

**WATER WHEEL FIRE AND MEDICAL DISTRICT**  
**FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**Saunders Company, Ltd.**  
**6008 West Cortez Street**  
**Glendale, Arizona 85304**  
**Phone 623-476-8660**  
**Fax 602-926-2431**

**THIS PAGE**

**IS**

**DELIBERATELY LEFT BLANK**

# WATER WHEEL FIRE AND MEDICAL DISTRICT

## FINANCIAL STATEMENTS JUNE 30, 2023

### TABLE OF CONTENTS

	<u>PAGE</u>	<u>EXHIBIT</u>
TABLE OF CONTENTS	1	
INDEPENDENT AUDITOR'S REPORT	5	
MANAGEMENT'S DISCUSSION AND ANALYSIS	11	
BASIC FINANCIAL STATEMENTS:	19	
Government -Wide Financial Statements		
Statement of Net Position	20	A
Statement of Activities	21	B
Fund Financial Statements		
Balance Sheet - Governmental Fund	22	C
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Fund	23	D
Reconciliation of the Balance Sheet - Governmental Fund to the Statement of Net Position	24	E
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Fund to the Statement of Activities	25	F
Statement of Fiduciary Net Position	26	G
Statement of Changes in Fiduciary Net Position	27	H
Notes to the Financial Statements	29	

**THIS PAGE  
IS  
DELIBERATELY LEFT BLANK**

# WATER WHEEL FIRE AND MEDICAL DISTRICT

## FINANCIAL STATEMENTS

JUNE 30, 2023

	<u>PAGE</u>	<u>EXHIBIT</u>
REQUIRED SUPPLEMENTARY INFORMATION	47	
Budgetary Comparison Schedule – General Fund	48	I
Notes to Budgetary Comparison Schedule	49	
OTHER SUPPLEMENTARY INFORMATION	51	
Arizona Annual Report Information	52	
Volunteer Pension Distribution Information	53	
GOVERNMENT AUDIT STANDARDS SECTION	55	
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	57	
INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE WITH STATE OF ARIZONA FIRE DISTRICT REGULATORY REQUIREMENTS	61	

**THIS PAGE  
IS  
DELIBERATELY LEFT BLANK**

# SAUNDERS COMPANY, LTD

JAMES H. SAUNDERS, CPA, CFE, CGFM, PI, AUDIT PARTNER

TRICIA E. SAUNDERS, PI, AUDITOR

---

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

6008 W. CORTEZ ST  
GLENDALE, ARIZONA 85304  
Tel: (623) 476-8660  
Fax: (602) 926-2431  
E-Mail: [JamesH49@AOL.com](mailto:JamesH49@AOL.com)  
[Triciaesanders@yahoo.com](mailto:Triciaesanders@yahoo.com)

---

Member: American Institute of Certified Public Accountants  
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 AUDITOR'S REPORT

To the Governing Board

Water Wheel Fire and Medical District

Payson, Arizona

### Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Water Wheel Fire and Medical District (the District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District'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, each major fund, and the aggregate remaining fund information of the Water Wheel Fire and Medical District, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District'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.

### Auditor's Responsibilities for the Audit of the Financial Statements

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

**THIS PAGE  
IS  
DELIBERATELY LEFT BLANK**



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

- λ Exercise professional judgment and maintain professional skepticism throughout the audit.
- λ 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.
- λ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- λ 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.
- λ Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District'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.

#### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and budgetary comparison information 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 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. 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.

Arizona Revised Statutes require disclosure of certain additional supplementary information required to comply with section 9-956 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Arizona State Fire Marshal as mandated by statute as 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.

**THIS PAGE  
IS  
DELIBERATELY LEFT BLANK**

**Other Information**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 26, 2023, on our consideration of the District'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 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 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 the District's internal control over financial reporting and compliance.

Saunders Company, Ltd.  
Glendale, Arizona  
December 26, 2023

**THIS PAGE  
IS  
DELIBERATELY LEFT BLANK**

# Water Wheel Fire & Medical District

## Management's Discussion and Analysis of Basic Financial Statements June 30, 2023

The following discussion and analysis of the Water Wheel Fire & Medical District (the district's) financial performance presents management's overview of the District's financial activities for the year ended June 30, 2023. 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 Water Wheel Fire & Medical District provides Fire, ALS & BLS first response emergency medical services to homes, property, persons and visitors within the District boundaries, as well as services to locations and persons outside the District thru automatic aid, mutual aid agreements and contracts for services.

### **Results of Operations**

During the fiscal year ending June 30, 2023, the District responded to these types of incidents both inside and outside of the District boundaries:

- λ 10 - Structure Fires (in District and out of District)
- λ 64 - EMS responses
- λ 44 - Special Duty (includes abandoned campfires, weather related incidents, false alarms, snake removals)
  
- λ During this fiscal year the District experienced dealing with a new concept in our efforts to maintain beneficial fire insurance premium for our tax payers due to our favorable ISO ratings that we spent over a decade building to a Property Protection Classification of 5. Over the decade of hard work and significant expenditure of funds, the District procured equipment and oversaw the construction of two additional fire stations, bringing the total to 4 fire stations in the District. Unfortunately, the insurance industry found a way to negate much of what we had accomplished by instituting a new method of evaluating the fire risk for properties that are built in the wildland urban interface environment. This new criteria is called the Fireline Risk. This is being implemented by the insurance industry across the nation to justify increasing premiums and in some cases even cancelling policies because of excessive losses due to natural disasters such as wildfires, tornados and hurricanes. In addition insurance companies have adopted policies whereby they no longer recognize the ISO grading system and stopped giving credit for our lower ISO ratings when it comes to the insurance premiums of our tax payers. Due to these factors coupled with runaway inflation, the governing board made the decision in October of 2022, to start looking at ways the District could strengthen its financial position by liquidating some assets. To that end the District liquidated three apparatus and one fire station.

