

**ST. DAVID FIRE DISTRICT
FINANCIAL STATEMENTS**

June 30, 2020

**SAUNDERS COMPANY, Ltd.
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ST. DAVID FIRE DISTRICT

FINANCIAL STATEMENTS JUNE 30, 2020

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SAUNDERS COMPANY, LTD

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CERTIFIED FRAUD EXAMINER
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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Governing Board
St David Fire District
St David, Arizona

Report on the Financial Statements

We have reviewed the accompanying financial statements of the governmental activities and each major fund of the St. David Fire District, St. David, Arizona, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA and Government Auditing Standards issued by the Comptroller General of the United States. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, required supplementary information and budgetary comparison information, as listed in the Table of Contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Such information is the responsibility of management. We have not audited, reviewed or compiled the required supplementary information, and, accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on it.

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Independent Accountant's Review Report
June 30, 2020
Page 2

Other Legal and Regulatory Requirements

Arizona Revised Statutes require disclosure of certain additional supplementary information required to comply with section 48-251 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by statute as an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Such information was not audited, reviewed, or compiled by us, and we do not express an opinion or provide any assurance on it.

Saunders Company, Ltd.

Glendale, Arizona
December 18, 2021

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ST. DAVID FIRE DISTRICT

Management's Discussion and Analysis of Basic Financial Statements June 30, 2020

The following discussion and analysis of the St David Fire District (the district's) financial performance presents management's overview of the District's financial activities for the year ended June 30, 2020. Please read it in conjunction with the District's basic financial statements which begin immediately following this analysis. This annual financial report consists of two parts, Management's Discussion and Analysis (this section) and the Basic Financial Statements.

Nature of Operations

The St David Fire District provides Fire, EMT and Paramedic services to homes, property and persons residing within the District boundaries, as well as services to locations and persons outside the District through mutual aid agreements and contracts.

Results of Operations

- Fire, EMT, Paramedic and Ambulance Assistance runs
- The District participates in several community activities that include:
 - Fire Prevention at the School for K-5
 - Bi-Annual Community BBQ
 - Holiday Food Baskets and Gifts for the needy
 - San Pedro Valley Fair
 - Halloween Trunk or Treat
 - Pioneer Day Parade
 - 4th of July Parade, Water Fights and Fireworks

Financial Highlights

- District investment in capital assets decreased by \$41,856 or 41.82%.
- The District's net position increased \$46,306 or 40.37% from the previous fiscal year.
- Total revenues decreased \$47,334 or 18.50% over the previous fiscal year.
- At the end of the current fiscal year, unrestricted net position for the Governmental Activities was \$161,744.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

The main purpose of these statements is to provide the reader with sufficient information to assess whether or not the District's overall financial position has improved or deteriorated.

Government -Wide Financial Statements

The government -wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to private-sector business.

The statement of net position presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, use fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Net Position June 30, 2020

	<u>BALANCE</u> <u>JUNE 30, 2019</u>	<u>BALANCE</u> <u>JUNE 20, 2020</u>
Net Investments in Capital Assets	\$ 3,853	\$ (720)
Unrestricted	<u>110,865</u>	<u>161,744</u>
Total Net Position	<u>\$ 114,718</u>	<u>\$ 161,024</u>

Government -wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of St David Fire District, total net position was \$ 161,024 at the close of the most recent fiscal year.

A large portion of the District's net position reflects its investment in capital assets (e.g., land, construction in progress, buildings, machinery, vehicles, and equipment); less any related debt still outstanding used to acquire those assets. The District uses these capital assets to provide services to Citizens, consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The following is a comparative analysis between the current and the prior fiscal year for the government-wide statements.

Condensed Statement of Net Position

	Governmental Activities	
	2019	2020
Assets		
Current and other assets	\$ 110,865	\$ 161,744
Capital assets	<u>100,089</u>	<u>58,233</u>
Total assets	210,954	219,977
Liabilities		
Current liabilities	37,283	29,098
Non-current liabilities	<u>58,953</u>	<u>29,855</u>
Total liabilities	<u>96,236</u>	<u>58,953</u>
Net position:		
Net investment in capital assets	3,853	(720)
Unrestricted	<u>110,865</u>	<u>161,744</u>
Total net position	<u>\$ 114,718</u>	<u>\$ 161,024</u>

The unrestricted net position of \$161,744 is available to meet the District's ongoing obligations to citizens and creditors.

Governmental Activities

Most of the revenues for the District were derived from assessed property taxes and Fire District Assistance Tax from the County.

