TOWN COUNCIL NOTICE & AGENDA

STUDY SESSION
TUESDAY, APRIL 8, 2025
5:00 PM

COUNCIL CHAMBERS | 202 N. STATE ROUTE 89 | CHINO VALLEY, ARIZONA 86323

AGENDA

1. **CALL TO ORDER; ROLL CALL**

2. **Introduction to Geographic Information Systems (GIS) provided by Will Dingee, Assistant Development Services Director.**

3. **Presentation, update, and discussion on the Chino Valley Police Department by Joshua McIntire, Chief of Police.**

4. **ADJOURNMENT**

TOWN COUNCIL NOTICE & AGENDA

REGULAR MEETING
TUESDAY, APRIL 8, 2025
6:00 PM

COUNCIL CHAMBERS | 202 N. STATE ROUTE 89 | CHINO VALLEY, ARIZONA 86323

A majority of the Councilmembers may attend a private invocation in the Council Conference Room immediately prior to the Council meeting. No Town business will be discussed.

AGENDA

1. **CALL TO ORDER; PLEDGE OF ALLEGIANCE; ROLL CALL**

2. **INTRODUCTIONS, PRESENTATIONS, AND PROCLAMATIONS**

   a. Annual presentation and update from the Chino Valley Equestrian Association per the terms of their lease agreement.

   b. Presentation and update from Large Animal Shelters and Emergency Readiness (LASER).

3. **CALL TO THE PUBLIC - Individuals requesting to speak, please complete a Speaker Comment Card and return to the Clerk.**

Call to the Public is an opportunity for the public to address the Council on any issue within the jurisdiction of the Council that is not on the agenda. Public comment is at the discretion of the Council and not required by law. Individuals are limited to speak for three (3) minutes, yielding of time will not be permitted. The total time for Call to the Public may be up to 30 minutes per meeting. Council action taken as a result of public comment will be limited to directing staff to study the matter, scheduling the matter for further consideration and decision at a later date, or responding to criticism. Public comment is invited and encouraged, however, personal attacks on individuals is not appropriate. Disrespectful behavior will not be tolerated; this includes loud outbursts, profanity, and disruptive discussions among our audience.

4. **CURRENT EVENT SUMMARIES AND REPORTS**

This item is for information only. The Mayor, any Councilmember, or Town Manager may present a brief summary or report of current events. If listed below, there may also be a presentation on information requested by the Mayor and Council and questions may be answered. No action will be taken.

a. Status reports by Mayor and Council regarding current events.

b. Status report by Town Manager Terri Denemy regarding Town accomplishments, and current or upcoming projects.

5. **ACTION ITEMS**

The Council may vote to recess the public meeting and hold an Executive Session on any item on this agenda pursuant to A.R.S. § 38-431.03(A)(3) for the purpose of discussion or consultation for legal advice with the Town Attorney. Executive sessions are not open to the public and no action may be taken in executive session.

a. Consideration and possible action to approve the Professional Services Agreement with Heinfeld, Meech & Co, P.C. as the Town's audit firm, to perform professional audit services for the Fiscal Years Ending June 30, 2025, through June 30, 2029.

Recommended Action: Approve the Professional Service Agreement with Heinfeld, Meech & Co, P.C. as the Town's audit firm, to perform professional audit services for the Fiscal Years Ending June 30, 2025 through June 30, 2029.

b. Consideration and possible action to authorize the Town Manager, in partnership with the Trust for Public Lands and the Prescott Climbers Coalition, to make an application for financial assistance to Arizona State Parks & Trails under the provisions of the Land and Water Conservation Fund Act, Public Law 88-578 for the acquisition of the Upper Sullivans Canyon property.

Recommended Action: Authorize the Town Manager, in partnership with the Trust for Public Lands, to make an application for financial assistance to Arizona State Parks & Trails under the provisions of the Land and Water Conservation Fund Act, Public Law 88-578 for the acquisition of the Upper Sullivans Canyon property.

c. Consideration and possible action to acquire seven parcels related to the Maintenance Improvement District of the detention basins along Salida Del Sol.

Recommended Action: Authorize the Mayor or his designee to process and record the special warranty deed prepared by the Town Attorney to acquire the seven parcels related to the detention basins for the Maintenance Improvement District for the Del Sol Subdivisions.

6. ADJOURNMENT

TOWN COUNCIL NOTICE & AGENDA

EXECUTIVE SESSION
TUESDAY, APRIL 8, 2025
6:15 PM

COUNCIL CHAMBERS | 202 N. STATE ROUTE 89 | CHINO VALLEY, ARIZONA 86323

AGENDA

1. CALL TO ORDER; ROLL CALL

2. An executive session pursuant to A.R.S. §38-431.03 (A)(1) for discussion or consideration of employment, assignment, or appointment regarding filling the Town Magistrate position; and for discussion and consultation with the Town Attorney for legal advice pursuant to A.R.S. §38-431.03(A)(3).

3. ADJOURNMENT

Dated this 2nd day of April, 2025.

By: *Erin N. Deskins, Town Clerk*

The Town of Chino Valley endeavors to make all public meetings accessible to persons with disabilities. Please call 928-636-2646 (voice) or 711 (Telecommunications Arizona Relay Service) 48 hours prior to the meeting to request reasonable accommodation to participate in this meeting.

Council meetings are live-streamed on the Town of Chino Valley website, www.chinoaz.net.

CERTIFICATION OF POSTING

The undersigned hereby certifies that a copy of this notice was duly posted at Chino Valley South Campus, Chino Valley Post Office, and Chino Valley North Campus in accordance with the statement filed by the Town Council with the Town Clerk.

Date: ___________________ Time: ___________________ By: ____________________
Erin N. Deskins, Town Clerk

TOWN COUNCIL
AGENDA ITEM STAFF REPORT

AGENDA ITEM # 5a
MEETING DATE: 4/8/2025
CONTACT PERSON: Katie Pehl, Finance Director
ITEM TYPE: Action Item

AGENDA ITEM TITLE:
Consideration and possible action to approve the Professional Services Agreement with Heinfeld, Meech & Co, P.C. as the Town's audit firm, to perform professional audit services for the Fiscal Years Ending June 30, 2025, through June 30, 2029.

SUMMARY:
In addition to the Town of Chino Valley's Financial Policies, which require the Finance Department to issue a request for professional audit services every five years, there are also legal and regulatory requirements that municipalities in Arizona must comply with when conducting an external audit. Under Arizona Revised Statutes (ARS) § 41-1279.03, municipalities in Arizona are required to undergo an annual external audit. This audit is typically conducted by an independent auditor and must follow Generally Accepted Auditing Standards (GAAS) and the standards set forth by the Government Auditing Standards (GAS). The external audit is meant to assess the financial statements of the Town and to provide an opinion on whether they present a true and fair view of the Town's financial position. In addition, the audit ensures compliance with federal, state, and local laws, testing for legal and regulatory adherence, as well as reviewing the Town's internal controls.

In alignment with these legal requirements, town staff followed the prescribed process for selecting an external auditor. The Finance Department issued a Request for Proposal (RFP) for Professional Audit Services on February 3, 2025, and five audit firms responded. A review team consisting of five staff members was established and consisted of representatives from the finance, development services, town manager, and town clerk departments. The reviewers rated the responses based on several criteria, including experience, qualifications, key personnel, and project approach. Once these scores were applied, the sealed pricing proposals were opened, and the final rankings were determined. Below is a list of the responding firms, ranked in order of evaluation:

Responding Firms
Heinfeld, Meech & Co, P.C.
Baker Tilly US, LLP
Clifton Larson Allen LLP
Hinton Burdick, CPAs & Advisors
Colby & Powell, PLC

The review team recommends the selection of Heinfeld Meech & Co. based on their demonstrated qualifications and competitive proposal.

PREVIOUS ACTION:
The prior RFP for audit services was awarded in 2020 to Baker Tilly US, LLP who have been the Town's external auditors for the past 10 years.

STAFF RECOMMENDATION:
Approve the Professional Service Agreement with Heinfeld, Meech & Co, P.C. as the Town's audit firm, to perform professional audit services for the Fiscal Years Ending June 30, 2025 through June 30, 2029.

FISCAL IMPACT?
This is currently a budgeted item and the Town will continue to budget the annual amount for each of the five fiscal years in the Finance Department's budget. The total cost for all five years is $281,450.

Fiscal Year	Amount
FY 2024-25 - budgeted in FY 2025-26	$55,000
FY 2025-26 - budgeted in FY 2026-27	$52,000
FY 2026-27 - budgeted in FY 2027-28	$54,100
FY 2027-28 - budgeted in FY 2028-29	$61,850
FY 2028-29 - budgeted in FY 2029-30	$58,500

ATTACHMENTS:

1.	PSA - Financial Auditing Services (4.08.25)(6436267.2) - with exhibits

PROFESSIONAL SERVICES AGREEMENT
BETWEEN
THE TOWN OF CHINO VALLEY
AND
Heinfeld, Meech & Co., P.C.

THIS PROFESSIONAL SERVICES AGREEMENT (this "Agreement") is entered into as of April 8, 2025, between the Town of Chino Valley, an Arizona municipal corporation (the "Town"), and Heinfeld, Meech & Co., P.C. a(n) Arizona corporation (the "Consultant").

RECITALS

A. The Town issued a Request for Proposals, "Financial Auditing Services" (the "RFP"), a copy of which is on file in the Town's Finance Office and incorporated herein by reference, seeking proposals from vendors for financial auditing services (the "Services").

B. The Consultant responded to the RFP by submitting a proposal (the "Proposal"), attached hereto as Exhibit A and incorporated herein by reference.

C. The Town desires to enter into an agreement with the Consultant for the Services.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing introduction and recitals, which are incorporated herein by reference, the following mutual covenants and conditions, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Town and the Consultant hereby agree as follows:

1. Term of Agreement.

1.1 Initial Term. This Agreement shall be effective as of the date first set forth above and shall remain in full force and effect until April 1, 2026 (the "Initial Term"), unless terminated as otherwise provided in this Agreement.

1.2 Renewal Terms. After the expiration of the Initial Term, this Agreement may be renewed for up to four successive one-year terms (each, a "Renewal Term") if (A) it is deemed in the best interest of the Town, subject to availability and appropriation of funds for renewal in each subsequent year, (B) at least 30 days prior to the end of the then-current term of this Agreement, the Consultant requests, in writing, to extend this Agreement for an additional one-year term, and (C) the Town approves the additional one-year term in writing (including any price adjustments approved as part of this Agreement), as evidenced by the Town Manager's signature thereon, which approval may be withheld by the Town for any reason. The Consultant's failure to seek a renewal of this Agreement shall cause this Agreement to terminate at the end of its then-current term; provided, however, that the Town may, at its discretion and with the agreement of the Consultant, elect to waive this requirement and renew this Agreement. The Initial Term and any Renewal Term(s) are collectively referred to herein as the "Term." Upon renewal, the terms and conditions of this Agreement shall remain in full force and effect.

1.3 Non-Default. By requesting extension for a Renewal Term as set forth above, or by consenting to a Renewal Term in any manner, the Consultant shall be deemed to affirmatively assert that (A) the Town is not currently in default, nor has been in default at any time prior to the Renewal Term, under any of the terms or conditions of the Agreement, and (B) any and all Consultant claims, known and unknown, relating to this Agreement and existing on or before the commencement date of the Renewal Term are forever waived.

2. Scope of Work. The Consultant shall provide the Services set forth in the Scope of Work attached hereto as Exhibit B and incorporated herein by reference. The Consultant shall (A) provide the Services required by this Agreement, (B) be responsible for all means, methods, techniques, sequences, and proceedings associated with the Services, and (C) be responsible for the acts and omissions of its employees, agents, and other persons performing any of the Services under a contract with the Consultant.

3. Compensation. The Town shall pay the Consultant an amount not to exceed $281,450 for the Services at the rates set forth in the Fee Proposal, attached hereto as Exhibit C and incorporated herein by reference.

4. Payments. The Town shall pay the Consultant monthly, based up work performed and completed to date, and upon submission and approval of invoices. All invoices shall document and itemize all work completed to date. Each invoice statement shall include a record of time expended and work performed in sufficient detail to justify payment.

5. Safety Plan. Intentionally omitted.

6. Documents. All documents, including any intellectual property rights thereto, prepared and submitted to the Town pursuant to this Agreement shall be the property of the Town. The Town may use such documents for other purposes without further compensation to the Consultant; however, any reuse without written verification or adaptation by the Consultant for the specific purpose intended will be at the Town's sole risk and without liability or legal exposure to the Consultant.

7. Consultant Personnel. The Consultant shall provide experienced personnel, capable of and devoted to the successful performance of the Services under this Agreement. The Consultant agrees to assign specific individuals to key positions. If deemed qualified, the Consultant is encouraged to hire Town residents to fill vacant positions at all levels. The Consultant agrees that, upon commencement of the Services to be performed under this Agreement, key personnel will not be removed or replaced without prior written notice to the Town. If key personnel are not available to perform the Services for a continuous period exceeding 30 calendar days, or are expected to devote substantially less effort to the Services than initially anticipated, the Consultant shall immediately notify the Town of same and shall, subject to the concurrence of the Town, replace such personnel with personnel possessing substantially equal ability and qualifications.

8. Inspection; Acceptance. All work shall be subject to inspection and acceptance by the Town at reasonable times during the Consultant's performance. The Consultant shall provide and maintain a self-inspection system that is acceptable to the Town.

9. Licenses. The Consultant shall maintain in current status all federal, state, and local licenses and permits required for the operation of the business conducted by the Consultant. The Town has no obligation to provide the Consultant, its employees, or subcontractors any business registrations or licenses required to perform the specific services set forth in this Agreement.

10. Materials; Equipment. The Consultant shall provide, pay for, and insure under the requisite laws and regulations all labor, materials, equipment, tools, transportation, and other facilities and services necessary for the proper execution and completion of the Services.

11. Performance Warranty. In addition to any specific obligations set forth in Exhibit A, the Consultant warrants that the Services rendered will conform to the requirements of this Agreement and shall be carried out with the care and skill ordinarily used by members of the same profession practicing under similar circumstances at the same time and in the same locality.

12. Indemnification. To the fullest extent permitted by law, the Consultant shall indemnify, defend, and hold harmless the Town and each council member, officer, employee, or agent thereof (the Town and any such person being herein called an "Indemnified Party"), for, from, and against any and all losses, claims, damages, liabilities, costs, and expenses (including, but not limited to, reasonable attorneys' fees, court costs, and the costs of appellate proceedings) to which any such Indemnified Party may become subject, under any theory of liability whatsoever ("Claims"), insofar as such Claims (or actions in respect thereof) relate to, arise out of, or are caused by or based upon the negligent acts, intentional misconduct, errors, mistakes, or omissions in connection with the work or services of the Consultant, its officers, employees, agents, or any tier of subcontractor in the performance of this Agreement. The amount and type of insurance coverage requirements set forth below will in no way be construed as limiting the scope of the indemnity in this Section.

13. Insurance.

13.1 General.

A. Insurer Qualifications. Without limiting any obligations or liabilities of the Consultant, the Consultant shall purchase and maintain, at its own expense, hereinafter stipulated minimum insurance with insurance companies authorized to do business in the State of Arizona pursuant to ARIZ. REV. STAT. § 20-206, as amended, with an AM Best, Inc. rating of A- or above with policies and forms satisfactory to the Town. Failure to maintain insurance as specified herein may result in termination of this Agreement at the Town's option.

B. No Representation of Coverage Adequacy. By requiring insurance herein, or by approving or expressing satisfaction with insurance policies and forms pursuant to the provisions of this Agreement, the Town does not represent that coverage and limits will be adequate to protect the Consultant. The Town reserves the right to review any and all of the insurance policies and/or endorsements cited in this Agreement, but has no obligation to do so. Failure to demand such evidence of full compliance with the insurance requirements set forth in this Agreement or failure to identify any insurance deficiency shall not relieve the Consultant from, nor be construed or deemed a waiver of, its obligation to maintain the required insurance at all times during the performance of this Agreement.

C. Additional Insured. All insurance coverage, except Workers' Compensation insurance and Professional Liability insurance, if applicable, shall name, to the fullest extent permitted by law for claims arising out of the performance of this Agreement, the Town, its agents, representatives, officers, directors, officials, and employees as Additional Named Insured as specified under the respective coverage sections of this Agreement.

D. Coverage Term. All insurance required herein shall be maintained in full force and effect until all work or services required to be performed under the terms of this Agreement are satisfactorily performed, completed, and formally accepted by the Town unless specified otherwise in this Agreement.

E. Primary Insurance. The Consultant's insurance shall be primary and non-contributory insurance with respect to performance of this Agreement and in the protection of the Town as an Additional Insured.

F. Claims Made. If any insurance policies required by this Agreement are written on a "claims made" basis, coverage shall extend, either by keeping coverage in force or purchasing an extended reporting option, for three years past completion and acceptance of the services. Such continuing coverage shall be evidenced by submission of annual Certificates of Insurance and necessary endorsements citing applicable coverage is in force and contains the provisions as required herein for the three-year period.

G. Waiver. All policies, except for Professional Liability, including Workers' Compensation insurance, shall contain a waiver of rights of recovery (subrogation) against the Town, its agents, representatives, officials, officers, and employees for any claims arising out of the work or services of the Consultant. The Consultant shall arrange to have such subrogation waivers incorporated into each policy via formal written endorsement thereto.

H. Policy Deductibles and/or Self-Insured Retentions. The policies set forth in these requirements may provide coverage that contains deductibles or self-insured retention amounts. Such deductibles or self-insured retention shall not be applicable with respect to the policy limits provided to the Town. The Consultant shall be solely responsible for any such deductible or self-insured retention amount.

I. Use of Subcontractors. If any work under this Agreement is subcontracted in any way, the Consultant shall execute written agreements with its subcontractors containing the indemnification provisions set forth in this Section and insurance requirements set forth herein protecting the Town and the Consultant. The Consultant shall be responsible for executing any agreements with its subcontractors and obtaining certificates of insurance verifying the insurance requirements.

J. Evidence of Insurance. Prior to commencing any work or services under this Agreement, the Consultant will provide the Town with suitable evidence of insurance in the form of certificates of insurance and a copy of the declaration page(s) of the insurance policies as required by this Agreement, issued by the Consultant's insurer(s) as evidence that policies are placed with acceptable insurers as specified herein and provide the required coverages, conditions and limits of coverage specified in this Agreement and that such coverage and provisions are in full force and effect. Confidential information such as the policy premium may be redacted from the declaration page(s) of each insurance policy, provided that such redactions do not alter any of the information required by this Agreement. The Town shall reasonably rely upon the certificates of insurance and declaration page(s) of the insurance policies as evidence of coverage. Still, such acceptance and reliance shall not waive or alter in any way the insurance requirements or obligations of this Agreement. If any of the policies required by this Agreement expire during the life of this Agreement, it shall be the Consultant's responsibility to forward renewal certificates and declaration page(s) to the Town 30 days prior to the expiration date. All certificates of insurance and declarations required by this Agreement shall be identified by referencing this Agreement. A $25.00 administrative fee shall be assessed for all certificates or declarations received without the appropriate reference to this Agreement. Additionally, certificates of insurance and declaration page(s) of the insurance policies submitted without referencing this Agreement will be subject to rejection and may be returned or discarded. Certificates of insurance and declaration page(s) shall specifically include the following provisions:

(1) The Town, its agents, representatives, officers, directors, officials, and employees are Additional Insureds as follows:

(a) Commercial General Liability – Under Insurance Services Office, Inc., ("ISO") Form CG 20 10 04 13 or equivalent.

(b) Auto Liability – Under ISO Form CA 20 48 or equivalent.

(c) Excess Liability – Follow Form to underlying insurance.

(2) The Consultant's insurance shall be primary insurance with respect to performance of this Agreement.

(3) All policies, except for Professional Liability, including Workers' Compensation, waive rights of recovery (subrogation) against the Town,

its agents, representatives, officers, officials, and employees for any claims arising out of work or services performed by the Consultant under this Agreement.

ACORD certificate of insurance form 25 (2014/01) is preferred. If ACORD certificate of insurance form 25 (2001/08) is used, the phrases in the cancellation provision "endeavor to" and "but failure to mail such notice shall impose no obligation or liability of any kind upon the company, its agents or representatives" shall be deleted. Certificate forms other than ACORD form shall have similar restrictive language deleted.

K. Endorsements. The Consultant shall provide the Town with the necessary endorsements to ensure the Town is provided the insurance coverage set forth in this Section 13.

13.2 Required Insurance Coverage.

A. Commercial General Liability. The Consultant shall maintain "occurrence" form Commercial General Liability insurance with an unimpaired limit of not less than $1,000,000 for each occurrence, $2,000,000 Products and Completed Operations Annual Aggregate, and a $2,000,000 General Aggregate Limit. The policy shall cover liability arising from premises, operations, independent contractors, products-completed operations, personal injury, and advertising injury. Coverage under the policy will be at least as broad as ISO policy form CG 00 010 93 or equivalent thereof, including but not limited to, separation of insured's clause. To the fullest extent allowed by law, for claims arising out of the performance of this Agreement, the Town, its agents, representatives, officers, officials, and employees shall be named as an Additional Insured. If any Excess insurance is utilized to fulfill the requirements of this subsection, such Excess insurance shall be "follow form" equal or broader in coverage scope than underlying insurance.

