

**WOODS FIRE DISTRICT**  
**FINANCIAL STATEMENTS**  
**FISCAL YEAR ENDED JUNE 30, 2023**  
**WITH REPORT OF**  
**CERTIFIED PUBLIC ACCOUNTANTS**

**WOODS FIRE DISTRICT**

**TABLE OF CONTENTS**

	<u>Page</u>
Independent Accountants' Review Report .....	1
Board of Directors.....	3
Management's Discussion and Analysis.....	4
<b>Basic Financial Statements:</b>	
<b>Government-wide Financial Statements:</b>	
Statement of Net Position.....	9
Statement of Activities .....	10
<b>Fund Financial Statements:</b>	
Balance Sheet - Governmental Funds .....	11
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds .....	12
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	13
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual .....	14
Notes to the Basic Financial Statements .....	15
Independent Accountants' Report on State Legal Compliance .....	23

***This page is intentionally blank***



**HINTONBURDICK**  
CPAs & ADVISORS

**Independent Accountants' Review Report**

To the Board of Directors of  
Woods Fire District  
Flagstaff, Arizona

We have reviewed the accompanying financial statements of the governmental activities and each major fund of Woods Fire District, as of and for the year ended June 30, 2023, which collectively comprise the District's basic financial statements as listed in the table of contents. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the management of Woods Fire District. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

**Management's Responsibility for the Financial Statements**

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

**Accountants' Responsibility**

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

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

**Accountants' Conclusion**

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

**Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on page 3 through page 6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. The information is the representation of management. We have not audited or reviewed such required supplementary information, and, accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on it.

**Change in Accounting Principle**

As described in Note 1 to the financial statements, in fiscal year 2023, the District implemented the provisions of GASB Statement No. 86, *Subscription-Based Information Technology Arrangements*. Our opinion is not modified with respect to this matter.

*HintonBurdick, PLLC*  
HintonBurdick, PLLC  
Gilbert, Arizona  
November 3, 2023

**BOARD OF DIRECTORS**

**Terryl Warnock**

**Chair**

**Jeff Johnson**

**Member**

**Michael Osendorf**

**Member**

## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Woods Fire District, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2023. Please read it in conjunction with the accompanying basic financial statements.

### FINANCIAL HIGHLIGHTS

- Total assets exceed total liabilities (net position) by \$24,005 at the close of the fiscal year.
- Total net position increased by \$689.
- Total revenues from all sources were \$16,543 and the total cost of all District programs was \$15,854.
- Total revenue received in the General Fund was \$1,369 greater than the final budget and expenditures were \$6,896 less than the final budget.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$23,300 which is a \$515 increase from fiscal year 2022's unassigned fund balance of \$22,785.

### USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The three components of the financial statements are: (1) Government-wide financial statements which include the Statement of Net Position and the Statement of Activities. These statements provide information about the activities of the District as a whole. (2) Fund financial statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the District's operations in more detail than the government-wide statements. (3) Notes to the financial statements.

#### Reporting the District as a Whole

##### The Statement of Net Position and the Statement of Activities (Government-wide)

A frequently asked question regarding the District's financial health is whether the year's activities contributed positively to the overall financial well-being. The Statement of Net Position and the Statement of Activities report information about the District as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The Statement of Net Position presents financial information on all of the District's assets, liabilities, and deferred inflows/outflows of resources, with the difference 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 for some items that will only result in cash flows in future fiscal periods.

The Statement of Net Position and the Statement of Activities, present information about the following:

- Government activities – All of the District’s basic services are considered to be governmental activities. Property taxes and fire assistance taxes finance most of this activity.
- Proprietary activities/Business type activities – The District currently does not maintain any proprietary activities; all activities are accounted for as governmental activities.

**Reporting the District’s Most Significant Funds**

**Fund Financial Statements**

The fund financial statements provide detailed information about the most significant funds—not the District as a whole. The District’s major fund uses the accounting approaches as explained below.

- Governmental funds – All of the District’s basis services are reported in governmental funds. Governmental funds focus on how resources flow in and out with the balances remaining at year-end that are available for spending. These funds are reported using an accounting method called the modified accrual accounting method, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District’s general government operations and the basic services it provides. Government fund information shows whether there are more or fewer financial resources that can be spent in the near future to finance the District’s programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation included with the Basic Financial Statements on page 13.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Net position may serve over time as a useful indicator of the District’s financial position. The District’s combined assets exceed liabilities by \$24,005 as of June 30, 2023 as shown on the following condensed statement of net position.

