

**SOUTHEASTERN ARIZONA  
GOVERNMENTS ORGANIZATION**

Financial Statements  
and  
Independent Auditors' Reports

June 30, 2024



**South Eastern Arizona  
Governments Organization**

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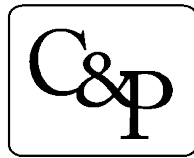
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## **INDEPENDENT AUDITORS' REPORT**

To the Executive Board  
Southeastern Arizona Governments Organization  
Bisbee, Arizona

### **Opinions**

We have audited the accompanying financial statements of the governmental activities and each major fund of Southeastern Arizona Governments Organization (SEAGO), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise SEAGO'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 and each major fund of SEAGO, as of June 30, 2024, and the respective changes in financial position 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. Our responsibilities under those standards are further described in the Auditor's Responsibility for the Audit of the Financial Statements section of our report. We are required to be independent of SEAGO, 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.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; 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 SEAGO's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## **Auditors' 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 assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with U.S. generally accepted 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 U.S. generally accepted auditing standards, we:

- Exercise professional judgement 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 SEAGO'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 SEAGO'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.

## **Supplementary Information**

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the Schedule of SEAGO's Proportionate Share of the Net Pension/OPEB Liability – Cost-Sharing Plans and the Schedule of SEAGO's Pension/OPEB Contributions as listed in the table of contents 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.

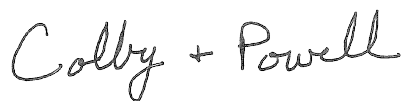
### **Other Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise SEAGO's basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and were derived from and relate 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 14, 2025, on our consideration of SEAGO'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 SEAGO's 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 SEAGO's internal control over financial reporting and compliance.



January 14, 2025

**SOUTHEASTERN ARIZONA GOVERNMENTS ORGANIZATION**

**Statement of Net Position**

**June 30, 2024**

	<u>Governmental Activities</u>
<b>Assets</b>	
Cash and cash equivalents	\$ 1,971,668
Due from other governments	846,116
Other receivables	4,255
Net other postemployment benefits asset	39,199
Capital assets, not being depreciated	25,825
Capital assets, being depreciated, net	<u>360,156</u>
<b>Total assets</b>	<u>3,247,219</u>
<b>Deferred Outflows of Resources</b>	
Deferred outflows related to pensions and other postemployment benefits	<u>170,955</u>
<b>Liabilities</b>	
Accounts payable	374,432
Accrued expenses	31,284
Compensated absences payable	44,198
Noncurrent liability	
Net pension liability	<u>1,148,202</u>
<b>Total liabilities</b>	<u>1,598,116</u>
<b>Deferred Inflows of Resources</b>	
Deferred inflows related to pensions and other postemployment benefits	<u>81,625</u>
<b>Net Position</b>	
Net investment in capital assets	385,981
Restricted for:	
Area Agency on Aging	200,101
Housing	548,225
CDBG	484,188
Economic and Environmental Planning	36,778
Unrestricted	<u>83,160</u>
<b>Total net position</b>	<u><u>\$ 1,738,433</u></u>

*See accompanying notes to financial statements.*



**SOUTHEASTERN ARIZONA GOVERNMENTS ORGANIZATION**  
**Statement of Activities**  
**Year Ended June 30, 2024**

Functions / Programs	Expenses	Indirect Expenses Allocation	Program Revenues			Net (Expense) Revenue and Changes in Net Position
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total
<b>Primary government:</b>						
Governmental activities						
Aging programs	\$ 3,262,153	\$ 154,258	\$ -	\$ 3,426,967	\$ -	\$ 10,556
Economic and environmental planning	77,021	24,590	-	75,000	-	(26,611)
Transportation	592,153	54,546	2,696	635,132	-	(8,871)
Community development	206,656	11,242	194,197	11,176	-	(12,525)
Management and general	325,159	(244,636)	-	-	-	(80,523)
<b>Total governmental activities</b>	<b>\$ 4,463,142</b>	<b>\$ -</b>	<b>\$ 196,893</b>	<b>\$ 4,148,275</b>	<b>\$ -</b>	<b>(117,974)</b>
<b>General revenues:</b>						
Assessment income						80,659
Other income						5,276
Interest income						77,247
Investment income						16,500
Total general revenues						179,682
Change in net position						61,708
Net position, beginning of year						1,676,725
Net position, end of year						\$ 1,738,433

*See accompanying notes to financial statements.*

**SOUTHEASTERN ARIZONA GOVERNMENTS ORGANIZATION**  
**Balance Sheet – Governmental Funds**  
**June 30, 2024**

	<u>General Fund</u>	<u>Area Agency on Aging</u>	<u>Housing</u>	<u>Transportation</u>	<u>Community Development</u>	<u>Economic and Environmental Planning</u>	<u>Total Governmental Funds</u>
<b>Assets</b>							
Cash and cash equivalents	\$ 961,087	\$ -	\$ 548,225	\$ -	\$ 462,226	130	\$ 1,971,668
Due from other governments	-	606,487	-	175,129	27,000	37,500	846,116
Due from other funds	206,751	-	-	-	-	-	206,751
Other receivables	4,085	-	-	170	-	-	4,255
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>TOTAL ASSETS</b>	<u>\$ 1,171,923</u>	<u>\$ 606,487</u>	<u>\$ 548,225</u>	<u>\$ 175,299</u>	<u>\$ 489,226</u>	<u>\$ 37,630</u>	<u>\$ 3,028,790</u>
<b>Liabilities</b>							
Accounts payable	\$ 2,232	\$ 367,879	\$ -	\$ 2,301	\$ 1,865	\$ 155	\$ 374,432
Accrued expenses	4,531	14,371	-	8,512	3,173	697	31,284
Due to other funds	-	24,136	-	182,615	-	-	206,751
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total liabilities</b>	<u>6,763</u>	<u>406,386</u>	<u>-</u>	<u>193,428</u>	<u>5,038</u>	<u>852</u>	<u>612,467</u>
<b>Fund balances</b>							
Nonspendable	206,751	-	-	-	-	-	206,751
Restricted	-	200,101	548,225	-	484,188	36,778	1,269,292
Unassigned	958,409	-	-	(18,129)	-	-	940,280
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total fund balances</b>	<u>1,165,160</u>	<u>200,101</u>	<u>548,225</u>	<u>(18,129)</u>	<u>484,188</u>	<u>36,778</u>	<u>2,416,323</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 1,171,923</u>	<u>\$ 606,487</u>	<u>\$ 548,225</u>	<u>\$ 175,299</u>	<u>\$ 489,226</u>	<u>\$ 37,630</u>	<u>\$ 3,028,790</u>