B. Vehicle Liability. The Consultant shall maintain Business Automobile Liability insurance with a limit of $1,000,000 each occurrence on the Consultant's owned, hired, and non-owned vehicles assigned to or used in the performance of the Consultant's work or services under this Agreement. Coverage will be at least as broad as ISO coverage code "1" "any auto" policy form CA 00 01 12 93 or equivalent thereof. To the fullest extent allowed by law, for claims arising out of the performance of this Agreement, the Town, its agents, representatives, officers, directors, officials, and employees shall be cited as an Additional Insured under ISO Business Auto policy Designated Insured Endorsement form CA 20 48 or equivalent. If any Excess insurance is utilized to fulfill the requirements of this subsection, such Excess insurance shall be "follow form" equal or broader in coverage scope than underlying insurance.

C. Professional Liability. If this Agreement is the subject of any professional services or work, or if the Consultant engages in any professional services or work in any way related to performing the work under this Agreement, the Consultant shall maintain Professional Liability insurance covering negligent errors and omissions arising out of the Services performed by the Consultant, or anyone employed by the Consultant, or anyone for whose negligent acts, mistakes, errors, and omissions the Consultant is legally liable, with an unimpaired liability insurance limit of $2,000,000 each claim and $2,000,000 annual aggregate.

D. Workers' Compensation Insurance. If the Consultant employs anyone who is required by law to be covered by workers' compensation insurance, the Consultant shall maintain Workers' Compensation insurance to cover obligations imposed by federal and state statutes having jurisdiction over the Consultant's employees engaged in the performance of work or services under this Agreement and shall also maintain Employers Liability Insurance of not less than $500,000 for each accident, $500,000 disease for each employee and $1,000,000 disease policy limit.

13.3 Cancellation and Expiration Notice. The Consultant shall provide at least 30 days prior written notice to the Town before insurance required herein expires, is canceled, or is materially changed.

14. Termination; Cancellation. The Town may, by written notice to the Consultant as set forth in this Section, terminate this Agreement in whole or in part.

14.1 For Town's Convenience. This Agreement is for the convenience of the Town and, as such, may be terminated without cause after receipt by the Consultant of written notice by the Town. Upon termination for convenience, the Consultant shall be paid for all undisputed services performed to the termination date.

14.2 For Cause. If either party fails to perform any obligation pursuant to this Agreement and such party fails to cure its nonperformance within 30 days after notice of nonperformance is given by the non-defaulting party, such party will be in default. In the event of such default, the non-defaulting party may terminate this Agreement immediately for cause and will have all remedies available to it at law or in equity, including, without limitation, the remedy of specific performance. If the nature of the defaulting party's nonperformance is such that it cannot reasonably be cured within 30 days, then the defaulting party will have such additional periods of time as may be reasonably necessary under the circumstances, provided the defaulting party immediately (A) provides written notice to the non-defaulting party and (B) commences to cure its nonperformance and thereafter diligently continues to completion the cure of its nonperformance. In no event shall any such cure period exceed 90 days. In the event of such termination for cause, the Town shall make payment to the Consultant for the undisputed portion of its fee due as of the termination date.

14.3 Due to Work Stoppage. The Town may terminate this Agreement upon 30 days' written notice to the Consultant in the event that the Services are permanently abandoned. If the Consultant abandons the Services without the consent of the Town, the Consultant shall be liable for all actual, incidental, and consequential damages arising from or related to said abandonment, including, but not limited to (A) the difference between the cost of a replacement consultant to complete the Services and the contract price for the Consultant under this Agreement; and (B) any additional charges, costs, fees or expenses for labor, materials or professional services incurred by the Town as a result of delays caused by abandonment of the Services by the Consultant. The Town shall use its best efforts to replace the Consultant within a reasonable time.

14.4 Conflict of Interest. This Agreement is subject to the provisions of ARIZ. REV. STAT. § 38-511. The Town may cancel this Agreement without penalty or further obligations by the Town or any of its departments or agencies if any person significantly involved in initiating, negotiating, securing, drafting, or creating this Agreement on behalf of the Town or any of its departments or agencies is, at any time while this Agreement or any extension of this Agreement is in effect, an employee of any other party to this Agreement in any capacity or a consultant to any other party of this Agreement with respect to the subject matter of this Agreement.

14.5 Gratuities. The Town may, by written notice to the Consultant, cancel this Agreement if it is found by the Town that gratuities, in the form of economic opportunity, future employment, entertainment, gifts, or otherwise, were offered or given by the Consultant or any agent or representative of the Consultant to any officer, agent or employee of the Town for the purpose of securing this Agreement. In the event this Agreement is canceled by the Town pursuant to this provision, the Town shall be entitled, in addition to any other rights and remedies, to recover and withhold from the Consultant an amount equal to 150% of the gratuity.

14.6 Agreement Subject to Appropriation. The Town is obligated only to pay its obligations set forth in this Agreement as may lawfully be made from funds appropriated and budgeted for that purpose during the Town's then-current fiscal year. The Town's obligations under this Agreement are current expenses subject to the "budget law" and the unfettered legislative discretion of the Town concerning budgeted purposes and appropriation of funds. Should the Town elect not to appropriate and budget funds to pay its Agreement obligations, this Agreement shall be deemed terminated at the end of the then-current fiscal year term for which such funds were appropriated and budgeted for such purpose, and the Town shall be relieved of any subsequent obligation under this Agreement. The parties agree that the Town has no obligation or duty of good faith to budget or appropriate the payment of the Town's obligations set forth in this Agreement in any budget in any fiscal year other than the fiscal year in which this Agreement is executed and delivered. The Town shall be the sole judge and authority in determining the availability of funds for its obligations under this Agreement. The Town shall keep the Consultant informed as to the availability of funds for this Agreement. The obligation of the Town to make any payment pursuant to this Agreement is not a general obligation or indebtedness of the Town. The Consultant hereby waives any and all rights to bring any claim against the Town from or relating in any way to the Town's termination of this Agreement pursuant to this Section.

14.7 Obligations Upon Receipt of Termination Notice. Upon receipt of a notice of termination as set forth above, the Consultant shall (A) immediately discontinue all Services affected (unless the notice directs otherwise), and (B) deliver to the Town copies of all data, reports, calculations, drawings, specifications, and estimates entirely or partially completed, together with all unused materials supplied by the Town, related to the Services including any completed divisible part of the Services which can be deemed to stand alone (the completed divisible parts of the Services will be determined by both parties at the time of termination). Such termination shall not relieve the Consultant of liability for errors and omissions. Any use of incomplete documents for the Services or for any other project without the specific written authorization by the Consultant will be without liability or legal exposure to the Consultant. The Consultant shall appraise the work it has completed and submit the appraisal to the Town for evaluation.

15. Suspension of Work.

15.1 Order to Suspend. The Town may, for its convenience, order the Consultant, in writing, to suspend all or any part of the Services for such period of time as it may determine to be appropriate.

15.2 Adjustment to Contract Sum. If the performance of all or any part of the Services is, for any unreasonable period of time, suspended or delayed by an act of the Town in the administration of this Agreement, or by its failure to act within the time specified in this Agreement (or if no time is specified, within a reasonable time), an adjustment shall be made for any increase in the cost of performance of this Agreement necessarily caused by such unreasonable suspension or modified in writing accordingly. However, no adjustment shall be made under this clause for any suspension or delay (A) to the extent that performance was suspended or delayed for any other cause, including the fault or negligence of the Consultant, or (B) for which a change order is executed.

16. Miscellaneous.

16.1 Independent Contractor. It is clearly understood that each party will act in its individual capacity and not as an agent, employee, partner, joint venturer, or associate of the other. An employee or agent of one party shall not be deemed or construed to be the employee or agent of the other for any purpose whatsoever. The Consultant acknowledges and agrees that the Services provided under this Agreement are being provided as an independent contractor, not as an employee or agent of the Town. The Consultant, its employees, and subcontractors are not entitled to workers' compensation benefits from the Town. The Town does not have the authority to supervise or control the actual work of the Consultant, its employees, or subcontractors. The Consultant, and not the Town, shall determine the time of its performance of the services provided under this Agreement so long as the Consultant meets the requirements of its agreed Scope of Work as set forth in Section 2 and in Exhibit A. The Consultant is neither prohibited from entering into other contracts nor prohibited from practicing its profession elsewhere. The Town and the Consultant do not intend to nor will they combine business operations under this Agreement.

16.2 Applicable Law; Venue. This Agreement shall be governed by the laws of the State of Arizona, and suit pertaining to this Agreement may be brought only in courts in Yavapai County, Arizona.

16.3 Laws and Regulations. The Consultant shall keep fully informed and shall at all times during the performance of its duties under this Agreement ensure that it and any person for whom the Consultant is responsible abides by, and remains in compliance with, all rules, regulations, ordinances, statutes, or laws affecting the Services, including, but not limited to, (A) existing and future Town and County ordinances and regulations, (B) existing and future State and Federal laws, and (C) existing and future OSHA standards.

16.4 Amendments. This Agreement may be modified only by a written amendment signed by persons duly authorized to enter into contracts on behalf of the Town and the Consultant.

16.5 Provisions Required by Law. Each and every provision of law and any clause required by law to be in this Agreement will be read and enforced as though it were included herein and, if through mistake or otherwise any such provision is not inserted, or is not correctly inserted, then upon the application of either party, this Agreement will promptly be physically amended to make such insertion or correction.

16.6 Severability. The provisions of this Agreement are severable to the extent that any provision or application held to be invalid by a Court of competent jurisdiction shall not affect any other provision or application of this Agreement that may remain in effect without the invalid provision or application.

16.7 Entire Agreement; Interpretation; Parol Evidence. This Agreement represents the entire agreement of the parties with respect to its subject matter, and all previous agreements, whether oral or written, entered into prior to this Agreement are hereby revoked and superseded by this Agreement. No representations, warranties, inducements, or oral agreements have been made by any of the parties except as expressly set forth herein, or in any other contemporaneous written agreement executed for the purposes of carrying out the provisions of this Agreement. This Agreement shall be construed and interpreted according to its plain meaning, and no presumption shall be deemed to apply in favor of, or against the party drafting this Agreement. The parties acknowledge and agree that each has had the opportunity to seek and utilize legal counsel in the drafting and reviewing of, and entry into, this Agreement.

16.8 Assignment; Delegation. No right or interest in this Agreement shall be assigned or delegated by the Consultant without prior, written permission of the Town, signed by the Town Manager. Any attempted assignment or delegation by the Consultant in violation of this provision shall be a breach of this Agreement by the Consultant.

16.9 Subcontracts. No subcontract shall be entered into by the Consultant with any other party to furnish any of the material or services specified herein without the prior written approval of the Town. The Consultant is responsible for performance under this Agreement whether or not subcontractors are used. Failure to pay subcontractors in a timely manner pursuant to any subcontract shall be a material breach of this Agreement by the Consultant.

16.10 Rights and Remedies. No provision in this Agreement shall be construed, expressly or by implication, as waiver by the Town of any existing or future right and/or remedy available by law in the event of any claim of default or breach of this Agreement. The failure of the Town to insist upon the strict performance of any term or condition of this Agreement or to exercise or delay the exercise of any right or remedy provided in this Agreement, or by law, or the Town's acceptance of and payment for services, shall not release the Consultant from any responsibilities or obligations imposed by this Agreement or by law, and shall not be deemed a waiver of any right of the Town to insist upon the strict performance of this Agreement.

16.11 Attorneys' Fees. In the event either party brings any action for any relief, declaratory or otherwise, arising out of this Agreement or on account of any breach or default hereof, the prevailing party shall be entitled to receive from the other party reasonable attorneys' fees and reasonable costs and expenses, determined by the court sitting without a jury, which shall be deemed to have accrued on the commencement of such action and shall be enforced whether or not such action is prosecuted through judgment.

16.12 Liens. All materials or services shall be free of all liens and, if the Town requests, a formal release of all liens shall be delivered to the Town.

16.13 Offset.

A. Offset for Damages. In addition to all other remedies at law or equity, the Town may offset from any money due to the Consultant any amounts the Consultant owes to the Town for damages that have been reduced to a judgment resulting from breach or deficiencies in performance or breach of any obligation under this Agreement.

B. Offset for Delinquent Fees or Taxes. The Town may offset from any money due to the Consultant any amounts the Consultant owes to the Town for delinquent fees, transaction privilege use taxes, and property taxes, including any interest or penalties.

16.14 Notices and Requests. Any notice or other communication required or permitted to be given under this Agreement shall be in writing and shall be deemed to have been duly given if (A) delivered to the party at the address set forth below, (B) deposited in the U.S. Mail, registered or certified, return receipt requested, to the address set forth below, or (C) given to a recognized and reputable overnight delivery service, to the address set forth below, or at such other address, and to the attention of such other person or officer, as any party may designate in writing by notice duly given pursuant to this subsection:

If to the Town:	Town of Chino Valley 202 North State Route 89 Chino Valley, Arizona 86323 Attn: Terri Denemy, Town Manager
With copy to:	GUST ROSENFELD P.L.C. One East Washington Street, Suite 1600 Phoenix, Arizona 85004-2553 Attn: Andrew J. McGuire
If to Consultant:	Heinfeld, Meech & Co., P.C. 10120 N Oracle Road Tucson, Arizona 85704 Attn: Diane Bradley

Notices shall be deemed received (A) when delivered to the party, (B) three business days after being placed in the U.S. Mail, properly addressed, with sufficient postage, or (C) the following business day after being given to a recognized overnight delivery service, with the person giving the notice paying all required charges and instructing the delivery service to deliver on the following business day. If a copy of a notice is also given to a party's counsel or other recipient, the provisions above governing the date on which a notice is deemed to have been received by a party shall mean and refer to the date on which the party, and not its counsel or other recipient to which a copy of the notice may be sent, is deemed to have received the notice.

16.15 Confidentiality of Records. The Consultant shall establish and maintain procedures and controls that are acceptable to the Town for the purpose of ensuring that information contained in its records or obtained from the Town or from others in carrying out its obligations under this Agreement shall not be used or disclosed by it, its agents, officers, or employees, except as required to perform the Consultant's duties under this Agreement. Persons requesting such information should be referred to the Town. The Consultant also agrees that any information pertaining to individual persons shall not be divulged other than to employees or officers of the Consultant as needed for the performance of duties under this Agreement.

16.16 Information Technology.

A. Limited Access. If necessary for the fulfillment of this Agreement, the Town may provide the Consultant with non-exclusive, limited access to the Town's information technology infrastructure. The Consultant understands and agrees to abide by all Town policies, standards, regulations, and restrictions regarding access and usage of the Town's information and communication technology resources. The Consultant shall enforce all such policies, standards, regulations, and restrictions with all the Consultant's employees, agents, or any tier of subcontractor granted access in the performance of this Agreement and shall be granted and authorized only such access as may be necessary for the purpose of fulfilling the requirements of this Agreement.

B. Permitted Access. The Consultant's employees, agents, and subcontractors must receive prior, written approval from the Town before being granted access to the Town's information and communication technology resources and data. The Town, in its sole discretion, shall determine accessibility and limitations thereto. The Consultant agrees that the requirements of this Section shall be incorporated into all subcontractor/subconsultant agreements entered into by the Consultant. It is further agreed that a violation of this Section shall be deemed to cause irreparable harm that justifies injunctive relief in court. Notwithstanding the provisions in Section 14, a violation of this Section may result in immediate termination of this Agreement without notice.

C. Data Confidentiality. All Town data and technical information, regardless of form, including originals, images, and reproductions, prepared by, obtained by, or transmitted to the Consultant in connection with this Agreement, are confidential, proprietary information owned by the Town. Except as specifically provided in this Agreement, the Consultant shall not, without the prior, written consent of the Town

Manager or authorized designee, (1) disclose data generated in the performance of the services to any third party, or (2) use Town data and information.

D. Data Security. Personal identifying information, financial account information, or restricted Town information, whether in electronic format or hard copy, must be secured and protected at all times to avoid unauthorized access. At a minimum, the Consultant must encrypt and/or password-protect electronic files. This includes data saved to laptop computers, computerized devices, or removable storage devices. When Town information, regardless of its format, is no longer required by the Consultant to execute the work contracted by the Town, the information must be redacted or destroyed through appropriate and secure methods to ensure the information cannot be viewed, accessed, or reconstructed.

E. Compromised Security. In the event that data collected or obtained by the Consultant in connection with this Agreement is believed to have been compromised, the Consultant shall immediately notify the Town Manager or authorized Town designee. The Consultant agrees to reimburse the Town for any costs incurred by the Town to investigate potential breaches of this data by the Consultant and, where applicable, the cost of notifying and/or assisting individuals who may be impacted by the breach.

F. Disengagement. In the event this Agreement is terminated by either party, the Consultant agrees to confer back to the Town all of its data, in usable and normalized format, within 30 days of notice of termination. There shall be no charge for the return of Town data to the Town.

G. Survival. The obligations of the Consultant under this Section 16.16 shall survive the termination of this Agreement.

16.17 Records and Audit Rights. To ensure that the Consultant and its subcontractors are complying with the warranty under subsection 16.18, the Consultant's and its subcontractor's books, records, correspondence, accounting procedures and practices, and any other supporting evidence relating to this Agreement, including the papers of any of the Consultant's and its subcontractors' employees who perform any work or services pursuant to this Agreement (all of the foregoing hereinafter referred to as "Records"), shall be open to inspection and subject to audit and/or reproduction during normal working hours by the Town, to the extent necessary to adequately permit (A) evaluation and verification of any invoices, payments or claims based on the Consultant's and its subcontractors' actual costs (including direct and indirect costs and overhead allocations) incurred, or units expended directly in the performance of work under this Agreement and (B) evaluation of the Consultant's and its subcontractors' compliance with the Arizona employer sanctions laws referenced in subsection 16.18. To the extent necessary for the Town to audit Records as set forth in this subsection, the Consultant and its subcontractors hereby waive any rights to keep such Records confidential. For the purpose of evaluating or verifying such actual or claimed costs or units expended, the Town shall have access to said Records, even if located at its subcontractors' facilities, from the effective date of this Agreement for the duration of the work and until three years after the date of final payment by the Town to the Consultant pursuant to this Agreement. The Consultant and its subcontractors shall provide the Town with adequate and appropriate workspace so that the Town can conduct audits in compliance with the provisions of this subsection. The Town shall give the Consultant or its subcontractors reasonable advance notice of intended audits. The Consultant shall require its subcontractors to comply with the provisions of this subsection by insertion of the requirements hereof in any subcontract pursuant to this Agreement.

16.18 E-Verify Requirements. To the extent applicable under ARIZ. REV. STAT. § 41-4401, the Consultant and its subcontractors warrant compliance with all federal immigration laws and regulations that relate to their employees and their compliance with the E-Verify requirements under ARIZ. REV. STAT. § 23-214(A). The Consultant's or its subcontractor's failure to comply with such warranty shall be deemed a material breach of this Agreement and may result in the termination of this Agreement by the Town.

16.19 Israel. To the extent applicable under ARIZ. REV. STAT. § 35-393 through § 35-393.03, the parties hereby certify that they are not currently engaged in, and agree to not engage in for the duration of this Agreement, a "boycott" of goods or services from Israel, as that term is defined in ARIZ. REV. STAT. § 35-393.

16.20 Conflicting Terms. In the event of any inconsistency, conflict, or ambiguity among the terms of this Agreement, any amendments, the Scope of Work, the Fee Proposal, or any Town-approved purchase order, the documents shall govern in the order listed herein.

16.21 Time is of the Essence. The timely completion of the Services is of critical importance to the economic circumstances of the Town.

16.22 Meaning of Terms. References made in the singular shall include the plural, and the masculine shall include the feminine or the neuter.

16.23 Non-Exclusive Contract. This Agreement is entered into with the understanding and agreement that it is for the sole convenience of the Town. The Town reserves the right to obtain like goods and services from another source when necessary.

16.24 Forced Labor of Ethnic Uyghurs. To the extent applicable under ARIZ. REV. STAT. § 35-394, the Consultant warrants and certifies that it does not currently, and agrees that it will not for the duration of this Agreement use the forced labor, any goods or services produced by the forced labor, or any contractors, subcontractors, or suppliers that use the forced labor or any goods or services produced by the forced labor of ethnic Uyghurs in the People's Republic of China. If the Consultant becomes aware that it is not in compliance with this paragraph, the Consultant shall notify the Town of the noncompliance within five business days of becoming aware of it. If the Consultant fails to provide a written certification that it has remedied the noncompliance within 180 days after that, this Agreement shall terminate unless the termination date of this Agreement occurs before the end of the remedy, in which case this Agreement terminates on its termination date.

16.25 Counterparts. This Agreement may be executed simultaneously or in counterparts, each of which constitutes an original, but all of which together constitute one and the same agreement.

16.26 Cooperative Purchasing. Specific eligible political subdivisions and nonprofit educational or public health institutions ("Eligible Procurement Unit(s)") are permitted to utilize procurement agreements developed by the Town, at their discretion and with the agreement of the awarded Consultant. The Consultant may, at its sole discretion, accept orders from Eligible Procurement Unit(s) for the purchase of the Services at the prices and under the terms and conditions of this Agreement, in such quantities and configurations as may be agreed upon between the parties. All cooperative procurements under this Agreement shall be transacted solely between the requesting Eligible Procurement Unit and the Consultant. Payment for such purchases will be the sole responsibility of the Eligible Procurement Unit. The exercise of any rights, responsibilities, or remedies by the Eligible Procurement Unit shall be the exclusive obligation of such unit. The Town assumes no responsibility for payment, performance, or any liability or obligation associated with any cooperative procurement under this Agreement. The Town shall not be responsible for any disputes arising out of transactions made by others.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date and year first set forth above.