	Governmental activities	
	June 30, 2023	June 30, 2022
Current and other assets	\$ 26,755	\$ 26,066
Total assets	<u>26,755</u>	<u>26,066</u>
Other liabilities	<u>2,750</u>	<u>2,750</u>
Total liabilities	<u>2,750</u>	<u>2,750</u>
Net position:		
Unrestricted	<u>24,005</u>	<u>23,316</u>
Total net position	<u>\$ 24,005</u>	<u>\$ 23,316</u>



**Governmental Activities**

The cost of all Governmental activities this year was \$15,854. General revenues, including taxes and investment earnings totaled \$16,543.

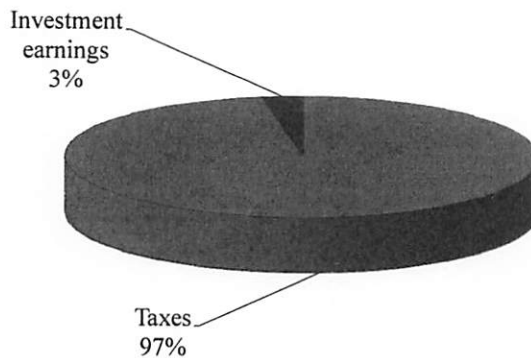
The District’s programs include: Public Safety (fire protection services). Each program’s revenues and expenses are presented below.

	Governmental activities	
	June 30, 2023	June 30, 2022
Revenues:		
General revenues:		
Taxes	\$ 16,073	\$ 14,789
Unrestricted interest earnings	470	146
Total revenues	<u>16,543</u>	<u>14,935</u>
Expenses:		
Public safety	<u>15,854</u>	<u>14,971</u>
Total expenses	<u>15,854</u>	<u>14,971</u>
Increase/(decrease) in net position	689	(36)
Net position, beginning	<u>23,316</u>	<u>23,352</u>
Net position, ending	<u><u>\$ 24,005</u></u>	<u><u>\$ 23,316</u></u>

Total resources available during the year to finance governmental operations were \$39,859 consisting of net position at July 1, 2022 of \$23,316 and general revenues of \$16,543. Total Governmental Activities expenses during the year were \$15,854; thus Governmental Net Position increased by \$689 to \$24,005.

The following graph provides a breakdown of revenues by source for all government activities.

**Revenue By Source - Governmental Activities**



### **General Fund Budgetary Highlights**

The final appropriations for the General Fund at year-end were \$6,896 more than actual expenditures. Actual revenues were greater than the final budget by \$1,369.

### **CAPITAL ASSET AND DEBT ADMINISTRATION**

#### **Capital Assets**

At year end, the District had no capital assets.

#### **Debt**

At year end, the District had no debt.

### **NEXT YEAR'S BUDGET AND ECONOMIC FACTORS**

In considering the District Budget for fiscal year 2024, the District Board and management were cautious as to the growth of revenues and expenditures. Overall General Fund operating expenditures were budgeted so as to contain costs at the same level as fiscal year 2023.

### **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Tammy Schieffer, Summit Fire and Medical District 8905 Koch Field Road, Flagstaff, Arizona or call (928) 526-9537.

**BASIC FINANCIAL STATEMENTS**

**WOODS FIRE DISTRICT**  
**Statement of Net Position**  
**June 30, 2023**

---

	<u>Governmental Activities</u>
<b>Assets</b>	
Cash and cash equivalents	\$ 26,050
Receivables	<u>705</u>
Total assets	<u>26,755</u>
<b>Liabilities</b>	
Accounts payable and other current liabilities	<u>2,750</u>
Total liabilities	<u>2,750</u>
<b>Net Position</b>	
Unrestricted	<u>24,005</u>
Total net position	<u>\$ 24,005</u>

See accompanying notes and independent accountants' review report.

**WOODS FIRE DISTRICT**  
**Statement of Activities**  
**For the Year Ended June 30, 2023**

	<b>Governmental Activities</b>
<b>Expenses</b>	
Public safety - fire protection and emergency services	\$ 15,854
Total program expenses	15,854
<b>General revenues</b>	
Property taxes	13,579
Fire District Assistance Tax (FDAT)	2,494
Unrestricted interest earnings	470
Total general revenues	16,543
Change in net position	689
Net position - beginning	23,316
Net position - ending	\$ 24,005

See accompanying notes and independent accountants' review report.

