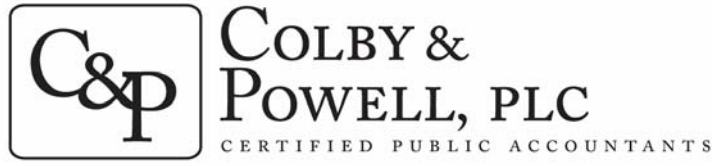


TOWN OF GILA BEND, ARIZONA

Annual Financial Statements
and
Independent Auditors' Report
June 30, 2019

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INDEPENDENT AUDITORS' REPORT

To the Town Council
Town of Gila Bend, Arizona

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Gila Bend, Arizona, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Gila Bend, Arizona, as of June 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

The Town of Gila Bend, Arizona has not presented the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

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

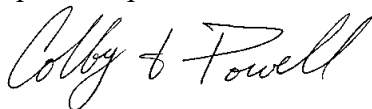
Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2020, on our consideration of the Town of Gila Bend, Arizona's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Gila Bend, Arizona's internal control over financial reporting and compliance.

Compliance Over the Use of Highway User Revenue Fund and Other Dedicated State Transportation Revenue Monies

In connection with our audit, nothing came to our attention that caused us to believe that the Town failed to 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's noncompliance with the authorized transportation purposes referred to above, insofar as they relate to accounting matters.

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



March 26, 2020

TOWN OF GILA BEND, ARIZONA
Statement of Net Position
June 30, 2019

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 2,082,656	\$ -	\$ 2,082,656
Restricted cash	-	9,858	9,858
Accounts receivable - net	80,250	254,449	334,699
Taxes receivable	357,879	-	357,879
Due from other governments	58,714	-	58,714
Internal balances	3,296,258	(3,296,258)	-
Net other postemployment benefits asset	3,556	1,312	4,868
Capital assets, not being depreciated	728,384	494,540	1,222,924
Capital assets, being depreciated, net	3,968,272	9,408,622	13,376,894
Total assets	10,575,969	6,872,523	17,448,492
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions and other postemployment benefits	267,654	98,744	366,398
LIABILITIES			
Accounts payable	113,860	155,961	269,821
Accrued expenses	35,007	6,791	41,798
Interest payable	-	10,987	10,987
Due to fiduciary fund	47,012	-	47,012
Refundable deposits	-	9,858	9,858
Noncurrent liabilities			
Due within 1 year	81,310	101,252	182,562
Due in more than 1 year	1,963,854	1,255,090	3,218,944
Total liabilities	2,241,043	1,539,939	3,780,982
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions and other postemployment benefits	294,288	108,571	402,859
NET POSITION			
Net investment in capital assets	4,146,551	9,071,061	13,217,612
Restricted for:			
Museum	16,169	-	16,169
Airport	6,327	-	6,327
Unrestricted (deficit)	4,139,245	(3,748,304)	390,941
Total net position	\$ 8,308,292	\$ 5,322,757	\$ 13,631,049

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

TOWN OF GILA BEND, ARIZONA
Statement of Activities
Year Ended June 30, 2019

Functions / Programs	Expenses	Program Revenue			Net (Expenses) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-type Activities	Total
Primary government:							
Governmental activities							
General government	\$ 741,223	\$ 83,224	\$ 1,727	\$ -	\$ (656,272)	\$ -	\$ (656,272)
Public safety	862,543	87,118	-	-	(775,425)	-	(775,425)
Public works and streets	686,278	-	141,119	-	(545,159)	-	(545,159)
Culture and recreation	298,474	28,959	2,350	74,221	(192,944)	-	(192,944)
Health and welfare	431,393	-	373,510	206,769	148,886	-	148,886
Interest on long-term debt	18,152	-	-	-	(18,152)	-	(18,152)
Total governmental activities	3,038,063	199,301	518,706	280,990	(2,039,066)	-	(2,039,066)
Business-type activities							
Water and sewer	1,041,481	610,322	-	-	-	(431,159)	(431,159)
Ambulance	940,297	575,824	-	-	-	(364,473)	(364,473)
Total business-type activities	1,981,778	1,186,146	-	-	-	(795,632)	(795,632)
Total primary government	\$ 5,019,841	\$ 1,385,447	\$ 518,706	\$ 280,990	(2,039,066)	(795,632)	(2,834,698)
General revenue:							
Taxes:							
Sales taxes					2,399,937	9,195	2,409,132
Property taxes					507,333	-	507,333
Franchise taxes					164,857	-	164,857
State revenue sharing					250,556	-	250,556
State sales tax revenue sharing					208,323	-	208,323
Auto lieu tax revenue sharing					89,516	-	89,516
Interest income					1,312	-	1,312
Transfers					(1,122,960)	1,122,960	-
Total general revenues and transfers					<u>2,498,874</u>	<u>1,132,155</u>	<u>3,631,029</u>
Change in net position					459,808	336,523	796,331
Net position, beginning of year					<u>7,848,484</u>	<u>4,986,234</u>	<u>12,834,718</u>
Net position, end of year					<u>\$ 8,308,292</u>	<u>\$ 5,322,757</u>	<u>\$ 13,631,049</u>

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

TOWN OF GILA BEND, ARIZONA
Balance Sheet
Governmental Funds
June 30, 2019

	General Fund	HURF Fund	Social Services Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 1,980,493	\$ -	\$ 34,641	\$ 67,522	\$ 2,082,656
Accounts receivable	-	-	-	80,250	80,250
Taxes receivable	357,879	-	-	-	357,879
Due from other governments	10,579	12,609	35,526	-	58,714
Due from other funds	3,301,625	-	-	-	3,301,625
Total assets	\$ 5,650,576	\$ 12,609	\$ 70,167	\$ 147,772	\$ 5,881,124
LIABILITIES					
Accounts payable	\$ 53,088	\$ 6,946	\$ 4,365	\$ 49,461	\$ 113,860
Accrued expenses	28,513	2,087	2,772	1,635	35,007
Due to other funds	47,012	5,367	-	-	52,379
Total liabilities	128,613	14,400	7,137	51,096	201,246
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	5,136	-	-	-	5,136
FUND BALANCES					
Nonspendable	3,301,625	-	-	-	3,301,625
Restricted for:					
Museum	-	-	-	16,169	16,169
Airport	-	-	-	6,327	6,327
Unassigned	2,215,202	(1,791)	63,030	74,180	2,350,621
Total fund balances	5,516,827	(1,791)	63,030	96,676	5,674,742
Total liabilities, deferred inflows of resources, and fund balances	\$ 5,650,576	\$ 12,609	\$ 70,167	\$ 147,772	\$ 5,881,124

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

TOWN OF GILA BEND, ARIZONA
Reconciliation of the Balance Sheet to the Statement of Net Position
Governmental Funds
June 30, 2019

Fund balances-total governmental funds		\$ 5,674,742
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		4,696,656
Some receivables are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds.		5,136
Net pension/OPEB assets held in trust for future benefits are not available for Town operations and, therefore, are not reported in the funds.		3,556
Liabilities, such as net pension/OPEB liabilities and capital leases payable, are not due and payable in the current period and, therefore, are not reported as a liability in the funds.		
Leases payable	(131,873)	
Compensated absences	(60,247)	
Notes payable	(452,076)	
Net pension/OPEB liability	<u>(1,400,968)</u>	
		(2,045,164)
Deferred outflows and inflows of resources related to pensions/OPEB and deferred charges or credits on debt refundings are applicable to future reporting periods and, therefore, are not reported in the funds.		<u>(26,634)</u>
Net position of governmental activities		<u><u>\$ 8,308,292</u></u>

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

TOWN OF GILA BEND, ARIZONA
Statement of Revenue, Expenditures, and Changes in Fund Balance
Governmental Funds
Year Ended June 30, 2019