*See accompanying notes to financial statements.*

**SOUTHEASTERN ARIZONA GOVERNMENTS ORGANIZATION**  
**Reconciliation of the Balance Sheet to the Statement of Net Position**  
**Governmental Funds**  
**June 30, 2024**

Fund balances-total governmental funds	\$ 2,416,323
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Amounts reported for governmental activities in the  
Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	385,981
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Net OPEB assets held in trust for future benefits are not available for operations and therefore, are not reported in the funds.	39,199
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Long-term liabilities, such as net pension/OPEB liabilities and compensated absences are not due and payable in the current period and, therefore, are not reported as a liability in the funds.	(1,192,400)
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Deferred outflows and inflows of resources related to pensions/OPEB are applicable to future reporting periods and, therefore, are not reported in the funds.	<u>89,330</u>
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<b>Net position of governmental activities</b>	<u><u>\$ 1,738,433</u></u>
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*See accompanying notes to financial statements.*

**SOUTHEASTERN ARIZONA GOVERNMENTS ORGANIZATION**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds**  
**Year Ended June 30, 2024**

	General Fund	Area Agency on Aging	Housing	Transportation	Community Development	Economic and Environmental Planning	Total Governmental Funds
<b>Revenues</b>							
Intergovernmental	\$ -	\$ 3,425,742	\$ -	\$ 635,132	\$ 11,176	\$ 75,000	\$ 4,147,050
Indirect charges	253,913	-	-	-	-	-	253,913
Fee for services	-	-	-	2,696	194,197	-	196,893
Local government assessments	80,659	-	-	-	-	-	80,659
Other	5,276	1,225	-	-	-	-	6,501
Interest	77,247	-	-	-	-	-	77,247
Investment income	16,500	-	-	-	-	-	16,500
<b>Total revenues</b>	<u>433,595</u>	<u>3,426,967</u>	<u>-</u>	<u>637,828</u>	<u>205,373</u>	<u>75,000</u>	<u>4,778,763</u>
<b>Expenditures</b>							
Current							
Aging programs	-	3,388,837	-	-	-	-	3,388,837
Economic and environmental planning	-	-	-	-	-	99,178	99,178
Management and general	294,698	-	-	-	-	-	294,698
Transportation	-	-	-	641,022	-	-	641,022
Community development	-	-	-	-	212,221	-	212,221
<b>Total expenditures</b>	<u>294,698</u>	<u>3,388,837</u>	<u>-</u>	<u>641,022</u>	<u>212,221</u>	<u>99,178</u>	<u>4,635,956</u>
Excess (deficiency) of revenues over (under) expenditures	<u>138,897</u>	<u>38,130</u>	<u>-</u>	<u>(3,194)</u>	<u>(6,848)</u>	<u>(24,178)</u>	<u>142,807</u>
Other financing sources (uses)							
Transfer in	-	-	-	-	-	34,736	34,736
Transfer out	(22,781)	(8,525)	-	(1,801)	(1,629)	-	(34,736)
Total other financing sources (uses)	<u>(22,781)</u>	<u>(8,525)</u>	<u>-</u>	<u>(1,801)</u>	<u>(1,629)</u>	<u>34,736</u>	<u>-</u>
Net change in fund balances	116,116	29,605	-	(4,995)	(8,477)	10,558	142,807
Fund balances, Beginning	<u>1,049,044</u>	<u>170,496</u>	<u>548,225</u>	<u>(13,134)</u>	<u>492,665</u>	<u>26,220</u>	<u>2,273,516</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 1,165,160</u>	<u>\$ 200,101</u>	<u>\$ 548,225</u>	<u>\$ (18,129)</u>	<u>\$ 484,188</u>	<u>\$ 36,778</u>	<u>\$ 2,416,323</u>

*See accompanying notes to financial statements.*

**SOUTHEASTERN ARIZONA GOVERNMENTS ORGANIZATION**  
**Reconciliation of the Statement of Revenue, Expenditures, and**  
**Changes in Fund Balances of Governmental Funds to the Statement of Activities**  
**Governmental Funds**  
**Year Ended June 30, 2024**

Net change in fund balances-total governmental funds	\$	142,807
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Amounts reported for governmental activities in the  
Statement of Activities are different because:

Governmental funds report capital outlays as expenditures.

However, in the Statement of Activities the cost of  
those assets is allocated over their estimated useful  
lives and reported as depreciation expense.

Current year depreciation expense	<u>(18,043)</u>	(18,043)
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Pension/OPEB contributions are reported as expenditures  
in the governmental funds when made. However,  
they are reported as deferred outflows of resources in  
the Statement of Net Position because the reported net  
pension/OPEB liability is measured a year before the  
report date. Pension/OPEB expense, which is the change in  
the net pension/OPEB liability adjusted for changes in deferred  
outflows and inflows of resources related to pensions/  
OPEB, is reported in the Statement of Activities.