"**Town**"	"**Consultant**"
TOWN OF CHINO VALLEY, an Arizona municipal corporation	Heinfeld, Meech & Co., P.C. a(n) Arizona corporation
______________________________ Tom Armstrong, Mayor	By: ______________________________ Name: ______________________________
ATTEST:	Title: ______________________________

____
Erin N. Deskins, Town Clerk

APPROVED AS TO FORM:

____
Andrew J. McGuire, Town Attorney
Gust Rosenfeld, PLC

6436267.2

EXHIBIT A
TO
PROFESSIONAL SERVICES AGREEMENT
BETWEEN
THE TOWN OF CHINO VALLEY
AND
____

[Consultant's Proposal]

See following page(s).

Town of Chino Valley

Solicitation Number FIN2501
Financial Auditing Services

COPY

HeinfeldMeech

TUCSON / SCOTTSDALE / FLAGSTAFF

HM.CPA

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March 6, 2025

Town of Chino Valley
202 North State Route 89
Chino Valley, Arizona 86323

We are pleased to have this opportunity to present our proposal for financial auditing services to the Town of Chino Valley (Town). As a firm specializing in the governmental and non-profit industries, this engagement will be similar to financial statement and compliance audits performed by HeinfeldMeech since 1986.

Our firm is an industry leader in Arizona, currently providing assurance services to 185 governmental entities in the State. The depth and breadth of our experience with local governments and Arizona municipalities assures you that we will be able to provide the requested audit services by the Town's deadlines while being a valuable resource for accounting matters throughout the year.

Our firm understands the work to be completed for this engagement and we are committed to meeting all of the Town's requirements and timelines. This letter is signed by a person authorized to bid Heinfeld, Meech & Co, P.C. to this contract.

This proposal is a firm and irrevocable offer for 120 days. Should you have any questions, please contact me at (520) 903-6867 or diane.bradley@heinfeldmeech.com or Michael L. Lauzon, CPA, MBA, Partner, at (928) 556-5271 or michael.lauzon@hm.cpa.

Sincerely,

Diane Bradley
Partner – Administration

GENERAL INFORMATION

Vendor Identification Information

Legal Name	Heinfeld, Meech & Co., P.C.
Corporate Address	10120 N. Oracle Rd., Tucson, AZ 85704
EIN	86-0558065
Legal form of vendor	S-corporation (in good standing in Arizona)

Location of Offices

Heinfeld, Meech & Co, P.C. is a corporation in good standing with the Arizona Corporation Commission (Entity ID 05157280). Our corporate office is located at 10120 N. Oracle Rd., Tucson, AZ 85704. This engagement will be supervised by our Flagstaff office, located at 751 E Pine Knoll Dr., Suite 1201, Flagstaff, AZ 86001.

General Description of Organization

Founded in 1986, we specialize in providing auditing and consulting services to local governmental and non-profit entities. The firm's staff totals 60 with offices in Flagstaff, Tucson, and Scottsdale, Arizona. Our entire client service team is dedicated to working with Arizona local governments and non-profits. Because of this specialization, we can assure you that the Town will receive high-quality, local service throughout the engagement. HeinfeldMeech's staffing currently includes the following categories:

Partners	13	Staff Associates	15
Managers	8	Audit Interns	4
Senior Associates	14	Administrative	6

Terminated Contracts

Contracts are not renewed or otherwise terminated on occasion by either the firm or by the contracting entity. No work with the Town of Chino Valley has been terminated within the past five years. Per firm policy, HeinfeldMeech does not disclose information regarding former clients as it may violate the confidentiality requirements of contracts or other agreements between the firm and the entity.

Litigation and Arbitrations

Heinfeld, Meech & Co. is occasionally involved in responding to complaints or allegations that work performed by the firm failed to comply with professional standards. The firm takes such complaints or allegations seriously and addresses such matters in a timely and appropriate manner. The firm and the professionals within the firm presently do not have any pending or ongoing litigation, formal investigations or administrative proceedings related to attestation or other professional services. Within the past five years, our firm has not filed any claims with the firm's Professional Liability Insurance related to complaints or allegations.

Vendor Information Form

The completed form has been included in Exhibit 1.

Affirmation of Mandatory Qualifications

1) Heinfeld, Meech & Co., P.C. is a properly licensed Arizona certified public accounting firm (#463) and is a member firm of the American Institute of Certified Public Accountants (AICPA). Eleven firm partners and 14 other professional staff members are certified public accountants recognized by the Arizona State Board of Accountancy.
2) Our firm meets the independence requirements of Government Auditing Standards and those of the AICPA Code of Conduct. We have established the proper procedures to query our employees and have determined that there are no independence issues that would prevent us from issuing an opinion of the Town's financial statements.
3) As required by our profession, every three years HeinfeldMeech participates in a review of the firm's system of quality controls. A report with a rating of pass was issued October 4, 2024, by the firm of Grant Bennett Associates, A.P.C. The report for this review is provided in Exhibit 2.
4) Continuing education is a requirement of our staff to maintain their employment as professionals at HeinfeldMeech. In conformity with the Government Auditing Standards and the AICPA, our auditors receive at least 80 hours of continuing professional education every two years, including at least 20 hours each year and 24 hours every two years in subjects directly related to school and governmental auditing.
5) Our firm has no conflict of interest with regard to any other work performed for the Town.

Federal and State Reviews

The following external desk and working paper reviews have been conducted within the past three years for audits completed by our firm for Arizona governmental entities.

Reviewing Agency	Type of Entity Reviewed	FYE Audit Reviewed	Result	Date of Result
Arizona Auditor General	School district	6/30/2021	Acceptable	October 2022
Arizona Auditor General	School district	6/30/2021	Acceptable	October 2022
Arizona Auditor General	School district	6/30/2021	Acceptable	October 2022
Arizona Auditor General	School district	6/30/2021	Acceptable	October 2022
Arizona Auditor General	School district	6/30/2022	Acceptable	February 2024
Arizona Auditor General	School district	6/30/2022	Acceptable	February 2024
Arizona Auditor General	School district	6/30/2022	Acceptable	February 2024
Arizona Auditor General	School district	6/30/2022	Acceptable	February 2024
U.S. Department of Education	School district	6/30/2023	Pass	March 2024
U.S. Department of Education	School district	6/30/2023	Pass	April 2024
Arizona Auditor General	School district	6/30/2023	Acceptable	November 2024
Arizona Auditor General	School district	6/30/2023	Acceptable	November 2024
Arizona Auditor General	School district	6/30/2023	Acceptable	November 2024
Arizona Auditor General	School district	6/30/2023	Acceptable	November 2024

In addition, we have no record of substandard work and there has been no disciplinary action taken or pending against the firm with regulatory bodies or professional organizations. In addition, there have been no investigations of HeinfeldMeech by the Arizona State Board of Accountancy within the past three years.

EXPERIENCE AND QUALIFICATIONS OF THE VENDOR

Detailed Description of Experience

Governmental Services Leadership

HeinfeldMeech is an industry leader for governmental audit services in the State of Arizona, currently providing assurance services to 185 governmental entities. Our firm is a member of the AICPA Governmental Audit Quality Center (GAQC), which is committed to the highest standards of quality in governmental audits. As a national community of CPA firms, this membership provides us with access to best practices and tools that help ensure the quality of our governmental audits while providing the up-to-date information needed to advise our clients.

AICPA GAQC Member

Below is a listing of the recent municipality audit clients of our firm; further details about these engagements will be provided upon request.

Name	Audit Years
Town of Prescott Valley	2010-2024
City of Flagstaff	2023 & 2024
City of Tempe	2005-2024
City of Chandler	2003-2024
Town of Gilbert	2004-2024
City of Scottsdale	2015-2024
City of Surprise	2018-2024
City of Buckeye	2019-2024
Town of Fountain Hills	2016-2024
City of San Luis	2016-2024
City of Eloy	2013-2024

Name	Audit Years
City of Safford	2024
City of Winslow	2024
City of Maricopa	2006-2024
City of Apache Junction	2023 & 2024
City of Peoria	2024
Town of Carefree	2020-2024
City of Avondale	2022-2024
City of Tucson	2017-2023
Town of Payson	2017-2023
City of Yuma	1995-2023
City of Goodyear	2023 & 2024

Our specialization in governments and nonprofits provides you with the security that serving these industries is our first priority, as we have no commercial, for-profit, or tax clients that demand our time or resources. Our focus on the public sector also ensures that the assigned team will be knowledgeable, experienced and qualified. Because of our emphasis on governmental accounting, our auditors will be properly trained and supervised to address the Town's unique audit and reporting challenges.

Industry Involvement

We are also involved with a number of industry organizations, committees and other activities, providing our team with the opportunity to remain current on governmental audit and reporting issues. The involvement by our auditors and consultants includes:

- Brittney Williams is a member of the Association of Government Accountants (AGA) Financial Management Standards Board.
- Brittney Williams is a member of the AICPA PCPS Technical Issues Committee.
- Christopher Heinfeld is a member of the Arizona State Board of Accountancy Accounting and Auditing Advisory Committee.
- Eugene Park is the Chair Elect of the ASCPA Board of Directors.
- Joshua Jumper is a Special Review Committee Member of the GFOA's annual financial report certificate program.
- Christopher Heinfeld is a member of the DCPA (Digital CPA Conference) Advisory Board.
- Brittney Williams served as a member of the AICPA Governmental Audit Quality Center Executive Committee.
- Brittney Williams is a member of the Peer Review Committee for the CalCPA Peer Review Program.
- Jennifer Shields serves on the committee for the ASCPA Annual Governmental Accounting Conference.
- Five firm members are Certified Government Finance Managers (CGFM) recognized by the AGA.

Outside Presentations

We are frequently asked to share our expertise as presenters at conferences and trainings for organizations such as GFOAz, AGA, AICPA, and ASCPA. Our recent and upcoming presentations include:

Grants/SEFA (GFOAz 2025 Winter Conference)
Keeping Up with GASB – Understanding the Compensated Absences Changes (AASBO 2025 Audit & Compliance Winter Conference)
Tips and Tricks for Creating a PAFR (GFOAz 2024 Summer Conference)
Audit Updates (AGA Phoenix Chapter 2024 Professional Development Conference)
Conflict of Interest Refresher (AASBO 2024 Spring Conference)
Fraud Prevention Panel (GFOAz 2024 Winter Conference)
Reading and Understanding Actuarial Reports – Pension Funding and Accounting (GFOAz 2024 Winter Conference)
GASB Update (GFOAz 2024 Winter Conference)
Single Audit Hot Topics (AASBO 2024 Audit & Compliance Winter Conference)
Managing the Audit of the Future Now (CPA.com Digital CPA Conference 2023)
GASB Update (AGA San Antonio Chapter training, September 2023)
Governmental Audit Potpourri (AGA Phoenix 2023 Professional Development Training)

Governmental Reporting Standards

As HeinfeldMeech primarily provides services to governmental entities, we commit significant resources to training our professional staff on governmental reporting and compliance requirements and assisting our clients with the implementation of new GASB standards. Participation by HeinfeldMeech in national industry committees also provides our firm with pre-issuance access and input to changes in GASB financial report requirements and audit methodology techniques.

Our firm is also a leading expert in this area and has been asked to conduct numerous trainings on changes to government accounting and auditing standards including those on the lease accounting standard, compensated absences, subscription-based information technology arrangements, conduit debt obligations, pension and OPEB accounting and reporting requirements, Uniform Guidance, auditing standards, audit quality and Government Auditing Standards.

External Quality Control Review

As required by our profession and the State of Arizona, every three years HeinfeldMeech participates in a review of the firm's system of quality controls. A report with a rating of pass was issued October 4, 2024, by the firm of Grant Bennett Associates, A.P.C. A copy of this report is enclosed in Exhibit 2. The quality control review included governmental audits performed by our firm, with an in-depth review of the working papers and reports.

References

Town of Prescott Valley

Contact: Irina Ermakova, Finance Manager
7501 E. Skoog Blvd., Prescott Valley, AZ 86314
(928) 759-3127
iermakova@pvaz.net
Scope of work: Financial statement audit, Single Audit, review of financial report for GFOA submission, expenditure limitation report audit, HURF report, financial statement audits of community facilities districts, and biennial agreed-upon procedures for development impact fees
Audit dates: June 30, 2010 through 2024
Total Staff Hours: 400
Engagement Partner: Michael L. Lauzon, CPA, MBA
Current Contract Initiation: March 23, 2020
Contract Expiration: March 22, 2025

Northern Arizona Council of Governments

Contact: Chris Fetzer, Executive Director or Allison Priest, Finance Director
119 E. Aspen Ave., Flagstaff, AZ 86001
(928) 774-1895 or (928) 774-1895 x1123
chris.fetzer@nacog.org or apriest@nacog.org
Scope of work: Financial statement audit and Single Audit
Audit dates: June 30, 2013 through 2024
Total Staff Hours: 250
Engagement Partner: Michael L. Lauzon, CPA, MBA
Current Contract Initiation: May 6, 2022
Contract Expiration: Option to renew available annually through May 5, 2027

City of Flagstaff

Contact: Brandi Suda, Finance Director
211 W. Aspen Ave.
Flagstaff, AZ 86001-5399
(928) 213-2217
bsuda@flagstaffaz.gov
Scope of work: Financial statement audit, Single Audit, review of financial report for GFOA submission, HURF reports, expenditure limitation report audit, ADEQ landfill assurance, FAA reporting, annual financial reports for community facility districts, and biennial agreed-upon procedures for development impact fees
Audit dates: June 30, 2023 and 2024
Total Staff Hours: 650
Engagement Partner: Michael L. Lauzon, CPA, MBA
Current Contract Initiation: July 7, 2023
Contract Expiration: July 7, 2027 with option to renew for three additional years

Flagstaff Metropolitan Planning Organization, dba MetroPlan

Contact: Kate Morley, AICPA, Executive Director
3373 N. Kaspar Dr.
Flagstaff, AZ 86004
(928) 266-1293
kate.morley@metroplanflg.org
Scope of work: Financial statement audit and Single Audit
Audit dates: June 30, 2022 through 2024
Total Staff Hours: 130
Engagement Partner: Michael L. Lauzon, CPA, MBA
Current Contract Initiation: August 3, 2022
Contract Expiration: Option to renew available annually through August 2, 2027

Town of Fountain Hills

Contact: Paul Soldinger, Chief Financial Officer
16705 E. Avenue of the Fountains
Fountain Hills, AZ 85268
(480) 816-5162
psoldinger@fountainhillsaz.gov
Scope of work: Financial statement audit, review of financial report for GFOA submission, HURF report, and expenditure limitation report audit
Audit dates: June 30, 2016 through 2024
Engagement Partner: Joshua Jumper, CPA, CGFM
Total Staff Hours: 300
Current Contract Initiation: June 2, 2021
Contract Expiration: Option to renew available annually through June 1, 2026

Prior Engagements with the Town

Heinfeld, Meech & Co., P.C. has not been engaged by the Town of Chino Valley to perform professional services within the last five (5) years.

KEY POSITIONS

Key Personnel Members

The following individuals have been identified to supervise this engagement for the Town. These individuals have extensive experience auditing local governmental entities.

- Engagement Partner – Michael L. Lauzon, CPA, MBA
- Audit Supervisor – James Shankland, CPA
- In-Charge Auditor – Cameron D. Kolb, CPA, CMA

Roles and Responsibilities of Key Positions

Direction and supervision over the audit team to ensure compliance with professional standards, as well as a high level of client service, includes the following.

Responsibilities of the engagement partner include:

- Assistance with scheduling and team assignments
- Review of planning documentation and initial audit plan
- On-site assistance as required for critical portions of the audit
- Technical review of financial statements and working papers
- Responsibility to address any concerns from Town management regarding audit matters
- Responsibility to address and complete technical and complex audit procedures
- Technical assistance to Town personnel
- Authorization of issuance of audit reports to the Town and other parties

Responsibilities of the audit supervisor include:

- Assistance with planning of the audit engagement
- Planning and monitoring overall audit progress
- Fieldwork supervision when the engagement partner is not on-site
- Supervision of assigned associates during all phases of the audit
- Performance of testwork and evaluation of the Town’s internal controls as needed
- Evaluation of Town’s internal controls prior to substantive testing
- Evaluation of the Town’s financial records for compliance with generally-accepted accounting principles, federal and state laws, regulations, policies and procedures
- Additional analysis of Town’s accounts or performance of other audit work as necessary
- Responsibility to address and complete technical and complex audit procedures
- Technical assistance to Town personnel
- Initial reviews of working papers and certain compliance reports

Responsibilities of the in-charge auditor include:

- Supervision of fieldwork at the Town
- Providing technical assistance to Town as necessary during the audit process
- Providing questionnaires with information to be prepared by Town before fieldwork
- Completion of audit procedures to meet deadlines, including delegation of work to assigned associates
- Interviewing Town personnel for data and direction in obtaining information
- Supervision of assigned associates during all stages of the audit
- Responsibility for maintenance of proper engagement working papers and supporting documentation
- Preparation of final assurance reports for clients
- Conducting entrance and exit conferences with clients

Subcontractor

Our firm does not plan on utilizing a subcontractor for the completion of this engagement.

Resumes

Resumes, as well as the listings for the past three years of continuing professional education, for each key personnel member is provided in Exhibit 3.

PROJECT APPROACH

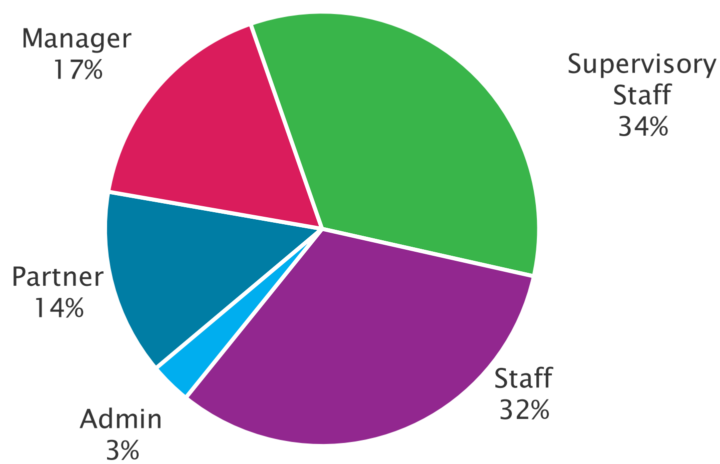
Work Plan and Audit Methodology

Proposed Segmentation, Including Level of Assigned Staff Hours

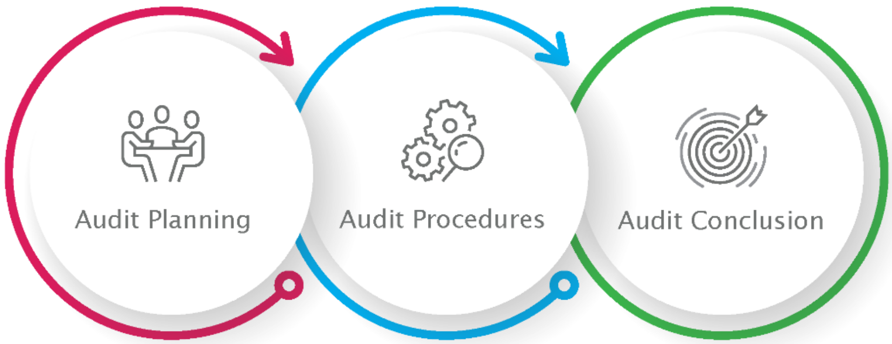
Based upon our understanding of the Town's operations and accounting systems, we estimate the following hours will be required to complete the engagement.

	Partner	Supervisor	In-Charge	Staff	Admin	Total
Audit planning	13	13	20	14		60
Substantive audit procedures						
Assets	5	5	15	15		40
Liabilities	5	5	15	10		35
Revenue	5	5	15	15		40
Expenses	2	3	5	10		20
Data analytic procedures		4	5	6		15
Tests of operational controls			10	25		35
Compliance procedures		5	10	10		25
Audit conclusion	15	15	15	0		45
Administrative					10	10
TOTAL	45	55	110	105	10	325

Number of Hours by Staff Level



Audit Phases and Work Plan



This section provides an outline of work typically completed by HeinfeldMeech during each of the major phases of the audit.

Audit Planning

Audit planning procedures will begin at the time of the contract award. These procedures will develop the audit team's understanding of the Town's operations, will be used to clarify audit objectives, and will help with the development of a detailed audit plan.