- λ The District added a second cardiac monitor so we now have two apparatus identically equipped for ALS emergency medical care service delivery. This is a refurbished unit purchased with a 5 year note payable arrangement with ZION National Bank.
- λ We annexed one property to the District in this fiscal year in the community of Verde Glen, APN 302-07-025.
- λ There were no grants awarded to the District during this fiscal year.
- λ The District had applied for a FEMA AFG Grant in the fall of 2021 to purchase a new water tender but as of the end of the fiscal year we had not received word if we were awarded.
- λ Due to inflationary impacts to the District's operations, it was necessary to increase our tax rate to the maximum allowed to the level of \$3.50 per \$100 of assessed valuation for this fiscal year.

### **Financial Highlights**

- § District investment in capital assets decreased by \$305688 or 36.21%.
- § The District's net position decreased \$ 169,270 or 23.69% from the previous fiscal year.
- § Total revenues increased \$242,674 or 41.19% over the previous fiscal year.
- § At the end of the current fiscal year, unrestricted net position for the Governmental Activities was \$ 41,774.

### **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, 2023**

	BALANCE JUNE 30, 2022	BALANCE JUNE 30, 2023
Net Investment in Capital Assets	\$ 672,830	\$ 510,605
Unrestricted	41,774	34,729
<b>Total Net Position</b>	<b>\$ 714,604</b>	<b>\$ 545,334</b>

**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 Water Wheel Fire and Medical District, total net position was \$ 545,334 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 page contains a comparative analysis between the current and the prior fiscal year for the government -wide statements.

### Condensed Statement of Net Position

	<b>Governmental</b>	<b>Activities</b>
	<b>2021</b>	<b>2023</b>
<b>Assets</b>		
Current and other Assets	\$ 78,004	\$ 78,004
Capital Assets, not being depreciated	116,232	116,232
Capital Assets, being depreciated, net	768,061	768,061
Total Assets	962,297	962,297
<b>Liabilities</b>		
Current Liabilities	38,238	49,244
Non-Current Liabilities	209,455	30,535
Total Liabilities	247,693	79,779
<b>Net Position:</b>		
Net investment in capital assets	672,830	510,605
Unrestricted	41,774	34,729
Total Net Position	\$ 714,604	\$ 545,334

The unrestricted net position of \$ 34,729 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.

- λ A small percentage of revenues for the District come from service contracts with a large Boy Scout camp (Camp Geronimo) and a Girl Scout camp (Shadow Rim Ranch). These two entities pay a service fee equal to what their tax levy would be if they were not a tax exempt entity. We also have two properties in one community that pay a subscription for fire and EMS services because they are not taxpayers due to their property not being contiguous to our District Boundaries.

Governmental Activities net position decreased by \$ 169,270. Key elements of this decrease are reported on the following page:



## Statement of Activities

	<u>Governmental Activities</u>	
	<u>2022</u>	<u>2023</u>
<b>Expenditures :</b>		
Public Safety :		
Personnel	\$ 352,491	\$ 397,482
Materials and Supplies	150,240	195,058
Loss on Disposal of Fixed Assets	0	116,781
Administration	14,832	9,812
Debt Service Interest	9,164	15,629
Depreciation	44,026	62,285
	<hr/>	<hr/>
Total Expenditures	570,753	797,047
<b>Program Revenues:</b>		
Capital Grants	27,251	0
Fees for services	34,848	23,742
Total Program Revenues	<hr/>	<hr/>
	62,099	23,742
Net Program Expenditures	508,654	773,305
<b>General Revenues :</b>		
Property Taxes	453,246	497,708
Fire District Assistance Tax	32,358	42,434
Sale of Fixed Assets	0	0
Interest Earnings	671	1,291
Donations	4,800	1,100
Miscellaneous	28,835	61,502
Total General Revenues	<hr/>	<hr/>
	519,910	604,035
Increase (Decrease ) in Net Position	11,256	(169,270)
Net Position, Beginning of the Year	<hr/>	<hr/>
	703,348	714,604
Net Position, End of the Year	<hr/>	<hr/>
	\$ 714,604	\$ 545,334

### General Fund Budgetary Highlights

The 2022-2023 Fiscal Budget was challenging due to unforeseen expenses resulting from mechanical issues with replacing a motor in one apparatus, selling one of our fire stations and liquidating 3 apparatus. These factors necessitated a budget revision for the fiscal year.

The District stayed within its total budget as required by Arizona Revised Statutes. The legal compliance of budgeting for Special Districts in Arizona is at the fund level. The District did not overspend the budget at the fund level and in fact spent well under the approved budget. The District did over-spend three budget items. These items were personnel in the amount of \$11,885, materials and supplies in the amount of \$ 8,588 and Debt Service Interest in the amount of \$ 952.

## Capital Assets and Non-Current Liabilities

### 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, 2023, the District purchased, had contributed, or constructed the following assets:

- λ We purchased a Zoll X series cardiac monitor thru a note payable agreement.

### Capital Assets, Net of Depreciation June 30, 2023

Capital asset activity for the year ended.