	General Fund	HURF Fund	Social Services Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenue					
Taxes	\$ 3,134,251	\$ -	\$ -	\$ -	\$ 3,134,251
Intergovernmental	622,616	141,119	323,456	250,000	1,337,191
Charges for services	119,417	-	-	-	119,417
Licenses and permits	62,048	-	-	-	62,048
Rents	20,186	-	-	-	20,186
Contributions	-	-	6,423	2,127	8,550
Interest	1,312	-	-	-	1,312
Total revenue	3,959,830	141,119	329,879	252,127	4,682,955
Expenditures					
Current					
General government	755,957	-	-	1,775	757,732
Public safety	836,016	-	-	-	836,016
Public works and streets	497,276	299,780	-	-	797,056
Culture and recreation	289,148	-	-	-	289,148
Health and welfare	-	-	287,635	258,488	546,123
Debt Service					
Principal	10,610	-	-	10,404	21,014
Interest	3,171	-	-	14,981	18,152
Capital outlay	63,706	229,969	233,122	-	526,797
Total expenditures	2,455,884	529,749	520,757	285,648	3,792,038
Excess (deficiency) of revenue over (under) expenditures	1,503,946	(388,630)	(190,878)	(33,521)	890,917
Other financing sources (uses)					
Capital lease agreement	43,457	95,849	-	-	139,306
Transfers	(1,601,358)	290,990	188,199	33,054	(1,089,115)
Total other financing sources (uses)	(1,557,901)	386,839	188,199	33,054	(949,809)
Net change in fund balances	(53,955)	(1,791)	(2,679)	(467)	(58,892)
Fund balances, beginning of year	5,570,782	-	65,709	97,143	5,733,634
Fund balances, end of year	\$ 5,516,827	\$ (1,791)	\$ 63,030	\$ 96,676	\$ 5,674,742

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

TOWN OF GILA BEND, ARIZONA
Reconciliation of the Statement of Revenue, Expenditures,
and Changes in Fund Balances to the Statement of Activities
Governmental Funds
Year Ended June 30, 2019

Net change in fund balances-total governmental funds		\$	(58,892)
different because:			
<p>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.</p>			
Capital outlay	526,797		
Depreciation expense	<u>(387,530)</u>		
			139,267
<p>In the Statement of Activities, only the gain/loss on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the book value of the capital assets sold.</p>			
			(17,253)
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.</p>			
Capital assets transferred from Sanitation Fund	4,548		
Capital lease debt transferred to Ambulance Fund	40,665		
Property taxes	<u>(62,124)</u>		
			(16,911)
<p>Town pension/OPEB contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the statement of net position because the reported net pension/OPEB liability is measured a year before the Town's report date. Pension/OPEB expense, which is the change in the net pension/OPEB liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the Statement of Activities.</p>			
Town pension/OPEB contributions	566,848		
Pension/OPEB expense	<u>40,866</u>		
			607,714
<p>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.</p>			
Debt principal repaid	21,014		
Capital leases incurred	<u>(139,306)</u>		
			(118,292)
<p>Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available resources. In the Statement of Activities, however, which is presented on the accrual basis of accounting, expenses are reported regardless of when the financial resources are available.</p>			
Capital assets transferred to Ambulance Fund	(79,057)		
Decrease in compensated absences payable	<u>3,232</u>		
			<u>(75,825)</u>
Change in net position of governmental activities		\$	<u>459,808</u>

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

TOWN OF GILA BEND, ARIZONA
Statement of Net Position
Proprietary Funds
June 30, 2019

	Business-type Activities--Enterprise Funds			Total
	Water and Sewer Fund	Ambulance Fund	Sanitation Fund	
ASSETS				
Current assets				
Restricted cash	\$ 9,858	\$ -	\$ -	\$ 9,858
Accounts receivable - net	54,682	199,767	-	254,449
Total current assets	64,540	199,767	-	264,307
Noncurrent assets				
Net other postemployment benefits asset	282	1,030	-	1,312
Capital assets, net of accumulated depreciation, where applicable:				
Land	494,540	-	-	494,540
Water systems, net	4,364,847	-	-	4,364,847
Sewer ponds, net	685,042	-	-	685,042
Mains and lines, net	4,208,428	-	-	4,208,428
Equipment, net	42,916	107,389	-	150,305
Total capital assets, net	9,795,773	107,389	-	9,903,162
Total noncurrent assets	9,796,055	108,419	-	9,904,474
Total assets	9,860,595	308,186	-	10,168,781
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pensions and other postemployment benefits	21,251	77,493	-	98,744
LIABILITIES				
Current liabilities				
Accounts payable	148,430	7,531	-	155,961
Accrued expenses	759	6,032	-	6,791
Interest payable	10,987	-	-	10,987
Refundable deposits	9,858	-	-	9,858
Notes payable - current portion	68,758	-	-	68,758
Leases payable - current portion	-	25,844	-	25,844
Compensated absences - current portion	1,920	4,730	-	6,650
Total current liabilities	240,712	44,137	-	284,849
Noncurrent liabilities				
Due to other funds	3,231,921	64,337	-	3,296,258
Notes payable - net of current portion	710,090	-	-	710,090
Leases payable - net of current portion	-	27,409	-	27,409
Compensated absences - net of current portion	213	525	-	738
Net pension and other postemployment benefits liability	111,234	405,619	-	516,853
Total noncurrent liabilities	4,053,458	497,890	-	4,551,348
Total liabilities	4,294,170	542,027	-	4,836,197
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pensions and other postemployment benefits	23,366	85,205	-	108,571
NET POSITION				
Net investment in capital assets	9,016,925	54,136	-	9,071,061
Unrestricted (deficit)	(3,452,615)	(295,689)	-	(3,748,304)
Total net position	\$ 5,564,310	\$ (241,553)	\$ -	\$ 5,322,757

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

TOWN OF GILA BEND, ARIZONA
Statement of Revenue, Expenses, and Changes in Fund Net Position
Proprietary Funds
Year Ended June 30, 2019

	Business-type Activities--Enterprise Funds			
	Water and Sewer Fund	Ambulance Fund	Sanitation Fund	Total
Operating revenues				
Charges for services				
Water and sewer	\$ 602,367	\$ -	\$ -	\$ 602,367
Patient service revenue, net	-	575,824	-	575,824
Late fees	7,955	-	-	7,955
Total operating revenues	<u>610,322</u>	<u>575,824</u>	<u>-</u>	<u>1,186,146</u>
Operating expenses				
Personnel	96,381	843,556	-	939,937
Depreciation	441,689	15,125	-	456,814
Utilities	159,462	6,497	-	165,959
Repairs and maintenance	141,159	5,748	-	146,907
Materials and supplies	89,505	39,279	-	128,784
Professional services	48,475	17,750	-	66,225
Miscellaneous	24,734	905	-	25,639
Insurance	17,272	8,137	-	25,409
Total operating expenses	<u>1,018,677</u>	<u>936,997</u>	<u>-</u>	<u>1,955,674</u>
Operating income (loss)	(408,355)	(361,173)	-	(769,528)
Nonoperating revenue (expense)				
Sales taxes	9,195	-	-	9,195
Loss on disposition of assets	(830)	-	-	(830)
Interest expense	(21,974)	(3,300)	-	(25,274)
Total nonoperating revenue (expense)	<u>(13,609)</u>	<u>(3,300)</u>	<u>-</u>	<u>(16,909)</u>
Income (loss) before contributions, gains, losses, and transfers	(421,964)	(364,473)	-	(786,437)
Capital grants and capital contributions	-	38,392	-	38,392
Transfers	249,026	84,528	751,014	1,084,568
Increase (decrease) in net position	(172,938)	(241,553)	751,014	336,523
Total net position, beginning of year	<u>5,737,248</u>	<u>-</u>	<u>(751,014)</u>	<u>4,986,234</u>
Total net position, end of year	<u>\$ 5,564,310</u>	<u>\$ (241,553)</u>	<u>\$ -</u>	<u>\$ 5,322,757</u>

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

TOWN OF GILA BEND, ARIZONA
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2019

	Business-type Activities--Enterprise Funds			
	Water and Sewer Fund	Ambulance Fund	Sanitation Fund	Total
Cash flows from operating activities:				
Receipts from customers	\$ 609,279	\$ 376,057	\$ -	\$ 985,336
Payments to suppliers and providers of goods and services	(395,341)	(70,785)	-	(466,126)
Payments to employees	(122,809)	(419,968)	-	(542,777)
Net cash provided by (used by) operating activities	<u>91,129</u>	<u>(114,696)</u>	<u>-</u>	<u>(23,567)</u>
Cash flows from noncapital financing activities:				
Net transfers	249,026	84,528	754,129	1,087,683
Principal paid on interfund loans	(185,649)	-	(754,129)	(939,778)
Sales taxes	9,195	-	-	9,195
Advances from interfund loans	-	64,337	-	64,337
Net cash provided by (used by) noncapital financing activities	<u>72,572</u>	<u>148,865</u>	<u>-</u>	<u>221,437</u>
Cash flows from capital and related financing activities:				
Principal paid on leases payable	-	(30,869)	-	(30,869)
Interest paid	(22,925)	(3,300)	-	(26,225)
Principal paid on notes payable	(66,856)	-	-	(66,856)
Purchases of capital assets	(70,930)	-	-	(70,930)
Net cash provided by (used by) capital and related financing activities	<u>(160,711)</u>	<u>(34,169)</u>	<u>-</u>	<u>(194,880)</u>
Net increase (decrease) in cash and cash equivalents	2,990	-	-	2,990
Cash and cash equivalents, beginning of year	<u>6,868</u>	<u>-</u>	<u>-</u>	<u>6,868</u>
Cash and cash equivalents, end of year	<u>\$ 9,858</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,858</u>
Capital assets acquired by capital lease	\$ -	\$ 43,457	\$ -	\$ 43,457
Capital assets contributed from the General Fund	-	38,392	-	38,392
Capital assets transferred to the General Fund	-	-	(79,057)	(79,057)
Capital assets purchased on accounts payable	13,342	-	-	13,342
	<u>\$ 13,342</u>	<u>\$ 81,849</u>	<u>\$ (79,057)</u>	<u>\$ 16,134</u>

