San Simon Fire District

Financial Statement

Year ended June 30, 2024

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Walker & Armstrong

CERTIFIED PUBLIC ACCOUNTANTS AND ADVISORS

Independent Accountant's Review Report

To the Governing Board
and Management
San Simon Fire District
San Simon, Arizona

We have reviewed the accompanying modified cash basis financial statement of cash receipts, disbursements and change in cash and investment balances – governmental fund of San Simon Fire District (the District) as of and for the year ended June 30, 2024, and the related notes to the financial statement, which collectively comprise the District's modified cash basis financial statement. 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 statement as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the modified cash basis of accounting; this includes determining that the modified cash basis of accounting is an acceptable basis for preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is 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 the standards applicable to financial reviews contained in the *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 statement for it to be in accordance with the modified cash basis of accounting as described in Note 1 to the financial statement. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of San Simon Fire District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statement in order for it to be in accordance with the modified cash basis of accounting as described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statement, which describes the basis of accounting. As described in Note 1, the financial statement is prepared in accordance with the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the State of Arizona. Our conclusion is not modified with respect to this matter.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 11, 2025, on our consideration of the District's internal control over financial reporting and on our review of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters as it came to our attention in the course of our review. The purpose of that report is solely to describe the scope of our procedures on internal control over financial reporting and compliance and the results thereof, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an attestation engagement performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Restriction on Use

This report is intended solely for the information and use of the governing board and management of the District, Cochise County, Arizona, and the State of Arizona and is not intended to be and should not be used by anyone other than these specific parties.

Walker & Armstrong, LLP

Tucson, Arizona
February 11, 2025

San Simon Fire District
Statement of Cash Receipts, Disbursements
and Change in Cash and Investment Balances - Governmental Fund
Year Ended June 30, 2024

	General Fund
Cash Receipts:	
Taxes:	
Property taxes	$ 199,425
Fire district assistance tax	33,274
Charges for services	53,309
Interest income	4,671
Other	51,709
Total cash receipts	342,388
Cash Disbursements:	
Public safety-fire protection and emergency medical services:	
Current:	
Salaries and wages	74,042
Taxes and employee benefits	6,248
Insurance	18,205
Repairs and maintenance	26,770
Equipment and supplies	18,813
Wildland	14,117
Utilities and communications	7,259
Professional services	5,066
Administrative expense	8,978
Contracted services	7,510
Fuel	6,613
Training and related	1,175
Travel	212
Subscriptions, dues, and fees	955
Miscellaneous	218
Capital outlay	68,587
Debt service - principal	9,059
Debt service - interest	2,627
Total cash disbursements	276,454
Receipts in excess of disbursements	65,934
Cash and investments, beginning of year	86,562
Cash and investments, end of year	$ 152,496

See accompanying notes and
independent accountant's review report.

Note 1 – Summary of Significant Accounting Policies

Reporting Entity

The District is a local governmental unit formed as a political subdivision of Cochise 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 protection and emergency related services to the residents and guests of the District and surrounding area. The day-to-day operations are supervised by a chief and the chief's 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.

Basis of Presentation

The accounts of the District are organized on the basis of fund accounting, each of which is considered a separate reporting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts. Resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent. The *general fund* is the District's primary operating fund which accounts for all financial resources of the general government.

As required under Arizona Revised Statute, Title 48 § 251.A(1), the District has prepared this financial statement in a manner sufficient to report beginning and ending fund balance and all revenue and expenditures for the year ended June 30, 2024, presented on a modified cash basis. Fund balance is equal to the cash and investment balances as reported on the statement of cash receipts, disbursements and change in cash and investment balances – governmental fund.

The financial statement is presented on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under the modified cash basis of accounting, revenues are recognized when received rather than when earned and expenses are recognized when paid rather than when the obligation is incurred. In addition, all items including the acquisition of capital assets are expended as paid and receivables, prepaid expenses, payables, accrued expenses and long-term liabilities are not reported. Accordingly, the financial statement is not intended to present financial position and results of operations in conformity with accounting principles generally accepted in the United States of America.

Note 1 – Summary of Significant Accounting Policies – Continued

Cash and Investments

Cash and investments consist of amounts on hand, in demand deposits and on deposit with the Cochise County Treasurer. Amounts designated by the board for capital reserves are held in a separate account with the Cochise County Treasurer and require board authorization for transfer or use of the designated funds.