	<u>BALANCE</u> <u>06/30/2022</u>	<u>BALANCE</u> <u>06/30/2023</u>
<u>Depreciable Assets</u>		
Vehicles	\$ 735,016	\$ 342,678
Buildings	859,164	518,115
Improvements – Other	59,569	54,069
Equipment	<u>477,627</u>	<u>478,331</u>
Total Historical Costs	<u>2,11,376</u>	<u>1,393,193</u>
Less Accumulated Depreciation		
Vehicles	687,289	304,242
Buildings	186,958	139,699
Improvements – Other	50,114	46,859
Equipment	<u>438,954</u>	<u>436,845</u>
Less: Total Accumulated Depreciation	<u>1,363,315</u>	<u>927,645</u>
Depreciable Capital Assets, Net	768,061	465,548
<u>Non-Depreciable Assets</u>		
Land	<u>116,232</u>	<u>73,057</u>
Capital Assets, Net	<u>\$ 884,293</u>	<u>\$ 538,605</u>

### **Non-Current Liabilities**

At the end of the current fiscal year, the District had non-current liabilities outstanding of \$ 30,535. All of the debt is backed by the full faith and credit of the District.

#### Changes in Non-Current Liabilities:

	Balance <u>June 30, 2022</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2023</u>
Fire Station	\$ 206,065	\$ 0	\$ 206,065	\$ 0
Zoll Monitor	5,398	0	5,398	0
Zoll Series X Monitor	<u>0</u>	<u>22,698</u>	<u>0</u>	<u>22,698</u>
Total Notes Payable	211,463	22,698	211,463	22,698
Compensated Absences – Due in More Than One Year	<u>17,220</u>	<u>4,814</u>	<u>14,197</u>	<u>7,837</u>
Total Notes Payable and Compensated Absences	<u>228,683</u>	<u>27,512</u>	<u>225,660</u>	<u>30,535</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.

- λ The future continues to be a challenge for budget planning. Due to the inflationary economy the District plans to move to the statutory maximum allowed tax rate for fiscal 2024-2025 of \$3.75 per \$100 of assessed valuation. With the previous efforts to reduce our financial liabilities of long term debt and reduction of apparatus our hope is to maintain our levels of service to the communities we protect. This reduction in liability has allowed us to evaluate future improvements to our pay schedules for our full-time and part-time employees and possible additional employee benefits. We will always struggle to compete for qualified employees to fill our open positions.
- λ With the District being land locked in the Tonto National Forest there is really only minimal opportunity to increase our tax base to generate revenue for the District. Most of our communities are completely built out with very few buildable lots remaining. Over this fiscal year there were approximately 6 new homes constructed in the District that will not hit the tax roles for at least 2 years.
- λ Staffing challenges remain as a constant issue for the District. We are financially unable to compete with surrounding agencies for qualified individuals. Due to this, the District will always be a stepping stone for new recruits to get experience and move on in their careers at other agencies, making employee turnover at a high level.

**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 Water Wheel Fire & Medical District at 10603 N Houston Mesa Rd, Payson, AZ 85541 or contact us at 928-474-3088.

## **BASIC FINANCIAL STATEMENTS**

**WATER WHEEL FIRE AND MEDICAL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2023**

Exhibit A

**Governmental  
Activities**

---

**ASSETS**

Cash & Cash Equivalents	\$	77,240
Receivables:		
Property Taxes		9,268
Capital Assets, not being depreciated		73,057
Capital Assets, being depreciated, net		<u>465,548</u>
 Total Assets		 <u>625,113</u>

**LIABILITIES**

Current Liabilities		
Accounts Payable		29,474
Wages Payable		5,880
Payroll Taxes Payable		6,629
Due in Less Than One Year		
Compensated Absences		1,959
Notes Payable		5,302
Non-Current Liabilities		
Due in More Than One Year		
Compensated Absences		7,837
Notes Payable		<u>22,698</u>
 Total Liabilities		 <u>79,779</u>

**NET POSITION**

Net Investment in Capital Assets		510,605
Unrestricted		<u>34,729</u>
 <b>Total Net Position</b>	 <b>\$</b>	 <b><u>545,334</u></b>

-The Notes to the Financial Statements are an Integral Part of This Statement-

**WATER WHEEL FIRE AND MEDICAL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2023**

Exhibit B

**Governmental  
Activities**

**EXPENDITURES**

Public Safety:		
Personnel	\$	397,482
Materials and Supplies		195,058
Loss on Disposal of Fixed Asset		116,781
Administration		9,812
Debt Service Interest		15,629
Depreciation		<u>62,285</u>
Total Program Expenditures		<u>797,047</u>

**PROGRAM REVENUES**

Fees for Service		<u>23,742</u>
Total Program Revenues		<u>23,742</u>
Net Program Expenditures		<u>773,305</u>

**GENERAL REVENUES**

Property Taxes		497,708
Fire District Assistance Tax		42,434
Interest Earnings		1,291
Donations		1,100
Miscellaneous		<u>61,502</u>

Total General Revenues		<u>604,035</u>
------------------------	--	----------------

Increase (Decrease) in Net Position		(169,270)
-------------------------------------	--	-----------

<b>NET POSITION-BEGINNING OF THE YEAR</b>		<u>714,604</u>
---	--	----------------

<b>NET POSITION-END OF THE YEAR</b>		<u><u>\$ 545,334</u></u>
-------------------------------------	--	--------------------------

-The Notes to the Financial Statements are an Integral Part of This Statement-

**WATER WHEEL FIRE AND MEDICAL DISTRICT  
BALANCE SHEET - GOVERNMENTAL FUND  
JUNE 30, 2023**

Exhibit C

General

**ASSETS**

Cash and Cash Equivalents	\$	77,240
Receivables:		
Property Taxes		<u>9,268</u>
Total Assets	\$	<u><u>86,508</u></u>