- Preparation and issuance of engagement letter
- Conduct an entrance conference with key personnel as deemed necessary
- Perform risk assessment procedures
    - Inquiries of management and staff
    - Preliminary analytical procedures
    - Observation of operations
    - Perform transaction walkthroughs
    - Engagement team discussions
- Develop an understanding of client, the environment and internal controls
    - Review prior year financial statements and applicable accounting records
    - Review of industry guides, regulatory information, statutes, internal/external reports, etc.
    - Preparation of process and control memorandums
    - Completion and review of internal control questionnaires
    - Obtain understanding of information technology systems
- Develop a preliminary judgment of materiality
- Develop a detailed audit plan to include preparation of audit programs
- Identification of major Federal programs for Single Audit, as applicable
- Develop sampling scopes for tests of controls and compliance testing, as applicable
- Identify responsibilities and assign tasks to the audit staff and Town personnel
- Submit audit questionnaires to audit liaison for assignment to Town staff
- Other planning procedures, as deemed necessary

Audit Procedures

Certain core audit procedures will be performed at the Town during scheduled fieldwork dates; however our firm also minimizes disruption for Town operations by conducting audit procedures remotely when appropriate and practical. Town management and staff should be available during any scheduled fieldwork dates for discussions and to provide requested materials.

- Perform tests of key operational controls, such as:
  - Payroll and related benefits
  - Disbursements and accounts payable
  - Capital asset additions and deletions
  - Cash receipts, including taxes and charges for services
- Develop and perform compliance tests for applicable compliance requirements, including Uniform Guidance requirements, as applicable
- Perform substantive procedures over the Schedule of Expenditures of Federal Awards, as applicable
- Perform substantive procedures on the primary financial statement accounts
  - Cash and investments
  - Receivables, including interfund balances
  - Capital assets
  - Payables, including accounts payable and accrued wages and benefits
  - Long-term debt, including compensated absences, bonds, loans, notes, SBITA, and capital leases
  - Net position liability and related accounts
  - Intergovernmental revenues, including grants and contributions
  - Tax revenues
  - Charges for services (governmental and proprietary)
  - Other sources/uses, including interfund transfers, debt proceeds, and capital contributions
  - Payroll and related benefit expenditures/expenses
  - Goods and services expenditures/expenses
  - Debt service expenditures
  - Data analytic procedures on various account balances
- Other necessary audit procedures, if applicable

Audit Conclusion

Audit conclusion procedures include the communication of the audit results to the Town's management, quality control procedures over the audit, and drafting and final distribution of applicable audit reports.

- Perform final analytical review procedures
- Perform subsequent events review
- Perform exit conferences with Town staff upon completion of audit
- Perform final review of working papers and audit programs
- Audit staff to draft applicable audit and compliance reports
- Engagement partner to review financial statements and audit reports
- Secondary partner review of financial statements and key audit documentation, as needed
- Issuance of applicable audit communications
- Distribute final audit reports to applicable recipients

Sample Sizes

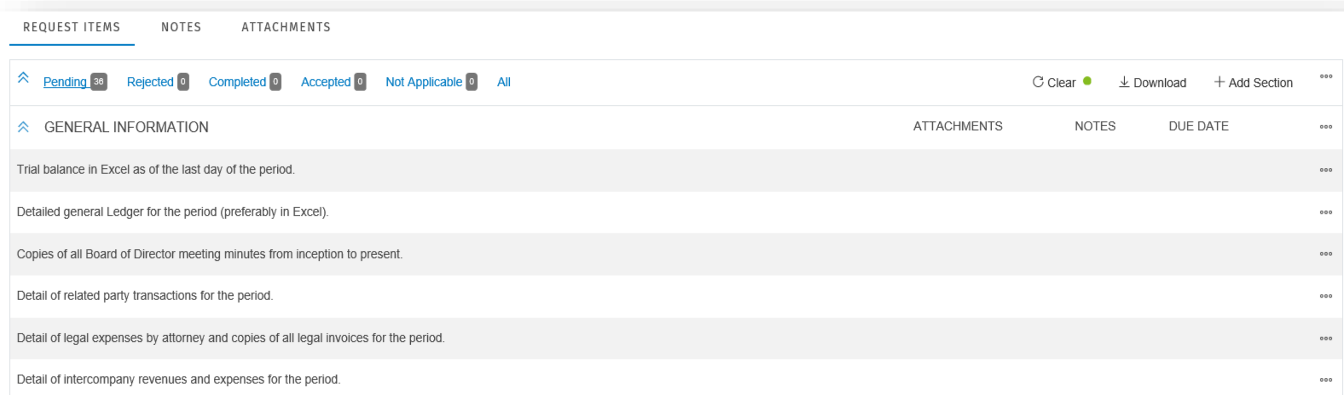
Our firm will select sample sizes derived from the entire population of transactions within the major transaction cycles, depending on materiality, our assessment of the Town's internal controls as a result of risk assessment procedures. Typical sample sizes for a particular control test range from 25 to 60 transactions; however sample sizes are modified based on our assessment of the controls and risk of misstatement.

Statistical sampling will typically be utilized for larger, significant transaction classes such as payroll, disbursements, and certain cash receipts. Statistical sampling will be completed utilizing CaseWare IDEA Data Analysis Software. Nonstatistical haphazard or judgmental selections will be utilized for smaller populations that do not provide for the application of statistical sampling, or populations that have attribute testing considerations.

Extent and Use of EDP Software and Other Technology

HeinfeldMeech utilizes the following technological resources during audit engagements:

- Citrix server environment to ensure audit personnel have secured remote access to data throughout the engagement;
- CCH ProSystem fx Knowledge Coach audit software that provides customizable audit programs, interactive diagnostics, and automated workflow;
- Microsoft basic software applications including word processing and spreadsheets to achieve our documentation and reporting objectives;
- CaseWare IDEA Data Analysis software that will be utilized to audit large data volumes and perform sampling procedures;
- CCH ProSystem fx Engagement Organizer to request, receive and track audit documentation, providing clients with the ability to view all requests, track due dates, upload documents, and make notes to the audit team;



- Video technologies such as Microsoft Teams and Zoom that may be used to conduct interviews and internal control walkthroughs with your staff; and
- Citrix ShareFile to obtain e-signatures for engagement letters, management representation letters, and confirmations.

Type and Extent of Analytical Procedures

As required by generally accepted auditing standards, analytical procedures are performed both in the planning and the final phases of the audit. The following are analytical methods and informational sources that may be used during the audit:

- Trend analysis:
  - Reporting transaction classes
  - Receivables and payables
  - Inventories
  - Charges for services - governmental
  - Compensated absences
  - Salaries and benefits
  - Depreciation
- Reasonableness testing:
  - Current year activity to budget
  - Investment income
  - Utility revenues
  - Salaries and benefits
  - Depreciation
  - Accrued payroll
- Ratio analysis:
  - Revenues and receivables
  - Inventories
  - Investment income
  - Salaries and benefits
  - Year-end cutoff
  - Claims payable

The use of analytical procedures will assist in identifying high risk areas as well as help us focus the audit test work on significant areas and accounts that require detailed testing. The use of the Town's internal reports will be used to the extent possible to perform the analytical procedures.

Use of Data Analytics Audit Methodology

HeinfeldMeech utilizes CaseWare IDEA software, a comprehensive, powerful tool that allows for faster and more effective auditing techniques over various audit areas. The use of data analytics will allow for audit procedures to be focused on those items which appear to be anomalies as identified through this analysis. In some instances, the use of data analytics will allow for the testing of complete sets of data rather than the sampling of a limited number of transactions.

Data analytics procedures applied in the audit may include:

- Analyzing month-to-month and year-to-year audit data to identify trends and anomalies
- Technology controls checks by comparing established user roles with user activity
- Applying Benford's Law to examine frequency distribution of transactions
- Identifying fluctuations and anomalies in bank account reconciliations
- Using "fuzzy logic" to identify addresses shared by employees and vendors
- Identifying anomalies and differences in capital asset listings from year to year
- Identifying and examining anomalies in payroll-related transactions
- Analysis of adjusting journal entries: including key word detection and analysis of approvals
- Modifying data from PDF files or disorganized Excel files for completion of audit procedures
- Verification of database information provided to pension and OPEB actuaries

Additional audit requests for data analytic procedures may include, but are not limited to, the following:

- Detail payroll data file
- Adjusting journal entries
- Employee maintenance files
- Vendor maintenance files
- Invoice processing file
- Banking and credit card/purchasing card reports

Gaining an Understanding of Internal Controls

Auditing standards require us to obtain an understanding of internal controls to plan the audit and to assist in determining the nature, timing and extent of audit procedures to be performed. Our understanding of the Town's internal control framework and related components will primarily be obtained through inquiry and discussions with management. In addition, an understanding of the Town's internal controls over financial reporting will be completed and documented through a series of internal control questionnaires. Key controls will be tested though observation, inspection of documents and detail tests of transactions. Resources such as the Town's budget, organizational charts, policy and procedure manuals, and assessment of information technology systems will be utilized accordingly to gain an understanding of the Town's internal control structure.

Determining Laws and Regulations Subject to Test Work

The determination of which laws and regulations that will be subject to audit test work will be determined through a number of inquiry and review procedures such as the following –

- Inquiry with Town personnel, including finance staff and grant administrators.
- Consideration of compliance requirements that have been identified in prior years' audits.
- Review the relevant portions of any directly related agreements, such as those related to grants and debt agreements.
- Review pertinent sections of laws and regulations, including State statutes.
- Review the minutes of meetings of the governing body.
- Inquiry of oversight organizations about applicable compliance requirements.
- Review of the Office of Management and Budget (OMB) Uniform Guidance, the Catalog of Federal Domestic Assistance, federal audit guides, and state and local policies and procedures, as applicable.

Audit Sampling for Tests of Compliance

Nonstatistical judgmental selection sampling is generally utilized for tests of compliance in order to ensure items selected meet the specific objectives of Uniform Guidance compliance requirement of the program or other applicable compliance requirement. The samples selected will be based on the specific requirements as outlined in the grant agreements, Uniform Guidance, or other applicable source. Sampling for tests of compliance for a Single Audit requires a planned low level of control risk. In addition, dual purpose samples will be utilized for Uniform Guidance audit procedures when deemed appropriate to test both the operating effectiveness of controls over compliance as well as compliance with a particular compliance requirement.

Work Efforts of Subsequent Years

Typically, the audit approach will not differ significantly in the second and subsequent years of audit engagements. Our firm will typically cycle audit procedures applied to different revenue sources and/or departments based on the results of the prior audit or identified areas of risk. However, the total transaction sampled and time commitment required by the Town will not change significantly throughout the audit contract unless there are substantial changes in the accounting processes by the Town or an increase in the number of Federal programs required to be audited.

In addition, although there may be changes in the specific staff assigned to the audit, the experience and qualifications of the staff levels as submitted in the proposal will not differ significantly in the subsequent years of the audit.

Identification of Anticipated Potential Audit Problems

We have not identified any anticipated audit problems during our assessment of the Town's operations in preparation of this proposal.

Sample Reports

Please see enclosed samples of applicable required reports prepared by the firm, which have been included in Exhibit 4.

Exhibit 1. Vendor Information Form

PART IV. VENDOR INFORMATION FORM

By submitting a Proposal, the submitting Vendor certifies that it has reviewed the administrative information and the terms and conditions of the sample Professional Services Agreement and, if awarded the Agreement, agrees to be bound thereto.

Vendor's Contact

Heinfeld, Meech & Co., P.C.	Diane Bradley and Michael Lauzon
Vendor Submitting Proposal	Name
05157280	Administrative Partner and Audit Partner
Arizona Corporation Commission File No.	Title
86-0558065	520-903-6867 or 928-556-5271
Federal Tax ID No.	Phone
10120 N Oracle Road	520-742-2718
Address	Fax
Tucson AZ 85704	diane.bradley@hm.cpa or michael.lauzon@hm.cpa
City State Zip	Email
www.hm.cpa	Diane Bradley
Website	Authorized Signature

SMALL, MINORITY, DISADVANTAGED, AND WOMEN-OWNED BUSINESS ENTERPRISES (check appropriate item(s):

______ Small Business Enterprise (SBE)
______ Minority Business Enterprise (MBE)
______ Disadvantaged Business Enterprise (DBE)
__X__ Women-Owned Business Enterprise (WBE)

Has the Vendor been certified by any jurisdiction in Arizona as a minority or woman-owned business enterprise? No

If yes, please provide details and documentation of the certification.

Exhibit 2. Peer Review Report

Report on the Firm's System of Quality Control

October 4, 2024

To Heinfeld, Meech & Co., P.C. and the Peer Review Committee of the California Society of CPAs

We have reviewed the system of quality control for the accounting and auditing practice of Heinfeld, Meech & Co., P.C. (the firm) in effect for the year ended May 31, 2024. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility
The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility
Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

Required Selections and Considerations
Engagements selected for review included engagements performed under *Government Auditing Standards*, including compliance audits under the Single Audit Act and an audit of an employee benefit plan.

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

Opinion
In our opinion, the system of quality control for the accounting and auditing practice of Heinfeld, Meech & Co., P.C. in effect for the year ended May 31, 2024, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Heinfeld, Meech & Co., P.C. has received a peer review rating of *pass*.

Grant Bennett Associates

GRANT BENNETT ASSOCIATES
A PROFESSIONAL CORPORATION
Certified Public Accountants

Exhibit 3. Professional Staff Resumes and CPE

Engagement Partner – Michael L. Lauzon, CPA, MBA

Michael Lauzon received a B.S. degree in Accounting from Sacred Heart University and completed his Master of Business Administration at Northern Arizona University, before joining our audit division in 2003. He is a Certified Public Accountant (Arizona license #15729-E) and is a member of the AICPA, ASCPA, GFOA and GFOAz.

Knowledge and Experience:

- Engagement partner on more than 265 financial and compliance audits for governmental and non-profit entities
- Recipient of the Advanced Single Audit Certificate from the AICPA
- Instructor for firm-sponsored workshops and conferences
- Presenter at events sponsored by the ASCPA, GFOAz, Native American Grant School Association and the Arizona Association of School Business Officials
- Federal compliance rules and regulations
- Agreed-upon procedures and compliance reviews
- Development impact fee agreed-upon procedures for the City of Flagstaff and the Town of Prescott Valley
- Board Member for Habitat for Humanity of Northern Arizona
- *MAS* compliance reviews for municipal and county courts

Selected Audit List:

- City of Flagstaff
- Town of Prescott Valley
- City of Safford
- City of Winslow
- Town of Payson
- Northern Arizona Council of Governments
- Northern Arizona Intergovernmental Transportation Public Authority
- MetroPlan Greater Flagstaff
- Kayenta Township Commission
- Mingus Union High School District
- Snowflake Unified School District
- Lake Havasu Unified School District
- Chinle Unified School District
- Sedona-Oak Creek Joint Unified School District
- Kayenta Unified School District
- City of Nogales Employee Benefit Trust
- Pinal County Self-Funded Benefit Trust
- Mountain Public Employee Benefit Trust
- Williams Unified School District
- Heber-Overgaard Unified School District
- Blue Ridge Unified School District
- Chino Valley Unified School District
- Rough Rock Community School
- Wide Ruins Community School
- Dilcon Community School
- Flagstaff Bordertown Dormitory
- Rock Point Community School
- Northern Arizona Capital Facilities Finance Corporation
- Coconino County Community College Foundation

Contact Information:

(928) 556-5271

michael.lauzon@hm.cpa

Michael Lauzon
Continuing Professional Education - 2022-2024

Date	Class	Sponsor	Format	Total Hours	Gov. Hours
1/7/2022	January Training Day- Session I	Heinfeld, Meech & Co., P.C.	Live Seminar	1.6	1.6
2/11/2022	GFOAz Winter Conference	GFOAz	Live Seminar	9	4
4/29/2022	Grant School Conference	Heinfeld, Meech & Co., P.C.	Live Seminar	9.3	7.9
6/1/2022	Single Audit Updates	Heinfeld, Meech & Co., P.C.	Live Online Seminar	2.4	2.4
6/8/2022	GFOA National Conference	GFOA	Live Seminar	17.5	7
6/9/2022	School District Client Conference	Heinfeld, Meech & Co., P.C.	Live Seminar	4.1	4.1
8/12/2022	GFOAz Summer Conference	GFOAz	Live Seminar	6	
1/12/2023	GFOAz 2023 January Training	GFOAz	Live Seminar	3	3
1/13/2023	January Training Day- Session II	Heinfeld, Meech & Co., P.C.	Online (Audio - Live)	1.6	1.6
2/10/2023	GFOAz 2023 Winter Conference	GFOAz	Live Seminar	9	9
2/24/2023	Updated Coder and Plan for 2023	Heinfeld, Meech & Co., P.C.	Live Online Seminar	2.4	2.4
4/17/2023	Professional Ethics Update for Arizona CPA's	Arizona Society of Certified Public Accountants (ASCPA)	Live Online Seminar	4	
4/19/2023	Inspection Training	Heinfeld, Meech & Co., P.C.	Live Seminar	6.4	6.4
5/4/2023	Grant School Conference - Internal Controls	Heinfeld, Meech & Co., P.C.	Teaching (Full-time)	1.5	1.5
5/5/2023	2023 Grant School Conference	Heinfeld, Meech & Co., P.C.	Live Seminar	7	3.4
6/15/2023	School District Client Conference	Heinfeld, Meech & Co., P.C.	Online (Video - Live)	5	2
6/29/2023	TB Implementation - Part II	Heinfeld, Meech & Co., P.C.	Online (Video - Live)	2.4	
7/11/2023	Single Audit Updates	Heinfeld, Meech & Co., P.C.	Online (Video - Live)	1.5	1.5
7/13/2023	TB Implementation - Part III	Heinfeld, Meech & Co., P.C.	Online (Video - Live)	2.4	
8/11/2023	GFOAz Summer Conference	GFOAz	Live Seminar	8.5	8.5
2/7/2024	GFOAz 2024 Winter Conference	GFOAz	Live Seminar	1	1
2/8/2024	GFOAz 2024 Winter Conference	GFOAz	Live Seminar	4	4
2/9/2024	GFOAz 2024 Winter Conference	GFOAz	Live Seminar	3	3
2/23/2024	Audit Training Day	Heinfeld, Meech & Co., P.C.	Live Online Seminar	3	3
4/17/2024	Annual Inspection Training	Heinfeld, Meech & Co., P.C.	Live Seminar	7	7
5/2/2024	Grant School Conference	Heinfeld, Meech & Co., P.C.	Live Seminar	6.4	6.4
5/3/2024	Grant School Conference	Heinfeld, Meech & Co., P.C.	Live Seminar	3.3	3.3
6/9/2024	2024 Cybersecurity Update	Government Finance Officers Association (GFOA)	Live Seminar	1.5	1.5
6/9/2024	Engaging Academic Thinking in the Work of Government with the Public Finance Journal (PFJ)	GFOA	Live Seminar	1	
6/10/2024	Preparing School Districts for the ESSER Funding Cliff	GFOA	Live Seminar	1	1
6/10/2024	Putting Assets to Work: Unlocking the Value of Underused Real Estate	GFOA	Live Seminar	2	2
6/10/2024	The Climate Cost Collision: Addressing Climate Cost at the State and Local Level	GFOA	Live Seminar	1.5	1.5
6/10/2024	Mission Impossible: Fixing the Challenges with Public Sector Hiring Practices	GFOA	Live Seminar	1.5	1.5
6/11/2024	Year in Washington, DC: Federal Updates	GFOA	Live Seminar	2	2
6/11/2024	Debt Market Trends and Future Outlook	GFOA	Live Seminar	1.5	1.5
8/8/2024	GFOAz Summer Conference	GFOAz	Live Seminar	4.5	4.5
8/9/2024	GFOAz Summer Conference	GFOAz	Live Seminar	3	
			TOTAL:	**151.8**	**109.5**

Audit Supervisor – James Shankland, CPA

James Shankland received a Bachelor's of Science degree in Accountancy from Northern Arizona University, before joining our firm in 2011. James has received his CPA license from the Arizona State Board of Accountancy (#17720) and is also a member of the AICPA and ASCPA.