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

TOWN OF GILA BEND, ARIZONA
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2019
(Continued)

	Business-type Activities - Enterprise Funds			
	Water and Sewer Fund	Ambulance Fund	Sanitation Fund	Total
Reconciliation of operating income (loss) to net cash provided (used) by operating activities				
Operating income (loss)	\$ (408,355)	\$ (361,173)	\$ -	\$ (769,528)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	441,689	15,125	-	456,814
Bad debts and contractual adjustments	-	544,824	-	544,824
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:				
Accounts receivable	(4,033)	(744,591)	-	(748,624)
Net other postemployment benefits asset	154	(1,030)	-	(876)
Deferred outflows of resources related to pensions and other postemployment benefits	(4,827)	(77,493)	-	(82,320)
Accounts payable	85,266	7,531	-	92,797
Accrued expenses	(831)	6,032	-	5,201
Refundable deposits	2,990	-	-	2,990
Compensated absences payable	(1,768)	5,255	-	3,487
Net pension and other postemployment benefits liability	(15,489)	405,619	-	390,130
Deferred inflows of resources related to pensions and other postemployment benefits	(3,667)	85,205	-	81,538
Net cash provided (used) by operating activities	\$ 91,129	\$ (114,696)	\$ -	\$ (23,567)

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

TOWN OF GILA BEND, ARIZONA
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2019

	<u>Firefighters' Relief and Pension Trust</u>
ASSETS	
Cash and cash equivalents	\$ 32,343
Investments	184,961
Due from Town	<u>47,012</u>
Total assets	<u><u>264,316</u></u>
NET POSITION	
Held in trust for investment trust participants	<u><u>\$ 264,316</u></u>

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

TOWN OF GILA BEND, ARIZONA
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year Ended June 30, 2019

	Firefighters' Relief and Pension Trust
Additions:	
Interest and dividends	\$ 11,008
Employee contributions	8,730
Employer contributions	8,730
State fire insurance premiums	25
Total additions	28,493
Deductions:	
Investment losses (unrealized)	1,477
Fees	5,359
Total deductions	6,836
Change in net position	21,657
Net position, beginning of year	242,659
Net position, end of year	\$ 264,316

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

TOWN OF GILA BEND, ARIZONA
Notes to Financial Statements
June 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the Town of Gila Bend, Arizona have been prepared in conformity with U.S. generally accepted accounting principles applicable to governmental units adopted by the Governmental Accounting Standards Board (GASB). A summary of the Town's more significant accounting policies follows.

A. Reporting Entity

The Town is a general-purpose local government that is governed by a separately elected Town Council. The accompanying financial statements present the activities of the Town (the primary government) and its component units.

Component units are legally separate entities for which the Town is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the Town's operations. Therefore, data from these units is combined with data of the primary government. The component units discussed below have a June 30 year-end.

Gila Bend Municipal Property Corporation (GBMPC) is an Arizona nonprofit corporation incorporated under the laws of the State of Arizona. The principal objective of the Corporation is to assist the Town of Gila Bend, Arizona in obtaining financing for various projects of the Town. GBMPC is a blended component unit.

Merrill Paloma Ranch Community Facilities District (MPRCFD) and the **Sonoran Trails Community Facilities District (STCFD)** are Arizona nonprofit corporations incorporated under the laws of the State of Arizona. The principal objective of the Districts is to assist the Town of Gila Bend, Arizona in developing these specific communities. MPRCFD and STCFD are blended component units. These districts had no activity during the fiscal year.

B. Basis of Presentation

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

Government-wide statements – provide information about the primary government (the Town) and its component units excluding fiduciary activities. The statements include a statement of net position and a statement of activities. These statements report the financial activities of the overall government. They also distinguish between the governmental and business-type activities of the Town. Governmental activities generally are financed through taxes and

TOWN OF GILA BEND, ARIZONA
Notes to Financial Statements
June 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

intergovernmental revenues. Business-type activities are financed in whole or in part by fees charged to external parties.

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

- ◆ charges to customers or applicants for goods, services, or privileges provided,
- ◆ operating grants and contributions, and
- ◆ capital grants and contributions, including special assessments.

Revenues that are not classified as program revenues, including internally dedicated resources and all taxes, are reported as general revenues.

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

Fund financial statements – provide information about the Town's funds, including blended component units. Separate statements are presented for the governmental, proprietary, and fiduciary fund categories. The emphasis of fund financial statements is on major governmental, enterprise, and fiduciary funds, each displayed in a separate column. All remaining governmental, enterprise, and fiduciary funds are aggregated and reported as non-major funds.

Proprietary fund revenues and expenses are classified as either operating or nonoperating. Operating revenues and expenses generally result from transactions associated with the fund's principal activity. Accordingly, revenues, such as user charges and insurance premiums, in which each party receives and gives up essentially equal values are operating revenues. Other revenues, such as subsidies, result from transactions in which the parties do not exchange equal values and are considered nonoperating revenues along with investment earnings and revenues ancillary activities generate. Operating expenses include the cost of services, administrative expenses, and depreciation on capital assets. Other expenses, such as interest expense, are considered nonoperating expenses.

TOWN OF GILA BEND, ARIZONA
Notes to Financial Statements
June 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

The Town reports the following major governmental funds:

The ***General Fund*** is the Town’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The ***HURF Fund*** accounts for specific revenue received from the State of Arizona Highway User Revenue Fund, which is legally restricted to expenditures for authorized transportation purposes.

The ***Social Services Fund*** accounts for specific revenue received from Maricopa County and the Area Authority on Aging that is legally restricted to expenditures for specified purposes.

The Town reports the following major enterprise funds:

The ***Water and Sewer Fund***, ***Ambulance Fund***, and the ***Sanitation Fund*** account for operations that are financed and operated in a manner similar to private business enterprises, in which the intent of the Town Council is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or for which the Town Council has decided that periodic determination of revenue earned, expenses incurred, or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Additionally, the Town reports the following fiduciary fund type:

The ***Firefighters’ Relief and Pension Trust Fund*** accounts for activities of the Firefighters’ Relief and Pension Fund, which accumulates resources for pension benefit payments to qualified firefighters.

C. Basis of Accounting

The government-wide, proprietary fund, and fiduciary fund financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Property taxes are recognized as revenue in the year for which they are levied. Grants and donations are recognized as revenue as soon as all eligibility requirements the provider imposed have been met.

Under the terms of grant agreements, the Town funds certain programs by a combination of grants and general revenues. Therefore, when program expenses are incurred, there are both restricted and unrestricted resources available to finance the program. The Town applies grant resources to such programs before using general revenues.

TOWN OF GILA BEND, ARIZONA
Notes to Financial Statements
June 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Governmental funds in the fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Town considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after year-end. The Town's major revenue sources that are susceptible to accrual are property taxes, special assessments, intergovernmental, charges for services, and investment earnings. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, compensated absences, landfill closure and postclosure care costs, and pollution remediation obligations, which are recognized as expenditures to the extent they are due and payable. General capital asset acquisitions are reported as expenditures in governmental funds. Issuances of general long-term debt and acquisitions under capital lease agreements are reported as other financing sources.

D. Cash and Investments

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

E. Allowance for Uncollectible Accounts

Allowances for uncollectible accounts receivable in the proprietary funds are estimated by the Town. The amount recorded as uncollectible at June 30, 2019 for the Water and Sewer Fund and the Ambulance Fund were \$32,758 and \$299,650, respectively. It is the Town's policy for accounts receivables greater than 60 days past due to terminate services and or negotiate a contractual repayment plan.