Governmental Activities net position increased by \$46,306. Key elements of this increase are reported below:

Statement of Activities

	<u>Governmental Activities</u>	
	<u>2019</u>	<u>2020</u>
Expenditures:		
Public Safety:		
Personnel	\$ 22,079	\$ 20,696
Materials and Supplies	81,257	87,875
Administration	9,982	8,586
Debt Service Interest	4,045	3,205
Depreciation	42,165	41,856
	<hr/>	<hr/>
Total Expenditures	159,528	162,218
	<hr/>	<hr/>
Program Revenues:		
Capital Grants	10,715	0
Fees for services	0	1,110
Total program revenues	10,715	1,110
	<hr/>	<hr/>
Net Program Expenditures	148,813	161,108
	<hr/>	<hr/>
General revenues:		
Property taxes	166,852	172,536
Fire District Assistance Tax	27,711	29,366
Interest Earnings	1,488	2,203
Miscellaneous	4,118	3,309
	<hr/>	<hr/>
Total General Revenues	200,169	207,414
	<hr/>	<hr/>
Increase (Decrease) in Net Position	51,356	46,306
	<hr/>	<hr/>
Net position, beginning of the year	63,362	114,718
	<hr/>	<hr/>
Net position, end of the year	\$ 114,718	\$ 161,024
	<hr/>	<hr/>

General Fund Budgetary Highlights

The District stayed within budget.

Capital Asset and Debt Administration

Capital Assets

In order to continue to provide the best service possible, the District spends a portion of the budget on fixed asset acquisition and capital projects.

For fiscal year ended June 30, 2020 the District purchased, had contributed, or constructed the following assets:

Capital Assets, Net of Depreciation June 30, 2020

	<u>BALANCE</u> <u>06/30/2019</u>	<u>BALANCE</u> <u>06/30/2020</u>
<u>Depreciable Assets</u>		
Vehicles	\$ 276,639	\$ 276,639
Equipment, Fire	<u>62,446</u>	<u>62,446</u>
Total Historical Costs	<u>339,085</u>	<u>339,085</u>
Less Accumulated Depreciation:		
Vehicles	213,970	247,706
Equipment, Fire	<u>25,026</u>	<u>33,146</u>
Less: Total Accumulated Depreciation	<u>238,996</u>	<u>280,852</u>
Depreciable Capital Assets, Net	100,089	58,233
<u>Non-Depreciable Assets</u>		
Land	<u>0</u>	<u>0</u>
Capital Assets, Net	<u>\$ 100,089</u>	<u>\$ 58,233</u>

Non-Current Liabilities

At the end of the current fiscal year, the District had non-current liabilities outstanding of \$58,953. All of the debt is backed by the full faith and credit of the District.

Changes in Non-Current Liabilities:

	Balance <u>June 30, 2019</u>	Balance <u>June 30, 2020</u>
1996 Rescue Pumper	\$ 13,922	\$ 2,441
2014 Tender	42,747	21,697
2020 SCBA'S	<u>39,567</u>	<u>34,815</u>
Totals	<u>\$ 96,236</u>	<u>\$ 58,953</u>

Factors Affecting Future Results

The District is subject to general economic conditions such as increases or declines in property tax value or other types of revenues that vary with economic conditions.

Contacting the District

This financial report is designed to provide an overview of the District's finances for anyone with an interest in the government's finances. Any questions regarding this report or requests for additional information may be directed to St. David Fire District at PO Box 577 or 515 E Dragoon Vista Lane, St. David, AZ. 85630 or (520) 720-4045.

BASIC FINANCIAL STATEMENTS

**ST. DAVID FIRE DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2020**

Exhibit A

	Governmental Activities
ASSETS	
Cash & Cash Equivalents	\$ 150,373
Receivables:	
Property Taxes	9,774
Prepaid Note Payable	1,597
Total Capital Assets, Net	58,233
 Total Assets	 219,977
LIABILITIES	
Current Liabilities:	
Payroll Taxes Payable	-
Due in less than one year	
Notes Payable	29,098
Non-Current Liabilities:	
Due in more than one year	
Notes Payable	29,855
 Total Liabilities	 58,953
NET POSITION	
Net Investment in Capital Assets	(720)
Unrestricted	161,744
 Total Net Position	 \$ 161,024

See accountant's review report and accompanying notes to financial statements

**ST. DAVID FIRE DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020**

Exhibit B

	Governmental Activities
EXPENDITURES	
Public Safety:	
Personnel	\$ 20,696
Materials and Supplies	87,875
Administration	8,586
Debt Service Interest	3,205
Depreciation	41,856
Total Program Expenditures	162,218
PROGRAM REVENUES	
Fees for Service	1,110
Total Program Revenues	1,110
Net Program Expenditures	161,108
GENERAL REVENUES	
Property Taxes	172,536
Fire District Assistance Tax	29,366
Interest Earnings	2,203
Miscellaneous	3,309
Total General Revenues	207,414
Increase (Decrease) in Net Position	46,306
NET POSITION-BEGINNING OF THE YEAR	114,718
NET POSITION-END OF THE YEAR	\$ 161,024

