total cash and equivalents	\$ 11,862,877

The amount of deposits is \$237,061 due to checks written at year-end that have not cleared in excess of the operating bank balance.

NOTE 3 – DUE FROM OTHER GOVERNMENTS

Amounts due from other governments at June 30, 2025 consisted of the following:

	General Fund	Highway Users Revenue Fund	Grants Fund
State of Arizona			
Town sales tax	\$ 149,560	\$ -	\$ -
State sales tax	34,670	-	-
Auto lieu tax revenues	16,586	-	-
Highway user revenues	-	45,726	-
Yavapai Flood Control District	-	-	304,979
	\$ 200,816	\$ 45,726	\$ 304,979

TOWN OF DEWEY-HUMBOLDT, ARIZONA
Notes to the Financial Statements
Year Ended June 30, 2025

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2025, was as follows:

	Balance July 1, 2024	Increases	Decreases	Balance June 30, 2025
Governmental activities:				
Capital assets not being depreciated/amortized:				
Land/right-of-ways	\$ 4,665,788	\$ -	\$ -	\$ 4,665,788
Capital assets being depreciated/amortized:				
Infrastructure	4,469,236	34,727	-	4,503,963
Vehicles and equipment	845,861	180,653	-	1,026,514
Office equipment	47,629	-	-	47,629
Construction in progress	-	348,464	-	348,464
Intangibles:				
Right-to-use lease assets				
Buildings	263,737	-	-	263,737
Total	<u>5,626,463</u>	<u>563,844</u>	<u>-</u>	<u>6,190,307</u>
Less accumulated depreciation/amortization for:				
Infrastructure	(4,330,916)	(34,969)	-	(4,365,885)
Vehicles and equipment	(469,132)	(77,216)	-	(546,348)
Office equipment	(24,895)	(9,315)	-	(34,210)
Intangibles:				
Right-to-use lease assets				
Buildings	(79,121)	(52,748)	-	(131,869)
Total	<u>(4,904,064)</u>	<u>(174,248)</u>	<u>-</u>	<u>(5,078,312)</u>
Total capital assets being depreciated/amortized, net	<u>722,399</u>	<u>389,596</u>	<u>-</u>	<u>1,111,995</u>
Governmental activities capital assets, net	<u>\$ 5,388,187</u>	<u>\$ 389,596</u>	<u>\$ -</u>	<u>\$ 5,777,783</u>

Depreciation/amortization expense was charged as follows:

Governmental activities:	
General government	\$ 62,062
Public Works	112,186
Total	<u>\$ 174,248</u>

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

TOWN OF DEWEY-HUMBOLDT, ARIZONA
Notes to the Financial Statements
Year Ended June 30, 2025

NOTE 5 – RETIREMENT - Continued

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 401(a) Plan for the year ended June 30, 2025 totaled \$114,029, which consisted of \$76,020 contributed by the Town and \$38,009 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 457 Plan for the year ended June 30, 2025 totaled \$7,683, which consisted of \$5,122 contributed by the Town and \$2,561 contributed by employees.

NOTE 6– 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 DEWEY-HUMBOLDT, ARIZONA
Notes to the Financial Statements
Year Ended June 30, 2025

NOTE 7 – ACCOUNTING CHANGES AND ERROR CORRECTIONS

During fiscal year 2025, accounting changes for the implementation of GASB Statement No. 101, *Compensated Absences* resulted in adjustments to and restatements of beginning net position, as follows:

	Net position/fund balance at June 30, 2024 as previously reported	Change in accounting principle - GASB 101	Net position/fund balance July 1, 2024 as restated
Government-wide			
Governmental activities	\$ 16,426,028	\$ (19,832)	\$ 16,406,196

NOTE 8 – LONG-TERM LIABILITIES

The following schedule details the Town’s long-term liability and obligation activity for the year ended June 30, 2025.

	Balance July 1, 2024	Additions	Reductions	Balance June 30, 2025	Due within one year
Governmental activities:					
Lease payable	\$ 193,716	\$ -	\$ 50,796	\$ 142,920	\$ 54,397
Compensated absences	43,321	14,246	-	57,567	57,567
Total	\$ 237,037	\$ 14,246	\$ 50,796	\$ 200,487	\$ 111,964

Leases – The Town acquired the right-to-use of building space under the provisions of a lease agreement in October 2019. The total amount of the leased right-to-use asset totaled \$263,737. Accumulated amortization as of June 30, 2025 totaled \$131,869. The carrying value as of June 30, 2025 totaled \$131,868. The incremental borrowing rate is 3.61 percent.

