

Town of Marana, Arizona

Report on Federal Awards

June 30, 2024

Town of Marana, Arizona

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**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***

Independent Auditors' Report

To the Town Council of
Town of Marana, 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 (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Marana, Arizona (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, and have issued our report thereon February 14, 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.

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

Baker Tilly US, LLP

Tempe, Arizona
February 14, 2025

**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**

Independent Auditors' Report

To the Town Council of
Town of Marana, Arizona

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Town of Marana, Arizona'S (the Town) compliance with the types of compliance requirements identified as subject to audit 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 auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Town complied, in all material respects, with the 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 (*Government Auditing Standards*); 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 a 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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. 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, the business-type 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 February 14, 2025, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the basic 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 basic 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.



Tempe, Arizona
February 14, 2025

Town of Marana, Arizona

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2024

Federal Grantor/ Program Title	Cluster Name	Assistance Listing Number	Pass-Through Agency	Pass-Through Agency Grant Number	Federal Expenditures
Federal Programs					
U.S. Department of Housing and Urban Development					
CDBG - Entitlement/Special Purpose Grants Cluster:					
Community Development Block Grant 2022-2023	CDBG - Entitlement/Special Purpose Grants Cluster	14.218	Pima County	CT-CR-23-184	\$ 18,249
Community Development Block Grant 2023-2024	CDBG - Entitlement/Special Purpose Grants Cluster	14.218	Pima County	B-23-MC-04-0519	53,989
Total U.S. Department of Housing and Urban Development - Community Development Block Grants Cluster					<u>72,238</u>
U.S. Department of Justice					
Drug Enforcement Administration		16.001	Direct	Resolution 2022-105	20,327
Bulletproof Vests		16.607	Direct	N/A	16,144
Counter Narcotics Alliance (Bryne)		16.738	ACJC to City of Tucson	DC-20-013	38,322
Total U.S. Department of Justice					<u>74,793</u>
Federal Aviation Administration					
Airport Improvement Program - Siting Study		20.106	Direct	3-04-0058-024-2021	10,951
Airport Improvement Program - ATCT Environmental Assessment		20.106	Direct	3-04-0058-029-2023	208,333
Airport Improvement Program - Airport Infrastructure Grant Project					
Install Weather Reporting Equip		20.106	Direct	3-04-0058-031-2024	80,209
Total Federal Aviation Administration					<u>299,493</u>
U.S. Department of Transportation					
Highway Safety Cluster:					
State and Community Highway Safety Grant	Highway Safety Cluster	20.600	Governor's Office of Highway Safety	2023-PTS-034, 2024-PTS-032	73,517
State and Community Highway Safety Grant	Highway Safety Cluster	20.600	Governor's Office of Highway Safety	2023-AL-016, 2024-AL-017	66,609
Total U.S. Department of Transportation - Highway Safety Cluster					<u>140,126</u>
U.S. Department of Treasury					
Exchange of Federal Tax Information with State Tax Agencies - Secret Service		21.004	Direct	N/A	1,937
COVID-19 - Coronavirus State and Local Fiscal Recovery		21.027	VIA Marketing grant (Arizona Office of Tourism)	GR-ARPA-11112021-02-022	12,125
COVID-19 - Coronavirus State and Local Fiscal Recovery		21.027	Arizona Water Infrastructure Finance Authority (WIFA)	WC1-021-2023	4,492
Total U.S. Department of Treasury					<u>18,554</u>
Environmental Protection Agency					
Drinking Water State Revolving Fund		66.468	Arizona Water Infrastructure Finance Authority (WIFA)	Loan 920352-23	900,000 *
Total Environmental Protection Agency					<u>900,000</u>
Executive Office of the President, Office of National Drug Control Policy					
High Intensity Drug Trafficking Program		95.001	Pima County	HT-22-2930, HT-23-2930, HT-24-2930	140,016
Total Executive Office of the President, Office of National Drug Control Policy					<u>140,016</u>
U.S. Department of Homeland Security					
Homeland Security Grant Program		97.067	Arizona Department of Emergency and Military Affairs	GR038, GR039, GR043, AD013	344,368 *
Total U.S. Department of Homeland Security					<u>344,368</u>
Total federal programs					<u>\$ 1,989,588</u>

* Denoted as a major program

See notes to schedule of expenditures of federal awards

Town of Marana, Arizona

Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2024

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Town of Marana, Arizona under programs of the federal government 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 of Marana, Arizona, it is not intended to and does not present the financial position, changes in net position or cash flows of the Town of Marana, Arizona.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual or 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. Pass-through entity identifying numbers are presented where available.

The underlying accounting records for some grant programs are maintained on the modified accrual basis of accounting. Under the modified accrual basis, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the liability is incurred. The accounting records for other grant programs are maintained on the accrual basis, i.e., when the revenue has been earned and the liability is incurred.

3. Indirect Cost Rate

The Town of Marana, Arizona has not elected to use the 10% de minimis indirect cost rate.

Town of Marana, Arizona

Schedule of Findings and Questioned Costs
Year Ended June 30, 2024

Section I - Summary of Auditors' Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	_____ yes	_____ no
Significant deficiency(ies) identified?	_____ yes	_____ X none reported

Noncompliance material to financial statements noted? _____ yes _____ X no

Federal Awards

Internal control over major programs:

Material weakness(es) identified?	_____ yes	_____ X no
Significant deficiency(ies) identified?	_____ yes	_____ X none reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a) of the Uniform Guidance? _____ yes _____ X no

Auditee qualified as low-risk auditee? _____ X yes _____ no

Dollar threshold used to distinguish between Type A and Type B programs: _____ \$750,000

Identification of major federal programs:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
66.468	Capitalization Grants for Drinking Water State Revolving Fund
97.067	Homeland Security Grant Program - Operation Stonegarden

Section II - Financial Statement Findings

None noted.

Section III - Federal Awards Findings and Questioned Costs

None noted.