SEAGO pension/OPEB contributions	127,051	
Pension expense	<u>(199,208)</u>	(72,157)

Some expenses reported in the Statement of Activities  
do not require the use of current financial resources  
and therefore, are not reported as expenditures in  
governmental funds.

Decrease in compensated absences payable		<u>9,101</u>
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<b>Change in net position of governmental activities</b>	<b>\$</b>	<b><u><u>61,708</u></u></b>
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*See accompanying notes to financial statements.*

# **SOUTHEASTERN ARIZONA GOVERNMENTS ORGANIZATION**

## **Notes to Financial Statements**

**June 30, 2024**

### ***NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES***

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

#### ***A. Reporting Entity***

SEAGO is a governmental entity which represents the local governmental units in Cochise, Graham, Greenlee and Santa Cruz Counties, Arizona. SEAGO aids local governments in planning and administering federal and state grants. In addition, the SEAGO assumes direct responsibility for the delivery of certain grant services.

#### ***B. Basis of Presentation***

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

**Government-wide statements** provide information about the primary government. The statements include a statement of net position and a statement of activities. These statements report the financial activities of the overall government. Governmental activities generally are financed through intergovernmental revenue.

A statement of activities presents a comparison between direct expenses and program revenue. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenue include:

- ♦ Charges to customers or applicants for goods or services
- ♦ Operating grants and contributions

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

Generally, the effect of interfund activity has been eliminated from the government-wide financial statements to minimize the double counting of internal activities.

**Fund financial statements** provide information about SEAGO's funds. The emphases of fund financial statements are on major governmental funds and are displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

**SOUTHEASTERN ARIZONA GOVERNMENTS ORGANIZATION**  
**Notes to Financial Statements**  
**June 30, 2024**

***NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued***

SEAGO reports the following major governmental funds:

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

*The **Area Agency on Aging Fund*** accounts for area agency on aging pass-through funding for senior related programs within the region.

*The **Housing Fund*** provides mortgage counseling to purchase or refinance homes for families within the region.

*The **Transportation Fund*** provides transportation planning, grant application assistance and other services for communities within the region.

*The **Community Development Block Grant Fund*** provides technical assistance, planning, administration, and other services for communities within the region.

*The **Economic and Environmental Planning Fund*** provides economic and environmental planning and other services for communities within the region.

***C. Basis of Accounting***

The government-wide financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Grants and donations are recognized as revenue as soon as all eligibility requirements the provider imposed have been met.

Governmental funds in the fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenue is recognized when measurable and available. SEAGO considers all revenue reported in the governmental funds to be available if the revenue is collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, compensated absences, which are recognized as expenditures to the extent they are due and payable. General capital asset acquisitions are reported as expenditures in governmental funds. Issuances of general long-term debt and acquisitions under capital lease agreements are reported as other financing sources.

**SOUTHEASTERN ARIZONA GOVERNMENTS ORGANIZATION**  
**Notes to Financial Statements**  
**June 30, 2024**

***NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued***

**D. *Cash and Cash equivalents***

For the purpose of the government-wide and fund statements, “Cash and cash equivalents” includes all demand, savings accounts, and highly liquid investments with a maturity of three months or less.

**E. *Capital Assets***

Capital assets are reported at actual cost. Donated assets are reported at acquisition value at the time received.

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

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Land	\$ 5,000	Not depreciated	N/A
Buildings	5,000	Straight-line	15-40 years
Furniture and equipment	5,000	Straight-line	3-10 years
Leasehold improvements	5,000	Straight-line	15-40 years

**F. *Compensated Absences***

Compensated absences consist of vacation leave.

Employees may earn vacation hours depending on years of service. Any vacation hours in excess of 240 hours unused at year-end are forfeited. Upon termination of employment, up to 160 hours of vacation benefits are paid to employees. Accordingly, vacation benefits are accrued as a liability in the financial statements.

Employees may accumulate an unlimited number of sick leave hours. Generally, sick leave benefits provide for ordinary sick pay and are cumulative but are forfeited upon termination of employment. Because sick leave benefits do not vest with employees, a liability for sick leave benefits is not accrued in the financial statements.

**G. *Estimates***

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.



**SOUTHEASTERN ARIZONA GOVERNMENTS ORGANIZATION**  
**Notes to Financial Statements**  
**June 30, 2024**

***NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued***

**H. *Budgetary Comparison***

SEAGO is not legally required to adopt a budget for the general or major funds, and therefore budgetary comparison information is not included in this report.

**I. *Indirect Expenses***

Expenses that cannot be specifically associated with a single program are allocated to the funds based upon an estimated percentage of use of the resource by each fund.

**J. *Deferred Outflows and Inflows of Resources***

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

**K. *Pensions***

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

**L. *Fund Balance Reporting***

The Governmental Accounting Standards Board (GASB) Statement No. 54 requires fund balances to be properly reported within one of the fund balance categories listed below:

1. *Nonspendable* fund balance includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact such as fund balance associated with inventories, prepaids, long-term loans and notes receivable (unless the proceeds are restricted, committed, or assigned),
2. *Restricted* fund balance includes amounts that can be spent only for the specific purposes stipulated by constitution provisions or enabling legislation, or external resource providers,
3. *Committed* fund balance includes amounts that can be used only for the specific purposes determined by a formal action of SEAGO's Executive Board,
4. *Assigned* fund balances are intended to be used by SEAGO for specific purposes but do not meet the criteria to be classified as restricted or committed, and

**SOUTHEASTERN ARIZONA GOVERNMENTS ORGANIZATION**  
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***NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued***

***L. Fund Balance Reporting - Continued***

5. *Unassigned* fund balance is the residual classification for SEAGO's governmental funds and includes all spendable amounts not contained in other classifications.

SEAGO's policy for committed fund balances is through formal organizational resolutions passed through the executive board. The process of rescinding a committed fund balance requires the same process.

SEAGO's policy for assigned fund balances is through motions passed by the executive board. Assigned fund balances do not require a formal resolution.