Budgetary Accounting

The District is required, under Arizona Revised Statutes, to adopt a budget each fiscal year and to submit it to Cochise County Arizona's Board of Supervisors no later than the first day of August each year. The adopted budget is on the modified cash basis of accounting, which is a legally acceptable basis for budgetary purposes. All annual appropriations lapse at fiscal year-end. The District is subject to expenditure limitations under Arizona Revised Statutes which do not permit the District to incur unsecured debt in excess of property taxes levied and to be collected plus available and unencumbered cash.

Property Taxes

The District levies 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 and becomes delinquent after the first business day of May.

Estimates

The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect certain disclosures in the financial statements. Actual results could differ from those estimates.

Note 2 – Cash and Investments

Arizona Revised Statutes allow special districts to invest public monies in the Arizona State Treasurer's local government investment pool, interest bearing savings accounts, certificates of deposit and in accounts of any savings and loan associations insured by an agency of the government of the United States, up to the amount of such insurance or pledged collateral.

The District utilizes Cochise County as its repository for cash and allows its pool to invest those funds; accordingly, the District does not have its own formal investment policy with respect to credit risk, custodial credit risk, concentration of credit risk, interest rate risk, or foreign currency risk for investments.

Note 2 – Cash and Investments – Continued

A.R.S. §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 as necessary to fulfill the District's fiduciary responsibilities.

Cash on hand and deposits – At June 30, 2024, the District had cash on hand of $13 and the carrying amount of deposits held with a financial institution were $30,774. Deposits held with the financial institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. At June 30, 2024, all balances were federally insured.

Investments – At June 30, 2024, the District's investments consisted of amounts held with the Cochise County Local Government Investment Pool totaling $121,709.

The Cochise County Treasurer's investment pool is not registered with the Securities and Exchange Commission and there is no regulatory oversight of its operations. However, the majority of Cochise County's investment pool is invested in the State of Arizona's local government investment pool which is regulated by the State Board of Investment. The pool's structure does not provide for shares, and the county has not provided or obtained any legally binding guarantees to support the value of the participants' investments. Participants in the pool are not required to categorize the value of shares in accordance with the fair value hierarchy.

Credit risk – At June 30, 2024, all of the District's investments were in the Cochise County Investment Pool which is not rated by rating agencies.

Custodial credit risk – For all investments, custodial credit risk is the risk that, in the event of the counterparty's failure, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. External investment pools are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

Interest rate risk – At June 30, 2024, all of the District's investments can be withdrawn from the pool at will and therefore, are not subject to a significant amount of interest rate risk.

Foreign currency risk – The District does not have a formal investment policy with respect to foreign currency risk because state statutes do not allow foreign investments.

Note 3 – Long-Term Liabilities

Changes in long-term liabilities for the year ended June 30, 2024, were as follows:

	Balance July 1, 2023	Additions	Retirements	Balance June 30, 2024	Due Within One Year
Financed purchases	$ 39,967	$ 91,764	$ (9,059)	$ 122,672	$ 37,784

Financed purchases – The District has acquired vehicles under financed purchase agreements totaling $141,764. The agreements bear interest at 6.6% per annum and mature through June 2027. The agreements are collateralized by the underlying assets. In the event of default, the District may be required to repay the remaining amounts due under the agreements, including interest in the year of default, or return the vehicles. The following schedule details debt service requirements to maturities for the District's financed purchases as of June 30, 2024.

Year ending June 30,	Principal	Interest	Total Payments
2025	$ 37,784	$ 8,902	$ 46,686
2026	41,090	5,596	46,686
2027	43,798	2,888	46,686
	$ 122,672	$ 17,386	$ 140,058

Note 4 – Line of Credit

The District has an available line of credit totaling $30,000 through the Cochise County Treasurer which is secured by the District's property taxes. At June 30, 2024, there was no outstanding balance on the line and no draws were made on the line during fiscal year 2024.

Note 5 – Commitment

In September 2022, the District entered into an agreement with a physician's group for centralized medical direction, administrative medical control, and online medical supervision to assist the District in expanding its services. The agreement extends through June 2025 and automatically renews for additional 24-month terms thereafter, unless sixty days written notice is provided by either party. The terms of the agreement require monthly payments of $450.

For the year ended June 30, 2024, the District paid $5,850 under the terms of the agreement, which is reported as professional services on the financial statement.

Note 6 – 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 not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 7 – Subsequent Events

Management evaluated subsequent events through February 11, 2025, the date the financial statement was available to be issued noting the following:

- The District was awarded a cost reimbursement grant from the Governor's Office of Highway Safety for the purchase of extrication equipment. The District paid $42,829 for the equipment and is in the process of submitting amounts to the State for reimbursement.
- In September 2024, the District sold surplus equipment for $20,600.