F. Property Tax Calendar

The Town levies real property taxes on or before the third Monday in August that become due and payable in two equal installments. The first installment is due on the first day of October and becomes delinquent after the first business day of November. The second installment is due on the first day of March of the next year and becomes delinquent after the first business day of May.

The Town also levies various personal property taxes during the year that are due the second Monday of the month following receipt of the tax notice and become delinquent 30 days thereafter.

A lien against real and personal property assessed attaches on the first day of January preceding assessment and levy thereof.

TOWN OF GILA BEND, ARIZONA
Notes to Financial Statements
June 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

G. Capital Assets

Capital assets are reported at actual cost (or estimated historical cost if historical records are not available). Donated assets are reported at acquisition value.

Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the government-wide statements and proprietary funds are as follows:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Land	\$ 1,000	n/a	n/a
Construction in progress	1,000	n/a	n/a
Land improvements	1,000	Straight-line	20
Buildings and building improvements	1,000	Straight-line	20
Fixtures and equipment	1,000	Straight-line	10
Vehicles	1,000	Straight-line	5 to 8
Treatment plant and ponds	1,000	Straight-line	30
Mains and lines	1,000	Straight-line	50
Machinery and equipment	1,000	Straight-line	8
Wells and pumping equipment	1,000	Straight-line	25
Flouride treatment plant	1,000	Straight-line	50
Pressure and storage system	1,000	Straight-line	25
Infrastructure	1,000	Straight-line	20

H. Investment Income

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

I. Compensated Absences

Compensated absences consist of leave time earned by employees based on services already rendered.

Employees may accumulate up to 160 hours of vacation depending on years of service, but any vacation hours in excess of the maximum amount are forfeited. Upon termination of employment, all unused vacation benefits are paid to employees. In addition, any employee with ten years or more of service is paid \$1 for any unused and accrued hour of sick time upon

TOWN OF GILA BEND, ARIZONA
Notes to Financial Statements
June 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

termination. Accordingly, these benefits are accrued as a liability in the government-wide and proprietary fund financial statements.

J. Deferred Outflows/Inflows of Resources

The statement of net position and balance sheet include separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position that applies to future periods that will be recognized as an expense or expenditure in future periods. Deferred inflows of resources represent an acquisition of net position or fund balance that applies to future periods and will be recognized as a revenue in future periods.

K. Fund Balance Reporting

The governmental funds' fund balances are reported separately within classifications based on a hierarchy of the constraints placed on those resources' use. The classifications are based on the relative strength of the constraints that control how the specific amounts can be spent. The classifications are nonspendable, restricted, and unrestricted, which includes committed, assigned, and unassigned fund balance classifications.

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

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

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

The unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not reported in the other classifications. Also, deficits in fund balances of the other governmental funds are reported as unassigned.

When an expenditure is incurred that can be paid from either restricted or unrestricted fund balances, it is the Town's policy to use (the Town will use) restricted fund balance first. It is the

TOWN OF GILA BEND, ARIZONA
Notes to Financial Statements
June 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Town's policy to use (the Town will use) committed amounts first when disbursing unrestricted fund balances, followed by assigned amounts, and lastly unassigned amounts.

L. Postemployment Benefits

For purposes of measuring the net pension and other postemployment benefits (OPEB) assets and liabilities, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension and OPEB expense, information about the plans' fiduciary net position and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

M. Budgets

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

Expenditures may not legally exceed budgeted appropriations at the department level. The individual budgetary comparison schedules as listed in the table of contents present all major governmental funds which incurred an excess of expenditures/expenses over appropriations for the year ended June 30, 2019, if any.

NOTE 2 – RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town carries commercial insurance for all such risks of loss, including workers' compensation and employees' health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

TOWN OF GILA BEND, ARIZONA
Notes to Financial Statements
June 30, 2019

NOTE 3 – DEPOSITS AND INVESTMENTS

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

Credit risk

Statutes have the following requirements for credit risk:

1. Commercial paper must be of prime quality and be rated within the top two ratings by a nationally recognized rating agency.
2. Bonds, debentures, notes, and other evidences of indebtedness that are denominated in United States dollars must be rated “A” or better at the time of purchase by at least two nationally recognized rating agencies.
3. Fixed income securities must carry one of the two highest ratings by Moody’s investor’s service and Standard and Poor’s rating service. If only one of the above-mentioned services rates the security, it must carry the highest rating of that service.

Custodial credit risk

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

Concentration of credit risk

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

Interest rate risk

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

TOWN OF GILA BEND, ARIZONA
Notes to Financial Statements
June 30, 2019

NOTE 3 – DEPOSITS AND INVESTMENTS – Continued

Foreign currency risk

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

The Town’s investment policy states that the Town will conform with Arizona Revised Statutes. The Town does not have a formal investment policy with respect to custodial credit risk, concentration of credit risk, or foreign currency risk.

Deposits—At June 30, 2019, the carrying amount of the Town’s total cash in bank was \$2,029,712, and the bank balances were \$2,108,357. Of the bank balances, \$607,797 was covered by federal depository insurance or similar insurance. The remaining bank balance was covered by collateral held by the pledging financial institution in the Town’s name.

Investments—The Town reported investments in the State Treasurer’s Investment Pool 5 with a reported amount of \$34,799. The Standard and Poor’s credit quality rating of the pool is AAA.

The Town reported investments in the State Treasurer’s Investment Pool 7 with a reported amount of \$27,518. Pool 7 is unrated.

The Town’s Pension Trust Fund had investments in mutual funds of \$184,961 at June 30, 2019, categorized within the fair value hierarchy established by generally accepted accounting principles as Level 1. Investments categorized as Level 1 are valued using prices quoted in active markets for those investments.

Investments in the State Treasurer’s investment pools are valued at the pool’s share price multiplied by the number of shares the Town held. The fair value of a participant’s position in the pools approximates the value of that participant’s pool shares. The State Board of Investment provides oversight for the State Treasurer’s investment pools.

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

	Governmental activities	Business-type activities	Firefighters' Relief and Pension Trust	Total
Cash and cash equivalents:				
Amount of deposits	\$ 2,019,854	\$ 9,858	\$ -	\$ 2,029,712
State Treasurer's investment pool 5	34,799	-	-	34,799
Money market	-	-	32,343	32,343
State Treasurer's investment pool 7	27,518	-	-	27,518
Cash on hand	485	-	-	485
Total	<u>\$ 2,082,656</u>	<u>\$ 9,858</u>	<u>\$ 32,343</u>	<u>\$ 2,124,857</u>

TOWN OF GILA BEND, ARIZONA
Notes to Financial Statements
June 30, 2019

NOTE 4 – DUE (TO) FROM OTHER GOVERNMENTS

Due from other governments for each governmental fund consisted of the following:

	General Fund	HURF Fund	Social Services Fund
Maricopa County	\$ -	\$ -	\$ 26,445
State of Arizona	10,579	12,609	-
Area Agency on Aging	-	-	9,081
	<u>\$ 10,579</u>	<u>\$ 12,609</u>	<u>\$ 35,526</u>

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2019, was as follows:

	Balance July 1, 2018	Increases	Decreases	Reclass	Balance June 30, 2019
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 728,384	\$ -	\$ -	\$ -	\$ 728,384
Construction in progress	692,866	209,408	(902,274)	-	-
Total capital assets not being depreciated	<u>1,421,250</u>	<u>209,408</u>	<u>(902,274)</u>	<u>-</u>	<u>728,384</u>
Capital assets being depreciated:					
Infrastructure	4,925,853	134,120	-	-	5,059,973
Buildings and building improvements	2,227,915	917,433	(15,321)	-	3,130,027
Furniture, machinery, and equipment	2,714,303	168,110	(259,537)	(26,387)	2,596,489
Total	<u>9,868,071</u>	<u>1,219,663</u>	<u>(274,858)</u>	<u>(26,387)</u>	<u>10,786,489</u>
Less accumulated depreciation for:					
Infrastructure	(3,060,533)	(201,793)	-	-	(3,262,326)
Buildings and building improvements	(1,378,342)	(93,748)	-	10,253	(1,461,837)
Furniture, machinery, and equipment	(2,201,295)	(91,989)	257,605	(58,375)	(2,094,054)
Total	<u>(6,640,170)</u>	<u>(387,530)</u>	<u>257,605</u>	<u>(48,122)</u>	<u>(6,818,217)</u>
Total capital assets being depreciated, net	<u>3,227,901</u>	<u>832,133</u>	<u>(17,253)</u>	<u>(74,509)</u>	<u>3,968,272</u>
Governmental activities capital assets, net	<u>\$ 4,649,151</u>	<u>\$ 1,041,541</u>	<u>\$ (919,527)</u>	<u>\$ (74,509)</u>	<u>\$ 4,696,656</u>