**LIABILITIES**

Accounts Payable	\$	29,474
Wages Payable		5,880
Payroll Taxes Payable		<u>6,629</u>
Total Liabilities		41,983

**DEFERRED INFLOW OF RESOURCES**

Unavailable Revenues		
Deferred Property Taxes		<u>5,867</u>
Total Liabilities and Inflow of Resources		47,850

**FUND BALANCES**

Assigned		38,463
Unassigned		<u>195</u>
Total Fund Balances		<u>38,658</u>
Total Liabilities, Deferred Inflow of Resources & Fund Balances	\$	<u><u>86,508</u></u>

-The Notes to the Financial Statements are an Integral Part of This Statement-



**WATER WHEEL FIRE AND MEDICAL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUND  
FOR THE YEAR ENDED  
JUNE 30, 2023**

Exhibit D

	<b>General</b>
<b>REVENUE</b>	
Property Taxes	\$ 491,840
Fire District Assistance Tax	42,434
Fees for Service	23,742
Interest Earnings	1,291
Donations	1,100
Sale of Station	210,000
Miscellaneous	33,492
Total Revenues	803,899
<b>EXPENDITURES</b>	
Personnel	387,685
Materials and Supplies	196,588
Administration	9,812
Debt Service:	
Principal	211,463
Interest	15,629
Capital Projects	30,661
Total Expenditures	851,838
Excess (Deficiency) of Revenues over Expenditures	(47,939)
<b>OTHER FINANCING SOURCES</b>	
Proceeds from Capital Note Payable	28,000
Total Other Funding Sources	28,000
Net Change in Fund Balance	(19,939)
<b>Fund Balances-Beginning of Year</b>	<b>58,597</b>
<b>Fund Balances-End of Year</b>	<b>\$ 38,658</b>

-The Notes to the Financial Statements are an Integral Part of This Statement-

**WATER WHEEL FIRE AND MEDICAL DISTRICT  
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUND  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2023**

Exhibit E

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

Fund Balances - Total Governmental Fund (Exhibit C)	\$	38,658
---	----	--------

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	1,466,250	
Less: Accumulated Depreciation	<u>(927,645)</u>	
		538,605

Non-Current liabilities are not due and payable in the current period and therefore are not reported in the funds.	(37,796)
--	----------

Deferred Inflow of Resources:	
Related to Deferred Property Taxes	<u>5,867</u>

Net Position of Governmental Activities (Exhibit A)	<u><u>\$ 545,334</u></u>
---	--------------------------

**WATER WHEEL FIRE AND MEDICAL 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, 2023**

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)	\$ (19,939)
--	-------------

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 and loss on disposal of fixed assets exceeded capital outlay in the current period.	(345,688)
---	-----------

Net Change in Deferred Outflows and Inflows of Resources	1,166
--	-------

The issuance 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>195,191</u>
--	----------------

Change in Net Position of Governmental Activities (Exhibit B)	<u><u>\$ (169,270)</u></u>
---	----------------------------

-The Notes to the Financial Statements are an Integral Part of This Statement-

**WATER WHEEL FIRE AND MEDICAL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUND  
JUNE 30, 2023**

Exhibit G

**Volunteer  
Pension  
Fund**  

---

**ASSETS**

Cash & Cash Equivalents	<u>\$ 14,432</u>
-------------------------	------------------

Total Assets	<u>14,432</u>
--------------	---------------

**LIABILITIES**

Accounts Payable	<u>-</u>
------------------	----------

Total Liabilities	<u>-</u>
-------------------	----------

**NET POSITION**

Held in trust for pension and other purposes	<u><u>\$ 14,432</u></u>
---	-------------------------

-The Notes to the Financial Statements are an Integral Part of This Statement-

**WATER WHEEL FIRE AND MEDICAL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUND  
FOR THE YEAR ENDED JUNE 30, 2023**

Exhibit H

	<b><u>Volunteer Pension Fund</u></b>
<b>ADDITIONS</b>	
Other	
State Fire Marshal	\$ 4,275
Contributions	-
Total Other Contributions	<u>4,275</u>
Investment Earnings:	
Interest & Dividends	<u>218</u>
Total Investment Earnings	218
Less Investment Expense	-
Net Investment Earnings	<u>218</u>
Total Additions	<u>4,493</u>
<b>DEDUCTIONS</b>	
Benefits Paid to Participants	<u>3,948</u>
Total Deductions	<u>3,948</u>
Change in Net Position	545
<b>Net Position - Beginning of the Year</b>	<u>13,887</u>
<b>Net Position - End of the Year</b>	<u><u>\$ 14,432</u></u>

-The Notes to the Financial Statements are an Integral Part of This Statement-

**THIS PAGE  
IS  
DELIBERATELY LEFT BLANK**

# **WATER WHEEL FIRE AND MEDICAL DISTRICT**

## **NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023**

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

#### **Reporting Entity**

The District is a local governmental unit formed as a political subdivision of Gila 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 the Fire Chief and their 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 is 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.



The *Fiduciary Funds* are used to account for resources held for the benefit of parties outside the government. This fund's activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. Fiduciary funds are presented on an economic resources measurement focus and the accrual basis of accounting, similar to the government-wide financial statements.

## **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 columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$5,000 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.

### **Compensated Absences**

Accumulated unpaid vacation and leave time is recorded in the Government -Wide Statement of Net Position.

