

Town of Marana

Single Audit Reporting Package

June 30, 2022

TOWN OF MARANA, ARIZONA
SINGLE AUDIT REPORTING PACKAGE
Year Ended June 30, 2022

<u>CONTENTS</u>	<u>Page</u>
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 <i>Government Auditing Standards</i>	1
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	3
Schedule of Expenditures of Federal Awards	7
Notes to the Schedule of Expenditures of Federal Awards	9
Schedule of Findings and Questioned Costs	10



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 Honorable Mayor and City Council
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, 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, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town of Marana, Arizona's basic financial statements, and have issued our report thereon dated December 20 2022.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

Baker Tilly US, LLP

Tempe, Arizona
December 20, 2022

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM
GUIDANCE

To the Honorable Mayor and Town Council
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's 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 of Marana's major federal programs for the year ended June 30, 2022. The Town of Marana's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Town of Marana complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

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

We are required to be independent of the Town of Marana 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 of Marana'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 of Marana'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 of Marana'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 generally accepted auditing standards, *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 of Marana's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *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 of Marana'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 of Marana'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 of Marana'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.

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 of Marana, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town of Marana's basic financial statements. We issued our report thereon dated December 20, 2022, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

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.

Baker Tilly US, LLP

Tempe, Arizona
December 20, 2022

TOWN OF MARANA, ARIZONA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2022

Federal Grantor / Pass-Through Grantor / Cluster / Program Title	Assistance Listing Number	Grantor's Number	Expenditures
<u>U.S. Department of Housing and Urban Development</u>			
Passed through Pima County			
Community Development Block Entitlement Grant Cluster			
Community Development Block Grant 2020-2021	14.218	CT-CR-21-288	\$ 22,214
Community Development Block Grant 2021-2022	14.218	CT-CR-22-182	44,460
Total Community Development Block Entitlement Grant Cluster			66,674
Total U.S. Department of Housing and Urban Development			66,674
<u>U.S. Department of Justice</u>			
Direct Grant			
Bulletproof Vest Partnership Program	16.607	JAG-06-135	10,191
Law Enforcement Assistance_Narcotics and Dangerous Drugs_Laboratory Analysis	16.001	Resolution 2018-076 MOU	14,116
COVID-19 - ACJC Arizona Coronavirus Emergency Supplemental Funding Program	16.034	ACESF-21-049	28,315
Passed through City of Tucson			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	DC-20-013	110,166
Total U.S. Department of Justice			162,788
<u>Executive Office of the President, Office of National Drug Control Policy</u>			
Passed through Pima County -			
High Intensity Drug Trafficking Program	95.001	HT-20-2930	21,664
High Intensity Drug Trafficking Program	95.001	HT-21-2930	87,090
High Intensity Drug Trafficking Program	95.001	HT-22-2930	25,341
Total Executive Office of the President, Office of National Drug Control Policy			134,095
<u>U.S. Department of Transportation</u>			
Passed through Governor's Office of Highway Safety- Highway Safety Cluster			
Selective Traffic Enforcement (Step/Speed)	20.616	2021-PTS-033	8,223
Selective Traffic Enforcement (Step/Speed)	20.616	2022-PTS-036	31,310
DUI/Impaired Driving Enforcement	20.616	2021-II-003	9,104
DUI/Impaired Driving Enforcement	20.616	2022-AL-018	25,834
Total Highway Safety Cluster			74,471

See accompanying notes to the schedule of expenditures of federal awards.

TOWN OF MARANA, ARIZONA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2022

Federal Grantor / Pass-Through Grantor / Cluster / Program Title	Assistance Listing Number	Grantor's Number	Expenditures
<u>U.S. Department of Homeland Security</u>			
Passed through Arizona Department of Emergency and Military Affairs			
Homeland Security Grant Program - Operation Stonegarden	97.067	200420-01	319,590
Homeland Security Grant Program - Operation Stonegarden	97.067	200420-02	7,741
Homeland Security Grant Program - Operation Stonegarden	97.067	210434-01	78,263
Homeland Security Grant Program - Cybersecurity Enhancement	97.067	180410-01	20,000
Homeland Security Grant Program - Cybersecurity Enhancement	97.067	200404-01	20,000
AZ DEMA - 2021 National Homeland Security Conference	97.067	N/A	1,350
Total U.S. Department of Homeland Security			<u>446,944</u>
<u>U.S. Department of Treasury</u>			
Direct Grant			
COVID-19 - AZ Cares Fund	21.027	AZ-0032	8,187,523 *
Exchange of Federal Tax Information with State Tax Agencies	21.004		1,651
Total U.S. Department of Treasury			<u>8,189,174</u>
<u>Federal Aviation Administration</u>			
Direct Grant			
COVID-19 FAA Cares Act Grant	20.106	3-04-0058-023-2020	12,349
COVID-19 Airport Coronavirus Response Grant Program	20.106	3-04-0058-025-2021	10,000
Airport Improvement Program - Siting Study	20.106	3-04-0058-024-2021	135,758
Total Federal Aviation Administration			<u>158,107</u>
<u>U.S. Environmental Protection Agency</u>			
Passed through the Water Infrastructure Finance Authority of Arizona			
Clean Water State Revolving Fund Cluster			
Capitalization Grants for Clean Water State Revolving Funds	66.458	910176-19 & 910183-20	157,474
Drinking Water State Revolving Fund Cluster			
Capitalization Grants for Drinking Water State Revolving Funds	66.468	920293-19 & 920303-20	597,501
Total U.S. Environmental Protection Agency			<u>754,975</u>
Total Expenditures of Federal Awards			<u>\$ 9,987,228</u>

* Denotes major program

See accompanying notes to the schedule of expenditures of federal awards.

TOWN OF MARANA, ARIZONA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2022

NOTE 1 BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Town of Marana under programs of the federal government for the year ended June 30, 2022. The information in this schedule is presented in accordance with 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, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Town of Marana.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- A) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and/or OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- B) The Town of Marana has not elected to use the 10 percent *de minimis* indirect cost rate as allowed under the Uniform Guidance.

TOWN OF MARANA, ARIZONA
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 Year Ended June 30, 2022

SECTION I – SUMMARY OF AUDITORS’ RESULTS

Financial Statements

Type of auditors’ report issued:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified that are not considered to be a material weakness(es)? yes none reported

Noncompliance material to financial statements noted?

yes no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified that are not considered to be a material weakness(es)? yes none reported

Type of auditors’ report issued on compliance for each major program listed below

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?

yes no

Identification of major programs:

CFDA Numbers	Name of Federal Program or Cluster
21.027	COVID-19 - Coronavirus State and Local Fiscal Recovery Funds (American Rescue Plan)

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee?

yes no

TOWN OF MARANA, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
Year Ended June 30, 2022

SECTION II – FINDINGS RELATED TO FINANCIAL STATEMENTS REPORTED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

None Noted

SECTION III – FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL AWARDS

None Noted