Knowledge and Experience:

- Supervisory team member for more than 200 financial and compliance audits of local governments and non-profits
- Recipient of the Advanced Single Audit Certificate from the AICPA
- Annual Comprehensive Financial Report submissions to GFOA
- Former Board President of the ASCPA Northern Chapter
- Presenter at conferences and trainings sponsored by our firm, GFOAz, AGA Phoenix Chapter and AASBO
- Agreed-upon procedures and compliance reviews
- ARPA grant application reviews for Maricopa County
- Performance audit of the GO! Transportation Program for the City of Glendale
- Development impact fees agreed-upon procedures for the Town of Prescott Valley and City of Flagstaff
- *MAS* compliance reviews for county and municipal courts

Selected Audit List:

- Town of Prescott Valley (2014 through 2024)
- City of Flagstaff (2023 and 2024)
- City of Safford (2024)
- Northern Arizona Council of Governments (2013 through 2024)
- Town of Payson (2017 through 2023)
- Northern Arizona Intergovernmental Public Transportation Authority (2024)
- Kayenta Township Commission (2018 through 2021)
- Chino Valley Unified School District (2011 through 2024)
- Prescott Unified School District (2014 through 2024)
- Cave Creek Unified School District (2018 through 2024)
- Sedona-Oak Creek Joint Unified School District (2019 through 2024)
- Snowflake Unified School District (2022 through 2024)
- Blue Ridge Unified School District (2015 through 2024)
- Kayenta Unified School District (2013 through 2017 and 2023)
- Heber-Overgaard Unified School District (2016 through 2023)
- Mingus Union High School District (2013, 2015, 2019, 2020 and 2022)
- Flagstaff Bordertown Dormitory (2019 through 2024)
- Rough Rock Community School (2020 through 2023)
- Keams Canyon Elementary School (2021 and 2022)
- Shiprock Associated Schools (2019 through 2021)
- Northern Arizona Capital Facilities Finance Corporation (2021 through 2024)
- Coconino County Community College Foundation (2019 through 2021)

Contact Information:

(928) 556-5267

james.shankland@hm.cpa

James Shankland
Continuing Professional Education - 2022-2024

Date	Class	Sponsor	Format	Total Hours	Gov. Hours
1/7/2022	January Training Day- Session II	Heinfeld, Meech & Co., P.C.	Online (Audio - Live)	2.4	1.4
4/6/2022	Spring Conference 2022: All Aboard Arizona! The Journey to Leadership	Arizona Association of School Business Officials	Live Seminar	5.8	5.8
4/22/2022	Annual Inspection	Heinfeld, Meech & Co., P.C.	Live Seminar	10.2	7.8
4/28/2022	Grant School Conference	Heinfeld, Meech & Co., P.C.	Live Seminar	5	2.2
4/28/2022	Single Audit/Federal Updates	Heinfeld, Meech & Co., P.C.	Teaching (CE	2	2
4/29/2022	Grant School Conference - Day II	Heinfeld, Meech & Co., P.C.	Live Seminar	6	1.6
5/4/2022	CPEA Webcast: 2Q A&A Update	American Institute of Certified Public Accountants (AICPA)	Video (Group)	2	
8/3/2022	Understanding Governmental Accounting	Heinfeld, Meech & Co., P.C.	Teaching (CE Presente	7.2	7.2
1/13/2023	January Training Day	Heinfeld, Meech & Co., P.C.	Online (Audio - Live)	2.6	2.6
2/10/2023	GFOAz 2023 Winter Conference	GFOAz	Live Seminar	10	3.5
2/24/2023	Updated Coder and Plan for 2023	Heinfeld, Meech & Co., P.C.	Live Online Seminar	2.4	2.4
4/17/2023	Professional Ethics Update for Arizona CPAs	Arizona Society of Certified Public Accountants (ASCPA)	Live Online Seminar	4	
4/19/2023	Inspection Training	Heinfeld, Meech & Co., P.C.	Live Seminar	6.4	5.2
5/4/2023	What Happens After the Audit - Grant School Conference	Heinfeld, Meech & Co., P.C.	Teaching (CE Presenter)	2	2
5/4/2023	GASB Updates - Grant School Conference	Heinfeld, Meech & Co., P.C.	Teaching (CE	2	2
5/5/2023	2023 Grant School Conference	Heinfeld, Meech & Co., P.C.	Live Seminar	7.4	2.6
5/19/2023	Trial Balance Implementation Part I	Heinfeld, Meech & Co., P.C.	Online (Video - Live)	2.2	2.2
5/21/2023	GFOA 2023 Annual Conference	Government Finance Officers Association	Live Seminar	14.5	4
6/29/2023	TB Implementation - Part II	Heinfeld, Meech & Co., P.C.	Live Online Seminar	2.4	2.4
7/11/2023	Single Audit Updates	Heinfeld, Meech & Co., P.C.	Online (Video - Recorded)	1.5	1.5
7/13/2023	TB Implementation - Part III	Heinfeld, Meech & Co., P.C.	Live Online Seminar	2.4	2.4
7/27/2023	TB Implementation - Part IV	Heinfeld, Meech & Co., P.C.	Online (Video - Live)	2.4	2.4
9/8/2023	Legislative and Audit Updates	Heinfeld, Meech & Co., P.C.	Live Seminar	1.8	
10/27/2023	Professional Issues Update - Flagstaff	ASCPA	Live Seminar	1	
1/18/2024	2024 Local & State Conference - Session I	Heinfeld, Meech & Co., P.C.	Live Online Seminar	1	
1/18/2024	2024 Local & State Conference - Session III	Heinfeld, Meech & Co., P.C.	Live Online Seminar	1.6	1.6
1/18/2024	2024 Local & State Conference - Session II	Heinfeld, Meech & Co., P.C.	Live Online Seminar	2	
1/18/2024	2024 Local & State Conference - Session IV	Heinfeld, Meech & Co., P.C.	Live Online Seminar	1	1
2/9/2024	GFOAz 2024 Winter Conference	GFOAz	Live Seminar	10	8
3/2/2024	Audit Training Day - Session II	Heinfeld, Meech & Co., P.C.	Online (Video - Recorded)	1.2	1.2
3/2/2024	Audit Training Day - Session I	Heinfeld, Meech & Co., P.C.	Online (Video - Recorded)	2.4	2.4
4/17/2024	Annual Inspection Training	Heinfeld, Meech & Co., P.C.	Live Seminar	7	7
5/3/2024	Grant School Conference	Heinfeld, Meech & Co., P.C.	Live Seminar	10.8	3.4
8/9/2024	GFOAz 2024 Summer Conference	GFOAz	Live Seminar	7.5	7.5
8/28/2024	Professional Issues Update - Flagstaff	ASCPA	Live Online Seminar	1	
9/6/2024	A&A Update Refresher - Firm Day	Heinfeld, Meech & Co., P.C.	Live Seminar	1	1
9/6/2024	Legislative and Qasimyar Lawsuit Update - Firm Day	Heinfeld, Meech & Co., P.C.	Live Seminar	1	
			TOTAL:	**153.1**	**96.3**

In-Charge Auditor – Cameron D. Kolb, CPA, CMA

Cameron (Cami) Kolb was awarded a Bachelor of Science degree in Accountancy from Northern Arizona University. She joined our firm as a full-time associate in 2021. She has been awarded her CPA license by the Arizona State Board of Accountancy (#20700) and is a member of the ASCPA.

Knowledge and Experience:

- Experience working on more than 55 financial and compliance audits for local governments and non-profits
- Preparation of governmental financial statements
- Single Audits (Uniform Guidance)
- Reviews of Annual Comprehensive Financial Reports for ASBO International's Certificate of Excellence Program
- Presenter at firm-sponsored conferences
- Arizona Revised Statutes (A.R.S.)
- Performance audits under GAGAS for the Navajo Nation – Littlewood Chapter, Tselani-Cottonwood Chapter and Greasewood Springs Chapter
- *MAS* compliance reviews for county courts

Selected Audit Experience:

- Northern Arizona Council of Governments (2024)
- Chino Valley Unified School District (2023 and 2024)
- City of Flagstaff (2023 and 2024)
- Town of Prescott Valley (2023 and 2024)
- Lake Havasu Unified School District (2021 through 2024)
- Kayenta Unified School District (2023 and 2024)
- Sedona-Oak Creek Joint Unified School District (2021 through 2024)
- Cottonwood-Oak Creek Elementary School District (2024)
- Heber-Overgaard Unified School District (2021 and 2022)
- Prescott Unified School District (2021 and 2022)
- Humboldt Unified School District (2021 and 2022)
- Snowflake Unified School District (2021 and 2022)
- Sanders Unified School District (2021 and 2022)
- Chinle Unified School District (2021 and 2022)
- Mingus Union High School District (2023)
- Blue Ridge Unified School District (2021 through 2023)
- Cave Creek Unified School District (2022 and 2023)
- Rough Rock Community School (2021 through 2023)
- Nazlini Community School (2023 and 2024)
- Winslow Residential Hall (2022)
- Hanaadli Community School Dormitory (2021 and 2022)
- Rock Point Community School (2021 and 2022)
- Hopi School (2022)

Contact Information:

(928) 556-5266

cameron.kolb@hm.cpa

Cameron Kolb

Continuing Professional Education - 2022-2024

Date	Class	Sponsor	Format	Total Hours	Gov. Hours
1/7/2022	January Training Day	Heinfeld, Meech & Co., P.C.	Online (Audio - Live)	4	4
4/15/2022	COSO Staff training	Checkpoint Learning (Self Study)	Online (Video - Recorded)	3	3
4/21/2022	Inspection Training	Heinfeld, Meech & Co., P.C.	Live Seminar	10.2	7.8
4/29/2022	Grant School Conference	Heinfeld, Meech & Co., P.C.	Live Seminar	6	1.6
5/13/2022	School District Revenue	Heinfeld, Meech & Co., P.C.	Live Online Seminar	1.8	1.8
5/26/2022	Beginning Fund Balance	Heinfeld, Meech & Co., P.C.	Live Online Seminar	1.8	1.8
6/1/2022	Single Audit Updates	Heinfeld, Meech & Co., P.C.	Live Online Seminar	2.4	2.4
7/28/2022	NPO Revenue Recognition and Leases	Heinfeld, Meech & Co., P.C.	Live Online Seminar	2.4	2.4
7/28/2022	Government-wide Workpapers	Heinfeld, Meech & Co., P.C.	Online (Audio - Live)	2.4	2.4
8/12/2022	Capital Assets	Heinfeld, Meech & Co., P.C.	Live Online Seminar	2.4	2.4
9/15/2022	Report Draft Simulation	Heinfeld, Meech & Co., P.C.	Live Seminar	9.6	9.6
9/16/2022	Report Draft Simulation	Heinfeld, Meech & Co., P.C.	Live Seminar	9.6	9.6
1/13/2023	January Training Day	Heinfeld, Meech & Co., P.C.	Online (Audio - Live)	3.6	3.6
2/24/2023	Updated Coder and Plan for 2023	Heinfeld, Meech & Co., P.C.	Live Online Seminar	2.4	2.4
3/8/2023	How to Lead a Preliminary Fieldwork	Heinfeld, Meech & Co., P.C.	Online (Video - Recorded)	2.4	2.4
4/17/2023	Professional Ethics Updates	Arizona Society of Certified Public Accountants	Live Online Seminar	4	
4/19/2023	Inspection Training	Heinfeld, Meech & Co., P.C.	Live Seminar	6.4	5.2
5/4/2023	Audit Hot Topics	Heinfeld, Meech & Co., P.C.	Live Seminar	2	2
5/5/2023	2023 Grant School Conference	Heinfeld, Meech & Co., P.C.	Live Seminar	9.8	3.4
5/19/2023	Trial Balance Implementation Part I	Heinfeld, Meech & Co., P.C.	Online (Video - Live)	2.2	
6/15/2023	Reporting Crosswalk	Heinfeld, Meech & Co., P.C.	Live Online Seminar	0.5	0.5
6/15/2023	Federal Updates	Heinfeld, Meech & Co., P.C.	Live Online Seminar	0.5	0.5
6/15/2023	GASB	Heinfeld, Meech & Co., P.C.	Live Online Seminar	1	1
6/15/2023	2022 SD Audit Recap and 2023 Look Forward	Heinfeld, Meech & Co., P.C.	Live Online Seminar	1	1
6/15/2023	Hot Topics	Heinfeld, Meech & Co., P.C.	Live Online Seminar	1	
7/11/2023	Single Audit Updates	Heinfeld, Meech & Co., P.C.	Live Online Seminar	1.5	1.5
7/13/2023	TB Implementation - Part III	Heinfeld, Meech & Co., P.C.	Live Online Seminar	2.4	2.4
2/14/2024	Excel: 3 Ninja Level Skills	CPAacademy.org	Online (Video - Live)	1	
2/14/2024	Revolutionizing AP Automation	CPAacademy.org	Online (Audio - Live)	1	
2/23/2024	TB Implementation Updates for 2024	Heinfeld, Meech & Co., P.C.	Live Online Seminar	1.2	1.2
2/23/2024	An Update on SAS 143-145 & 147-148	Heinfeld, Meech & Co., P.C.	Live Online Seminar	1.2	1.2
2/23/2024	Audit Sampling	Heinfeld, Meech & Co., P.C.	Live Online Seminar	1.2	1.2
4/4/2024	AICPA Peer Review Technical Reviewer Update Course	American Institute of Certified Public Accountants	Online (Video - Recorded)	2.5	
5/2/2024	GASB Updates	Heinfeld, Meech & Co., P.C.	Live Seminar	1	1
5/2/2024	Federal Procurement Updates	Heinfeld, Meech & Co., P.C.	Live Seminar	1.5	1.5
5/2/2024	Utilizing AI Technology for Grant Schools	Heinfeld, Meech & Co., P.C.	Live Seminar	1.7	
5/3/2024	Tribal Retirement Education	Heinfeld, Meech & Co., P.C.	Live Seminar	0.6	
5/3/2024	Audit Hot Topics	Heinfeld, Meech & Co., P.C.	Live Seminar	0.8	0.8
5/3/2024	Student Drug Searches	Heinfeld, Meech & Co., P.C.	Live Seminar	1.2	
5/3/2024	Board Member Responsibilites/Ethics	Heinfeld, Meech & Co., P.C.	Live Seminar	1.2	
5/22/2024	The 2024 GAO Yellowbook Interpreted	Yellowbook-cpe.com	Other	10	10
6/13/2024	USFR Chart of Accounts	Heinfeld, Meech & Co., P.C.	Live Online Seminar	0.5	0.5
6/13/2024	School District Conference Part 3	Heinfeld, Meech & Co., P.C.	Live Online Seminar	0.5	0.5
6/13/2024	Single Audit Update	Heinfeld, Meech & Co., P.C.	Live Online Seminar	0.5	0.5
6/13/2024	Leases, SBITAs, Grouped Assets, & Comp Abs, Oh My!	Heinfeld, Meech & Co., P.C.	Live Online Seminar	1	1
6/13/2024	Hot Topics	Heinfeld, Meech & Co., P.C.	Live Online Seminar	1	
			TOTAL:	**125.9**	**94.1**

Exhibit 4. Sample Reports

Independent Auditor's Report

Honorable Mayor and Members of the City Council
City of [redacted] Arizona

Report on Audit of Financial Statements

Opinions
We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component units and remaining fund information of the City of [redacted] Arizona (the "City"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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 discretely presented component units and remaining fund information of the City of [redacted] Arizona, Arizona, as of June 30, 2023, 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.

Basis for Opinions
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.

Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of City of [redacted] Arizona, Arizona, and to meet our other ethical responsibilities in accordance with the 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 audit opinions.

Change in Accounting Principle
As described in Note 1, the City implemented the provisions of the GASB Statement No. 91, *Conduit Debt Obligations*, Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* and Statement No. 96, *Subscription-Based Information Technology Arrangements*, for the year ended June 30, 2023, which represents a change in accounting principle. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for one year beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. 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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements. In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, 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 amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information, net pension liability information, and other postemployment benefit plan information, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Other Financial Statements, as listed in the table of contents, are presented for purposes of additional analysis and are 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. Such 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 Other Financial Statements, are fairly stated in all material respects, in relation to the basic financial statements as a whole.

Other Information
Management is responsible for the other information included in the annual report. The other information comprises the Introductory Section and Statistical Section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on other work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2023, on our consideration of City of [redacted] 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 solely 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 the effectiveness of 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 City of [redacted] Arizona's internal control over financial reporting and compliance.

Heinfeld Meech & Co. PC

Heinfeld, Meech & Co., P.C.
Scottsdale, Arizona
December 22, 2023

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Honorable Mayor and Members of the City Council
City of [redacted] 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, the discretely presented component units and the aggregate remaining fund information of City of [redacted] Arizona, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise City of [redacted] Arizona's basic financial statements, and have issued our report thereon dated December 22, 2023. Our report included an emphasis of matter paragraph as to comparability because of the implementation of Governmental Accounting Standards Board Statements No. 91, *Conduit Debt Obligations*, No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* and No. 96, *Subscription-Based Information Technology Arrangements.*

We have also audited the financial statements of the [redacted] which is reported as a discretely presented component unit of the City of [redacted] Arizona. This report does not include the results of our testing of internal control over financial reporting and compliance and other matters of the [redacted] We have issued a separate report in accordance with Government Auditing Standards for the [redacted] dated December 12, 2023.

We have also audited the financial statements of the [redacted] which is reported as a discretely presented component unit of the City of [redacted] Arizona. This report does not include the results of our testing of internal control over financial reporting and compliance and other matters of the [redacted] We have issued a separate report in accordance with Government Auditing Standards for the [redacted] dated December 15, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of [redacted] 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 City of [redacted] Arizona's internal control. Accordingly, we do not express an opinion on the effectiveness of City of [redacted] 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 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 have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of [redacted] 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.

Heinfeld Meech & Co. PC

Heinfeld, Meech & Co., P.C.
Scottsdale, Arizona
December 22, 2023

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Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Honorable Mayor and Members of the City Council
City of [redacted] Arizona

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited City of [redacted] Arizona'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 City of [redacted] Arizona's major federal programs for the year ended June 30, 2023. City of [redacted] Arizona'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, City of [redacted] Arizona 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, 2023.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of City of [redacted] Arizona 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 City of [redacted] Arizona'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 City of [redacted] Arizona's federal programs.

Auditor's 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 City of [redacted] Arizona'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 City of [redacted] Arizona'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 City of [redacted] Arizona'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 City of [redacted] Arizona'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 Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of City of [redacted] Arizona's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's 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, the discretely presented component units and the aggregate remaining fund information of City of [redacted] Arizona as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise City of [redacted] Arizona's basic financial statements. We issued our report thereon dated December 22, 2023, which contained unmodified opinions on those financial statements. Our audit was conducted 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 taken as a whole.

Heinfeld Meech & Co. PC

Heinfeld, Meech & Co., P.C.
Scottsdale, Arizona
December 22, 2023

Significant Accounting Policies Used in Preparing the SEFA

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of City of [redacted] Arizona under programs of the federal government for the year ended June 30, 2023. The information in the 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 City, it is not intended to and does not present the financial position, changes in net position or cash flows of the City. Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Any negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

10% De Minimis Indirect Cost Rate

The auditee did not use the de minimis indirect cost rate.

Assistance Listing Numbers

The program titles and Assistance Listing numbers were obtained from the federal or pass-through grantor or through sam.gov. If the three-digit Assistance Listing extension is unknown, there is a U followed by a two-digit number in the Assistance Listing extension to identify one or more Federal award lines from that program. The first Federal program with an unknown three-digit extension is indicated with U01 for all award lines associated with that program, the second is U02, etc.

Summary of Auditor's Results:

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:
- Significant deficiency(ies) identified: No
- Material weakness(es) identified: No

Noncompliance material to financial statements noted: No

Federal Awards

Internal control over major programs:
- Significant deficiency(ies) identified: No
- Material weakness(es) identified: No

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 §200.516 of Uniform Guidance: No

Identification of major programs:

Assistance Listing Numbers	Name of Federal Programs or Clusters
14.218	CDBG Entitlement Grants Cluster
20.205	Highway Planning and Construction Cluster
21.023	Emergency Rental Assistance Program
21.027	Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between Type A and Type B programs: $1,388,128

Auditee qualified as low-risk auditee: Yes

Findings Related to Financial Statements Reported in Accordance with *Government Auditing Standards*: No

Findings and Questioned Costs Related to Federal Awards: No

Summary Schedule of Prior Audit Findings required to be reported: No

Independent Accountant's Report

The Auditor General of the State of Arizona

The Honorable Mayor and City Council
of the City of [redacted] Arizona

We have examined the accompanying Annual Expenditure Limitation Report of the City of [redacted] Arizona for the year ended June 30, 2023, and the related notes to the report. The City's management is responsible for presenting this report in accordance with the Uniform Expenditure Reporting System as described in Note 1. Our responsibility is to express an opinion on this report based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether this report is presented in accordance with the Uniform Expenditure Reporting System, in all material respects. An examination involves performing procedures to obtain evidence about the amounts and disclosures in the report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of the report, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

In our opinion, the Annual Expenditure Limitation Report referred to above is presented, in all material respects, in accordance with the Uniform Expenditure Reporting System as described in Note 1.

Heinfeld Meech & Co. PC

Heinfeld, Meech & Co., P.C.
Scottsdale, Arizona
January 24, 2024

Independent Accountant's Report

Honorable Mayor and Members of the City Council
City of [redacted] Arizona

We have examined the City of [redacted] Arizona's (City) compliance as to whether highway user revenue fund monies received by the City pursuant to Arizona Revised Statutes Title 28, Chapter 18, Article 2, and any other dedicated state transportation revenues received by the City, were used solely for authorized transportation purposes during the fiscal year ended June 30, 2023. Management is responsible for the City's compliance with those specified requirements. Our responsibility is to express an opinion on the City's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the AICPA. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the City complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion. Our examination does not provide a legal determination on the City's compliance with specified requirements.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

In our opinion, the City of [redacted] Arizona complied, in all material respects, with the aforementioned requirements for the fiscal year ended June 30, 2023.

Heinfeld Meech & Co. PC

Heinfeld, Meech & Co., P.C.
Scottsdale, Arizona
December 22, 2023

Independent Accountant's Report on
Applying Agreed-Upon Procedures

Arizona Supreme Court, Administrative Office of the Courts

Presiding Judge, The Honorable Kevin Kane, of the [redacted] Municipal Court

We have performed the procedures enumerated below related to [redacted] Municipal Court's compliance with the requirements set forth in the Arizona Code for Judicial Administration §1-401, Minimum Accounting Standards (MAS) during the period July 1, 2022 to June 30, 2023. [redacted] Municipal Court's management is responsible for the compliance with those specified requirements.