### **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:

- § Non-spendable 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 the adopted budget, which has been certified to by the chairman and clerk of the District Board, on forms provided by the Auditor General of the State of Arizona to the County Board of Supervisors no later than August 1<sup>st</sup> of each year.

Every budget adopted by a fire district shall include the annual estimate of revenues and expenses of the fire district for the preceding and current fiscal year fully itemized as prescribed on the forms provided by the Auditor General of the State of Arizona.

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 as necessary to fulfill the District's fiduciary responsibilities. The District may also establish, through the Gila County Treasurer, accounts for monies from property taxes, grants, contributions and donations. The Gila 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 Gila 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 Gila County Treasurer are part of an investment pool operated by the Gila County Treasurer. The Gila County Treasurer invests the cash in a pool under policy guidelines established by the Gila 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 Gila 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 Gila 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, 2023:

DEPOSITORY ACCOUNTS

	<u>General Fund</u>	<u>Fiduciary Fund</u>	<u>Total</u>
Insured Deposits (FDIC) Gila County Treasurer Investment Pool	\$ 2,019	\$ 0	\$ 2,019
	<u>76,098</u>	<u>14,676</u>	<u>90,774</u>
Total Deposits	78,117	14,676	92,793
In Transit Items	<u>(877)</u>	<u>(244)</u>	<u>(1,121)</u>
Total Cash & Investments	<u>\$ 77,240</u>	<u>\$ 14,432</u>	<u>\$ 91,672</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.

Gila County Treasurer Investment Pool: Level Two

Breakdown of investments measured at fair value:

Gila County Treasurer Investment Pool	<u>\$ 92,793</u>
Total	<u>\$ 92,793</u>

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 Gila County Treasurer’s Investment Pool (GCTIP) are external investment pools with no regulatory oversight. The GCTIP is not required to register (and is not registered) with the Securities and Exchange Commission. As of June 30, 2023, the GCTIP 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 Gila County Treasurer invests the cash in a pool under policy guidelines established by the Gila 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 Gila County Treasurer's Investment Pool (GCTIP) is included in the Comprehensive Annual Report of the County. The fair value of each participant's position in the GCTIP 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 – PROPERTY TAX REVENUE RECEIVABLE**

Property Tax Receivables arise when property taxes are levied but not 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 arises.



**NOTE 8 - CAPITAL ASSETS**

Capital asset activity for the year ended.

	<u>BALANCE</u> <u>06/30/2022</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE</u> <u>06/30/2023</u>
<u>Depreciable Assets</u>				
Vehicles	\$ 735,016	\$ 0	\$ 392,338	\$ 342,678
Buildings	859,164	0	341,049	518,115
Improvements – Other	59,569	0	5,500	54,069
Equipment	<u>477,627</u>	<u>55,662</u>	<u>54,958</u>	<u>478,331</u>
Total Historical Costs	<u>2,11,376</u>	<u>55,662</u>	<u>793,845</u>	<u>1,393,193</u>
Less Accumulated Depreciation				
Vehicles	687,289	5,990	389,037	304,242
Buildings	186,958	20,064	67,323	139,699
Improvements – Other	50,114	2,245	5,500	46,859
Equipment	<u>438,954</u>	<u>33,986</u>	<u>36,095</u>	<u>436,845</u>
Less: Total Accumulated Depreciation	<u>1,363,315</u>	<u>62,285</u>	<u>497,955</u>	<u>927,645</u>
Depreciable Capital Assets, Net	768,061	(6,623)	295,890	465,548
<u>Non-Depreciable Assets</u>				
Land	<u>116,232</u>	<u>0</u>	<u>43,175</u>	<u>73,057</u>
Capital Assets, Net	<u>\$ 884,293</u>	<u>\$ (6,623)</u>	<u>\$ 339,065</u>	<u>\$ 538,605</u>

**NOTE 9 - 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 government-wide 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:

Government al Activities

Unavailable Revenues	
Deferred Property Taxes	\$ 5,867
Total Government al Activities	<u>\$ 5,867</u>

**NOTE 10 - 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 11 – ACCUMULATED COMPENSATED ABSENCES**

Accumulated unpaid compensated absences are accrued in the Government -Wide Statement of Net Position. The accrual at year-end consisted of \$1,959 payable in less than one year and \$7,837 payable in future years.

The District policy on sick leave applies to part-time (volunteer) employees. Part-Time employees are allowed to accrue up to 40 hours of paid sick time (PST). Accrued PST is not paid upon termination of employment with the District. At June 30, 2023, the total amount of accumulated sick leave was \$20,637. The vested portion at June 30, 2023 was undetermined.

**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 :

	Balance			Balance
	<u>June 30, 2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2023</u>
Accounts Payable	\$ 6,361	\$ 23,113	\$ 0	\$ 29,474
Payroll Taxes Payable	4,751	1,878	0	6,629
Wages Payable	3,593	2,287	0	5,880
Compensated Absences	4,305	1,203	3,549	1,959
Notes Payable	19,228	0	13,926	5,302
Totals	<u>\$ 38,238</u>	<u>\$ 28,481</u>	<u>\$ 17,475</u>	<u>\$ 49,244</u>

### **NOTE 13- LINE OF CREDIT**

The District has an available line of credit with the County. The line of credit expires at the end of each fiscal year. At that time, per statute, the money borrowed is expected to be paid back in full. The interest rate is determined by the County and is usually a percentage of the prime interest rate at the time of the repayment of the line of credit. The repayment occurs at various times during the year as money becomes available to the District.