TOWN OF GILA BEND, ARIZONA
Notes to Financial Statements
June 30, 2019

NOTE 5 – CAPITAL ASSETS – Continued

	<u>Balance July 1, 2018</u>	<u>Increases</u>	<u>Decreases</u>	<u>Reclass</u>	<u>Balance June 30, 2019</u>
Business-type activities:					
Capital assets not being depreciated:					
Land	\$ 494,540	\$ -	\$ -	\$ -	\$ 494,540
Capital assets being depreciated:					
Mains and lines	5,453,168	60,274	(3,375)	-	5,510,067
Wells, pumping equipment and pressure storage system	6,805,393	7,188	-	-	6,812,581
Sewer treatment ponds	1,962,801	-	-	-	1,962,801
Machinery, equipment, and vehicles	289,526	60,264	(2,436)	26,387	373,741
Total	<u>14,510,888</u>	<u>127,726</u>	<u>(5,811)</u>	<u>26,387</u>	<u>14,659,190</u>
Less accumulated depreciation for:					
Mains and lines	(1,191,751)	(112,432)	2,544	-	(1,301,639)
Wells, pumping equipment and pressure storage system	(2,196,736)	(250,998)	-	-	(2,447,734)
Sewer treatment ponds	(1,205,353)	(72,406)	-	-	(1,277,759)
Machinery, equipment, and vehicles	(253,020)	(20,978)	2,440	48,122	(223,436)
Total	<u>(4,846,860)</u>	<u>(456,814)</u>	<u>4,984</u>	<u>48,122</u>	<u>(5,250,568)</u>
Total capital assets being depreciated, net	<u>9,664,028</u>	<u>(329,088)</u>	<u>(827)</u>	<u>74,509</u>	<u>9,408,622</u>
Business-type activities capital assets, net	<u>\$ 10,158,568</u>	<u>\$ (329,088)</u>	<u>\$ (827)</u>	<u>\$ 74,509</u>	<u>\$ 9,903,162</u>

Depreciation expense was charged to functions as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
General government	\$ 154,632	\$ -
Public safety	53,044	-
Public works and streets	100,259	-
Culture and recreation	72,445	-
Health and welfare	7,150	-
Water and Sewer	-	441,689
Ambulance	-	15,125
Total depreciation expense	<u>\$ 387,530</u>	<u>\$ 456,814</u>

TOWN OF GILA BEND, ARIZONA
Notes to Financial Statements
June 30, 2019

NOTE 6 – LONG-TERM LIABILITIES

Notes payable from direct borrowings and direct placements – On February 1, 2008, the Town entered into a note agreement with the Water Infrastructure Finance Authority of Arizona (WIFA) for the construction of a one-million-gallon water tank. The original note term was for one million dollars. As of June 30, 2019, the Town had drawn \$951,611 from WIFA.

On April 15, 2010, the Gila Bend Municipal Property Corporation (GBMPC) entered into a note agreement with the U.S. Department of Agriculture Rural Development (USDA) for the construction of a one-million-gallon water tank. The original note term was for \$518,000.

On March 26, 2012, the Town entered into a note agreement with the Water Infrastructure Finance Authority of Arizona (WIFA) for the construction water facilities improvements. The original note term was for \$2,050,000 with \$1,550,000 forgivable principal and a \$500,000 repayment amount. As of June 30, 2019, the Town had drawn \$1,922,477 and has met the forgivable principal requirement. As of June 30, 2019 the Town had an original repayment balance of \$372,477 with a remaining \$127,523 left to draw.

Notes payable at June 30, 2019, were as follows:

Description	Original Amount	Maturity Ranges	Interest Rate	Outstanding June 30, 2019
WIFA Note	\$ 951,611	2011 - 2028	2.612%	\$ 532,738
WIFA Note	\$ 372,477	2012 - 2035	2.625%	246,110
USDA Note	\$ 518,000	2011 - 2051	3.250%	452,076
				<u>\$ 1,230,924</u>

TOWN OF GILA BEND, ARIZONA
Notes to Financial Statements
June 30, 2019

NOTE 6 – LONG-TERM LIABILITIES – Continued

The following schedule details debt service requirements to maturity for the Town’s notes payable at June 30, 2019.

Year Ending June 30	Governmental Activities			Business-type Activities		
	Notes Payable from Direct Borrowings and Direct Placements			Notes Payable from Direct Borrowings and Direct Placements		
	Principal	Interest	Total	Principal	Interest	Total
2020	\$ 8,948	\$ 14,560	\$ 23,508	\$ 68,758	\$ 16,568	\$ 85,326
2021	9,243	14,265	23,508	70,713	14,805	85,518
2022	9,548	13,960	23,508	72,725	12,991	85,716
2023	9,863	13,645	23,508	74,794	11,124	85,918
2024	10,189	13,319	23,508	76,922	9,204	86,126
2025-29	56,212	61,328	117,540	350,573	17,206	367,779
2030-34	66,116	51,424	117,540	64,363	737	65,100
2035-39	77,765	39,775	117,540	-	-	-
2040-44	91,467	26,073	117,540	-	-	-
2045-49	107,582	9,284	116,866	-	-	-
2050	5,143	-	5,143	-	-	-
Total	\$ 452,076	\$ 257,633	\$ 709,709	\$ 778,848	\$ 82,635	\$ 861,483

TOWN OF GILA BEND, ARIZONA
Notes to Financial Statements
June 30, 2019

NOTE 6 – LONG-TERM LIABILITIES – Continued

The following schedule details the Town’s long-term liability and obligation activity for the year ended June 30, 2019.

	Balance July 1, 2018	Additions	Reductions	Balance June 30, 2019	Due within 1 year
Governmental activities:					
Notes payable from direct borrowings and direct placements	\$ 461,400	\$ -	\$ 9,324	\$ 452,076	\$ 8,948
Leases payable	44,922	139,306	52,355	131,873	18,140
Net pension liability	1,880,202	-	479,234	1,400,968	-
Compensated absences	63,479	-	3,232	60,247	54,222
Governmental activities long-term liabilities	<u>\$ 2,450,003</u>	<u>\$ 139,306</u>	<u>\$ 544,145</u>	<u>\$ 2,045,164</u>	<u>\$ 81,310</u>
Business-type activities:					
Notes payable from direct borrowings and direct placements	\$ 845,704	\$ -	\$ 66,856	\$ 778,848	\$ 68,758
Leases payable	-	84,122	30,869	53,253	25,844
Net pension liability	126,203	390,650	-	516,853	-
Compensated absences	3,901	3,487	-	7,388	6,650
Business-type activities long-term liabilities	<u>\$ 975,808</u>	<u>\$ 478,259</u>	<u>\$ 97,725</u>	<u>\$ 1,356,342</u>	<u>\$ 101,252</u>

TOWN OF GILA BEND, ARIZONA
Notes to Financial Statements
June 30, 2019

NOTE 6 – LONG-TERM LIABILITIES – Continued

Capital leases – The Town has acquired equipment under the provisions of a long-term lease agreement classified as a capital lease for accounting purposes because it provides for a bargain purchase option or a transfer of ownership by the end of the lease term.

The assets acquired through capital leases are as follows:

	Governmental Activities	Business-type Activities
Copier	\$ 5,264	\$ -
Ambulance	-	96,930
Backhoe	95,849	-
Equipment	43,457	43,457
Less: accumulated depreciation	<u>(9,931)</u>	<u>(32,998)</u>
Carrying value	<u>\$ 134,639</u>	<u>\$ 107,389</u>

The following schedule details debt service requirements to maturity for the Town’s capital leases payable at June 30, 2019:

Year Ending June 30	Governmental Activities	Business-type Activities
2019	\$ 22,556	\$ 27,876
2020	26,336	10,001
2021	26,137	10,001
2022	24,974	9,854
2023	15,120	-
2024-2028	<u>34,020</u>	<u>-</u>
Total minimum lease payments	149,143	57,732
Less amount representing interest	<u>(17,270)</u>	<u>(4,479)</u>
Present value of net minimum lease payments	<u>\$ 131,873</u>	<u>\$ 53,253</u>

TOWN OF GILA BEND, ARIZONA
Notes to Financial Statements
June 30, 2019

NOTE 7 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

The Town contributes to the pension plan described below. The plan is a component unit of the State of Arizona.