When expenditures incur for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, SEAGO's policy is to apply the expenditure first to restricted, and then to unrestricted in the following order of committed, assigned, and then unassigned.

***NOTE 2 – DEPOSITS AND INVESTMENTS***

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

*Credit risk*

Statutes have the following requirements for credit risk:

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

**SOUTHEASTERN ARIZONA GOVERNMENTS ORGANIZATION**  
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***NOTE 2 – DEPOSITS AND INVESTMENTS – Continued***

*Custodial credit risk*

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

*Concentration of credit risk*

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

*Interest rate risk*

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

*Foreign currency risk*

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

SEAGO has not formally adopted deposit and investment policies that limit the Organization's allowable deposits or investments and address the specific types of risk to which SEAGO is exposed.

*Deposits* – At June 30, 2024, the carrying amount of SEAGO's total cash in bank was \$152,711 and the bank balance was \$226,288. Of the bank balance all was covered by federal depository insurance.

*Investments* – At June 30, 2024, the investments consisted of the following.

Investment	Credit Rating	Reported Amount	Fair Value
Arizona LGIP Pool 700	Unrated	\$ 1,818,957	\$1,818,957

***NOTE 3 – DUE FROM OTHER GOVERNMENTS***

Amounts due from other governments consist of reimbursable grants and contracts entered into with federal, state and local governments. Following is a list due from each type of government at June 30, 2024:

Federal	\$ 37,500
State	781,616
Local	27,000
<b>Total</b>	<u><u>\$ 846,116</u></u>

**SOUTHEASTERN ARIZONA GOVERNMENTS ORGANIZATION**  
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**NOTE 4 – CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2024, was as follows:

	Balance July 1, 2023	Increases	Decreases	Balance June 30, 2024
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 25,825	\$ -	\$ -	\$ 25,825
Capital assets being depreciated:				
Furniture and equipment	164,876	-	-	164,876
Building	498,822	-	-	498,822
<b>Total</b>	<u>663,698</u>	<u>-</u>	<u>-</u>	<u>663,698</u>
Less accumulated depreciation for:				
Furniture and equipment	(155,291)	(804)	-	(156,095)
Building	(130,208)	(17,239)	-	(147,447)
<b>Total</b>	<u>(285,499)</u>	<u>(18,043)</u>	<u>-</u>	<u>(303,542)</u>
Total capital assets being depreciated, net	<u>378,199</u>	<u>(18,043)</u>	<u>-</u>	<u>360,156</u>
<b>Governmental activities capital assets, net</b>	<u><u>\$ 404,024</u></u>	<u><u>\$ (18,043)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 385,981</u></u>

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
Aging programs	\$ 6,074
Economic and environmental planning	566
Transportation	1,200
Community Developmental Block Grant	1,200
Management and general	<u>9,003</u>
Total governmental activities depreciation expense	<u><u>\$ 18,043</u></u>

**SOUTHEASTERN ARIZONA GOVERNMENTS ORGANIZATION**  
**Notes to Financial Statements**  
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***NOTE 5 – COMPENSATED ABSENCES***

***Vacation*** – Employees may earn annual vacation time based upon the number of years of employment. An employee is entitled to receive compensation for up to 160 hours of unused/unpaid vacation time upon termination of employment. A summary of changes in the liability for compensated absences for the year ended June 30, 2024, follows:

Balance at July 1, 2023	\$ 53,299
Additions to compensated absences	36,054
Reductions to compensated absences	<u>(45,155)</u>
Balance at June 30, 2024	<u><u>\$ 44,198</u></u>

***NOTE 6 – NET PENSION LIABILITY***

Pension – Employees participate in the Arizona State Retirement System. A summary of changes in the liability for the net pension liability for the year ended June 30, 2024, follows:

Balance at July 1, 2023	\$ 1,192,203
Decreases to pension liability	<u>(44,001)</u>
Balance at June 30, 2024	<u><u>\$ 1,148,202</u></u>

***NOTE 7 – INTERFUND TRANSACTIONS***

Interfund receivable and payable balances at June 30, 2024, were as follows:

<u>Payable from</u>	<u>Payable to General Fund</u>
Transportation	\$ 182,615
Area Agency on Aging	<u>24,136</u>
	<u><u>\$ 206,751</u></u>

Interfund receivables and payable above were necessary in order to fund the ongoing activities of the grant programs in current and prior periods.

**SOUTHEASTERN ARIZONA GOVERNMENTS ORGANIZATION**  
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***NOTE 7 – INTERFUND TRANSACTIONS - Continued***

Interfund transfers for the year ended June 30, 2024 consisted of the following:

Transfer from	Transfer to Economic and Enviornmental Planning
General Fund	\$ 22,781
Area Agency on Aging	8,525
Transportation	1,801
Community Development	1,629
	\$ 34,736

***NOTE 8 – CONTINGENT LIABILITY***

SEAGO participates, as both a pass-through and a sub grantee, in several programs administered by federal and state agencies. Programs included in these financial statements may be subject to program compliance and/or financial monitoring by the granting agencies or representatives. Accordingly, the amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time.

***NOTE 9 – RISK MANAGEMENT***

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

***NOTE 10 – CONCENTRATIONS***

Although SEAGO administers multiple government grant programs, SEAGO depends on two grants for approximately 83% of its grant revenue and 74% of total revenue included in these financial statements. These revenue sources are from the Aging and Adult Administration grant with the Arizona Department of Economic Security and Transportation grant with the Arizona Department of Transportation. Decreases in funding or discontinuance of these programs in future years may have a significant effect upon the operations of SEAGO.