### **NOTE 14 – COMMITMENTS**

A commitment is an obligation arising from an existing contract, agreement or legislative enactment or regulation that will become an actual liability upon the fulfillment of specified conditions. At the close of the Fiscal Year, the District had no committed funds.

### **NOTE 15 – 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.

#### **General Obligation Bonds**

The District does not currently have any general obligation bonds.

#### **Notes Payable**

**Fire Station**- On July 15, 2014, the District entered into a note payable agreement with Zion Bank for the financing of a fire station. The original amount of the note was \$300,000 with annual payments of \$22,100 ending on July 15, 2034 at an interest rate of 4.013%. The station was sold during the fiscal year and the note was paid in full.

**Zoll Monitor**- On March 28, 2018, the District entered into a note payable agreement with U.S. Bank Equipment Finance for the financing of a Zoll Monitor. The original amount of the note was \$32,510 with monthly payments of \$ 612 ending on March 28, 2023 at an interest rate of 4.903%. This note was paid off during the fiscal year.

**Zoll Monitor**- On May 30, 2023, the District entered into a note payable agreement with Zion Bancorporation for the financing of a Zoll X Series Cardiac Monitor. The original amount of the note was \$28,000 with annual payments of \$ 6,528 ending on May 31, 2028 at an interest rate of 5.340%.

<u>Description</u>	<u>Interest Rate</u>	<u>Note Payable Term</u>	<u>Balance 06/30/23</u>
Fire Station	4.013%	07/15/2034	\$ 0
Zoll Monitor	4.903%	03/28/2023	0
Zoll Series X Monitor	5.340%	05/31/2028	32,641
Total			<u>\$ 32,641</u>

The following assets were acquired through notes payable:

	<u>Cost</u>	<u>Accumulate d Depreciation</u>	<u>Carrying Value</u>
Fire Station	\$ 336,033	\$ 62,307	\$ 273,726
Zoll Monitor	32,510	24,381	8,129
Zoll Series X Monitor	30,662	511	30,151
Total	<u>\$ 368,543</u>	<u>\$ 87,199</u>	<u>\$ 312,006</u>

Changes in Non-Current Liabilities :

	<u>Balance June 30, 2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2023</u>
Fire Station	\$ 206,065	\$ 0	\$ 206,065	\$ 0
Zoll Monitor	5,398	0	5,398	0
Zoll Series X Monitor	<u>0</u>	<u>22,698</u>	<u>0</u>	<u>22,698</u>
Total Notes Payable	211,463	22,698	211,463	22,698
Compensated Absences – Due in More Than One Year	<u>17,220</u>	<u>4,814</u>	<u>14,197</u>	<u>7,837</u>
Total Notes Payable and Compensated Absences	<u>228,683</u>	<u>27,512</u>	<u>225,660</u>	<u>30,535</u>

**NOTE 16 - FUTURE MINIMUM NOTES PAYABLE OBLIGATIONS**

The future minimum notes payable obligations and the net present value of these minimum notes payable payments as of June 30, 2023, were as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	5,033	1,495	6,528
2025	5,302	1,226	6,528
2026	5,585	943	6,528
2027	5,883	645	6,528
2028	<u>6,197</u>	<u>332</u>	<u>6,529</u>
Total Obligation	28,000	<u>\$ 4,641</u>	\$ 32,641
Less Amount Representing Interest			<u>4,641</u>
Less amount due within 1 year	<u>5,302</u>		
Future Minimum Notes Payable Payments			<u>\$ 28,000</u>
Amount due after 1 year	<u>\$ 22,698</u>		

**NOTE 17 – NET POSITION/FUND BALANCE**

The District’s Net Position balances consist of restricted, unrestricted, non-spendable, and net investment in capital assets amounts.

The District’s Governmental Funds fund balances consist of restricted, committed, assigned, non-spendable, 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 balance is 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 is 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 is amounts that are available for any purpose. Positive amounts are reported only in the general fund.

Non-spendable Balances are amounts that are not in a spendable form such as inventories or pre-paid expenses.

Net Position :

Net Investment in Capital Assets	\$ 510,605
Unrestricted	<u>34,729</u>
Total Net Position	<u>\$ 545,334</u>

Governmental Fund Balances :

Assigned:

Payroll	\$ 2,018	
Capital Improvements	13,275	
Administrative Benefits	<u>23,170</u>	
Total Assigned Fund Balance		38,463
Unassigned		<u>195</u>
Total Fund Balance		<u>\$ 38,658</u>

**NOTE 18 - PROPERTY TAXES**

The District is authorized to levy property taxes in an amount sufficient to operate the District. The board, based on the budget submitted by the district, shall levy, in addition to any tax levied as provided in section 48-806, a tax not to exceed \$3.25 per \$100 of assessed valuation through tax year 2021, \$3.375 per \$100 of assessed valuation for tax year 2023, \$3.50 per \$100 of assessed valuation for tax year 2023 and \$3.75 per \$100 of assessed valuation for tax year 2024 and each tax year thereafter, or the amount of the levy in the preceding tax year multiplied by 1.08, whichever levy is less, and minus any amounts required to reduce the levy pursuant to subsection I of this section, against all property situated within the district boundaries and appearing on the last assessment roll. The levy shall be made and the taxes collected in the manner, at the time and by the officers provided by law for the collection of general county taxes.

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 19 – PENSION AND RELIEF TRUST FUNDS**

##### ARS 9-981. Authority to purchase alternative pension and benefit plan

A. In lieu of pension and relief benefits provided for under the provisions of article 3 of this chapter, a city, town or fire district may provide for an alternative pension and benefit program for fire fighters not covered under the provisions of article 3 of this chapter or under the public safety personnel retirement system.