See accountant's review report and accompanying notes to financial statements

**ST. DAVID FIRE DISTRICT
BALANCE SHEET - GOVERNMENTAL FUND
JUNE 30, 2020**

Exhibit C

General

ASSETS

Cash and Cash Equivalents	\$	150,373
Prepaid Lease Payment		1,597
Receivables:		
Property Taxes		<u>9,774</u>
 Total Assets		 <u><u>\$ 161,744</u></u>

LIABILITIES

Accounts Payable	\$	<u>-</u>
 Total Liabilities		 -

DEFERRED INFLOW OF RESOURCES

Unavailable Revenues:		
Deferred Property Taxes		<u>5,919</u>
 Total Liabilities and Inflow of Resources		 <u>5,919</u>

FUND BALANCES

Assigned		137,725
Non-Spendable		1,597
Unassigned		<u>16,503</u>
 Total Fund Balances		 <u>155,825</u>
 Total Liabilities, Deferred Inflow of Resources & Fund Balances		 <u><u>\$ 161,744</u></u>

See accountant's review report and accompanying notes to financial statements

**ST. DAVID FIRE DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUND
FOR THE YEAR ENDED
JUNE 30, 2020**

Exhibit D

	General
REVENUES	
Property Taxes	\$ 172,536
Fire District Assistance Tax	29,366
Fees for Service	1,110
Interest Earnings	2,203
Miscellaneous	3,309
Total Revenues	208,524
EXPENDITURES	
Current:	
Public Safety:	
Personnel	20,696
Materials and Supplies	87,875
Administration	8,586
Debt Service	
Principal	37,283
Interest	3,205
Total Expenditures	157,645
Excess (Deficiency) of Revenues over Expenditures	50,879
Net Change in Fund Balances	50,879
Fund Balances-Beginning of Year	104,946
Fund Balances-End of Year	\$ 155,825

See accountant's review report and accompanying notes to financial statements

ST. DAVID FIRE DISTRICT
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUND
TO THE STATEMENT OF NET POSITION
JUNE 30, 2020

Exhibit E

Reconciliation of Governmental Fund Balance to Net Position
(Exhibit A) of governmental activities:

Fund Balances - Total Governmental Fund (Exhibit C) \$ 155,825

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 other funds.

Governmental Capital Assets	339,085	
Less: Accumulated Depreciation	<u>(280,852)</u>	
		58,233

Non-Current liabilities are not due and payable
in the current period and therefore are not
reported in the funds. (58,953)

Deferred Inflows of Resources
Related to Deferred Property Taxes 5,919

Net Position of Governmental Activities (Exhibit A) \$ 161,024

See accountant's review report and accompanying notes to financial statements

**ST. DAVID FIRE DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUND
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED
JUNE 30, 2020**

Exhibit F

**Reconciliation of the change in fund balance-total governmental fund
to the change in net position of governmental activities:**

Net Change in Fund Balances - Total Governmental Fund (Exhibit D)	\$	50,879
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Amounts reported for governmental activities in the statement of activities (Exhibit B) are different because of the following:

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. This is the amount by which depreciation expense exceeded capital outlay in the current period.		(41,856)
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Net Change in Deferred Outflows and Inflow of Resources		-
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The addition of non-current liabilities (e.g., bonds, leases, leave) provides current financial resources to governmental funds, while the repayment of the principal of non-current liabilities consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of non-current liabilities and related items.		<u>37,283</u>
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Change in Net Position of Governmental Activities (Exhibit B)	\$	<u><u>46,306</u></u>
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See accountant's review report and accompanying notes to financial statements

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ST. DAVID FIRE DISTRICT
ST. DAVID, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The District is a local governmental unit formed as a political subdivision of the local county which is a political subdivision of the State of Arizona. The District was formed under the provisions of Title 48 of Arizona Revised Statutes. The District operates under the guidance of an elected board, which is the policy making body of the District. The purpose of the District is to provide fire protection, emergency medical and related services to the residents and guests of the District and the surrounding area. The day to day operations are supervised by a fire chief and his staff.

The District has the power to issue bonds, levy taxes, bill for services and raise revenues with the power of the County government. The District has the power to expend public funds for any legitimate purpose required to further its needs. The District operates as an independent governmental agency directly responsible to the local taxpayers and voters.

Introduction

Accounting principles generally accepted in the United States of America require that the reporting entity include the primary government, all organizations for which the primary government is financially accountable, and other organizations which by nature and significance of their relationship with the primary government would cause the financial statements to be incomplete or misleading if excluded. Blended component units, although legally separate entities, are, in substance, part of the government's operations; therefore, data from these units are combined with data of the primary government. Based on these criteria, there are no component units requiring inclusion in these financial statements.

Basic Financial Statements

The accounting policies for the District conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies are described below.