**SOUTHEASTERN ARIZONA GOVERNMENTS ORGANIZATION**  
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***NOTE 11 – PENSION PLAN AND OTHER POSTEMPLOYMENT BENEFITS***

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

At June 30, 2024, SEAGO reported the following aggregate amounts related to pensions for the plan to which it contributes:

<b>Statement of Net Position and Statement of Activities</b>	<b>Governmental Activities</b>
Net OPEB assets	\$ 39,199
Net pension and OPEB liabilities	1,148,202
Deferred outflows of resources related to pension and OPEB	170,955
Deferred inflows of resources related to pension and OPEB	81,625
Pension and OPEB expense	199,208

SEAGO reported \$127,051 of pension and OPEB expenditures in the governmental funds related to the pension plan to which it contributes.

**A. Arizona State Retirement System**

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

**SOUTHEASTERN ARIZONA GOVERNMENTS ORGANIZATION**  
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***NOTE 11 – PENSION PLAN AND OTHER POSTEMPLOYMENT BENEFITS - Continued***

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

	Initial Membership Date:	
	Before July 1, 2011	On or after July 1, 2011
Years of service and age required to receive benefit	Sum of years and age equals 80 10 years age 62 5 years age 50* Any years age 65	30 years age 55 25 years age 60 10 years age 62 5 years age 50* Any years age 65
Final average salary is based on	Highest 36 months of last 120 months	Highest 60 months of last 120 months
Benefit percent per year of service	2.1% to 2.3%	2.1% to 2.3%

\*With actuarially reduced benefits.

Retirement benefits for members who joined the ASRS prior to September 13, 2013, are subject to automatic cost-of-living adjustments based on excess investment earning. Members with a membership date on or after September 13, 2013, are not eligible for cost-of-living adjustments. Survivor benefits are payable upon a member's death. For retired members, the retirement benefit option chosen determines the survivor benefit. For all other members, the beneficiary is entitled to the member's account balance that includes the member's contributions and employer's contributions, plus interest earned.

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

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



**SOUTHEASTERN ARIZONA GOVERNMENTS ORGANIZATION**

**Notes to Financial Statements**

**June 30, 2024**

***NOTE 11 – PENSION PLAN AND OTHER POSTEMPLOYMENT BENEFITS - Continued***

**Contributions** - In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2024, statute required active ASRS members to contribute at the actuarially determined rate of 12.29 percent (12.14 percent for retirement and 0.15 percent for long-term disability) of the members' annual covered payroll, and statute required SEAGO to contribute at the actuarially determined rate of 12.29 percent (12.03 percent for retirement, 0.11 percent for health insurance premium benefit, and 0.15 percent for long-term disability) of the active members' annual covered payroll.

In addition, SEAGO was required by statute to contribute at the actuarially determined rate of 9.99 percent (9.94 percent for retirement, and 0.05 percent for long-term disability) of annual covered payroll of retired members who worked for SEAGO in positions that an employee who contributes to the ASRS would typically fill. SEAGO's contributions to the pension, health insurance premium benefit, and long-term disability plans for the year ended June 30, 2024, were \$124,441, \$1,148 and \$1,462, respectively.

During fiscal year 2024, SEAGO paid for ASRS pension and OPEB contributions as follows: 9.68 percent from the General Fund, 38.34 percent from the Area Agency on Aging Fund, 30.30 percent from the Transportation Fund, 10.72 percent from the Community Development Fund, and 8.46 percent from the Economic Environmental Planning Fund.

**Liability** - At June 30, 2024, SEAGO reported the following asset and liabilities for its proportionate share of the ASRS' net pension/OPEB asset or liability.

	<b>Net Pension/OPEB</b>
	<b>(Asset) Liability</b>
Pension	\$ 1,147,264
Health insurance premium benefit	(39,199)
Long-term disability	938

The net asset and net liabilities were measured as of June 30, 2023. The total liability used to calculate the net asset or net liability was determined using update procedures to roll forward the total liability from an actuarial valuation as of June 30, 2022, to the measurement date of June 30, 2023.

SEAGO's proportion of the net assets or net liability was based on SEAGO's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2023.

**SOUTHEASTERN ARIZONA GOVERNMENTS ORGANIZATION**  
**Notes to Financial Statements**  
**June 30, 2024**

***NOTE 11 – PENSION PLAN AND OTHER POSTEMPLOYMENT BENEFITS - Continued***

SEAGO's proportion measured as of June 30, 2023, and the change from its proportions measured as of June 30, 2022 were:

	<b>Proportion June 30, 2023</b>	<b>Increase (decrease) from June 30, 2022</b>
Pension	0.00709%	-0.00021%
Health insurance premium benefit	0.00726%	-0.00022%
Long-term disability	0.00716%	-0.00021%

**Expense** – For the year ended June 30, 2024, SEAGO recognized the following pension and OPEB expense.

	<b>Pension/OPEB Expense</b>
Pension	\$ 202,964
Health insurance premium benefit	(4,743)
Long-term disability	987

**SOUTHEASTERN ARIZONA GOVERNMENTS ORGANIZATION**  
**Notes to Financial Statements**  
**June 30, 2024**

***NOTE 11 – PENSION PLAN AND OTHER POSTEMPLOYMENT BENEFITS - Continued***

**Deferred Outflows/Inflows of Resources**—At June 30, 2024, SEAGO reported deferred outflows of resources and deferred inflows of resources related to pensions and OPEB from the following sources:

	<b>Pension</b>		<b>Health Insurance Premium Benefit</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 25,924	\$ -	\$ 1,654	\$ 14,618
Changes of assumptions	-	-	-	780
Difference between projected and actual investment earnings	-	40,591	-	1,722
Changes in proportion and differences between SEAGO contributions and proportionate share of contributions	14,282	21,383	444	463
SEAGO contributions subsequent to the measurement date	124,441	-	1,148	-
<b>Total</b>	<b>\$ 164,647</b>	<b>\$ 61,974</b>	<b>\$ 3,246</b>	<b>\$ 17,583</b>