**WOODS FIRE DISTRICT**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2023**

	<u>General Fund</u>	<u>Total Governmental Funds</u>
<b>Assets</b>		
Cash	\$ 26,050	\$ 26,050
Taxes receivable	705	705
Total assets	<u>26,755</u>	<u>26,755</u>
<b>Liabilities</b>		
Accounts payable	<u>2,750</u>	<u>2,750</u>
Total liabilities	<u>2,750</u>	<u>2,750</u>
<b>Deferred inflows of resources</b>		
Unavailable revenue - property taxes	<u>705</u>	<u>705</u>
Total deferred inflows of resources	<u>705</u>	<u>705</u>
<b>Fund balances</b>		
Unassigned	<u>23,300</u>	<u>23,300</u>
Total fund balances	<u>23,300</u>	23,300
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 26,755</u>	
 Amounts reported for governmental activities in the statement of net position are different because:		
Unavailable revenues are not available to pay for current period expenditures and, therefore, are not recognized in the funds		<u>705</u>
Net position of governmental activities		<u>\$ 24,005</u>

See accompanying notes and independent accountants' review report.

**WOODS FIRE DISTRICT**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2023**

	<u>General Fund</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>		
Property taxes	\$ 13,405	\$ 13,405
Fire district assistance tax	2,494	2,494
Interest income	470	470
Total revenues	<u>16,369</u>	<u>16,369</u>
<b>Expenditures</b>		
Fire protection services	9,075	9,075
Administrative services	3,634	3,634
Professional services	2,120	2,120
Insurance	1,025	1,025
Total expenditures	<u>15,854</u>	<u>15,854</u>
Excess of revenues over/(under) expenditures	<u>515</u>	<u>515</u>
Net change in fund balances	515	515
Fund balances - beginning	<u>22,785</u>	<u>22,785</u>
Fund balances - ending	<u>\$ 23,300</u>	<u>\$ 23,300</u>

See accompanying notes and independent accountants' review report.

**WOODS FIRE DISTRICT**  
**Reconciliation of the Statement of Revenues,**  
**Expenditures, and Changes in Fund Balance of Governmental Funds**  
**To the Statement of Activities**  
**For the Year Ended June 30, 2023**

---

Amounts reported for governmental activities in the statement of activities  
are different because:

Net change in fund balances - total governmental funds	<u>\$ 515</u>
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This amount represents the change in unavailable revenue - property taxes.	<u>174</u>
Change in net position of governmental activities	<u><u>\$ 689</u></u>

See accompanying notes and independent accountants' review report.



**WOODS FIRE DISTRICT**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**General Fund – Budget and Actual**  
**For the Year Ended June 30, 2023**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Property taxes	\$ 13,500	\$ 13,500	\$ 13,405	\$ (95)
Fire district assistance tax	1,500	1,500	2,494	994
Interest income	-	-	470	470
Total revenues	<u>15,000</u>	<u>15,000</u>	<u>16,369</u>	<u>1,369</u>
<b>Expenditures</b>				
Fire protection services	9,075	9,075	9,075	-
Administrative services	3,975	3,975	3,634	341
Professional services	8,300	8,300	2,120	6,180
Insurance	1,400	1,400	1,025	375
Total expenditures	<u>22,750</u>	<u>22,750</u>	<u>15,854</u>	<u>6,896</u>
Excess of revenues over/(under) expenditures	<u>(7,750)</u>	<u>(7,750)</u>	<u>515</u>	<u>8,265</u>
Net change in fund balances	(7,750)	(7,750)	515	8,265
Fund balances - beginning	<u>22,785</u>	<u>22,785</u>	<u>22,785</u>	<u>-</u>
Fund balances - ending	<u>\$ 15,035</u>	<u>\$ 15,035</u>	<u>\$ 23,300</u>	<u>\$ 8,265</u>

See accompanying notes and independent accountants' review report.

**WOODS FIRE DISTRICT**  
**Notes to the Financial Statements**  
**June 30, 2023**

---

**Note 1. Summary of Significant Accounting Policies**

---

**Description of government-wide financial 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 primary government and its component units. All fiduciary activities are reported only in the fund financial statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support. Likewise, when applicable, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

**Reporting entity**

The Woods Fire District (the District) was organized as a Special Service District pursuant to the provisions of Chapter 5 of Title 48 of the Arizona Revised Statutes – Special Taxing Districts, which sets forth the legal framework for a fire district. The District provides fire protection for the residents and property owners of the Woods subdivision located southwest of the City of Flagstaff, Arizona. The District also provides legal enforcement of fire regulations and safety standards and initial response to medical emergencies. The District is supported primarily through Fire District Assistance Tax and property taxes collected through Coconino County.