Government -Wide Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to users of the services provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as general revenues.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental funds

Governmental Fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available as net current assets. All sources of revenue except interest become measurable when the District has rendered a service. Interest revenue is measurable when its rate becomes known. Revenues are considered available if they are received within 60 days of the end of any accounting period. Expenditures are generally recognized when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The District reports the following major governmental funds:

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

Financial Statements Amounts

Cash & Cash Equivalents

All savings, checking and money market accounts with an original maturity of less than 90 days are considered to be cash equivalents.

Prepaid Items

Payments to vendors that benefit future accounting periods are classified as prepaid items until charged to expenditures in the period benefited.

Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$2,500 and an estimated useful life of more than two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend lives are not capitalized.

Property, plant and equipment are depreciated using the straight-line method over the following useful lives:

Buildings	27.5 to 40 years
Equipment	5 to 7 years
Fire Trucks	10 years
Automobiles	5 years
Office Equipment	5 years

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and the balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position and the balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Non-Current Liabilities

In the government-wide financial statements, non-current liabilities and other non-current obligations are reported as liabilities in the applicable governmental activities in the statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Net Position

Net Position on Government-Wide Financial Statements – Exhibit A

Fund Equity, as defined in GASB Statement No. 34, “Basic Financial Statements for State and Local Governments” is defined as net position and is classified in the following categories:

- Restricted—amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- Unrestricted – this balance is the amount of equity which is not included in the restricted fund balance and the Investments in Capital Asset balances.
- Net Investment in Capital Assets – This consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

Fund Balances on Government Fund Financial Statements – Exhibit C

GASB Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions.” This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government’s fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

- Nonspendable fund balance—amounts that are not in a spendable form (such as inventory) or are required to be maintained intact.
- Restricted fund balance—amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed fund balance—amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (i.e., District Board). To be reported as committed, amounts cannot be used for any other purpose unless the Board takes the same highest level action to remove or change the constraint.
- Assigned fund balance—amounts the District intends to use for a specific purpose. Intent can be expressed by the District Board or by an official or body to which the District Board delegates the authority.
- Unassigned fund balance—amounts that are available for any purpose. Positive amounts are reported only in the general fund.

The District Board establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by District Board through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service, or for other purposes).

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amount and disclosures in the financial statements. Actual results could differ from those estimates.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

A fire district shall prepare an annual budget that contains detailed estimated expenditures for each fiscal year and that clearly shows salaries payable to

employees of the district. The budget summary shall be posted in three public places and a complete copy of the budget shall be published on the district's official website for twenty days before a public hearing at a meeting called by the board to adopt the budget. Copies of the budget shall also be available to members of the public on written request to the district. Following the public hearing, the district board shall adopt a budget. A complete copy of the adopted budget shall be posted in a prominent location on the district's official website within seven business days after final adoption and shall be retained on the website for at least sixty months. For any fire district that does not maintain an official website, the fire district may comply with this subsection by posting on a website of an association of fire districts in this state. ARS 48-805.02(a)

Pursuant to ARS 48.805.02(d), all fire districts are required to submit certain information accompanying the budget which has been certified to by the chairman and clerk of the District Board. The budget and the accompanying certification are required to be submitted to the County Board of Supervisors no later than August 1st of each year.

Budgets are adopted by the District on basis consistent with Arizona Revised Statutes. Encumbrance accounting is not employed by the District. All appropriations lapse at year-end.

NOTE 3 - DEPOSITS, INVESTMENT RISK & CASH MANAGEMENT

Deposits and Investments

The deposit of public funds is regulated by Arizona Revised Statutes (ARS). ARS 48-807 allows the District to establish bank accounts with any financial institution that is authorized to do business in the State of Arizona for the purpose of operating a payroll account, holding special revenues, ambulance revenues or both monies as necessary to fulfill the District's fiduciary responsibilities. The District may also establish, through the County Treasurer, accounts for monies from property taxes, grants, contributions and donations. The Cochise County Treasurer is required to establish a fund known as the "fire district general fund" for the receipt of all taxes levied on behalf of the District.

The District may register warrants only if separate accounts are maintained by the Cochise County Treasurer for each governmental fund of the District. Warrants may only be registered on the maintenance and operation account, the unrestricted capital outlay account and the special revenue accounts, and only if the total cash balance of all three accounts is insufficient to pay the warrants and only after any revolving line of credit has been expended. Registered warrants may not exceed ninety per cent of the taxes levied by the County for the District's current fiscal year. Registered warrants bear interest as prescribed by statute and are redeemed as provided for by law for County warrants.

Unless monies are legally restricted by contract, agreement or law, those monies may be transferred between fund accounts according to the original or amended budget of the Fire District.

Any surplus remaining in the fire district general fund at the end of the fiscal year shall be credited to the fire district general fund of the district for the succeeding fiscal year and after subtraction of accounts payable and encumbrances, shall be used to reduce the tax levy for the following year.