At June 30, 2019, the Town reported the following aggregate amounts related to pensions for the plan to which it contributes:

Statement of Net Position and Statement of Activities	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Net pension/OPEB assets	\$ 3,556	\$ 1,312	\$ 4,868
Net pension/OPEB liabilities	1,400,968	516,853	1,917,821
Deferred outflows of resources related to pension and OPEB	267,654	98,744	366,398
Deferred inflows of resources related to pension and OPEB	294,288	108,571	402,859
Pension and OPEB expense	(40,866)	(15,076)	(55,942)

The Town reported \$566,848 of pension and OPEB expenditures in the governmental funds related to the pension plan to which it contributes.

A. Arizona State Retirement System

Plan Description – All eligible town employees participate in the Arizona State Retirement System (ASRS). The ASRS administers a cost-sharing multiple-employer defined benefit pension plan, a cost-sharing multiple-employer defined benefit health insurance premium benefit (OPEB) plan, and a cost-sharing multiple-employer defined benefit long-term disability (OPEB) plan. The Arizona State Retirement System Board governs the ASRS according to the provisions of A.R.S. Title 38, Chapter 5, Articles 2 and 2.1. The ASRS issues a publicly available financial report that includes its financial statements and required supplementary information. The report is available on its website at www.azasrs.gov.

Benefits Provided – The ASRS provides retirement, health insurance premium supplement, long-term disability, and survivor benefits. State statute establishes benefits terms. Retirement benefits are calculated on the basis of age, average monthly compensation, and service credit as follows:

TOWN OF GILA BEND, ARIZONA
Notes to Financial Statements
June 30, 2019

NOTE 7 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS – Continued

	Initial Membership Date:	
	Before July 1, 2011	On or after July 1, 2011
Years of service and age required to receive benefit	Sum of years and age equals 80 10 years age 62 5 years age 50* Any years age 65	30 years age 55 25 years age 60 10 years age 62 5 years age 50* Any years age 65

Final average salary is based on	Highest 36 months of last 120 months	Highest 60 months of last 120 months
	2.1% to 2.3%	2.1% to 2.3%
Benefit percent per year of service		

*With actuarially reduced benefits.

Health insurance premium benefits are available to retired or disabled members with 5 years of credited service. The benefits are payable only with respect to allowable health insurance premiums for which the member is responsible. For members with 10 or more years of service, benefits range from \$100 per month to \$260 per month depending on the age of the member and dependents. For members with 5 to 9 years of service, the benefits are the same dollar amounts as above multiplied by a vesting fraction based on completed years of service.

Active members are eligible for a monthly long-term disability benefit equal to two-thirds of monthly earnings. Members receiving benefits continue to earn service credit up to their normal retirement dates. Members with long-term disability commencement dates after June 30, 1999, are limited to 30 years of service or the service on record as of the effective disability date if their service is greater than 30 years.

Contributions – In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2019, statute required active ASRS members to contribute at the actuarially determined rate of 11.80 percent (11.64 percent for retirement and 0.16 percent for long-term disability) of the members’ annual covered payroll, and statute required the Town to contribute at the actuarially determined rate of 11.80 percent (11.18 percent for retirement, 0.46 percent for health insurance premium benefit, and 0.16 percent for long-term disability) of the active members’ annual covered payroll. In addition, the Town was required by statute to contribute at the actuarially determined rate of 10.53 percent (10.41 percent for retirement, 0.06 percent for health insurance premium benefit, and 0.06 percent for long-term disability) of annual covered payroll of retired members who worked for the Town in positions that an employee who contributes to the ASRS would typically fill. The Town’s contributions to the pension, health insurance premium benefit,

TOWN OF GILA BEND, ARIZONA
Notes to Financial Statements
June 30, 2019

NOTE 7 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS – Continued

and long-term disability plans for the year ended June 30, 2019, were \$154,517, \$6,111, and \$2,152, respectively.

During fiscal year 2018, the Town paid for ASRS pension and OPEB contributions as follows: 73.05 percent from the General Fund, 5.80 percent from the Water and Sewer Fund, and 21.15 percent from the Ambulance Fund.

Liability - At June 30, 2019, the Town reported the following asset and liabilities for its proportionate share of the ASRS’ net pension/OPEB asset or liability.

	Net Pension/OPEB (Asset) Liability
Pension	\$ 1,910,668
Health insurance premium benefit	(4,868)
Long-term disability	7,153

The net asset and net liabilities were measured as of June 30, 2018. The total liability used to calculate the net asset or net liability was determined using update procedures to roll forward the total liability from an actuarial valuation as of June 30, 2017, to the measurement date of June 30, 2018. The total liabilities as of June 30, 2018, reflect changes in actuarial assumptions based on the results of an actuarial experience study for the 5-year period ended June 30, 2016, including decreasing the discount rate from 8 percent to 7.5 percent, changing the projected salary increases from 3–6.75 percent to 2.7–7.2 percent, decreasing the inflation rate from 3 percent to 2.3 percent, and changing the mortality rates.

The Town’s proportion of the net asset or net liability was based on the Town’s actual contributions to the plan relative to the total of all participating employers’ contributions for the year ended June 30, 2018. The Town’s proportions measured as of June 30, 2018, and the change from its proportions measured as of June 30, 2017, were:

	Proportion June 30, 2018	Increase (decrease) from June 30, 2017
Pension	0.01370%	0.00085%
Health insurance premium benefit	0.01352%	0.00080%
Long-term disability	0.01369%	0.00093%

TOWN OF GILA BEND, ARIZONA
Notes to Financial Statements
June 30, 2019

NOTE 7 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS – Continued

Expense – For the year ended June 30, 2019, the Town recognized the following pension and OPEB expense.

	Pension/OPEB Expense
Pension	\$ (63,427)
Health insurance premium benefit	4,852
Long-term disability	2,633

TOWN OF GILA BEND, ARIZONA
Notes to Financial Statements
June 30, 2019

NOTE 7 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS – Continued

Deferred Outflows/Inflows of Resources—At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions and OPEB from the following sources:

	Pension		Health Insurance Premium Benefit	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 52,637	\$ 10,533	\$ -	\$ 4,493
Changes of assumptions or other inputs	50,560	169,407	9,389	-
Net difference between projected and actual earnings on pension plan investments	-	45,947	-	9,725
Changes in proportion and differences between Town contributions and proportionate share of contributions	88,927	162,055	37	6
Town contributions subsequent to the measurement date	154,517	-	6,111	-
Total	\$ 346,641	\$ 387,942	\$ 15,537	\$ 14,224
	Long-Term Disability			
	Deferred Outflows of Resources	Deferred Inflows of Resources		
Differences between expected and actual experience	\$ 183	\$ -		
Changes of assumptions or other inputs	1,549	-		
Net difference between projected and actual earnings on pension plan investments	-	693		
Changes in proportion and differences between Town contributions and proportionate share of contributions	336	-		
Town contributions subsequent to the measurement date	2,152	-		
Total	\$ 4,220	\$ 693		

TOWN OF GILA BEND, ARIZONA
Notes to Financial Statements
June 30, 2019

NOTE 7 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS – Continued

The amounts reported as deferred outflows of resources related to ASRS pensions and OPEB resulting from Town contributions subsequent to the measurement date will be recognized as an increase of the net asset or a reduction of the net liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and OPEB will be recognized as expenses as follows:

Year ended June 30,	<u>Pension</u>	<u>Health Insurance Premium Benefit</u>	<u>Long-Term Disability</u>
2020	\$ (75,621)	\$ (1,878)	\$ 67
2021	(29,894)	(1,878)	68
2022	(69,698)	(1,878)	68
2023	(20,605)	196	254
2024	-	640	288
Thereafter	-	-	630

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

ASRS

Actuarial valuation date	June 30, 2017
Actuarial roll forward date	June 30, 2018
Actuarial cost method	Entry age normal
Investment rate of return	7.5%
Projected salary increases	2.7 - 7.2% for pensions/not applicable for OPEB
Inflation	2.3%
Permanent benefit increase	Included for pensions/not applicable for OPEB
Mortality rates	2017 SRA Scale U-MP for pensions and health insurance
Recovery rates	2012 GLDT for long-term disability
Healthcare cost trend rate	Not applicable

Actuarial assumptions used in the June 30, 2017, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2016.