B. The fire insurance premium tax received by the city, town or district under section 9-952, contributions from the city, town or district, and deductions from the salaries or compensation of firemen may be used to purchase a private pension or benefit program for firemen. Firemen not covered under the public safety personnel retirement system may elect to be covered under the provisions of the alternative pension and benefit program upon filing a request in writing with the city, town or district.

C. The terms, conditions, benefits, eligibility requirements and contribution rates of the alternative pension and benefit program shall be established by:

1. For a city or town, by the adoption of a resolution of the city or town council.
2. For a fire district with a board, by the adoption of a resolution of the board.
3. For a fire district without a board, by the adoption of a resolution of the board of trustees of the firemen's relief and pension fund and the approval of the board of supervisors.

D. Notwithstanding any other provision of law, pension and benefit programs authorized under this article shall not be construed to be a contract between the employee and employer and are subject to annual appropriations of the city, town or district.

Pursuant to ARS, the District contributes to a pension and relief fund for Volunteer firefighters. The funds are administered by a board appointed by the District per State Statute 9-981, under Article 4.

**NOTE 21 - 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 any items listed below.



**REQUIRED SUPPLEMENTARY  
INFORMATION**

**WATER WHEEL FIRE AND MEDICAL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND  
FOR THE YEAR ENDED  
JUNE 30, 2023**

Exhibit I

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		(Negative)
Revenues:				
Property Taxes	\$ 492,095	\$ 492,095	\$ 491,840	\$ (255)
Fire District Assistance Tax	42,000	42,000	42,434	434
Fees for Service	23,000	23,000	23,742	742
Capital Grants	400,000	400,000	-	(400,000)
Interest Earnings	500	500	1,291	791
Donations	2,000	2,000	1,100	(900)
Sale of Station	210,000	210,000	210,000	-
Miscellaneous	36,000	36,000	33,492	(2,508)
<b>Total Revenues</b>	<b>1,205,595</b>	<b>1,205,595</b>	<b>803,899</b>	<b>(401,696)</b>
Expenditures:				
Current:				
Public Safety				
Personnel	375,800	375,800	387,685	(11,885)
Materials and Supplies	188,000	188,000	196,588	(8,588)
Administration	9,850	9,850	9,812	38
Debt Service				
Principal	211,463	211,463	211,463	-
Interest	14,677	14,677	15,629	(952)
Capital Outlay	433,805	433,805	30,661	403,144
<b>Total Expenditures</b>	<b>1,233,595</b>	<b>1,233,595</b>	<b>851,838</b>	<b>381,757</b>
Excess (Deficiency) of Revenues over Expenditures	(28,000)	(28,000)	(47,939)	(19,939)
Other Financing Sources				
Proceeds from Capital Note Payable	28,000	28,000	28,000	-
Total Other Financing Sources	28,000	28,000	28,000	-
Net Change in Fund Balances	-	-	(19,939)	(19,939)
Fund Balances at Beginning of Year	-	-	58,597	58,597
Fund Balances at End of Year	\$ -	\$ -	\$ 38,658	\$ 38,658

See Accompanying Notes To The Budgetary Comparison Schedule

**WATER WHEEL FIRE AND MEDICAL DISTRICT  
NOTES TO BUDGETARY COMPARISON SCHEDULE  
FISCAL YEAR ENDED JUNE 30, 2023**

**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 1<sup>st</sup>. The budget is adopted on a basis consistent with generally accepted accounting principles and appropriations lapse at year-end.

**NOTE 2- OVER-EXPENDITURE OF BUDGET LINE ITEMS**

The legal compliance of budgeting for Special Districts in Arizona is at the fund level. The District did not overspend the budget at the fund level and in fact spent well under the approved budget. The District did over-spend three budget items. These items were personnel in the amount of \$11,885, materials and supplies in the amount of \$ 8,588 and Debt Service Interest in the amount of \$ 952.

**THIS PAGE  
IS  
DELIBERATELY LEFT BLANK**

## **OTHER SUPPLEMENTARY INFORMATION**

**WATER WHEEL FIRE AND MEDICAL DISTRICT  
ANNUAL REPORT INFORMATION  
FISCAL YEAR ENDED JUNE 30, 2023**

AZ Revised Statutes (ARS) requires certain additional information be attached to the Audit Report to comply with ARS 48-251 & 48-253 as required to meet the requirements of the AZ “Annual Report” for Special Districts. This information is included as other supplementary information.

**REGULAR FIRE BOARD MEETINGS:**

<u>Date</u>	<u>Time</u>	<u>Location</u>
July 19, 2022	6:00 PM	Water Wheel Firehouse, 10603 N Houston Mesa, Payson, AZ
August 16, 2022	6:00 PM	Water Wheel Firehouse, 10603 N Houston Mesa, Payson, AZ
September 13, 2022	6:00 PM	Water Wheel Firehouse, 10603 N Houston Mesa, Payson, AZ
October 18, 2022	6:00 PM	Water Wheel Firehouse, 10603 N Houston Mesa, Payson, AZ
November 15, 2022	6:00 PM	Water Wheel Firehouse, 10603 N Houston Mesa, Payson, AZ
December 20, 2022	6:00 PM	Water Wheel Firehouse, 10603 N Houston Mesa, Payson, AZ
January 17, 2023	6:00 PM	Water Wheel Firehouse, 10603 N Houston Mesa, Payson, AZ
February 21, 2023	6:00 PM	Water Wheel Firehouse, 10603 N Houston Mesa, Payson, AZ
March 28, 2023	6:00 PM	Water Wheel Firehouse, 10603 N Houston Mesa, Payson, AZ
April 18, 2023	6:00 PM	Water Wheel Firehouse, 10603 N Houston Mesa, Payson, AZ
May 16, 2023	6:00 PM	Water Wheel Firehouse, 10603 N Houston Mesa, Payson, AZ
June 20, 2023	6:00 PM	Water Wheel Firehouse, 10603 N Houston Mesa, Payson, AZ