**Basis of presentation – government-wide financial statements**

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds.

**Basis of presentation – fund financial statements**

The fund financial statements provide information about the government's funds. The emphasis of the District's fund financial statements is on major governmental funds, each is displayed in a separate column. Currently the District has only one fund, the General Fund.

The District reports the following major governmental funds:

The **General Fund** is the government's primary operating fund. It accounts for all financial resources of the general government.

The District does not have any other funds.

**WOODS FIRE DISTRICT**  
**Notes to the Financial Statements**  
**June 30, 2023**

---

**Note 1. Summary of Significant Accounting Policies (Continued)**

---

**Measurement focus and basis of accounting**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The 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. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded 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. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, Fire District Assistance Taxes (FDAT), and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

**Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance**

***Cash, cash equivalents, and investments***

Cash includes cash on hand, demand deposits with banks and deposits with the Coconino County Treasurer. The District's policy allows for the investment of funds in time certificates of deposit with federally insured depositories and other investments as allowed by state statutes.

**WOODS FIRE DISTRICT**  
**Notes to the Financial Statements**  
**June 30, 2023**

---

**Note 1. Summary of Significant Accounting Policies (Continued)**

---

***Inventories and prepaid items***

The costs of governmental fund-type inventories are recorded as expenditures when purchased rather than when consumed. Also, the District's inventory of materials and supplies is deemed to be immaterial; thus, no provision for inventory has been made in these financial statements.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as an expenditure when consumed rather than when purchased.

***Capital assets***

Capital assets, which include vehicles and equipment, are reported in the governmental activities column in the government-wide statement of net position. In accordance with GASB 34, the District has opted not to retroactively report infrastructure assets. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Depreciation of capital assets is computed and recorded by the straight-line method. The District had no capital assets as of June 30, 2023.

***Deferred outflows/inflows of resources***

In addition to assets, the statement of financial position 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 that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The government currently has no items which qualify for reporting in this category.

In addition to liabilities, the statement of financial position 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 that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. At times, the government has one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source: property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**WOODS FIRE DISTRICT**  
**Notes to the Financial Statements**  
**June 30, 2023**

---

**Note 1. Summary of Significant Accounting Policies (Continued)**

---

*Net position flow assumption*

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

*Fund balance flow assumptions*

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the District’s policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

*Fund balance policies*

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government’s highest level of decision-making authority. The governing board is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as committed. The governing board (board) has by resolution authorized the board chairman to assign fund balance. The board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

**WOODS FIRE DISTRICT**  
**Notes to the Financial Statements**  
**June 30, 2023**

---

**Note 1. Summary of Significant Accounting Policies (Continued)**

---

**Revenues and expenditures/expenses**

***Program revenues***

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges 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. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

***Property taxes***

Property tax revenues are recognized as revenues in the year collected or if collected within 60 days thereafter unless they are prepaid.

The County levies real property taxes on or before the third Monday in August, which 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 County also levies various personal property taxes during the year, which are due the second Monday of the month following receipt of the tax notice and become delinquent 30 days thereafter. A lien against real and personal property assessed attaches on the first day of January preceding the assessment and levy thereof.

**Use of 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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

**New Pronouncement**

For the year ended June 30, 2023, the District implemented the provisions of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, which (1) defines a subscription-based information technology arrangement (SBITA); (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The District had no SBITAs during the year ended June 30, 2023 that required reporting under GASB statement No. 96.

**WOODS FIRE DISTRICT**  
**Notes to the Financial Statements**  
**June 30, 2023**

---

**Note 2. Stewardship, Compliance and Accountability**

---

**Budgets and Budgetary Accounting**

Annual budgets are prepared and adopted by resolution by the Board on or before July 10<sup>th</sup> for the same fiscal year in accordance with State law. Prior to adoption of the budget, a public hearing is conducted to obtain taxpayer input. The budget includes proposed expenditures and the proposed sources of financing for such expenditures and is adopted on a basis consistent with generally accepted accounting principles using the modified accrual basis of accounting. Budgets are adopted and control of budget appropriations are exercised under State law, at the department level. The District Administrative Manager is authorized to transfer budgeted amounts within departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the District Council. Budget amendments are required to increase expenditure budgets. Expenditures may not legally exceed budgeted appropriations at the total activity level.

