CWDL

See what's possible.

TOWN OF WICKENBURG, ARIZONA

SINGLE AUDIT REPORT

Fiscal Year Ended June 30, 2024

480-608-1750
www.cwdl.com

TOWN OF WICKENBURG, ARIZONA
SINGLE AUDIT REPORT
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2024

CONTENTS

CWDL

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*

Governing Board of
Town of Wickenburg, Arizona
Wickenburg, 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, each major fund, and the aggregate remaining fund information of Town of Wickenburg, Arizona (Town) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated January 26, 2025.

Report on Internal Control over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the County's basic financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2024-001 and 2024-002 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as item 2024-003 to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free of 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 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 Audit Standards*.

Town's response to findings

Government Auditing Standards requires the auditor to perform limited procedures on the Town's responses to the findings identified in our audit that are presented in its corrective action. The Town is responsible for preparing a corrective action plan to address each finding. The Town's responses and corrective action plan were not subjected to the other auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.

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 Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CWDL, Certified Public Accountants

Mesa, Arizona
January 26, 2025

CWDL

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE, AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

Governing Board of
Town of Wickenburg, Arizona
Wickenburg, Arizona

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Town of Wickenburg, Arizona's ("Town") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Town's major federal programs for the year ended June 30, 2024. The Town's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Town, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.

- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Town's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- obtain an understanding of the Town's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses or significant deficiencies. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements. We issued our report thereon dated January 26, 2025, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

CWDL, Certified Public Accountants

Mesa, Arizona
January 26, 2025

TOWN OF WICKENBURG, ARIZONA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2024

Federal Grantor/Pass-Through Grantor/Program or Cluster	Federal Assistance Listing Number	Additional Award Identification (Optional)	Pass-Through Entity Identifying Number	Federal Expenditures	Passed Through to Subrecipients
U.S. Department of Transportation:					
Direct Grant					
Airport Improvement Program	20.106		N/A	$ 1,364,310	$ -
Passed through Arizona Governor's Office of Highway Safety					
State and Community Highway Safety	20.600		2023-PTS-072	657	-
State and Community Highway Safety	20.600		2024-PTS-070	3,130	-
Total State and Community Highway Safety Cluster (CFDA 20.600)				3,787	-
Total U.S. Department of Transportation				1,368,097	-
U.S. Department of Treasury:					
Direct Program					
Coronavirus State and Local Fiscal Recovery Funds	21.027	COVID-19	N/A	1,145,286	-
Passed through Maricopa County					
Coronavirus State and Local Fiscal Recovery Funds	21.027	COVID-19	CSD-24-038	48,947	-
Total U.S. Department of Treasury				1,194,233	-
Total Federal Expenditures				$ 2,562,330	$ -

NOTE 1 - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the Town's federal grant activity for the year ended June 30, 2024. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Town, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Town.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

NOTE 3 – FEDERAL ASSISTANCE LISTING NUMBERS

The program titles and federal assistance numbers were obtained from the federal or pass-through grantor or the 2024 *Catalog of Federal Domestic Assistance.*

NOTE 4 - INDIRECT COST RATE

The Town did not elect to use the 10 percent de minimis indirect cost rate as covered in 2 CFR §200.414.

SECTION I - SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

Type of auditors' report issued:	Unmodified
Is a going concern emphasis-of-matter paragraph included in the auditors’ report?	No
Internal control over financial reporting:	
Material weaknesses identified?	Yes
Significant deficiencies identified not considered to be material weaknesses?	Yes
Non-compliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	None noted
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No

Identification of major programs:

Federal Assistance Numbers	Name of Federal Program of Cluster
20.106	Airport Improvement Program
21.027	Coronavirus State and Local Fiscal Recovery Funds - COVID-19

Dollar threshold used to distinguish between Type A and Type B programs:	$ 750,000
Auditee qualified as low-risk auditee?	No

SECTION II - FINANCIAL STATEMENT FINDINGS

2024-001 MATERIAL AUDIT ADJUSTMENTS

Type of Finding: Material Weakness in Internal Controls Over Financial Reporting

Condition: During the course of performing the audit, we identified material audit adjustments that were proposed and subsequently recorded to properly record account balances and activity for the Town.

Context: We proposed and the Town subsequently recorded adjustments to:

- The Town understated Town Sales Tax and State Shared revenues by $206,224 and overstated these same revenues by $282,812. Audit entries were made to correct the errors.
- Additionally, an audit adjustment was recorded to reduce SLFRF (ARPA) intergovernmental revenues and record an unearned revenue balance of $1,533,080. The monies related to this grant were received, but not yet spent, and therefore, unearned.
- Material audit adjustments were required to properly record capital assets for the fiscal year. Accumulated depreciation and depreciation expense for governmental activities required adjustments of $419,945 and $313,421, respectively. The 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.