	<b>Long-Term Disability</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 847	\$ 528
Changes of assumptions	248	1,366
Difference between projected and actual investment earnings	-	75
Changes in proportion and differences between SEAGO contributions and proportionate share of contributions	505	99
SEAGO contributions subsequent to the measurement date	1,462	-
<b>Total</b>	<b>\$ 3,062</b>	<b>\$ 2,068</b>

**SOUTHEASTERN ARIZONA GOVERNMENTS ORGANIZATION**  
**Notes to Financial Statements**  
**June 30, 2024**

***NOTE 11 – PENSION PLAN AND OTHER POSTEMPLOYMENT BENEFITS - Continued***

The amounts reported as deferred outflows of resources related to ASRS pensions and OPEB resulting SEAGO contributions subsequent to the measurement date will be recognized as an increase of the net asset or a reduction of the net liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and OPEB will be recognized as expenses as follows:

Year ended June 30,	<b>Pension</b>	<b>Health Insurance Premium Benefit</b>	<b>Long-Term Disability</b>
2025	\$ (3,446)	\$ (6,607)	\$ (23)
2026	(57,023)	(7,258)	(179)
2027	43,745	(931)	93
2028	(5,044)	(830)	(191)
2029	-	141	(167)
Thereafter	-	-	(1)

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

**ASRS**

Actuarial valuation date	June 30, 2022
Actuarial roll forward date	June 30, 2023
Actuarial cost method	Entry age normal
Investment rate of return	7.0%
Projected salary increases	2.9 - 8.4% for pensions/not applicable for OPEB
Inflation	2.3%
Permanent benefit increase	Included for pensions/not applicable for OPEB
Mortality rates	2017 SRA Scale U-MP for pensions and health insurance premium benefit
Recovery rates	2012 GLDT for long-term disability
Healthcare cost trend rate	Not applicable

Actuarial assumptions used in the June 30, 2022, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2020.

**SOUTHEASTERN ARIZONA GOVERNMENTS ORGANIZATION**  
**Notes to Financial Statements**  
**June 30, 2024**

***NOTE 11 – PENSION PLAN AND OTHER POSTEMPLOYMENT BENEFITS - Continued***

The long-term expected rate of return on ASRS plan investments was determined to be 7.00 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-term Expected Geometric Real</b>
Public equity	44%	3.50%
Credit	23%	5.90%
Real estate	17%	5.90%
Private equity	10%	6.70%
Interest reate sensitive	6%	1.50%
Total	100%	

**Discount Rate** – At June 30, 2023, the discount rate used to measure the ASRS total pension/OPEB liability was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board’s funding policy, which establishes the contractually required rate under Arizona statute. Based on those assumptions, the plans’ fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension/OPEB liability.

**SOUTHEASTERN ARIZONA GOVERNMENTS ORGANIZATION**  
**Notes to Financial Statements**  
**June 30, 2024**

***NOTE 11 – PENSION PLAN AND OTHER POSTEMPLOYMENT BENEFITS - Continued***

**Sensitivity of SEAGO’s Proportionate Share of the ASRS Net Pension/OPEB (Asset) Liability to Changes in the Discount Rate** – The following table presents SEAGO’s proportionate share of the net pension/OPEB liability calculated using the discount rate of 7.0 percent, as well as what SEAGO’s proportionate share of the net pension/OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.0 percent) or 1 percentage point higher (8.0 percent) than the current rate:

	<b>1% Decrease (6.0%)</b>	<b>Current Discount Rate (7.0%)</b>	<b>1% Increase (8.0%)</b>
<b>SEAGO's Proportionate share of the</b>			
Net pension liability	\$ 1,718,434	\$ 1,147,264	\$ 671,010
Net insurance premium benefit liability			
(asset)	(27,398)	(39,199)	(49,227)
Net long-term disability liability	1,372	938	512

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

**SOUTHEASTERN ARIZONA GOVERNMENTS ORGANIZATION**  
**Required Supplementary Information**  
**Schedule of SEAGO's Proportionate**  
**Share of the Net Pension/OPEB Liability**  
**Cost-Sharing Plans**  
**June 30, 2024**

**ASRS-Pension**

	Reporting Fiscal Year (Measurement Date)									
	2024 (2023)	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
SEAGO's proportion of the net pension liability	0.007090%	0.007300%	0.007000%	0.006020%	0.006170%	0.006060%	0.005800%	0.005970%	0.005760%	0.005336%
SEAGO's proportionate share of the net pension liability	\$ 1,147,264	\$ 1,191,522	\$ 919,769	\$ 1,043,057	\$ 897,807	\$ 845,157	\$ 903,527	\$ 963,618	\$ 896,852	\$ 789,615
SEAGO's covered payroll	\$ 1,043,969	\$ 931,297	\$ 786,908	\$ 657,511	\$ 650,295	\$ 602,514	\$ 566,197	\$ 558,959	\$ 530,321	\$ 481,047
SEAGO's proportionate share of the net pension liability as a percentage of its covered payroll	109.89%	127.94%	116.88%	158.64%	138.06%	140.27%	159.58%	172.40%	169.11%	164.15%
Plan fiduciary net position as a percentage of the total pension liability	75.47%	74.26%	78.58%	69.33%	73.24%	73.40%	69.92%	67.06%	68.35%	69.49%

**ASRS-Health Insurance Premium Benefit**

	Reporting Fiscal Year (Measurement Date)							
	2024 (2023)	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 through 2015
SEAGO's proportion of the net OPEB (asset)	0.007260%	0.007480%	0.007180%	0.006160%	0.006320%	0.006180%	0.005890%	Information not available
SEAGO's proportionate share of the net OPEB (asset)	\$ (39,199)	\$ (41,746)	\$ (34,982)	\$ (4,361)	\$ (1,747)	\$ (2,225)	\$ (3,207)	
SEAGO's covered payroll	\$ 1,043,969	\$ 931,297	\$ 786,908	\$ 657,511	\$ 650,295	\$ 602,514	\$ 566,197	
SEAGO's proportionate share of the net OPEB (asset) as a percentage of its covered payroll	-3.75%	-4.48%	-4.45%	-0.66%	-0.27%	-0.37%	-0.57%	
Plan fiduciary net position as a percentage of the total OPEB asset	134.37%	137.79%	130.24%	104.33%	101.62%	102.20%	103.57%	