The District accounts with the Cochise County Treasurer are part of an investment pool operated by the Cochise County Treasurer. The Cochise County Treasurer invests the cash in a pool under policy guidelines established by the County Treasurer's office. The County accounts for the investment pool in their Fiduciary Investment Trust Fund. Credit risk, concentration of credit risk, and interest rate risk regarding the Cochise County Treasurer's Investment pool is included in the Comprehensive Annual Financial Report of the County. The fair value of each participant's position in the Cochise County Treasurer's Investment Pool approximates the value of the participant's shares in the pool.

Financial institutions accepting governmental monies in the State of Arizona are required to collateralize at 102% all government deposits which exceed the FDIC insurance limit. The current FDIC limit is \$250,000 for the total of all interest bearing accounts and \$250,000 for the total of all demand deposit accounts. The collateralization is required to be separately identifiable securities and be held by a third party financial institution or trust agency. ARS (Title 35) requires this to be monitored by the Arizona State Treasurer's Office.

The District may also place monies in investments which are subject to the risks identified below.

The following is a summary of the Cash and Cash Equivalents held by financial institutions at June 30, 2020:

<u>DEPOSITORY ACCOUNTS:</u>	<u>General Fund</u>
Cochise County Treasurer Investment Pool	\$ <u>157,325</u>
Total Deposits	157,325
In Transit Items	<u>(6,952)</u>
Total Cash & Cash Equivalents	<u>\$ 150,373</u>

GASB Statement No. 72 establishes standards for measuring fair value and applying fair value to certain investments, establishes a three-tier hierarchy of inputs to valuation techniques used to measure fair value and enhances disclosures related to fair value hierarchy and valuation techniques.

These fair value measurement reporting levels are:

Level 1 - Quoted prices in active markets for identical assets.

Level 2 - Significant other observable inputs.

Level 3 - Significant unobservable inputs.

Investments by fair value level:

Cochise County Treasurer Investment Pool	Level Two
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Breakdown of Investments measured at fair value:

Cochise County Treasurer Investment Pool	\$ <u>157,325</u>
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Total	\$ <u>157,325</u>
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Custodial Credit Risk. Custodial credit risk is the risk that, in the event of the failure of the counterparty, the system will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments in external investment pools and in open-end mutual funds are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

Foreign Currency Risk. Arizona Revised Statutes do not allow foreign investments.

Investment Policy. The District does not have a formal policy with respect to credit risk, custodial credit risk, concentration of credit risk, interest rate risk, or foreign currency risk.

Credit Risk – Credit Risk is the risk that an issuer or other counterparty to an investment in a debt security will not fulfill its obligations. The District has no investment policy that would further limit its investment choices other than what is in the Arizona Revised Statutes (ARS). The Cochise County Treasurer's Investment Pool (CCTIP) are external investment pools with no regulatory oversight. The CCTIP is not required to register (and is not registered) with the Securities and Exchange Commission. As of June 30, 2020, the CCTIP had not received a credit quality rating from a national rating agency.

Statutes authorize the District to invest in obligations of the U.S. Treasury and federal agency securities, along with certain public obligations such as bonds or other obligations of any state of the United States of America or of any agency, instrumentality, or local governmental unit of any such state of which the District

invests, that are rated in the highest rating category of nationally recognized statistical rating organizations.

Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk.

Concentration of Credit Risk Concentration of credit risk is associated with investments in any one issuer that represent 5 percent or more of total investments. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are considered as excluded from this requirement.

Arizona Revised Statutes do not include any requirement for concentration of risk.

Interest rate risk: This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

The Cochise County Treasurer invests the cash in a pool under policy guidelines established by the Cochise County Treasurer's office (the County). The County accounts for the investment pool in their Fiduciary Investment Trust Fund. Credit risk, concentration of credit risk, and interest rate risk regarding the Cochise County Treasurer's Investment Pool (CCIP) is included in the Comprehensive Annual Report of the County. The fair value of each participant's position in the CCIP approximates the value of the participant's shares in the pool.

NOTE 4 – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and the public; and natural or manmade disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have never exceeded commercial insurance coverage for the District.

In addition, as the owner and operator of emergency response vehicles, the District is exposed to a high risk of loss related to these activities. The District carries commercial insurance on all vehicles and requires insurance coverage on all privately owned vehicles used for District activities.

NOTE 5 - INVENTORIES

The costs of governmental fund-type inventories are recorded as expenditures when purchased. All inventories of the District are considered immaterial.

NOTE 6 - RECEIVABLES

General and governmental fund receivables are recorded as received except for those funds collected and held by other governments on behalf of the Fire District. These amounts are recorded as soon as they are measurable and available in accordance with governmental accounting standards.