**BOARD MEMBERS**

<u>Name</u>	<u>Business Phone</u>	<u>Position</u>
Steve Stevens	928-474-3088	Chairman
Geoffrey Caldwell	928-474-3088	Clerk
Daniel Newman	928-474-3088	Member
Janel Croy	928-474-3088	Member
Mark Essary	928-474-3088	Member

**LOCATION AND POSTING OF MEETING NOTICES (all meetings)**

Water Wheel Fire & Medical District Firehouse #71      10603 N Houston Mesa  
Payson, Arizona

District Website - WWFMD.US

**LEGAL DESCRIPTION OF BOUNDARY CHANGES:**

Annexed Parcel 302.07.025

**WATER WHEEL FIRE AND MEDICAL DISTRICT  
ANNUAL REPORT INFORMATION  
VOLUNTEER PENSION DISTRIBUTION  
FISCAL YEAR ENDED JUNE 30, 2023**

Arizona Revised Statutes (ARS) requires certain additional information be attached to the audit report to comply with ARS 9-956 as required to meet the requirements of the Arizona Annual “Report of Volunteer Fire Fighters Relief and Pension Fund”. This information is included as other supplementary information.

<u>TYPE OF DISTRIBUTION</u>	<u>NAME</u>	<u>AMOUNT</u>
ARTICLE 4	SEILER, ROBERT	\$ 720
ARTICLE 4	STEVENS, STEVE	960
ARTICLE 4	GLAUNSINGER, WILLIAM	436
ARTICLE 4	STULEN-GLAUNSINGER, LORNA	436
ARTICLE 4	HARRY VIEZENS	608
ARTICLE 4	WRIGHT, ROBERT	788
		<hr/>
TOTAL		<u>\$ 3,948</u>

**THIS PAGE  
IS  
DELIBERATELY LEFT BLANK**



**WATER WHEEL FIRE AND MEDICAL DISTRICT**  
**GOVERNMENT AUDIT STANDARDS**  
**JUNE 30, 2023**

**THIS PAGE  
IS  
DELIBERATELY LEFT BLANK**

# SAUNDERS COMPANY, LTD

JAMES H. SAUNDERS, CPA, CFE, CGFM, PI, AUDIT PARTNER  
TRICIA E. SAUNDERS, PI, AUDITOR

---

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

6008 W. CORTEZ ST  
GLENDALE, ARIZONA 85304  
Tel: (623) 476-8660  
Fax: (602) 926-2431  
E-Mail: [JamesH49@AOL.com](mailto:JamesH49@AOL.com)  
[Triciaesanders@yahoo.com](mailto:Triciaesanders@yahoo.com)

---

Member: American Institute of Certified Public Accountants  
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 AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Governing Board  
Water Wheel Fire & Medical District  
Payson, Arizona

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Water Wheel Fire & Medical Fire District (the District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Water Wheel Fire & Medical District's basic financial statements, and have issued our report thereon dated December 26, 2023.

### Report on Internal Control over Financial Reporting

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

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

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

### Report on Compliance and Other Matters

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

**THIS PAGE  
IS DELIBERATLY LEFT BLANK**

**Independent Auditor's Report on Internal Control...**

**June 30, 2023**

**Page 2**

**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.

**Saunders Company, Ltd.**

Glendale, Arizona  
December 26, 2023

**THIS PAGE  
IS  
DELIBERATELY LEFT BLANK**

# SAUNDERS COMPANY, LTD

**JAMES H. SAUNDERS, CPA, CFE, CGFM, PI, AUDIT PARTNER**  
**TRICIA E. SAUNDERS, PI, AUDITOR**

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

6008 W. CORTEZ ST  
GLENDALE, ARIZONA 85304  
Tel: (623) 476-8660  
Fax: (602) 926-2431  
E-Mail: [JamesH49@AOL.com](mailto:JamesH49@AOL.com)  
[Triciaesaunders@yahoo.com](mailto:Triciaesaunders@yahoo.com)

Member: American Institute of Certified Public Accountants  
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 AUDITOR'S REPORT ON COMPLIANCE WITH STATE OF ARIZONA FIRE DISTRICT REGULATORY REQUIREMENTS

To the Governing Board  
Water Wheel Fire and Medical District  
Payson, Arizona

### Report on Compliance

We have audited the Water Wheel Fire and Medical District's (the District) compliance with the requirements of Arizona Revised Statutes Title 48-805 for the year ended June 30, 2023, and have issued our report thereon dated December 26, 2023. Our audit 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.

### Auditor's Responsibility

Our responsibility is to express an opinion on compliance with those requirements based on our audit; 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 audit or report disclosed any information contrary to the certification made as prescribed by subsection D, paragraph 1 of section 48-805.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit 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 audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

### Opinion

In our opinion, the District complied with the requirements identified above for the year ended June 30, 2023.

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 26, 2023

**THIS PAGE  
IS  
DELIBERATELY LEFT BLANK**