**SOUTHEASTERN ARIZONA GOVERNMENTS ORGANIZATION**  
**Required Supplementary Information**  
**Schedule of SEAGO's Proportionate**  
**Share of the Net Pension/OPEB Liability**  
**Cost-Sharing Plans**  
**June 30, 2024**

**ASRS-Long-Term Disability**

	Reporting Fiscal Year (Measurement Date)							
	2024 (2023)	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 through 2015
SEAGO's proportion of the net OPEB liability	0.007160%	0.007370%	0.007090%	0.006100%	0.006260%	0.006080%	0.005830%	Information
SEAGO's proportionate share of the net OPEB liability	\$ 938	\$ 681	\$ 1,464	\$ 4,628	\$ 4,078	\$ 3,177	\$ 2,113	not available
SEAGO's covered payroll	\$ 1,043,969	\$ 931,297	\$ 786,908	\$ 657,511	\$ 650,295	\$ 602,514	\$ 566,197	
SEAGO's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	0.09%	0.07%	0.19%	0.70%	0.63%	0.53%	0.37%	
Plan fiduciary net position as a percentage of the total OPEB liability	93.70%	95.40%	90.38%	68.01%	72.85%	77.83%	84.44%	



**SOUTHEASTERN ARIZONA GOVERNMENTS ORGANIZATION**  
**Required Supplementary Information**  
**Schedule of SEAGO Pension/OPEB Contributions**  
**June 30, 2024**

**ASRS-Pension**

	Reporting Fiscal Year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution	\$ 124,441	\$ 110,298	\$ 104,354	\$ 91,675	\$ 75,285	\$ 72,703	\$ 65,674	\$ 61,036	\$ 60,647	\$ 57,752
SEAGO's contributions in relation to the statutorily required contribution	(124,441)	(110,298)	(104,354)	(91,675)	(75,285)	(72,703)	(65,674)	(61,036)	(60,647)	(57,752)
SEAGO's contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
SEAGO's covered payroll	<u>\$ 1,043,969</u>	<u>\$ 931,297</u>	<u>\$ 868,896</u>	<u>\$ 786,908</u>	<u>\$ 657,511</u>	<u>\$ 650,295</u>	<u>\$ 602,514</u>	<u>\$ 566,197</u>	<u>\$ 558,959</u>	<u>\$ 530,321</u>
SEAGO's contributions as a percentage of covered payroll	11.92%	11.84%	12.01%	11.65%	11.45%	11.18%	10.90%	10.78%	10.85%	10.89%

**ASRS-Health Insurance Premium Benefit**

	Reporting Fiscal Year								2016 through 2015
	2024	2023	2022	2021	2020	2019	2018	2017	
Statutorily required contribution	\$ 1,148	\$ 1,018	\$ 1,825	\$ 3,069	\$ 3,222	\$ 2,991	\$ 2,651	\$ 3,171	Information not available
SEAGO's contributions in relation to the statutorily required contribution	(1,148)	(1,018)	(1,825)	(3,069)	(3,222)	(2,991)	(2,651)	(3,171)	
SEAGO's contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
SEAGO's covered payroll	<u>\$ 1,043,969</u>	<u>\$ 931,297</u>	<u>\$ 868,896</u>	<u>\$ 786,908</u>	<u>\$ 657,511</u>	<u>\$ 650,295</u>	<u>\$ 602,514</u>	<u>\$ 566,197</u>	
SEAGO's contributions as a percentage of covered payroll	0.11%	0.11%	0.21%	0.39%	0.49%	0.46%	0.44%	0.56%	

**SOUTHEASTERN ARIZONA GOVERNMENTS ORGANIZATION**  
**Required Supplementary Information**  
**Schedule of SEAGO Pension/OPEB Contributions**  
**June 30, 2024**

**ASRS-Long-Term Disability**

	Reporting Fiscal Year								
	2024	2023	2022	2021	2020	2019	2018	2017	2016 through 2015
Statutorily required contribution	\$ 1,462	\$ 1,296	\$ 1,651	\$ 1,416	\$ 1,118	\$ 1,041	\$ 964	\$ 793	Information not available
SEAGO's contributions in relation to the statutorily required contribution	(1,462)	(1,296)	(1,651)	(1,416)	(1,118)	(1,041)	(964)	(793)	
SEAGO's contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
SEAGO's covered payroll	<u>\$ 1,043,969</u>	<u>\$ 931,297</u>	<u>\$ 868,896</u>	<u>\$ 786,908</u>	<u>\$ 657,511</u>	<u>\$ 650,295</u>	<u>\$ 602,514</u>	<u>\$ 566,197</u>	
SEAGO's contributions as a percentage of covered payroll	0.14%	0.14%	0.19%	0.18%	0.17%	0.16%	0.16%	0.14%	



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

To the Executive Board  
Southeastern Arizona Governments Organization

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 and each major fund of Southeastern Arizona Governments Organization (SEAGO), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise SEAGO's basic financial statements, and have issued our report thereon dated January 14, 2025.

**Report on Internal Control Over Financial Reporting**

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

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

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

## **Report on Compliance and Other Matters**

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

### **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.

*Colby + Powell*

January 14, 2025



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

To the Executive Board  
Southeastern Arizona Governments Organization  
Bisbee, Arizona

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

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

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

***Basis for Opinion on Each Major Federal Program***

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

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

### ***Auditors' Responsibilities for the Audit of Compliance***

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding SEAGO'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 SEAGO's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of SEAGO's internal control over compliance. Accordingly, no such opinion is expressed.