NOTE 7 - PREPAID EXPENSES

Prepaid expenses at June 30, 2020 were \$ 1,597 and consist of a note payable in the following fiscal year.

NOTE 8 – PROPERTY TAX REVENUE RECEIVABLE

Property Tax Receivables arise when property taxes are levied but no currently collected. The collectible portion (taxes levied less estimated uncollectible) are recorded as deferred inflow of resources in the period when an enforceable legal claim to the assets arise.

NOTE 9 - CAPITAL ASSETS

Capital asset activity for the year ended.

	<u>BALANCE</u> <u>06/30/2019</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE</u> <u>06/30/2020</u>
<u>Depreciable Assets</u>				
Vehicles	\$ 276,639	\$ 0	\$ 0	\$ 276,639
Equipment, Fire	<u>62,446</u>	<u>0</u>	<u>0</u>	<u>62,446</u>
Total Historical Costs	<u>339,085</u>	<u>0</u>	<u>0</u>	<u>339,085</u>
Less Accumulated Depreciation :				
Vehicles	213,970	33,736	0	247,706
Equipment, Fire	<u>25,026</u>	<u>8,120</u>	<u>0</u>	<u>33,146</u>
Less: Total Accumulated Depreciation	<u>238,996</u>	<u>41,856</u>	<u>0</u>	<u>280,852</u>
Depreciable Capital Assets, Net	100,089	(41,856)	0	58,233
<u>Non-Depreciable Assets</u>				
Land	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Capital Assets, Net	<u>\$ 100,089</u>	<u>\$ (41,856)</u>	<u>\$ 0</u>	<u>\$ 58,233</u>

NOTE 10 - DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

Pursuant to GASB Statement No. 63, “*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*,” and GASB Statement No. 65, “*Items Previously Reported as Assets and Liabilities*,” the District recognized deferred outflows of resources in the governmentwide statements. These items are a consumption of net position by the District that is applicable to a future reporting period. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. The District reports the deferred inflows and outflows as follows:

	<u>Governmental Activities</u>
Unavailable Revenues	
Deferred Property Taxes	\$ 5,919
Total Governmental Activities	<u>\$ 5,919</u>

NOTE 11 - CONTINGENT LIABILITIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

NOTE 12 – CURRENT LIABILITIES

Accounts Payable are liabilities considered due and payable in 60 days or less.

Current Liabilities are those liabilities payable within one year or less.

Changes in Current Liabilities:

	<u>Balance June 30, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2020</u>
Payroll Taxes	\$ 0	\$ 0	\$ 0	\$ 0
Notes Payable	<u>37,283</u>	<u>0</u>	<u>8,185</u>	<u>29,098</u>
Totals	<u>\$ 37,283</u>	<u>\$ 0</u>	<u>\$ 8,185</u>	<u>\$ 29,098</u>

NOTE 13 - COMMITMENTS

A commitment is an obligation arising from an existing contract, agreement or legislative enactment or regulation that will become an actual liability upon fulfillment of specified conditions. The District does not currently have any committed funds.

NOTE 14 – NON-CURRENT LIABILITIES

In the government-wide financial statements, non-current liabilities and other non-current obligations are reported as liabilities in the applicable governmental activities or business-type activities in the statement of net position.

General Obligation Bonds

The District does not currently have any general obligation bonds.

Operating Leases

The District does not currently have any operating leases.

Capital Leases

1996 Rescue Pumper: The District entered into a lease/purchase agreement with Zion Bank to purchase a 1996 Sutphen Rescue Pumper. The lease/purchase was dated December 20th 2010 in the amount of \$96,000 with an interest rate of 4.39% with quarterly payments of \$2,976 starting on December 15th 2010 with a final payment due December 15th 2020.

2014 Tender: The District entered into a lease/purchase agreement with Zion Bank to purchase a 2014 Tender. The lease/purchase was dated May 15th 2014 in the amount of \$138,949 with an interest rate of 3.05% with semi-annual payments of \$11,097 starting on November 15th 2014 with a final payment due May 15th 2021.

2020 SCBA’S: The District entered into a lease/purchase agreement with Zion Bank to purchase SCBA’S. The lease/purchase was dated July 2nd, 2019 in the amount of \$43,000 with an interest rate of 4.328% with quarterly payments of \$1,597 starting on October 1st, 2019 with a final payment due July 1st, 2027.