[redacted] Municipal Court's management has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of assisting users in determining whether the entity complied with the specified requirements. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

We were engaged by [redacted] Municipal Court's management to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to, and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on compliance with the specified requirements. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of [redacted] Municipal Court's management and to meet our other ethical responsibilities, in accordance with relevant ethical requirements related to our agreed-upon procedures engagement.

The procedures performed are outlined by the Arizona Supreme Court, Administrative Office of the Courts in the *Guide for Independent Review*.

The procedures and the associated findings are as follows:

Administrative Requirements

Procedure

1. Determine if all financial transactions are recorded in an automated receipts journal and include:

   a. Date payment was receipted;
   b. Amount received;
   c. Receipt/transaction number; and
   d. Receipt allocation by type, such as, but not limited to fine, criminal justice enhancement fund, medical services enhancement fund, restitution, and bond.

   Findings
   No exceptions were noted.

2. Determine if all financial disbursements are recorded in an automated disbursements journal and include:

   a. Date check issued;
   b. Amount disbursed;
   c. Name of payee;
   d. Court check number;
   e. Type of payment disbursement, such as, but not limited to fines, surcharges, restitution, and bonds; and
   f. Electronic fund transaction number, if applicable.

   Findings
   No exceptions were noted.

3. Determine if the court has established written policies and procedures that prescribe the court's financial practices, and which apply to any departments or divisions within the court's administrative structure that receives or disburses money.

   Findings
   No exceptions were noted.

4. Determine if the court or probation department has a granted secondary technology request on file with the AOC. If so, review the granted secondary technology request for allowable technology specific to the preparation and verification of financials. Determine if the court has established written policies and procedures that prescribe how the technology will be used.

   Findings
   No exceptions were noted.

5. Verify that the court displays its payment acceptance policies on any court-sponsored webpage and in a location within the court's main lobby easily viewable by the general public, such as next to each customer service station, and that the payment acceptance policies include the following:

   a. A statement regarding the methods of payment that the court accepts, which shall include, but is not limited to: cash, cashier's check, certified check, money order, credit card, debit card, or other financial institution generated fund transfer instrument and other forms or means of payment mandated by the supreme court; See AO 2020-202(2)(e)(f)
   b. A statement that a receipt shall be provided for every payment made in person to the court;
   c. A statement that the receipt provided by the court is proof of payment; and
   d. A statement regarding the court's dishonored payment policy.

   Findings
   No exceptions were noted.

Posted Payment Acceptance Policies for Probation Departments Only

In addition to the above requirements, the posted payment policies for probation departments who collect court-ordered fines, fees, or restitution from juvenile probationers, adult probationers, or third-party payors may exclude the collection of cash as an accepted method of payment for probation department locations that meet either of the following criteria: The probation department is located in a stand-alone facility not within a courthouse; or the probation department accepts payment via an external walk-up payment window.

Findings
Not applicable.

Independent Review by Auditors

Procedure

1. Review the last auditor's final report to determine if the court retained a copy of the final report showing the date on which it was received by the court and that it was forwarded to the AOC within seven days from receipt.

   Findings
   No exceptions were noted.

2. Review the final reports issued for the last independent review by auditor and for the last operational review conducted by the AOC to determine if the court has addressed all the financial findings noted in the reports.

   Findings
   No exceptions were noted.

Safeguarding Monies and Financial Records

Procedure

1. Determine through interviews, observation, and by taking an inventory of the contents of the safe, if the court safeguards all monies received for the court and financial records, such as, but not limited to receipts, blank checks, and financial reconciliation documents as follows:

    a. Assigns each cashier a unique user identification. The user identification shall be used only by the assigned user.
    b. Changes safe keys, combinations, or both upon either:
        i. Termination of employment of a person who was granted access to a safe, unless access to the court or area where the safe is located is restricted by electronic access control; or
        ii. Change of responsibility of an employee who was granted access to a safe, unless the area where the safe is located is restricted by electronic access control.
    c. Maintains physical restrictions between the public and the areas where court monies and financial records are stored and allow only authorized access to those areas.
    d. Displays signs limiting admittance to areas where court monies and financial records are stored, unless access is restricted by electronic access control.
    e. Retains, counts, and handles all court monies in a secure location that is not accessible to the public and is only accessible to authorized personnel until monies are deposited with the bank or local treasurer.
    f. Stores all court monies in a locked location from the moment they are received until they are deposited with the bank or local treasurer.
    g. Uses locking bank bags or tamper-proof bags to transfer court monies to the bank or local treasurer.
    h. Keeps cash drawers, cash boxes, payment drop boxes, bank bags, safes, and vaults locked and secured at all times when not in use.
    i. Stores all court monies overnight in a locked safe or vault with restricted access that is immovable or attached using a method that would prevent easy removal.
    j. Secures blank checks, unissued manual receipts, and any documentation that contains a whole credit card number, such as phone payment logs in a safe, locked cabinet, or locked area, and allows only authorized court personnel to access these documents.
    k. Each cashier shall individually secure the assigned cash drawer fund in a separate lockable drawer or locking bank bag at all times prior to balance and reconciliation and second person verification.
    l. Court personnel shall not commingle personal or non-court monies with court monies. This includes but is not limited to making personal change from the cash drawer fund, court change fund, or court deposit monies, and making change for court payments with personal monies.
    m. Court personnel shall not cash personal checks or purchase supplies using monies from the cash drawer fund or the court change fund.
    n. Court employees and authorized personnel who issue receipts on behalf of the court shall not keep court monies with their own personal funds, deposit court monies in a personal bank account, or take court monies home with them upon departure.

o. Court personnel shall investigate any shortage or overage of court monies within one business day. If there is still a discrepancy, court personnel shall document the discrepancy on the applicable cashier's cash drawer fund reconciliation documentation as part of the daily deposit reconciliation documentation.
p. Court personnel shall not correct an original entry to any financial document or instrument by erasing or masking the erroneous entry. To correct an error, court personnel making the correction shall strikethrough the original entry, and initial and date the corrected entry.
q. Prohibits the use of signature stamps when signing financial documents such as checks. Courts may use check signature software or a check signing machine to imprint authorized signatures on checks.

Findings
No exceptions were noted.

Segregation of Duties

Procedure

1. Determine through interviews, observation, and a review of documentation, if the court provides internal controls for financial functions, ensures the safety of public monies and the reliability of court records, and allows for the detection of errors, as follows:

a. Documents the preparation of daily cash counts and their corresponding reconciliations, deposit reconciliations, monthly reconciliations, the review of outstanding bonds over 90 days, and quarterly reconciliations using a method that identifies the preparer such as initials or signatures and includes the date of document preparations. The preparer must not also be the second person verifier of the document.
b. Documents the verification of daily cash counts and their corresponding reconciliations, deposit reconciliations, issued and voided manual receipts, monthly reconciliations, and quarterly reconciliations using a method that identifies the verifier such as initials or signatures and includes the date of document verification. The second person verifier must not also be the preparer of the document.
c. Signs checks prepared by someone else, unless the check requires two signatures. Checks must not be made out to "Cash" and the signing of blank checks is prohibited. For courts with electronic disbursements, ensure that the person who entered and authorized the electronic disbursement is not the same person who verified the electronic disbursement.
d. Has a second authorized person verify, void or reverse (adjusted) automated receipts in the automated financial management system if a correction is needed. The verification must be documented.
e. For courts that do not have sufficient staffing to provide for a second person verifier at all times, determine if the court has adopted written financial policies and procedures to control the risk of unauthorized financial transactions. These written financial policies and procedures must detail arrangements made with designated local government employees authorized by the court to verify transactions in accordance with the requirements in this section.

Findings
No exceptions were noted.

Cash Handling and Receipting

Procedure

Acceptance of Payment

1. Observe the court's practice for accepting payments to determine if only court authorized personnel or electronic interfaces receipt payments on behalf of the court.

   Findings
   No exceptions were noted.

Online Transaction Retrieval

1. Determine if the court has a manual retrieval process for online transactions. If so, the court must retrieve and receipt the transactions to the case financial management system no later than the end of the next business day.

   Findings
   Not applicable.

2. Determine if the court has an automated retrieval process for online transactions. If so, the court must receipt the transactions to the case financial management system no later than the end of the next business day.

   Findings
   No exceptions were noted.

3. Verify that in addition to the receipting elements listed in *Automated and Manual Receipting Requirements (4)(a) through (j)*, receipts associated with online transactions include:

   a. Online transaction date;
   b. Online transaction number; and
   c. Name and address of cardholder, if available; however, there shall be at a minimum, an audit trail to identify the cardholder's information for disbursement purposes.

   Findings
   No exceptions were noted.

Endorsement of Checks

1. During the observation of the daily cash count of the cashier cash drawer fund and when court personnel open the daily mail, determine:

   a. For courts that do not utilize an automated financial management system that electronically endorses checks:
      i. If all checks payable to the court are properly and clearly endorsed with a restrictive endorsement stamp that reads "For Deposit Only – Payable To (account's name)" no later than the end of the business day on the date the check is receipted into the automated financial management system.

   b. For courts that utilize an automated financial management system that electronically endorses checks when an automated receipt is generated:
      i. If the court receipts all checks immediately when received. If the court was unable to receipt the checks when received, that the checks are immediately secured for safeguarding purposes, with receipting into the automated financial management system to be completed no later than the end of the next business day.
      ii. That the automated financial management system properly and clearly endorsed all checks payable to the court with a restrictive endorsement stamp that reads "For Deposit Only – Payable To (account's name)," when an automated receipt is generated.

   <u>Findings</u>
   No exceptions were noted.

2. Determine through interviews that the court does not endorse checks payable to another court and sends the checks to the proper court within two business days.

   <u>Findings</u>
   No exceptions were noted.

Receipting of Unidentified Monies

1. Determine, by reviewing the court's "Unidentified Monies" file, if the court has a process for handling monies that are received without information identifying the party's name, case number, and sender information if the court is unable to identify the party and case number for which the monies are received, and if the process includes the following:

   a. Receipting the unidentifiable monies into a suspense or hold account within the automated financial management system, no later than the end of the next business day and depositing the monies to the local treasurer or bank accordingly.
   b. Endorsing checks received without information identifying the party's name, case number, and sender information in accordance with the *Endorsement of Checks* guidelines identified above.

c. Retaining copies or an electronic image of a cash log that details the breakdown and total of any monetary denominations received, the checks received, the credit card transaction details received, receipts generated by the automated management system, and any additional necessary supporting documentation in the "Unidentified Monies" file.

Findings

No exceptions were noted.

Automated and Manual Receipting Requirements

1. Determine if the court is receipting all monies no later than the end of the next business day.

Findings

No exceptions were noted.

2. Determine if the receipts generated by the court reflect the date the monies were receipted.

Findings

No exceptions were noted.

3. Determine if the court issues a sequentially numbered receipt or transaction for each payment.

Findings

No exceptions were noted.

4. Using the cash receipts journal as the source document, select a random sample of at least 20 individual receipts (for bonds, fines, fees, surcharges, and restitution for all court levels; add child support, probate, and other trust monies for superior court). Determine if the individual receipts contain the followinginformation:

   a. Name of the court;
   b. Case number, if applicable;
   c. Defendant's name, if applicable;
   d. Plaintiff's name, if applicable;
   e. Date payment was receipted;
   f. Amount received;
   g. Name and address of the third-party payor making the payment, if available, and if not included on the case financial records;
   h. Identification of person receiving the payment;
   i. Method of payment such as cash, check, payment card, or EFT; and
   j. Unique sequential receipt/transaction number.

Findings

No exceptions were noted.

5. Sample 10 defensive driving school payments and verify if the monies from the defensive driving schools were receipted by the end of the next business day and payment was recorded in each defendant's case financial record. Determine *(Independent Contractors section of MAS)* if payments received from defensive driving schools are received in the form of business check, cashier's check, money order, EFT, or wire transfer. *This item is not applicable to probation departments reviewed.*

   Findings
   No exceptions were noted.

6. Determine if the court is receipting overpayments as an overpayment and not as a fine, surcharge, bond, or restitution.

   Findings
   No exceptions were noted.

Issued and Unissued Manual Receipting Requirements

1. Determine if manual receipts are only used when the court's automated financial management system is inoperable. *This item is not applicable to probation departments reviewed that do not have access to the clerk of court's case management system.*

   Findings
   No exceptions were noted.

2. Determine if manual receipts are entered into the automated financial management system by the end of the business day or as soon as the system is operable. *This item is not applicable to probation departments reviewed that do not have access to the clerk of court's case management system.*

   Findings
   No exceptions were noted.

3. Review the court's manual receipt book and sample 10 manual receipts to verify the following:

   a. Manual receipts are at least a two-part form, pre-printed with unique sequential numbers and the name of the court on each receipt. *This item is not applicable to probation departments reviewed that do not have access to the clerk of court's case management system.*
   b. Manual receipts are issued in sequence within each book and are cross-referenced; the manual receipt number issued is referenced on the automated receipt or recorded in a docket entry in the automated financial management system; and the automated receipt number is referenced on the manual receipt. *This item is not applicable to probation departments reviewed that do not have access to the clerk of court's case management system.*

c. A second person reviews the manual receipts no later than the end of the next business day following receipt issuance, verifies that the receipts were issued in sequence, recorded in the automated financial management system, and that all receipts have been issued. *This item is not applicable to probation departments reviewed that do not have access to the clerk of court's case management system.*

d. The court has established written policies and procedures to account for and reconcile all unissued manual receipts at least quarterly and that the court documents the reconciliation of all unissued manual receipts.

Findings
Not applicable.

Automated and Manual Voided Receipts

1. Select a sample of 10 automated voided receipts, 10 automated reversed (adjusted) receipts, and 10 manual voided receipts to determine that all voided receipts are not altered in any way and to verify the following:

   a. If an error is made or a correction is needed that "VOID" or "Reverse" (adjusted) is indicated on the automated receipt; the reason for the void or reversal (adjusted) is indicated on the automated receipt or in the case financial record; and the voided or reversed (adjusted) receipt number is cross-referenced on the replacement automated receipt, if applicable, in the case financial record.

   b. If an error is made or a correction is needed that "VOID" and the reason for the void is indicated on all retained copies of the manual receipt; that the voided manual receipt number is cross-referenced on the replacement manual receipt, if applicable; and that the second person review of voided manual receipts takes place no later than the end of the next business day following receipt void.

Findings
[redacted]

Management Response
[redacted]

Counterfeit Cash

1. Determine if the court has established written policies and procedures on identifying and handling counterfeit cash in accordance with U.S. Department of the Treasury, Office of Domestic Finance, Advanced Counterfeit Deterrence guidelines.

Findings
No exceptions were noted.

Petty Cash

1. If the court uses a petty cash fund, verify the court is following local policies and procedures regarding usage and reimbursement of the petty cash funds. Also, review and verify the monthly reconciliation of the petty cash fund.

   Findings
   No exceptions were noted.

Disbursement Processing

Procedure

1. Sample at least 10 disbursements to determine if disbursements were made only in the form of a check, credit to the payment card originally used to make the payment, or an EFT and that all checks or payment card adjustments or reversals were signed by authorized signers.

   Findings
   No exceptions were noted.

2. Verify that checks issued by the court are pre-printed with unique sequential numbers, or electronically signed, and disbursed in sequentialorder.

   Findings
   No exceptions were noted.

3. For all sampled disbursements, verify that disbursements were recorded in the court's automated financial management system by the end of the next business day and disbursed within the time period prescribed in the court's written policies and procedures.

   Findings
   No exceptions were noted.

4. For all sampled disbursements, verify that each automated disbursement record contains the following: case number; case party names; date check issued; name of payee; court check number; type of payment disbursement (such as fines, surcharges, suspense, hold, restitution, bond, or bond amount converted to court assessments); amount disbursed; and electronic fund transaction number, if applicable.

   Findings
   No exceptions were noted.

5. Sample 10 bond disbursements and verify that bond monies were disbursed according to written court order by a judicial officer and only to the individual who posted the bond or to the third party authorized to receive the bond monies by the person posting the bond. If bond monies were converted to pay court-ordered monetary obligations verify that the express written permission of the bond poster was received, unless the bond poster is the defendant.

Determine if the court has established written policies and procedures for refunding and disbursing bond monies within a prescribed time period. *This item is not applicable to probation departments reviewed.*

Findings
No exceptions were noted.

6. Sample 10 restitution payments and verify restitution payments were disbursed to victims within the time requirements established by ACJA §5-204.

Findings
No exceptions were noted.

7. Sample 10 overpayments and verify that overpayment monies were disbursed according to the policies and procedures set forth by the court. Determine if the court has established written policies and procedures that include a reasonable threshold amount for refunding overpayments within a prescribed time period.

Findings
[redacted]

Management Response
[redacted]

8. Sample 10 suspense or hold monies and verify that the monies were applied or disbursed according to the policies and procedures set forth by the court. Determine if the court has established written policies and procedures to account for monies held in a suspense or hold account on a monthly basis, and to apply these monies to a party's case financial record or disburse them to the appropriate party with a prescribed time period.

Findings
Not applicable.

9. Verify that disbursement checks voided due to error are flagged void/stop payment in the court's automated financial management system. Verify that disbursement checks reported lost or stolen are flagged void/stop payment in the court's automated financial management system, unless this function is performed by a city, county, or state treasurer (in the case of appellate courts).

Findings
Not applicable.

10. Verify that when the court issues replacement disbursement checks for void/stop payment, outstanding, lost, or stolen disbursement checks, that the new disbursement check is issued following normal disbursement procedures.

Findings
Not applicable.

11. Determine if the court identifies all checks outstanding over 180 days, unless this function is performed by a city, county, or state treasurer (in the case of appellate courts) and verify the following:

    a. Checks outstanding over 180 days are flagged void/stop payment in the court's automated financial management system; and
    b. Determine if the court investigates all checks outstanding over 180 days, documenting the action taken or disposition of the investigated checks outstanding in the court's automated financial management system and on the court's monthly reconciliation documentation.

Findings
Not applicable.

12. Verify void/stop payment disbursement checks have "VOID" or "Stop Payment" written across both the physical face and signature line of the void/stop payment disbursement check and that all applicable void/stop payment disbursement checks are available for retention (for example, checks issued via electronic disbursement, lost in the mail, or stolen would not be available for retention).

Findings
Not applicable.

13. Determine if, pursuant to A.R.S. §§44-302(10) and (11), 44-307, and 44-308 for municipal courts and A.R.S. §22-116 for justice courts, the court reports and remits unclaimed (abandoned) funds to the Department of Revenue or county treasurer, unless this function is performed by a city, county, or state treasurer (in the case of appellate courts) the following:

    a. Any unidentified monies received which remain unclaimed;
    b. Any disbursement checks outstanding over 180 days which remain unclaimed; and
    c. If the court retains documentation of all monies reported and remitted to the Department of Revenue or county treasurer as unclaimed funds in accordance with the retention schedule.

Findings
No exceptions were noted.

Bank Accounts and Deposits

Procedure

1. Unless bank accounts are maintained by the city, county or, in the case of appellate courts, the state treasurer, and are established in the name of the city, county, or state:

    a. Examine a recent bank statement for each account and verify that all checking, investment, or other bank accounts are established under the name of the court. For co-located courts, confirm that the courts do not share a bank account and that individual bank accounts are established under the name of each court;

b. Determine if the court maintains a current list of all checking, investment, and other bank accounts which includes the following: the name and address of the banking institution, the account number, the account name, and the names of persons authorized to sign checks or make withdrawals from each account;
c. Determine if the court maintains current signature cards for all bank and investment accounts involving court monies; and
d. Determine if the court maintains a record of all bank accounts closed, including the date the bank account was closed and the reason the bank account was closed.

Findings
Not applicable.

2. *Note: This item is not applicable to probation departments reviewed.* Determine if the court deposits currency, coins, and checks with the bank or local treasurer by the next business day the court and the bank or local treasurer are open, unless the total is less than $300. If the total is less than $300, at a minimum the funds shall be deposited on a subsequent business day when the accumulated undeposited funds reach or exceed $300, or deposited once per week, whichever is earlier. For deposits made with the local treasurer determine the following:

   a. The court retained documentation that confirms that court monies were delivered to or retrieved by the local treasurer for deposit within the required timelines. The court and the local treasurer shall initial or sign and date the documentation acknowledging receipt of the court monies deposited, unless court monies are transported by armored car, in which case a log shall be maintained.

Findings
No exceptions were noted.

3. Compare bank or local treasurer deposits to the cash receipts journal to determine if the monies were deposited in the same form as received.

Findings
No exceptions were noted.

4. Determine through interviews and observations that checks scanned by the court for electronic deposit are retained not more than 30 days after the completion of the bank reconciliation for the month in which the checks were deposited, and that personal mobile devices were not used to scan checks. Shredding is the preferred method of disposal.

Findings
Not applicable.

Deposit Practices for Probation Departments Only

In addition to the noted applicable *bank account and deposit* requirements above, for probation departments that collect court-ordered fines, fees, or restitution from juvenile probationers, adult probationers, or third-party payors determine the following:

a. If the probation department deposits all monies with the clerk of the court or directly into the clerk of court's bank account by the next business day;
b. If the probation department has established written policies and procedures that reflect the arrangements made by the department to ensure a secure process for depositing monies with the clerk of court; and
c. If the probation department retains documentation that confirms that the monies have been delivered to or retrieved by the clerk of court for deposit within the required timelines.

Findings
Not applicable.

Reconciliation of Financial Records

Procedure

Select two weeks of financial records and consistently use the same month of the two-week period selected to review reconciliations.