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

## Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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



January 14, 2025

**SOUTHEASTERN ARIZONA GOVERNMENTS ORGANIZATION**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2024**

Federal Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	Pass-Through Grantor's Number	Passed Through to Subrecipients	Expenditures
<b><u>U.S. Department of Health and Human Services</u></b>				
<b>Passed through the Arizona Department of Economic Security</b>				
<b>Aging Cluster</b>				
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	CTR048043	\$ 406,380	\$ 451,533
Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	CTR048043	610,371	778,966
Nutrition Services Incentive Program	93.053	CTR048043	107,727	107,727
Total Aging Cluster			1,124,478	1,338,226
Special Programs for the Aging, Title VII, Chapter 3, Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041	CTR048043	-	22,274
Special Programs for the Aging, Title VII, Chapter 2, Long Term Care Ombudsman Services For Older Individuals	93.042	CTR048043	-	36,186
Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services	93.043	CTR048043	-	32,196
Special Programs for the Aging, Title IV, and Title II, Discretionary Projects	93.048	CTR048043	-	24,093
National Family Caregiver Support, Title III, Part E	93.052	CTR048043	87,625	170,507
Social Services Block Grant	93.667	CTR048043	545,353	863,629
Medicare Entollment Assistance Program	93.071	CTR048043	-	26,836
State Health Insurance Assistance Program	93.324	CTR048043	-	32,683
Elder Abuse Prevention Interventions Program	93.747	CTR048043	-	-
Total U.S. Department of Health and Human Services			1,757,456	2,546,630
<b><u>U.S. Department of Transportation</u></b>				
Public Transportation Research, Technical Assistance and Training	20.514	-	-	149,766
<b>Passed through the Arizona Department of Transportation</b>				
Formula Grants for Rural Areas and Tribal Transit Program	20.509	GRT-19-0007312-T	-	20,000
Formula Grants for Rural Areas and Tribal Transit Program	20.509	GRT-20-0007798-T	-	90,860
Formula Grants for Rural Areas and Tribal Transit Program	20.509	GRT-23-0009154-T	-	33,476
<b>Highway Planning and Contruction Cluster</b>				
Highway Planning and Construction	20.205	GRT-19-0007312-T	-	108,978
Highway Planning and Construction	20.205	GRT-23-0009154-T	-	52,919
<b>Transit Services Programs Cluster</b>				
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	GRT-20-0006624-T	-	131,616
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	GRT-20-0007798-T	-	50,904
Total Department of Transportation			-	638,519

*The accompanying notes are an integral part of this schedule.*



**SOUTHEASTERN ARIZONA GOVERNMENTS ORGANIZATION**  
**Schedule of Expenditures of Federal Awards-continued**  
**Year Ended June 30, 2024**

Federal Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	Pass-Through Grantor's Number	Passed Through to Subrecipients	Expenditures
<b><u>U.S. Department of Treasury</u></b>				
<b>Passed through the Arizona Department of Economic Security</b>				
Coronavirus State and Local Fiscal Recovery Funds	21.027		5,812	54,082
<b>Total U.S. Department of Treasury</b>			5,812	54,082
<b><u>U.S. Department of Commerce</u></b>				
Economic Development Support for Planning Organizations	11.302	-	-	75,000
<b>Total U.S. Department of Commerce</b>			-	75,000
<b><u>U.S. Department of Housing and Urban Development</u></b>				
<b>Passed through the Arizona Department of Housing</b>				
Community Development Block Grant/State's Program and Non-Entitlement Grants in Hawaii	14.228	138-23	-	7,885
<b>Total U.S. Department of Housing and Urgan Development</b>			-	7,885
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			\$ 1,763,268	\$ 3,322,116

*The accompanying notes are an integral part of this schedule.*

**SOUTHEASTERN ARIZONA GOVERNMENTS ORGANIZATION**  
**Notes to Schedule of Expenditures of Federal Awards**  
**June 30, 2024**

***NOTE 1 – BASIS OF PRESENTATION***

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

***NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES***

Expenditures reported on the Schedule are reported on the modified accrual/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. SEAGO has not elected to use the 10% *de minimis* indirect cost rate allowed under the Uniform Guidance.

**SOUTHEASTERN ARIZONA GOVERNMENTS ORGANIZATION**  
**Schedule of Findings and Questioned Costs - Continued**  
**June 30, 2024**

**Section I - Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

\_\_\_\_\_ Yes        X   No

Significant deficiency(ies) identified not considered to  
be material weakness(es)?

\_\_\_\_\_ Yes        X   No

Noncompliance material to financial statements noted?

\_\_\_\_\_ Yes        X   No

**Federal Awards**

Internal control over major federal programs:

Material weakness(es) identified?

\_\_\_\_\_ Yes        X   No

Significant deficiency(ies) identified not considered to  
be material weakness(es)?

\_\_\_\_\_ Yes        X   No

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

Unmodified

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

\_\_\_\_\_ Yes        X   No

Identification of major federal programs:

Federal  
Assistance  
Listing  
Number

Name of Federal Program

**Aging Cluster**

93.044	Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers
93.045	Special Programs for the Aging, Title III, Part C Nutrition Services
93.053	Nutrition Services Incentive

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

\$750,000

Auditee qualified as low-risk auditee?

  X   Yes      \_\_\_\_\_ No

**Financial Statement Findings**

None noted.

**Federal Award Findings and Questioned Costs**

None noted.

**SOUTHEASTERN ARIZONA GOVERNMENTS ORGANIZATION**  
**Summary Schedule of Prior Audit Findings**  
**June 30, 2024**

The status of audit findings from the prior year is as follows:

SEAGO had no Single Audit findings for the year ended June 30, 2023.