TOWN OF GILA BEND, ARIZONA
Notes to Financial Statements
June 30, 2019

NOTE 7 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS – Continued

The long-term expected rate of return on ASRS plan investments was determined to be 7.50 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Geometric Real Rate of Return
Equity	50%	5.50%
Fixed income	30%	3.83%
Real estate	20%	5.85%
Total	100%	

Discount Rate – At June 30, 2018, the discount rate used to measure the ASRS total pension/OPEB liability was 7.5 percent, which was a decrease of 0.5 from the discount rate used as of June 30, 2017. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board’s funding policy, which establishes the contractually required rate under Arizona statute. Based on those assumptions, the plans’ fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension/OPEB liability.

TOWN OF GILA BEND, ARIZONA
Notes to Financial Statements
June 30, 2019

NOTE 7 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS – Continued

Sensitivity of the Town’s Proportionate Share of the ASRS Net Pension/OPEB (Asset) Liability to Changes in the Discount Rate – The following table presents the Town’s proportionate share of the net pension/OPEB liability calculated using the discount rate of 7.5 percent, as well as what the Town’s proportionate share of the net pension/OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.5 percent) or 1 percentage point higher (8.5 percent) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Town's Proportionate share of the			
Net pension liability	\$ 2,723,701	\$ 1,910,668	\$ 1,231,392
Net insurance premium benefit liability (asset)	17,250	(4,868)	(23,709)
Net long-term disability liability	8,106	7,153	6,228

Plan Fiduciary Net Position – Detailed information about the plans’ fiduciary net position is available in the separately issued ASRS financial report.

NOTE 8 – INTERFUND BALANCES AND ACTIVITY

Interfund receivables and payables – Interfund balances at June 30, 2019, were as follows:

	Payable to		
Payable from	General Fund	Firefighters' Relief and Pension Trust	Total
General Fund	\$ -	\$ 47,012	\$ 47,012
HURF Fund	5,367	-	5,367
Water and Sewer Fund	3,231,921	-	3,231,921
Ambulance Fund	64,337	-	64,337
Total	\$ 3,301,625	\$ 47,012	\$ 3,348,637

The purpose of the amounts due to the General Fund was to finance ongoing operations for each fund that had borrowed from the General Fund. With the exception of the HURF Fund borrowing, balances are not expected to be repaid within one year.

TOWN OF GILA BEND, ARIZONA
Notes to Financial Statements
June 30, 2019

NOTE 8 – INTERFUND BALANCES AND ACTIVITY – Continued

The amount due to the Firefighters’ Relief and Pension Trust are employee and employer contributions collected by the Town but that have yet to be transferred to the investment account of the Trust.

Interfund transfers – Interfund transfers of cash for the year ended June 30, 2019, were as follows:

Transfer to	Transfer from		Total
	General Fund	Water and Sewer Fund	
HURF Fund	\$ 290,990	\$ -	\$ 290,990
Social Services Fund	188,199	-	188,199
Care 1st Fund (Nonmajor)	8,884	-	8,884
GBMPC (Nonmajor)	-	24,170	24,170
Water and Sewer Fund	273,196	-	273,196
Ambulance Fund	84,528	-	84,528
Sanitation Fund	755,561	-	755,561
Total	<u>\$ 1,601,358</u>	<u>\$ 24,170</u>	<u>\$ 1,625,528</u>

The purpose of the interfund transfers from the General Fund shown above were to help pay for excess expenditures in the current year over revenues. The purpose of the interfund transfer from the Water and Sewer Fund to the GBMPC Fund was to fund the payment of debt service paid from the GBMPC Fund.

Interfund transfers of capital assets net of related debt for the year ended June 30, 2019, were as follows:

Transfer to	Transfer from		Total
	General Fund	Sanitation Fund	
General Fund	\$ -	\$ 4,547	\$ 4,547
Ambulance Fund	38,392	-	38,392
Total	<u>\$ 38,392</u>	<u>\$ 4,547</u>	<u>\$ 42,939</u>

The purpose of the interfund transfers was to close down the Sanitation and start up the Ambulance Fund. Previously, the Ambulance Fund capital assets had been recognized in the General Fund.

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OTHER REQUIRED SUPPLEMENTARY INFORMATION

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TOWN OF GILA BEND, ARIZONA
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenue				
Taxes	\$ 3,303,999	\$ 3,303,999	\$ 3,134,251	\$ (169,748)
Intergovernmental	557,039	557,039	622,616	65,577
Charges for services	94,800	94,800	119,417	24,617
Licenses and permits	66,200	66,200	62,048	(4,152)
Rents	40,000	40,000	20,186	(19,814)
Fines and forfeitures	55,000	55,000	-	(55,000)
Interest	1,500	1,500	1,312	(188)
Other revenue	15,600	15,600	-	(15,600)
Total revenue	<u>4,134,138</u>	<u>4,134,138</u>	<u>3,959,830</u>	<u>(174,308)</u>
Expenditures				
Mayor and Council	47,126	47,126	38,086	9,040
Magistrate Court	76,469	76,469	65,008	11,461
Town Clerk	186,195	186,195	181,045	5,150
Finance	292,193	292,193	286,329	5,864
Town Manager	757,235	713,752	231,476	482,276
Police	491,731	491,731	503,014	(11,283)
Public Works	487,492	487,492	342,403	145,089
Community Development	319,930	319,930	158,157	161,773
Airport	33,801	33,801	19,418	14,383
Sanitation	35,780	35,780	15,655	20,125
Parks and Rec	207,978	207,978	174,922	33,056
Recreation	160,336	160,336	116,026	44,310
Fire Operations	286,680	286,680	324,345	(37,665)
Total expenditures	<u>3,382,946</u>	<u>3,339,463</u>	<u>2,455,884</u>	<u>883,579</u>
Excess (deficiency) of revenue over (under) expenditures	<u>751,192</u>	<u>794,675</u>	<u>1,503,946</u>	<u>709,271</u>
Other financing sources (uses)				
Sale of assets	5,000	5,000	-	(5,000)
Capital lease agreement	-	-	43,457	43,457
Transfers	(689,256)	(689,256)	(1,601,358)	(912,102)
Total other financing sources (uses)	<u>(684,256)</u>	<u>(684,256)</u>	<u>(1,557,901)</u>	<u>(873,645)</u>
Net change in fund balances	66,936	110,419	(53,955)	(164,374)
Fund balances, beginning of year	<u>5,570,782</u>	<u>5,570,782</u>	<u>5,570,782</u>	<u>-</u>
Fund balances, end of year	<u>\$ 5,637,718</u>	<u>\$ 5,681,201</u>	<u>\$ 5,516,827</u>	<u>\$ (164,374)</u>

See accompanying notes to budgetary comparison schedule.

TOWN OF GILA BEND, ARIZONA
Required Supplementary Information
Budgetary Comparison Schedule
HURF Fund
Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenue				
Intergovernmental	\$ 130,113	\$ 130,113	\$ 141,119	\$ 11,006
Expenditures				
Current				
Public works and streets	163,074	206,557	299,780	(93,223)
Capital outlay	229,969	229,969	229,969	-
Total expenditures	<u>393,043</u>	<u>436,526</u>	<u>529,749</u>	<u>(93,223)</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(262,930)</u>	<u>(306,413)</u>	<u>(388,630)</u>	<u>(82,217)</u>
Other financing sources (uses)				
Capital lease agreement	-	-	95,849	95,849
Transfers	262,930	262,930	290,990	28,060
Total other financing sources (uses)	<u>262,930</u>	<u>262,930</u>	<u>386,839</u>	<u>123,909</u>
Net change in fund balances	-	(43,483)	(1,791)	41,692
Fund balances, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ (43,483)</u>	<u>\$ (1,791)</u>	<u>\$ 41,692</u>

See accompanying notes to budgetary comparison schedule.

TOWN OF GILA BEND, ARIZONA
Required Supplementary Information
Budgetary Comparison Schedule
Social Services Fund
Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenue				
Intergovernmental	\$ 736,554	\$ 736,554	\$ 323,456	\$ (413,098)
Contributions	6,100	6,100	6,423	323
Total revenue	<u>742,654</u>	<u>742,654</u>	<u>329,879</u>	<u>(412,775)</u>
Expenditures				
Current				
Health and welfare	727,554	727,554	287,635	439,919
Capital outlay	233,122	233,122	233,122	-
Total expenditures	<u>960,676</u>	<u>960,676</u>	<u>520,757</u>	<u>439,919</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(218,022)</u>	<u>(218,022)</u>	<u>(190,878)</u>	<u>27,144</u>
Other financing sources (uses)				
Transfers	<u>208,022</u>	<u>208,022</u>	<u>188,199</u>	<u>(19,823)</u>
Net change in fund balances	(10,000)	(10,000)	(2,679)	7,321
Fund balances, beginning of year	<u>65,709</u>	<u>65,709</u>	<u>65,709</u>	<u>-</u>
Fund balances, end of year	<u>\$ 55,709</u>	<u>\$ 55,709</u>	<u>\$ 63,030</u>	<u>\$ 7,321</u>

See accompanying notes to budgetary comparison schedule.