Daily Reconciliations

1. Determine through interviews and observation that:

   a. Each cashier responsible for a beginning change fund counts the beginning change fund provided before usage, as either the preparer or second person verifier;
   b. The court change fund is counted by two separate authorized court personnel at least daily; and
   c. Each cashier responsible for a cash drawer fund counted all monies received, including any beginning change fund monies, after each shift to ensure balance and reconciliation with the receipts journal.

   d. At least two separate authorized court personnel are involved in the deposit balance and reconciliation process. One authorized personnel acting in the capacity of preparer and one additional authorized person acting in the capacity of verifier to ensure the balance and reconciliation of the daily deposit with the receipts journal. The verification of the deposit preparation must occur at the time of the deposit preparation and prior to the depositing of funds with the bank or local treasurer; and *(Bank Accounts and Deposits section of MAS)*
   e. During the observation of the preparation of the daily deposit balance and reconciliation process, using the cash receipts journal as the source document, verify the total daily receipts to the cash receipts journal to determine these totals tally to the daily cash receipts summary report or deposit ticket.

Findings
No exceptions were noted.

2. Determine for the two-week period selected for review that the total receipts (for all payment types received) for each day match the bank account statement or the daily funds' transmittal report and receipt issued by the local treasurer.

Findings
No exceptions were noted.

Monthly Reconciliations

1. Review and verify thefollowing:

   a. The reconciliation of the of the receipts journal for the month to the monthly remittance report submitted to the local treasurer (city, county, or state as applicable) and compare to the disbursement check issued;
   b. The reconciliation of the deposits with the receipts journal;
   c. The reconciliation of the disbursement checks written with the disbursements journal;
   d. The reconciliation of the court's record of open items to the automated financial management system report to all bank accounts and cash balances; and
   e. The reconciliation of all bank accounts maintained by the court.

   Findings
   No exceptions were noted.

2. Determine if the court monthly reviews all bonds posted outstanding over 90 days and bond records. Sample 5 bonds posted more than 90 days to verify if the court determined the status of the bond based on court order, took appropriate action, documented the disposition of the bond reviewed, and retained the documentation. *This item is not applicable to probation departments reviewed.*

   Findings
   No exceptions were noted.

3. Review all reconciliations and supporting documentation for the month selected to determine if the reconciliations were performed monthly and accurately. Verify that the court did not simply add a fictional amount to the monthly reconciliations in order to force the reconciliation into balance and if there was a variance it was clearly documented as a line item on the reconciliation and resolved within no more than 30 days from the reconciliation.

   Findings
   Not applicable.

Financial Record Retention

1. Determine if the court retains the following records for each bank account as required by the records retention schedule:

   a. Bank account reconciliations;
   b. Bank statements;
   c. Records of deposits in transit;
   d. Bank issued debit and credit memos;
   e. Canceled deposit slips;
   f. Canceled checks; and
   g. Any documentation that requests the adjustment or void of a case financial record.

   Findings
   Not applicable.

2. Determine if the court retains the records of the daily and monthly financial reconciliations performed and supporting documentation in accordance with the records retention schedule.

   Findings
   No exceptions were noted.

Reporting

Procedure

1. Select one month's remittance report to determine if the report identified the allocation and distribution of the monies, that the monies have been remitted to the local treasurer (city, county, or state as applicable), and that the court received documentation acknowledging the submission of the report from the local treasurer. *This item is not applicable to probation departments reviewed.*

   Findings
   No exceptions were noted.

Probation Departments

Procedure

1. Determine if the probation department has a granted alternative collection practices proposal on file with the AOC. If so, review the granted alternative collection practices proposal and adjust testing methodology accordingly.

   Findings
   Not applicable.

2. For probation departments that collect court-ordered fines, fees, or restitution from juvenile probationers, adult probationers, or third-party payors and that receipt those payments into the clerk of court's case management system determine the following:

   a. If the probation officers or probation staff authorized to accept payments and deposit monies are deputized clerks of the court;
   b. If payments received are made payable to the clerk of the court;
   c. If payments are not collected in the field; and
   d. If payment acceptance policies are displayed in each department's main lobby and on the department's webpage.

   Findings
   Not applicable.

3. For probation departments that collect court-ordered fines, fees, or restitution from juvenile probationers, adult probationers, or third-party payors that do not have access to the clerk of court's case management system, review the department's manual receipt book and sample 10 manual receipts to verify the following:

   a. Manual receipts are at least a three-part form, pre-printed with unique sequential numbers and the name of the probation department on each receipt;
   b. Manual receipts are issued in sequence within each book and a copy is given to the clerk of court no later than the next business day; and
   c. Documentation is retained that confirms that the issued manual receipt copies have been delivered to or retrieved by the clerk of the court.

   Findings
   Not applicable.

4. For probation departments that collect court-ordered fines, fees, or restitution from juvenile probationers, adult probationers, or third-party payors that *do not have access to the clerk of court's case management system* determine the following:

   a. If payments received are made payable only to the clerk of the court;
   b. If payments are not collected in the field; and
   c. If payment acceptance policies are displayed in each department's main lobby and on the department's webpage.

   Findings
   Not applicable.

This report is intended solely for the information and use of the Arizona Supreme Court, Administrative Office of the Courts and the management of the [redacted] Municipal Court, and is not intended to be and should not be used by anyone other than these specified parties.

Heinfeld Meech & Co. PC

Heinfeld, Meech & Co., P.C.
Scottsdale, Arizona
August 14, 2023

December 22, 2023

Honorable Mayor and Members of the City Council
City of [redacted] Arizona

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component units and remaining fund information of City of [redacted] Arizona for the year ended June 30, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter provided to you during the planning phase of the audit. Professional standards also require that we communicate to you the following matters related to our audit.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by City of [redacted] Arizona are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period

As described in Note 1 of the financial statements, the City implemented the provisions of the Governmental Accounting Standards Board (GASB) the City implemented the provisions of the GASB Statement No. 91, *Conduit Debt Obligations*, Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* and Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs),* for the year ended June 30, 2023.

GASB Statement No. 91 establishes a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice. The statement clarifies the existing definition of a conduit debt obligation, establishes that a conduit debt obligation is not a liability of the issuer, establishes standards for accounting and financial reporting of additional commitments and voluntary commitments extend by issuers and arrangements associated with conduit debt obligations, and improves required note disclosures. The Authority's analysis of such obligations in effect at the beginning of the year resulted in no changes to beginning balances reported in the financial statements due to the implementation of this standard.

GASB Statement No. 94 increases the usefulness of the financial statements by requiring the recognition of certain assets and liabilities for Public-Private and Public-Public Partnerships and Availability Payment Arrangements. The City analysis of contracts and agreements in effect at the beginning of the year resulted in no changes to beginning balances reported in the financial statements due to the implementation of this standard.

GASB Statement No. 96 increases the usefulness of the financial statements by requiring the recognition of certain assets and liabilities for SBITAs. The City's analysis of contracts and agreements in effect at the beginning of the year resulted in no changes to beginning balances reported in the financial statements due to the implementation of this standard.

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

The most sensitive estimates affecting the financial statements were:

- Management's estimate of the useful lives of depreciable capital assets is based on the length of time management estimates those assets will provide some economic benefit in the future.
- Management's estimate of the allowance for uncollectible receivable balances is based on past experience and future expectation for collection of various account balances.
- Management's estimate of the insurance claims incurred but not reported is based on information provided by the City's third party administrators and subsequent claims activity. The assumptions used in the actuarial valuations of the pension and other postemployment benefits plans are based on historical trends and industry standards.
- Investments are valued are by the City's third party investment advisors using prices quoted in active markets, based on significant other observable inputs, or other market corroborated inputs.

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

Difficulties Encountered in Performing the Audit

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

Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit and communicate them to the appropriate level of management. A misstatement is defined as a difference between the reported amount, classification, presentation, or disclosure of a financial statement item and the amount, classification, presentation, or disclosure that is required for the item to be presented fairly in accordance with the applicable financial reporting framework. During the course of the audit we did not identify any uncorrected misstatements which require communication.

In addition, as part of the professional services we provided to the City we assisted with the preparation of the financial statements, the notes to financial statements, and the SEFA and related notes as well as the Data Collection Form submission to the Federal Audit Clearinghouse. In providing these services we prepared adjusting journal entries necessary to convert the accounting records to the basis of accounting required by generally accepted accounting principles. Those adjusting journal entries have been provided to management who reviewed and approved those entries and accepted responsibility for them.

Disagreements with Management

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

Management Representations

We have requested certain written representations from management, which are included in the management representation letter provided to us at the conclusion of the audit.

Management Consultations with Other Independent Accountants

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

Discussions with Management

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management throughout the course of the year. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention as the City's auditors.

Compliance with Ethics Requirements Regarding Independence

The engagement team, others in our firm, and as appropriate, our firm, have complied with all relevant ethical requirements regarding independence. Heinfeld, Meech & Co., P.C. continually assesses client relationships to comply with relevant ethical requirements, including independence, integrity, and objectivity, and policies and procedures related to the acceptance and continuance of client relationships and specific engagements. Our firm follows the "Independence Rule" of the AICPA Code of Professional Conduct and the rules of state boards of accountancy and applicable regulatory agencies. It is the policy of the firm that all employees be familiar with and adhere to the independence, integrity, and objectivity rules, regulations, interpretations, and rulings of the AICPA, U.S. Government Accountability Office (GAO), and applicable state boards of accountancy.

Responsibility for Fraud

It is important for both management and the members of the governing body to recognize their role in preventing, deterring, and detecting fraud. One common misconception is that the auditors are responsible for detecting fraud. Auditors are required to plan and perform an audit to obtain reasonable assurance that the financial statements do not include material misstatements caused by fraud. Unfortunately most frauds which occur in an organization do not meet this threshold.

The attached document prepared by the Association of Certified Fraud Examiners (ACFE) is provided as a courtesy to test the effectiveness of the fraud prevention measures of your organization. Some of these steps may already be in place, others may not. Not even the most well-designed internal controls or procedures can prevent and detect all forms of fraud. However, an awareness of fraud related factors, as well as the active involvement by management and the members of the governing body in setting the proper "tone at the top", increases the likelihood that fraud will be prevented, deterred and detected.

Additional Reports Issued
In addition to the auditor's report on the financial statements we will also issue the following documents related to this audit. These reports are typically issued within 60 days of the date of this letter.

- Single Audit Report
- Examination report on the Annual Expenditure Limitation Report
- Landfill assurances report to the ADEQ
- Electronic submission of certain information to the U.S. Department of Housing and Urban Development, Real Estate Assessment Center (REAC)

Other Important Communications Related to the Audit
Attached to this letter are a copy of the signed engagement letter provided to us at the initiation of the audit, and a copy of the management representation letter provided to us at the conclusion of the audit. If there are any questions on the purpose or content of these letters please contact the engagement partner identified in the attached engagement letter.

Restriction on Use
This information is intended solely for the use of the members of the City Council and management of City of [redacted] Arizona and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Heinfeld Meech & Co. PC

Heinfeld, Meech & Co., P.C.
Scottsdale, Arizona

EXHIBIT B
TO
PROFESSIONAL SERVICES AGREEMENT
BETWEEN
THE TOWN OF CHINO VALLEY
AND
____

[Scope of Work]

See following page(s).

6436267.2

FINANCIAL AUDITING SERVICES SCOPE OF WORK

1. Background Information.

1.1 The Town.

A. The Town is a municipal entity governed by an elected Mayor and Council that serves an area of 63 square miles with a population of approximately 13,815 according to the most recent census estimate.

B. The Town's fiscal year begins on July 1 and ends on June 30.

C. The Town is organized into 11 departments, with 138 FTE employees and personnel costs of approximately $13,669,554. An organizational chart of the Town is attached hereto as Attachment 1, and a list of Town key personnel is attached hereto as Attachment 2, both of which are incorporated herein by reference.

D. The accounting and financial reporting functions of the Town are centralized.

E. Detailed information on the Town and its financial reports can be found on the Town's website at: chinoaz.net/198/Financial-Reports.

1.2 Finance Department; Document Preparation; Town Assistance.

A. The Finance Department is headed by Katie Pehl (the "Finance Director"), who will be Consultant's principal contact and will coordinate assistance to be provided by the Town.

B. The Finance Department has four employees. The principal functions performed by the employees and the number assigned to each are:

Function	Number of Employees
Accounts Payable Processing	2
Payroll Processing	2
Cash Receipting	2
Banking	2
General Ledger/Journal Entries	4
Financial Statements	1

C. Finance Department staff and responsible management personnel will be available during the Audit to assist the Consultant by providing information, documentation, and explanations.

D. The preparation of confirmations will be the responsibility of both the Town and the Consultant.

E. Report preparation, editing, and printing will be Consultant's responsibility.

F. The Town will provide the Consultant with reasonable workspace, desks, and chairs as well as access to telephone lines, photocopying facilities, and WIFI access while performing the Services on the Town's premises.

1.3 Information Technology; Computer System.

A. Hardware consists of four networked PCs of various makes.

B. Caselle accounting software is used. All major applications are integrated.

1.4 Fund Structure. The Town uses the following fund types and account groups in its financial reporting:

Fund Type	Number of Individual Funds
General	1
Special revenue	8
Debt service	1
Capital projects	1
Permanent	0
Enterprise	2
Internal service	0

1.5 Budgetary Basis of Accounting. The Town prepares its budgets on a basis consistent with generally accepted accounting principles ("GAAP").

1.6 Pension Plans. The Town participates in the following defined benefit and defined contribution retirement plans:

A. ICMA 457 Defined Contribution Plan

B. ICMA Roth IRA

C. Public Safety Retirement System Defined Benefit Plan

D. Arizona State Retirement System Defined Benefit Plan

1.7 Component Units. The Town is defined, for financial reporting purposes, in conformity with the Governmental Accounting Standards Board *Codification of Governmental Accounting and Financial Reporting Standards*, Section 2100. Using these criteria, component units are not included in the Town's financial statements.

1.8 Joint Ventures. The Town does not participate in joint ventures with other governments.

2. Nature of Services to be Provided.

2.1 Single Audit. Consultant shall perform a Single Audit (the "Audit") and express an opinion that the general-purpose financial statements are fairly presented, in all material respects, in conformity with GAAP and to report on the Town's compliance with laws and regulations and its internal controls as required for the Audit.

2.2 Annual Comprehensive Financial Report ("ACFR"). The Town prepares an ACFR each year and submits it to the Government Finance Officers Association ("GFOA") for review in their Certificate of Achievement for Excellence in Financial Reporting program. Auditor shall review the ACFR and application prior to submittal to GFOA.

2.3 Municipal Court. External review of the Town of Chino Valley Magistrate Court every three years performed in accordance with the Minimum Accounting Standards, Compliance Checklist and Guide for External Review by Auditors. The next audit will be required for the fiscal year ending June 30, 2025.

2.4 Auditing Standards. The Audit shall be performed in accordance with:

A. Generally accepted auditing standards ("GAAS").

B. GAS.

C. The Single Audit Act Amendments.

D. The provisions of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations.*

2.5 Audit-Related Reports. Following the completion of the Audit of each fiscal year's financial statements, Consultant shall issue:

A. A report on the fair presentation of the financial statements in conformity with GAAP.

B. A report on compliance and internal control over financial reporting based on an audit of the financial statements performed in accordance with GAS.

C. A report on compliance with requirements applicable to each major program and internal control over compliance in accordance with OMB Circular A-133.

D. A report on the Annual Expenditure Limitation Report (AELR) prepared in compliance with ARIZ. REV. STAT. § 41-1279.07.

E. A State of Arizona Highway User Revenue Fund (HURF) Compliance Report pursuant to ARIZ. REV. STAT. § 9-481(B)(2).

F. Auditor's letter of recommendations to management.

G. Auditor's communication with governance.

H. A schedule of findings and questioned costs.

I. A schedule of expenditures of federal awards.

2.6 Reportable Conditions.

A. In the required report on compliance and internal controls, Consultant shall communicate any reportable conditions found during the Audit. A reportable condition is a significant deficiency in the design or operation of the internal control structure, which could adversely affect the organization's ability to initiate, authorize, record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

B. Reportable conditions that are also individually or cumulatively material weaknesses shall be identified as such in the report.

C. Non-reportable conditions discovered by Consultant shall be reported in a separate letter to management, which shall be referred to in the reports on compliance and internal controls.

2.7 Irregularities and Illegal Acts. Consultant shall immediately give a written report of all irregularities and illegal acts, or indications of illegal acts of which they become aware, to the Town Manager and Finance Director.

2.8 Reporting to Town Council. Town Council shall be informed of the following:

A. Consultant's responsibility under GAAS.

B. Significant accounting policies.

C. Management judgments and accounting estimates.

D. Significant audit adjustments.

E. Other information in documents containing audited financial statements.

F. Disagreements with management.

G. Management consultation with other accountants.

H. Major issues discussed with management prior to retention.

I. Difficulties encountered in performing the Audit.

3. Schedule.

3.1 Fiscal Year Ending June 30, 2025.

A. All records and Town management personnel will be ready for meeting with Consultant as of September 30, 2025.

B. Consultant shall provide all recommendations, revisions, and suggestions for improvement to the Finance Director by October 31, 2025. A revised report will be provided by the Finance Director by November 15, 2025.

C. The Consultant will provide the draft auditor's report and deliver it to the Finance Director by November 21, 2025.

E. It is anticipated that this process will be completed and the final report delivered, presented to Council, and submitted to GFOA by December 9, 2025.

3.2 Future Audits. A similar time schedule will be developed for future fiscal years if the Town exercises Renewal Terms.

4. Audit Documentation Retention; Access to Audit Documentation.

4.1 Retention Period. All working papers and reports must be retained, at Consultant's expense, for a minimum of five years, unless the Town notifies Consultant in writing to extend the retention period.

4.2 Authorized Parties. Consultant shall make working papers available, upon request, to the following parties or their designees:

A. The Town.

B. The Auditor General or designated representative.

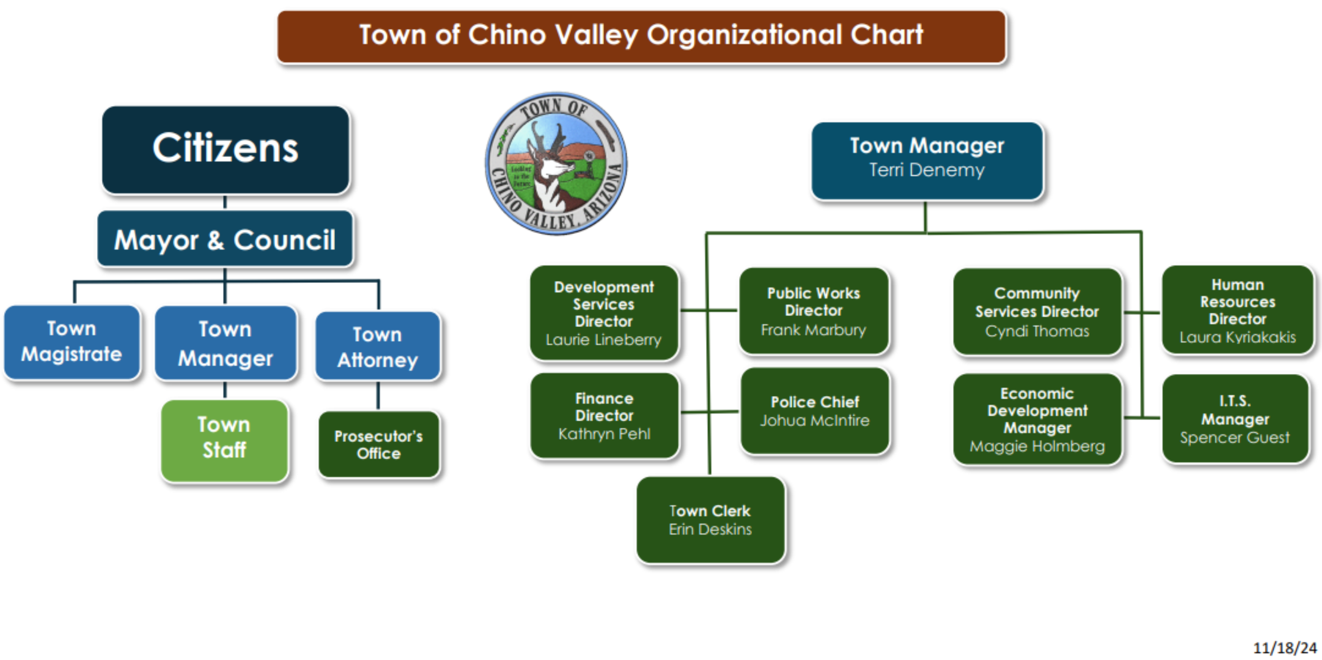
C. The United States General Accounting Office.

D. Other appropriate governmental agencies.

4.3 Successor Auditors. Consultant shall respond to the reasonable inquiries of successor auditors and allow successor auditors to review working papers relating to matters of continuing accounting significance.