Criteria: Internal controls would dictate that an adequate review process be implemented to prevent a material misstatement from going undetected and uncorrected.

Effect: Audit adjustments were proposed and subsequently recorded by the Town to correct account balances and activity. The lack of proper controls over year-end close procedures could result in a material misstatement going undetected and uncorrected.

Cause: The Town's year-end procedures for reconciling and reviewing account balances was not operating effectively.

Recommendation: We recommend the Town continue to evaluate its internal control processes to determine if additional process and procedures should be implemented to identify year-end closing adjustments. The Town management should develop documented procedures with the Finance Director for year-end close that can be used as a checklist in closing out the next fiscal year that are designed to identify material adjustments.

View of Responsible Officials: The Town management concurs with this recommendation.

Repeat Finding: Yes, see 2023-001.

Contact person: Robert Martinez, Finance Director

SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED)

2024-002 BANK RECONCILIATIONS

Type of Finding: Material Weakness in Internal Controls Over Financial Reporting

Condition: During the course of performing the audit, we identified material audit adjustments that were proposed and subsequently recorded to properly record account balances and activity for the Town. In addition, bank reconciliations were not always reviewed and approved by someone other than the preparer.

Context: During our review of the bank reconciliation process, it was noted that the financial services coordinator prepares and reviews the bank reconciliation without a secondary review. Additionally, we noted $974,496 of deposits in transit that were incorrectly recorded. These amounts should have been recorded as receivables at fiscal year-end.

Criteria or Specific Requirement: Internal controls would dictate that an adequate bank reconciliation review process be implemented to prevent a material misstatement from going undetected and uncorrected.

Effect: Audit adjustments were proposed and subsequently recorded by the Town to adjust cash balances and reconciling items.

Cause: Limited number of employees and employee turnover.

Recommendation: We recommend the Town ensure that bank reconciliations are prepared by the financial services coordinator and then reviewed by someone within the finance department to review for accuracy.

View of Responsible Officials: The Town management concurs with this recommendation.

Repeat Finding: Yes, see 2023-005.

Contact person: Robert Martinez, Finance Director

SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED)

2024-003 OVERSIGHT OVER THE PAYROLL PROCESS

Type of Finding: Significant Deficiency in Internal Controls Over Financial Reporting

Condition/Context: During the audit, we noted four out of 5 payroll journals tested did not have documentation verifying the payroll registers were reviewed before being processed.

Criteria or Specific Requirement: Management is responsible for implementing internal controls to ensure that proper segregation of duties exist over the payroll process.

Effect: Town processes and procedures were not implemented and operating effectively.

Cause: Limited number of employees and employee turnover.

Recommendation: We recommend that the Town adhere to its policies and procedures requiring a review of the payroll register by a second individual before payroll processing.

View of Responsible Officials: The Town management concurs with this recommendation.

Repeat Finding: No.

Contact person: Robert Martinez, Finance Director

SECTION III - FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a).

2023-001 Year-end Cutoff
Condition/Context: Adequate internal controls were not designed and implemented to ensure expenditures at or near year-end were recorded in the appropriate fiscal year. An audit adjustment of $101,050 was necessary to properly accrue expenditures paid in July – September 2023 but were for service performed for the period ending Juen 30, 2023. In addition, an audit adjustment of $147,769 was necessary to move expenditures out of the General Fund for expenditures that had not been paid and the full services were not rendered for the period ending June 30, 2023, to require accrual or the recognition of expenditures.

Status of Finding: Similar to Finding 2024-001.

2023-002 Journal Entries
Condition/Context: For three of 25 journal entries tested, the journal entry was not documented as being reviewed and approved by someone other than the preparer.

Status of Finding: Corrected during the current fiscal year.

2023-003 Accounts Payable Disbursements
Condition/Context: For one of 25 cash disbursements tested, a purchase order was not maintained for a purchase that exceeded $1,000. A purchase for $2,183.63 was made to a vendor for cleaning supplies and should have required a purchase order based on Town policy. In addition, for two of 25 credit card transactions tested, a cardholder agreement was not on file.

Status of Finding: Corrected during the current fiscal year.

2023-004 Payroll
Condition/Context: For one of 25 payroll transactions tested, an employee was receiving multiple pay rates based on two different duties performed. Their timecard did not properly document which hours worked were for each duty performed and, therefore, we were unable to determine if their gross pay was properly calculated. In addition, for one of 25 payroll transactions tested, an employee was taxed on a benefit that was not actually part of the employees pay.

Status of Finding: Corrected during the current fiscal year.

2023-005 Bank Reconciliations
Condition/Context: During our review of the bank reconciliation process, it was noted that the financial services coordinator prepares and reviews the bank reconciliation without a secondary review.

Status of Finding: Similar to finding 2024-002.