<u>Description</u>	<u>Interest Rate</u>	<u>Lease Term</u>	<u>Balance</u> <u>06/30/20</u>
1996 Sutphen Rescue Pumper	4.393%	12/15/2020	\$ 2,441
2014 Brush Truck	3.050%	5/15/2021	\$ 21,697
2020 SCBA’S	4.328%	7/01/2027	\$ 34,815

The following assets were acquired through notes payable:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Carrying Value</u>
1996 Sutphen Rescue Pumper	\$ 96,000	\$ 91,200	\$ 4,800
2014 Brush Truck	168,949	144,816	24,133
2020 SCBA'S	<u>38,328</u>	<u>10,038</u>	<u>28,290</u>
Total	<u>\$ 303,277</u>	<u>\$ 246,054</u>	<u>\$ 57,223</u>

Changes in Non-Current Liabilities:

	<u>Balance June 30, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2020</u>
1996 Rescue Pumper	\$ 13,922	\$ 0	\$ 11,481	\$ 2,441
2014 Tender	42,747	0	21,050	21,697
2020 SCBA'S	<u>39,567</u>	<u>0</u>	<u>4,752</u>	<u>34,815</u>
Totals	<u>\$ 96,236</u>	<u>\$ 0</u>	<u>\$ 37,283</u>	<u>\$ 58,953</u>

NOTE 15 - FUTURE MINIMUM LEASE/PURCHASE OBLIGATIONS

The future minimum lease/purchase obligations and the net present value of these minimum lease/purchase payments as of June 30,2020 were as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 29,098	\$ 1,952	\$ 31,050
2022	5,179	1,209	6,388
2023	5,407	981	6,388
2024	5,644	744	6,388
2025	5,893	495	6,388
2026	6,152	235	6,387
2027	<u>1,580</u>	<u>16</u>	<u>1,596</u>
Total Obligation	58,953	<u>\$ 5,632</u>	\$ 64,585
Less Amount Representing Interest			<u>5,632</u>
Less amount due within 1 year	<u>29,098</u>		
Future Minimum Lease Payments			<u>\$ 58,953</u>
Amount due after 1 year	<u>\$ 29,855</u>		

NOTE 16 – NET POSITION/FUND BALANCE

The District's Net Position balances consist of restricted, unrestricted, and net investment in capital assets amounts.

The District's Governmental Fund fund balances consist of restricted, committed, assigned and unassigned amounts.

Restricted balances are amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Committed fund balances are amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (i.e., District Board). To be reported as committed, amounts cannot be used for any other purpose unless the Board takes the same highest level action to remove or change the constraint.

Assigned fund balances are amounts the District intends to use for a specific purpose. Intent can be expressed by the District Board or by an official or body to which the District Board delegates the authority.

Unassigned fund balances are amounts that are available for any purpose. Positive amounts are reported only in the general fund.

Net Position :

Net Investment in Capital Assets	\$ (720)
Unrestricted	<u>161,744</u>
Total Net Position	<u>\$ 161,024</u>

Governmental Fund Balances :

Assigned Fund Balance – Capital Project	<u>\$ 137,725</u>
Total Assigned Fund Balances	137,725
Non-Spendable	1,597
Unassigned Fund Balances	<u>16,503</u>
Total Fund Balance	<u>\$ 155,825</u>

NOTE 17 - PROPERTY TAXES

The District is authorized to levy property taxes in an amount sufficient to operate the District. This levy cannot exceed three dollars and twenty-five cents per one hundred dollars of assessed valuation. It also cannot exceed the amount of the levy in the preceding tax year multiplied by 1.08.

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

The District also levies various personal property taxes during the year, which are due at the same time as real property taxes.

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

The taxpayers may, by vote of the electorate, authorize either a five year budget override or a permanent override, depending upon certain criteria being met. The taxpayers also may authorize the issuance of bonds for capital acquisitions in addition to the operating taxes referred to above.

The County collects a County-Wide Fire District Assistance Tax (FDAT) and distributes the funds to all Fire Districts in the County, according to a formula established by state law. The maximum awarded to a District cannot exceed \$400,000 per year.

NOTE 18- SUBSEQUENT EVENTS

Management has evaluated subsequent events and does not know of any additional comments or disclosures that should be made thru the date of this report other than the disclosure reported above.

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**REQUIRED SUPPLEMENTARY
INFORMATION**

ST. DAVID FIRE DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED
JUNE 30, 2020

Exhibit G

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Taxes	\$ 183,772	\$ 183,772	\$ 172,536	\$ (11,236)
Fire District Assistance Tax	20,500	20,500	29,366	8,866
Fees for Service	15,000	15,000	1,110	(13,890)
Capital Grants	220,000	220,000	-	(220,000)
Interest Earnings	500	500	2,203	1,703
Miscellaneous	1,500	1,500	3,309	1,809
Total Revenues	441,272	441,272	208,524	(232,748)
Expenditures:				
Current:				
Public Safety:				
Personnel	22,000	22,000	20,696	1,304
Materials and Supplies	147,122	147,122	87,875	59,247
Administration	9,000	9,000	8,586	414
Debt Service				
Principal	43,000	43,000	37,283	5,717
Interest	5,000	5,000	3,205	1,795
Capital Outlay	225,150	225,150	-	225,150
Total Expenditures	451,272	451,272	157,645	293,627
Excess (Deficiency) of Revenues over Expenditures	(10,000)	(10,000)	50,879	60,879
Net Change in Fund Balances	(10,000)	(10,000)	50,879	60,879
Fund Balances at Beginning of Year	10,000	10,000	104,946	94,946
Fund Balances at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 155,825</u>	<u>\$ 155,825</u>