The following schedule details debt service requirements to maturity for the Town’s leases payable at June 30, 2025:

Year Ending June 30	Principal	Interest
2026	\$ 54,397	\$ 4,273
2027	58,183	2,247
2028	30,340	320
	\$ 142,920	\$ 6,840

OTHER REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF DEWEY-HUMBOLDT, ARIZONA
Required Supplementary Information
Budgetary Comparison Schedules
General Fund
Year Ended June 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Local taxes	\$ 1,490,000	\$ 1,490,000	\$ 1,513,159	\$ 23,159
Permits and fees	176,200	176,200	225,567	49,367
Intergovernmental	2,017,058	2,017,058	2,057,968	40,910
Fines, forfeitures, and penalties	20,000	20,000	42,696	22,696
Investment earnings	10,000	10,000	550,847	540,847
Miscellaneous	5,001	5,000	4,582	(418)
Total revenues	<u>3,718,259</u>	<u>3,718,258</u>	<u>4,394,819</u>	<u>676,561</u>
Expenditures				
General government				
Town council and management	213,650	224,650	224,278	372
Town clerk	262,260	291,260	290,464	796
Finance/human resources	160,200	160,200	146,051	14,149
Legal	505,000	581,000	578,973	2,027
Information technology	100,000	100,000	52,941	47,059
Public safety	699,500	699,500	594,121	105,379
Magistrate court	101,195	101,195	88,112	13,083
Engineering	300,000	344,000	343,995	5
Public works	852,530	852,530	745,703	106,827
Library	73,200	73,200	71,445	1,755
Community development	483,090	483,090	278,410	204,680
Contingency	1,500,000	1,340,000	-	1,340,000
Total expenditures	<u>5,250,625</u>	<u>5,250,625</u>	<u>3,414,493</u>	<u>1,836,132</u>
Excess (deficiency) of revenue over expenditures	<u>(1,532,366)</u>	<u>(1,532,367)</u>	<u>980,326</u>	<u>2,512,693</u>
Other financing sources (uses)				
Transfers	<u>(1,616,986)</u>	<u>(1,616,986)</u>	<u>-</u>	<u>1,616,986</u>
Net change in fund balance	(3,149,352)	(3,149,353)	980,326	4,129,679
Fund balances, June 30, 2024	<u>10,777,582</u>	<u>10,777,582</u>	<u>10,777,582</u>	<u>-</u>
Fund balances, June 30, 2025	<u><u>\$ 7,628,230</u></u>	<u><u>\$ 7,628,229</u></u>	<u><u>\$11,757,908</u></u>	<u><u>\$ 4,129,679</u></u>

TOWN OF DEWEY-HUMBOLDT, ARIZONA
Required Supplementary Information
Budgetary Comparison Schedule
Highway User Revenue Fund
Year Ended June 30, 2025

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 458,670	\$ 458,670	\$ 459,851	\$ 1,181
Investment earnings	10,000	10,000	24,322	14,322
Total revenues	<u>468,670</u>	<u>468,670</u>	<u>484,173</u>	<u>15,503</u>
Expenditures				
Public works	<u>2,333,000</u>	<u>2,333,000</u>	<u>711,445</u>	<u>1,621,555</u>
Excess (deficiency) of revenue over expenditures	<u>(1,864,330)</u>	<u>(1,864,330)</u>	<u>(227,272)</u>	<u>1,637,058</u>
Other financing sources (uses)				
Transfers	<u>1,616,986</u>	<u>1,616,986</u>	<u>-</u>	<u>(1,616,986)</u>
Net change in fund balance	<u>(247,344)</u>	<u>(247,344)</u>	<u>(227,272)</u>	<u>20,072</u>
Fund balances, June 30, 2024	<u>-</u>	<u>-</u>	<u>477,464</u>	<u>477,464</u>
Fund balances, June 30, 2025	<u><u>\$ (247,344)</u></u>	<u><u>\$ (247,344)</u></u>	<u><u>\$ 250,192</u></u>	<u><u>\$ 497,536</u></u>

TOWN OF DEWEY-HUMBOLDT, ARIZONA
Required Supplementary Information
Budgetary Comparison Schedule
Grants Fund
Year Ended June 30, 2025

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 458,670	\$ 458,670	\$ 476,763	\$ 18,093
Expenditures				
Public works	1,050,000	1,050,000	476,763	573,237
Other financing sources (uses)				
Transfer in	3,000,000	3,000,000	-	(3,000,000)
Net change in fund balance	2,408,670	2,408,670	-	(2,408,670)
Fund balances, June 30, 2024	-	-	-	-
Fund balances, June 30, 2025	<u>\$ 2,408,670</u>	<u>\$ 2,408,670</u>	<u>\$ -</u>	<u>\$ (2,408,670)</u>

TOWN OF DEWEY-HUMBOLDT, ARIZONA
Required Supplementary Information
Notes to Budgetary Comparison Schedules
June 30, 2025

NOTE 1 – BUDGETING AND BUDGETARY CONTROL

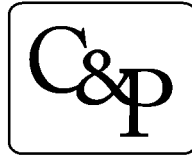
A.R.S. requires the Town to prepare and adopt a balanced budget annually for each governmental fund. The Town Council must approve such operating budgets on or before the third Monday in July to allow sufficient time for the legal announcements and hearings required for the adoption of the property tax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





COLBY &
POWELL, PLC

CERTIFIED PUBLIC ACCOUNTANTS

1535 W. Harvard Avenue, Suite 101 · Gilbert, Arizona 85233

Tel: (480) 635-3200 · Fax: (480) 635-3201

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

To the Town Council
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, 2025, 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 December 10, 2025.

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 consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Lobby & Powell, PLC

December 10, 2025