TOWN OF GILA BEND, ARIZONA
Required Supplementary Information
Notes to Budgetary Comparison Schedules
June 30, 2019

NOTE 1 – BUDGETING AND BUDGETARY CONTROL

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

Expenditures may not legally exceed appropriations at the department level. In certain instances, transfers of appropriations between departments or from the contingency account to a department may be made upon the Town Council's approval. With the exception of the General Fund, each fund includes only one department.

NOTE 2 – BUDGETARY BASIS OF ACCOUNTING

The Town's budget is prepared on a basis consistent with generally accepted accounting principles.

NOTE 3 – EXPENDITURES IN EXCESS OF APPROPRIATIONS

For the year ended June 30, 2019, expenditures exceeded final budget amounts at the department level (the legal level of budgetary control) in the Police, Fire Operations, and HURF departments.

TOWN OF GILA BEND, ARIZONA
Required Supplementary Information
Schedule of the Town's Proportionate
Share of the Net Pension/OPEB Liability
Cost-Sharing Pension Plans
June 30, 2019

ASRS-Pension

	Reporting Fiscal Year (Measurement Date)					
	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	2014 through 2009
Town's proportion of the net pension liability	0.013700%	0.012850%	0.015490%	0.015590%	0.015258%	Information not available
Town's proportionate share of the net pension liability	\$ 1,910,668	\$ 2,001,780	\$ 2,500,242	\$ 2,428,344	\$ 2,257,648	
Town's covered payroll	\$ 1,361,459	\$ 1,253,599	\$ 1,450,129	\$ 1,435,914	\$ 1,375,393	
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll	140.34%	159.68%	172.42%	169.11%	164.15%	
Plan fiduciary net position as a percentage of the total pension liability	73.40%	69.92%	64.27%	68.35%	69.49%	

ASRS-Health Insurance Premium Benefit

	Reporting Fiscal Year (Measurement Date)		
	2019 (2018)	2018 (2017)	2017 through 2009
Town's proportion of the net OPEB (asset)	0.013520%	0.012720%	Information not available
Town's proportionate share of the net OPEB (asset)	\$ (4,868)	\$ (6,925)	
Town's covered payroll	\$ 1,361,459	\$ 1,253,599	
Town's proportionate share of the net OPEB (asset) as a percentage of its covered-employee payroll	-0.36%	-0.55%	
Plan fiduciary net position as a percentage of the total OPEB liability	102.20%	103.57%	

**TOWN OF GILA BEND, ARIZONA
Required Supplementary Information
Schedule of the Town's Proportionate
Share of the Net Pension/OPEB Liability
Cost-Sharing Pension Plans
June 30, 2019**

ASRS-Long-Term Disability

	Reporting Fiscal Year (Measurement Date)		
	2019 (2018)	2018 (2017)	2017 through 2009
Town's proportion of the net OPEB (asset)	0.013690%	0.012760%	Information
Town's proportionate share of the net OPEB (asset)	\$ 7,153	\$ 7,942	not available
Town's covered payroll	\$ 1,361,459	\$ 1,253,599	
Town's proportionate share of the net OPEB (asset) as a percentage of its covered-employee payroll	0.53%	0.63%	
Plan fiduciary net position as a percentage of the total OPEB liability	77.83%	84.44%	

TOWN OF GILA BEND, ARIZONA
Required Supplementary Information
Schedule of Town Pension/OPEB Contributions
June 30, 2019

ASRS-Pension

	Reporting Fiscal Year						2013 through 2010
	2019	2018	2017	2016	2015	2014	
Statutorily required contribution	\$ 154,517	\$ 148,399	\$ 135,138	\$ 157,339	\$ 156,371	\$ 147,167	Information not available
Town's contributions in relation to the statutorily required contribution	<u>(154,517)</u>	<u>(148,399)</u>	<u>(135,138)</u>	<u>(157,339)</u>	<u>(156,371)</u>	<u>(147,167)</u>	
Town's contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
Town's covered payroll	<u>\$ 1,386,709</u>	<u>\$ 1,361,459</u>	<u>\$ 1,253,599</u>	<u>\$ 1,450,129</u>	<u>\$ 1,435,914</u>	<u>\$ 1,375,393</u>	
Town's contributions as a percentage of covered payroll	11.14%	10.90%	10.78%	10.85%	10.89%	10.70%	

ASRS-Health Insurance Premium Benefit

	Reporting Fiscal Year			2016 through 2010
	2019	2018	2017	
Statutorily required contribution	\$ 6,111	\$ 5,802	\$ 6,848	Information not available
Town's contributions in relation to the statutorily required contribution	<u>(6,111)</u>	<u>(5,802)</u>	<u>(6,848)</u>	
Town's contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
Town's covered payroll	<u>\$ 1,386,709</u>	<u>\$ 1,361,459</u>	<u>\$ 1,253,599</u>	
Town's contributions as a percentage of covered payroll	0.44%	0.43%	0.55%	

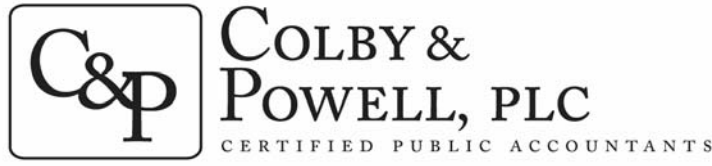
TOWN OF GILA BEND, ARIZONA
Required Supplementary Information
Schedule of Town Pension/OPEB Contributions
June 30, 2019

ASRS-Long-Term Disability

	<u>Reporting Fiscal Year</u>			2016 through 2010
	2019	2018	2017	
Statutorily required contribution	\$ 2,152	\$ 2,172	\$ 1,735	Information not available
Town's contributions in relation to the statutorily required contribution	<u>(2,152)</u>	<u>(2,172)</u>	<u>(1,735)</u>	
Town's contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
Town's covered payroll	<u>\$ 1,386,709</u>	<u>\$ 1,361,459</u>	<u>\$ 1,253,599</u>	
Town's contributions as a percentage of covered payroll	0.16%	0.16%	0.14%	

GOVERNMENTAL AUDITING STANDARDS

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

To the Town Council
Town of Gila Bend, Arizona

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Gila Bend, Arizona, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town of Gila Bend, Arizona's, basic financial statements, and have issued our report thereon dated March 26, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Gila Bend, Arizona's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Gila Bend, Arizona's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Gila Bend, Arizona's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses that we consider to be a material weakness. That item is listed as item **2019-001**.

Compliance and Other Matters

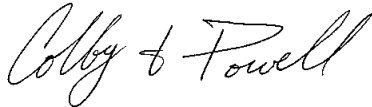
As part of obtaining reasonable assurance about whether the Town of Gila Bend, Arizona's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a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

The Town of Gila Bend, Arizona's Response to the Finding

The Town of Gila Bend, Arizona's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. The Town of Gila Bend, Arizona's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

A handwritten signature in cursive script that reads "Colby Powell".

March 26, 2020

TOWN OF GILA BEND, ARIZONA
Schedule of Findings and Responses
June 30, 2019

Item: 2019-001

Subject: General ledger maintenance and reconciliation.

Criteria/Specific Requirements: To help ensure that internal and external financial reports are accurate, timely, and in accordance with generally accepted accounting principles, general ledger accounts should be reconciled on a monthly basis and supporting schedules should be prepared and reconciled with these general ledger accounts.

Condition: At the time of the audit, the Town had incorrect balances in many of its asset and liability accounts. Significant audit adjustments were necessary in order to present the financial statements in accordance with generally accepted accounting principles. These entries were proposed, accepted, and recorded by the Town in the financial statements.

Cause/Effect: Due to employee oversight, the need of proper training, and lack of management's review of performance, internal control procedures such as reconciliations of various general ledger accounts were not performed.

Recommendation: The Town's Finance Department should evaluate and implement closing procedures that establish clear deadlines for recording transactions and reconciling accounts to the general ledger and subsidiary ledgers. The Finance Department should also evaluate procedures to ensure that all accounts are reconciled and supported by documentation.

Response: Management agrees with this finding and will evaluate and implement closing procedures that will establish clear timelines and deadlines for recording transactions and reconciliations to the general ledger and sub ledgers.