**Encumbrances**

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the District.

---

**Note 3. Deposits and Investments**

---

Deposits of the District at June 30, 2023 consist of the following:

Deposits:	
Cash on deposit with the	
Coconino County Treasurer	<u>26,050</u>
Total Deposits	<u><u>\$ 26,050</u></u>

**Deposits**

*Custodial Credit Risk*

For deposits this is the risk that in the event of a bank failure, the government's deposit may not be returned to it. The District does not have a formal policy for custodial credit risk. As of June 30, 2023, none of the District's deposit balance of \$26,050 was exposed to custodial credit risk because it was uninsured and uncollateralized.

**WOODS FIRE DISTRICT**  
**Notes to the Financial Statements**  
**June 30, 2023**

---

**Note 3. Deposits and Investments (Continued)**

---

**Investments**

The District's policy allows for the investment of funds in time certificates of deposit with federally insured depositories, investment in the county treasurer's pool, and other investments as allowed by state statutes. Eligible Arizona depositories as defined by state statutes are any commercial bank or savings and loan association with its principal place of business in the state of Arizona, which are insured by the federal deposit insurance corporation, or any other insuring instrumentality of the United States. The District had no investments as of June 30, 2023.

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District had no assets measured at fair value as of June 30, 2023.

**Interest rate risk**

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District's policy for managing its exposure to fair value loss arising from increasing interest rates is to comply with the state statutes which define allowable investments.

**Credit risk**

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District's policy for reducing exposure to credit risk is to comply with the state statutes which define allowable investments.

---

**Note 4. Risk Management**

---

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets and natural disasters. The District has insurance protection and the limit for basic coverage is for \$1,000,000 per occurrence on a claims made basis. No significant reduction in insurance coverage occurred during the year and no settlements exceeded insurance coverage during any of the past three fiscal years.



**WOODS FIRE DISTRICT**  
**Notes to the Financial Statements**  
**June 30, 2023**

---

**Note 5.        Commitments**

---

Intergovernmental Agreement

On June 9, 2018, the District entered into an agreement with the City of Williams for around-the-clock fire and emergency medical services to be provided by Williams Fire Department for the residents and property owners of the Woods subdivision. The agreement calls for an annual fee determined by the IGA schedule of annual payments. The agreement expired on June 30, 2023. A new agreement was signed with High Country Fire and Rescue on July 20, 2023.

Administrative Services Agreement

On September 19, 2018, the District entered into an agreement with Summit Fire and Medical District for comprehensive administrative services and support in connection with the conduct of the District's operations. The agreement calls for annual payments of \$3,600. A new agreement effective for fiscal year 2024 puts the annual payment at \$4,000 and expires June 30, 2024.



**HINTONBURDICK**  
CPAs & ADVISORS

**Independent Accountants' Report on  
State Legal Compliance**

Woods Fire District  
Flagstaff, Arizona

We have reviewed the basic financial statements of Woods Fire District (the District) for the year ended June 30, 2023, and have issued our report thereon dated November 3, 2023. Our engagement also included a review of the District's compliance with 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.

The management of Woods Fire District is responsible for the District's compliance with all requirements identified above. Our responsibility is to express whether we became aware of any instances of material non-compliance with those requirements based on our review; accordingly, we make the following statements:

ARS 48-805.02 requires the report to include an attestation by the independent accountant of the District as to the following:

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, paragraphs 2 and 3, and sections 48-806 and 48-807.
2. That the District complies with subsection F of section 48-805.
3. Whether the review disclosed any information contrary to the certification made as prescribed by subsection D, paragraph 1 of section 48-805.

We conducted our review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance about whether material noncompliance with the requirements referred to above occurred. A review includes limited procedures and inquiring of management about the District's compliance with those requirements. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Based on our review, we are not aware of any instances of material non-compliance 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 review of the applicable compliance requirements identified in the Arizona Revised Statutes as noted above and the results of that review based on the state requirements. Accordingly, this report is not suitable for any other purpose.

Sincerely,  
*HintonBurdick, PLLC*  
HintonBurdick, PLLC  
Gilbert, Arizona  
November 3, 2023