See Accompanying Notes To The Budgetary Comparison Schedule

ST. DAVID FIRE DISTRICT
NOTES TO BUDGETARY COMPARISON SCHEDULE
FISCAL YEAR ENDED JUNE 30, 2020

NOTE 1 – BUDGETARY REQUIREMENTS AND BASIS OF ACCOUNTING

In accordance with the Arizona Revised Statutes, the District is required to adopt an annual operating budget no later than August 1st. The budget is adopted on a basis consistent with generally accepted accounting principles and appropriations lapse at year-end.

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OTHER SUPPLEMENTARY INFORMATION

**ST. DAVID FIRE DISTRICT
ANNUAL REPORT INFORMATION
FISCAL YEAR ENDED JUNE 30, 2020**

REGULAR FIRE BOARD MEETINGS:

<u>Date</u>	<u>Time</u>	<u>Location</u>
July 23, 2019	7:00 p.m.	515 E. Dragoon Vista Lane, St. David, Arizona
Aug 28, 2019	7:00 p.m.	515 E. Dragoon Vista Lane, St. David, Arizona
April 22, 2020	7:00 p.m.	515 E. Dragoon Vista Lane, St. David, Arizona
June 22, 2020	7:00 p.m.	515 E. Dragoon Vista Lane, St. David, Arizona

BOARD MEMBERS:

<u>Name</u>	<u>Business Phone Number</u>	<u>Occupation</u>
Donald Robaszekiwisc	520-720-4045	Retired
Mark Krebs	520-720-4045	Retired - Chairman
Fawn Todd	520-720-4045	Retired

LOCATION OF POSTING OF MEETING NOTICES (all meetings):

United States Post Office	St. David, Arizona
Water Office	112 W Patton St, St. David, Arizona
Website	

LEGAL DESCRIPTION OF BOUNDARY CHANGES:

None

SAUNDERS COMPANY, LTD

JAMES H. SAUNDERS, CPA, CFE, CGFM, PI.
TRICIA E. SAUNDERS, PI.

CERTIFIED PUBLIC ACCOUNTANT
CERTIFIED FRAUD EXAMINER
CERTIFIED GOVERNMENT FINANCIAL MANAGER
LICENSED PRIVATE INVESTIGATORS #01534603, # 1003706

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Arizona Society of Certified Public Accountants

Arizona Association of Licensed Private Investigators

International Association of Certified Fraud Examiners
Arizona Association of Certified Fraud Examiners

INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH STATE OF ARIZONA FIRE DISTRICT REGULATORY REQUIREMENTS

To the Governing Board
St David Fire District
St David, Arizona

Report on Compliance

We have reviewed the St David Fire District's (the District) compliance with the requirements of Arizona Revised Statutes Title 48-805 for the year ended June 30, 2020, and have issued our report thereon dated December 18, 2021. Our review also included test work on the District's compliance with the selected requirements identified in the State of Arizona Revised Statutes and the Arizona State Constitution including, but not limited to, Title 48, Chapter 5, Article 1 and ARS 48-805.

Management's Responsibility

The management of the District is responsible for compliance with all requirements identified above.

Accountant's Responsibility

Our responsibility is to express a conclusion on compliance with those requirements based on our review; specifically, the following statements:

1. That the District has not incurred any debt or liability in excess of taxes levied and to be collected and the monies actually available and unencumbered at that time in the District general fund except for those liabilities as prescribed in section 48-805, subsection B, paragraph 2 and sections 48-806 and 48-807.
2. That the District complies with subsection F of section 48-805.
3. Whether the report disclosed any information contrary to the certification made as prescribed by subsection D, paragraph 1 of section 48-805.

We conducted our review in accordance with the Statements on Standards for Accounting & Review Services issued by the AICPA and *Government Auditing Standards*, as applied to review services, issued by the Comptroller General of the United States. Those standards require that we plan and perform the review to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. A review includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our review provides a reasonable basis for our conclusion. Our review does not provide a legal determination of the District's compliance with those requirements.

Accountant's Conclusion

Based on our review, we are not aware of any modification that should be made to the Districts' assertions regarding Arizona Revised Statutes Title 48-805 in order for the assertions to be fairly stated for the year ended June 30, 2020.

The purpose of this report is solely to describe the scope of our testing of the applicable compliance requirements identified in the Arizona Revised Statutes as noted above and the results of that testing based on the state requirements. Accordingly, this report is not suitable for any other purpose.

Saunders Company, Ltd.

Glendale, Arizona
December 18, 2021

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