FINANCIAL AUDITING SERVICES SCOPE OF WORK
ATTACHMENT 1

[Organizational Chart]



FINANCIAL AUDITING SERVICES SCOPE OF WORK
ATTACHMENT 2

[Town Key Personnel]

Terri Denemy, Town Manager

Frank Marbury, Public Works Director

Erin Deskins, Town Clerk

Katie Pehl, Finance Director

Joshua McIntire, Chief of Police

Laura Kyriakakis, Human Resources Director

Cyndi Thomas, Community Services Director

Laurie Lineberry, Development Services Director

Spencer Guest, Information Technology Services Manager

Joan Dwyer, Magistrate

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EXHIBIT C
TO
PROFESSIONAL SERVICES AGREEMENT
BETWEEN
THE TOWN OF CHINO VALLEY
AND
____

[Fee Proposal]

See following page(s).

6436267.2

FEE PROPOSAL

Financial Auditing Services

Fiscal Year 2024-2025			
Staff Category	**Number of Hours**	**Hourly Rate**	**Total Price**
Partners	45	$ 285	$ 12,825
Managers	55	$ 225	$ 12,375
Supervisory staff	110	$ 150	$ 16,500
Staff	105	$ 120	$ 12,600
Other (Please specify) Clerical	10	$ 70	$ 700
Total - FY 2024-2025 Audit	325	**$** N/A	**$** 55,000

Fiscal Year 2024-2025		
Service Category	**Number of Hours**	**Total Price**
Single Audit	25	$ 5,000
Municipal Court MAS Compliance for fiscal year 2024-2025	25	$ 5,000
Other (Please specify) Annual audit*	275	$ 45,000
Total All-Inclusive Maximum Price	325	**$** 55,000

* Includes financial statement audit, GAS report, ELR report, and HURF compliance report

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Financial Auditing Services

Amounts shall be not to exceed for all service categories. Any proposed annual increase may not exceed 5% per contract year. Approved price increases may only be made by a written amendment signed by persons duly authorized to enter contracts on behalf of the Town and the Consultant.

Fiscal Years 2025-2026 through 2028-2029				
Service Category	**Total Price**			
	Year 2	**Year 3**	**Year 4**	**Year 5**
Single Audit	$ 5,200	$ 5,400	$ 5,600	$ 5,800
Prepare Comprehensive Annual Financial Report	$ n/a	$ n/a	$ n/a	$ n/a
Municipal Court MAS Compliance for fiscal year 2027-2028			$ 5,600	
Other (Please specify) Annual audit	$ 46,800	$ 48,700	$ 50,650	$ 52,700
Yearly Total	**$** 52,000	**$** 54,100	**$** 61,850	**$** 58,500
Total for Years 2 through 5	**$** 226,450			

Rates for Additional Professional Services

If it should become necessary for the Town to request Consultant render additional services to either supplement the Services to be provided in this Agreement or to perform additional work as a result of the specific recommendations included in any report issued in connection with the Services, then such additional work shall be performed only if set forth in an amendment to the Agreement. Any such additional work agreed to between the Town and Consultant shall be performed at the same rates set forth in this Fee Proposal.

Company Name: Heinfeld, Meech & Co., P.C.

Authorized Signature: Diane Bradley Date: 2/21/25

The above prices Include a Single Audit fee, which will be assessed only if the additional testwork and reporting is required. The Single Audit fee includes one major federal program; if additional programs are necessary, a fee of $1,500 per program will be assessed each year.

Any additional work authorized by the Town completed during the first contract year will be billed at the following hourly rates. These hourly rates will be increased 3% annually for any work completed in subsequent contract years.

Principal - $285; Manager - $235; Senior - $165; Staff - $125

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TOWN COUNCIL
AGENDA ITEM STAFF REPORT

AGENDA ITEM # 5b
MEETING DATE: 4/8/2025
CONTACT PERSON: Maggie Holmberg, Economic Development Manager, Terri Denemy, Town Manager
ITEM TYPE: Action Item

AGENDA ITEM TITLE:
Consideration and possible action to authorize the Town Manager, in partnership with the Trust for Public Lands and the Prescott Climbers Coalition, to make an application for financial assistance to Arizona State Parks & Trails under the provisions of the Land and Water Conservation Fund Act, Public Law 88-578 for the acquisition of the Upper Sullivans Canyon property.

SUMMARY:
The Trust for Public Land (TPL), in partnership with the "Save Sullivans Campaign" (an operation of the Prescott Climbers Coalition) and the town of Chino Valley, wish to apply for a Land and Water Conservation Fund (LWCF) grant from Arizona State Parks for the acquisition of the Upper Sullivans Canyon property. The Upper Sullivans Canyon parcel is the last private parcel of land on Upper Verde adjacent to Sullivan's Lake and near the new state park land. The 10.5 acre parcel has significant cultural, ecological, and recreational value:

- Outdoor recreation, particularly rock climbing
- Search and rescue training by local public agencies
- Upper Verde "Wild & Scenic River" designation
- Cultural and historical sites, including petroglyphs

The LWCF grant is a matching grant that would cover $200,000 of the $400,000 purchase price. The Prescott Climbers Coalition (PCC) is working to raise $50,000, leaving a gap of $150,000. TPL is actively seeking funding to cover the $150,000 gap. Additional funding sources supporting this project are a Nina Mason Pulliam Charitable Trust grant to TPL of $50,000 for project costs/capital, and an Access Fund grant to Prescott Climbers Coalition of $4,000 to assist with the "Save the Sullivans" campaign.

Upon successfully securing grant and matching funds, the property acquisition would move forward with the Town of Chino Valley becoming the property owner and the Prescott Climbers Coalition partnering on site management. Authorization for the Town to submit a grant application does not commit the Town to property acquisition. If the LWCF grants funds are awarded, staff will return to Council to adopt a resolution to accept the funds and enter into a funding agreement, and request authorization to move forward with property acquisition. A draft of that resolution is attached.

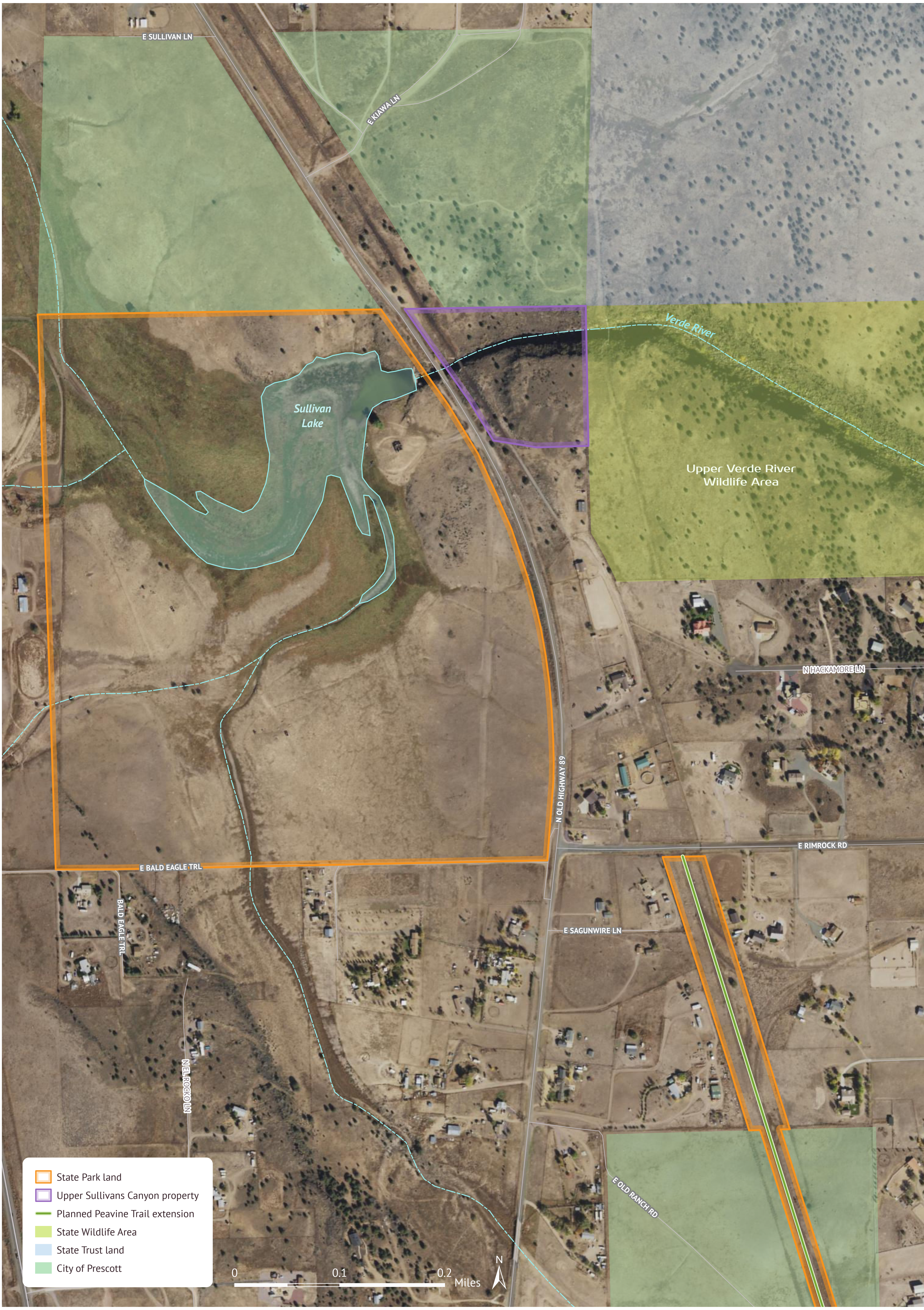
PREVIOUS ACTION:
N/A

STAFF RECOMMENDATION:
Authorize the Town Manager, in partnership with the Trust for Public Lands, to make an application for financial assistance to Arizona State Parks & Trails under the provisions of the Land and Water Conservation Fund Act, Public Law 88-578 for the acquisition of the Upper Sullivans Canyon property.

FISCAL IMPACT?
N/A

ATTACHMENTS:

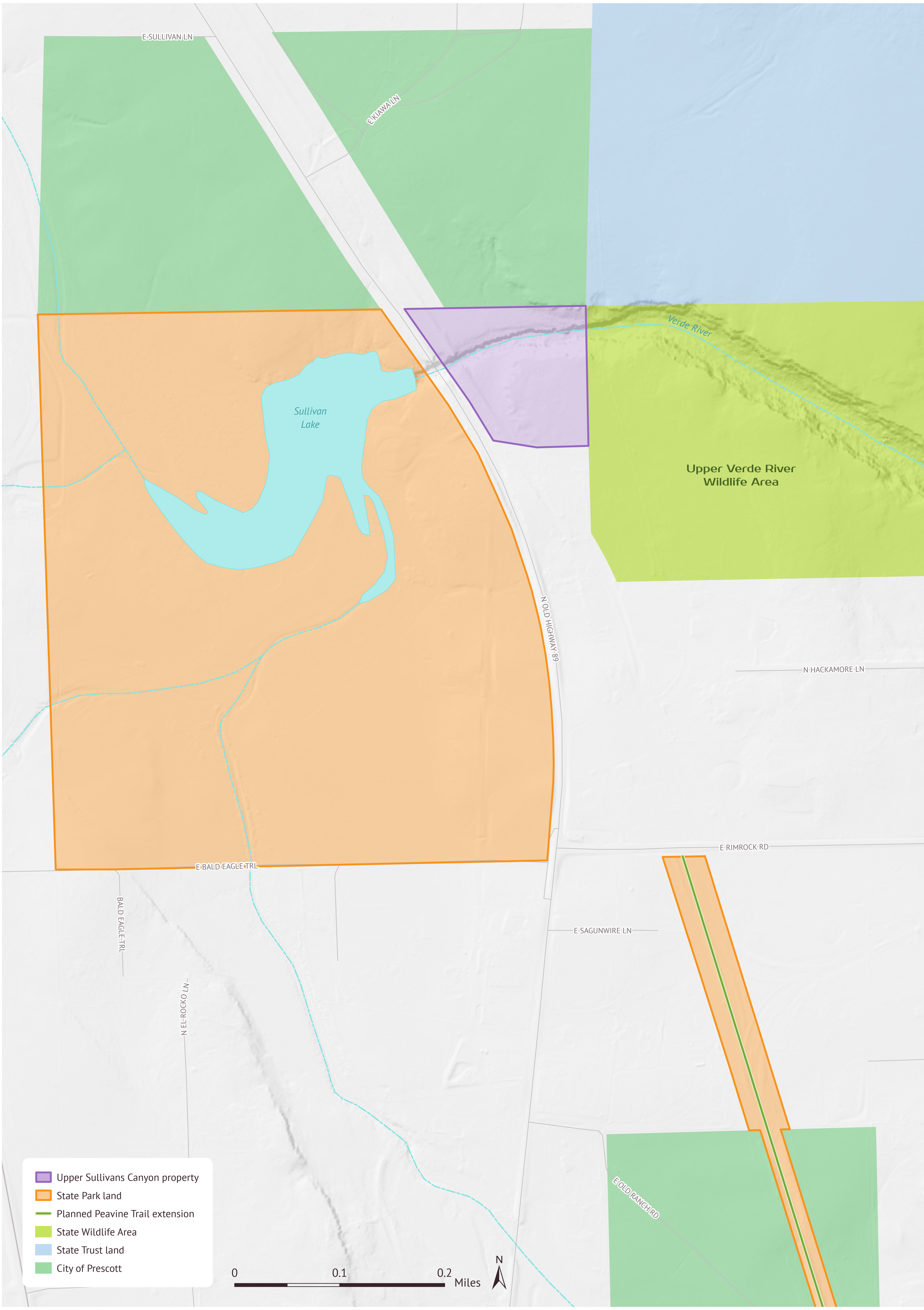
1.	UpperSullivansCanyon_Aerial_Portrait_20241023
2.	UpperSullivansCanyon_Portrait_20241023
3.	Draft Resolution for LWCF funding



Upper Sullivan Canyon

YAVAPAI COUNTY, ARIZONA

TRUST FOR PUBLIC LAND®



Upper Sullivan Canyon

YAVAPAI COUNTY, ARIZONA

TRUST FOR PUBLIC LAND®

DRAFT RESOLUTION (Note, per the instructions of State Parks for the Land and Water Conservation Fund grant program, "A draft resolution may be submitted with the grant application. The final resolution must be provided before the Project Sponsor Agreement can be signed. The application will be ineligible if a resolution is not submitted.")

RESOLUTION NO. 2025-______

A RESOLUTION OF THE MAYOR AND COMMON COUNCIL OF THE TOWN OF CHINO VALLEY, ARIZONA, FOR APPROVAL OF A PROJECT AGREEMENT FOR ACCEPTANCE OF LAND AND WATER CONSERVATION FUNDS FROM ARIZONA STATE PARKS & TRAILS FOR THE ACQUISITION OF THE UPPER SULLIVANS CANYON PROPERTY

WHEREAS, the Town of Chino Valley (the "Town") has submitted a grant application for the Land and Water Conservation Fund ("LWCF") to Arizona State Parks & Trails ("State Parks") for the amount of $200,000 to assist the Town in purchasing the Upper Sullivans Canyon property for its long-term protection and outdoor recreation uses (the "Project"); and

WHEREAS, State Parks has advised the Town that its application has been approved for funding pending the approval by the Town of a project agreement between State Parks and the Town which specifies the conditions by which the LWCF funding is awarded to the Project (the "Project Agreement");

WHEREAS, the Town Council finds that the Project Agreement is agreeable and that it is in the best interest of the Town of Chino Valley and its residents to accept the LWCF funding and the conditions contained in the Project Agreement.

NOW, THEREFORE, BE IT RESOLVED by the Major and Common Council to the Town of Chino Valley, Arizona, as follows:

SECTION 1: The recitals above are hereby incorporated as if fully set forth herein.

SECTION 2: The Town of Chino Valley approves the Project Agreement with State Parks.

SECTION 3: The Town Manager, the Town Clerk, and the Town Attorney are hereby authorized and directed to execute the Project Agreement with State Parks and any other documents, or take all steps necessary, to carry out the purpose and intent of this Resolution.

PASSED AND ADOPTED by the Mayor and Common Council of the Town of Chino Valley, Arizona, on ____________, 2025.

____

Mayor

TOWN COUNCIL
AGENDA ITEM STAFF REPORT

AGENDA ITEM # 5c
MEETING DATE: 4/8/2025
CONTACT PERSON: Frank Marbury, Public Works Director/Town Engineer
ITEM TYPE: Action Item

AGENDA ITEM TITLE:
Consideration and possible action to acquire seven parcels related to the Maintenance Improvement District of the detention basins along Salida Del Sol.

SUMMARY:
The plats for three subdivisions, Casa Del Sol, Del Sol North, and Del Sol South were recorded in 2023. The three subdivisions share common detention basins which are maintained by the town with Maintenance Improvement District (MID) funding. If the acquisition is approved, the Town would receive ownership of the above-mentioned tracts. This would clear up any issue as to the ownership and responsibility for the MID tracts. There will be no acquisition cost for the tracts. It will simply transfer the full ownership into the Town's name from the current owner.

PREVIOUS ACTION:
Final Plat Approvals for Casa Del Sol, Del Sol North, and Del Sol South and the Maintenance Improvement District (MID) was created in 2023. The budget was established during the June 25, 2024, Council Meeting. The MID includes seven tracts comprising the detention basins for the subdivisions. There is a well on one of the tracts for the irrigation of landscaping maintained by the MID. The Town collects money through an ad valorem tax for the operation and maintenance of the MID.

STAFF RECOMMENDATION:
Authorize the Mayor or his designee to process and record the special warranty deed prepared by the Town Attorney to acquire the seven parcels related to the detention basins for the Maintenance Improvement District for the Del Sol Subdivisions.

FISCAL IMPACT?
None. Any maintenance costs are accounted for with the creation of the MID.

ATTACHMENTS:

1.	Del Sol MID-2022-001 - Special Warranty Deed - Drainage Tracts A-G to TOCV(6408182.3)

WHEN RECORDED, RETURN TO:
Erin Deskins, Town Clerk
Town of Chino Valley
202 N. State Route 89
Chino Valley, Arizona 86323

SPECIAL WARRANTY DEED

THIS DEED IS EXEMPT FROM THE REQUIREMENT OF FILING AN AFFIDAVIT OF PROPERTY VALUE PURSUANT TO A.R.S. § 11-1134(A)(3).

For valuable consideration, **RIGHT HOMES LLC**, an Arizona limited liability company (the "Grantor"), does hereby convey to the **TOWN OF CHINO VALLEY**, an Arizona municipal corporation (the "Grantee"), the following real property situated in Yavapai County, Arizona, together with all rights and privileges appurtenant thereto:

> Tract A, DEL SOL NORTH, according to the Plat of Record in the Office of the Yavapai County Recorder, Yavapai County, Arizona, recorded as Instrument No. 2023-0003753.
>
> Tract B, DEL SOL NORTH, according to the Plat of Record in the Office of the Yavapai County Recorder, Yavapai County, Arizona, recorded as Instrument No. 2023-0003753.
>
> Tract C, DEL SOL SOUTH, according to the Plat of Record in the Office of the Yavapai County Recorder, Yavapai County, Arizona, which was originally recorded in Instrument No. 2023-0003754 and later amended and recorded as Instrument No. 2024-0013294.
>
> Tract D, DEL SOL SOUTH, according to the Plat of Record in the Office of the Yavapai County Recorder, Yavapai County, Arizona, which was originally recorded in Instrument No. 2023-0003754 and later amended and recorded as Instrument No. 2024 0013294.
>
> Tract E, DEL SOL SOUTH, according to the Plat of Record in the Office of the Yavapai County Recorder, Yavapai County, Arizona, which was originally recorded in Instrument No. 2023-0003754 and later amended and recorded as Instrument No. 2024 0013294.
>
> Tract F, CASA DEL SOL, according to the Plat of Record in the Office of the Yavapai County Recorder, Yavapai County, Arizona, recorded as Instrument No. 2023-0009143.
>
> Tract G, CASA DEL SOL, according to the Plat of Record in the Office of the Yavapai County Recorder, Yavapai County, Arizona, recorded as Instrument No. 2023-0009143.

SUBJECT TO all existing taxes, assessments, liens, encumbrances, reservations in patents, covenants, conditions, restrictions, rights-of-way, easements, and leases of record, and all matters that a physical inspection of the properties would reveal.

Grantor hereby binds itself and its successors to warrant and defend the title as against all acts of Grantor herein and none other, subject to the matters set forth above.

DATED: ________________________, 2025

[Signature and Notary Pages Follow]

[Grantor Signature and Notary Page to Special Warranty Deed]

GRANTOR:

RIGHT HOMES LLC

By: ______________________________________
Tyler A. Steen, Member

STATE OF ARIZONA)
) ss.
COUNTY OF ____________)

On ____________________, 20__, before me personally appeared **TYLER A. STEEN**, whose identity was proven to me on the basis of satisfactory evidence to be the person who he claims to be, representing **RIGHT HOMES LLC**, an Arizona limited liability company, as a Member, and acknowledged that he signed this document on behalf thereof.

____
Notary Public

(Seal and Expiration Date)

6408182.3

[Grantee Signature and Notary Page to Special Warranty Deed]

GRANTEE:

TOWN OF CHINO VALLEY, an Arizona municipal corporation

____

Tom Armstrong, Mayor

ATTEST:

____

Erin N. Deskins, Town Clerk

APPROVED AS TO FORM:

____

Andrew J. McGuire, Town Attorney
Gust Rosenfeld, PLC