CWDL

The Honorable Mayor and
  Members of the Town Council
Town of Wickenburg, Arizona
Wickenburg, Arizona

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Town of Wickenburg, Arizona ("Town") for the year ended June 30, 2024 and have issued or report thereon dated January 26, 2025. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated August 2, 2024, our responsibility, as described by professional standards, is to form and express an opinions about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of Town of Wickenburg, Arizona solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. We have provided our report on internal control over financial reporting and on compliance and other matters dated January 26, 2025.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated in our engagement letter.

Compliance with All Ethics Requirements Regarding Independence

The engagement team and our firm have complied with all relevant ethical requirements regarding independence.

Significant Risks Identified

We have identified the following significant risks: 1) Risk of revenue being recognized and recorded in the proper period as well as for fraud risk concerns, 2) Risk related to the accounting estimate of useful lives of capital assets and related depreciation methods, 3) Risk of improperly recorded year-end expenditures

These significant risks have been identified and related test work was performed over these areas on a risk-based audit approach

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Town of Wickenburg, Arizona are described in Note 1 to the financial statements.

We noted no transactions entered into by Town of Wickenburg, Arizona during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- Management's estimate of the useful lives of capital assets is based on an analysis of the assets' condition and the Town's previous experience. We evaluated the key factors and assumptions used to develop the useful lives of capital assets in determining that they are reasonable in relation to the financial statements taken as a whole.

Financial statement disclosures

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There was no financial statement disclosure that were particularly sensitive during the current year.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Uncorrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. We noted no uncorrected misstatements during the current fiscal year.

Corrected Misstatements
The following material audit adjustments were brought to management's attention, and management agreed with them: Reclassification entries were necessary to convert the Town's accounting records from the modified accrual basis of accounting for governmental funds into the full accrual basis of accounting for government-wide accounting. In addition, the following material audit adjustments were proposed and subsequently recorded by management:

- Increase Town Sales Tax and State Shared revenues by $206,224 and reduce these same revenues by $282,812 due to improper cutoff of revenues. Also, an audit adjustment was recorded to reduce SLFRF (ARPA) intergovernmental revenues and increase the unearned grant revenue balance by $1,533,080.
- Accumulated depreciation and depreciation expense for Governmental Activities capital assets required adjustments of $419,945 and $313,421, respectively. Business-type activities required an adjustment to depreciation expense of $508,454 to properly reconcile subsidiary ledgers to the working trial balance. Lastly, infrastructure assets were improperly classified as furniture and equipment. A reclassifying entry of $578,502 was required to correct the error.
- We noted $974,496 of deposits in transit that were incorrectly recorded. These amounts should have been recorded as receivables at fiscal year-end. An audit entry was recorded to correct this error.

Disagreements with Management
For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representation
We will request certain representations from management that are to be included in the management representation letter dated the date of the finalized audit report.

Management Consultations with Other Independent Accountant
In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to Town of Wickenburg, Arizona's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues
We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as Town of Wickenburg, Arizona's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Our auditors' opinion, the audited financial statements, and the notes to financial statements should only be used in their entirety. Inclusion of the audited financial statements in a document you prepare, such as an annual report, should be done only with our prior approval and review of the document.

Restriction on Use

This information is intended solely for the information and use of the governing board and management of Town of Wickenburg, Arizona and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

CWDL, Certified Public Accountants

CWDL Certified Public Accountants
January 26, 2025
Mesa, Arizona