

MOUNT LEMMON FIRE DISTRICT

AUDITED ANNUAL REPORT,
GOVERNMENT AUDITING STANDARDS REPORTS AND SCHEDULES
Year ended June 30, 2024



JENNIFER J. PHILLIPS, CPA, PLLC
CERTIFIED PUBLIC ACCOUNTANT

MOUNT LEMMON FIRE DISTRICT
AUDITED ANNUAL REPORT, *GOVERNMENT AUDITING*
STANDARDS REPORTS AND SCHEDULES
Year ended June 30, 2024

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INDEPENDENT AUDITOR'S REPORT

Governing Board and Management
Mount Lemmon Fire District
Mount Lemmon, Arizona

Opinion

I have audited the accompanying Annual Report – Part D of Mount Lemmon Fire District for the year ended June 30, 2024, and the related notes to the Annual Report.

In my opinion the Annual Report – Part D referred to above presents fairly, in all material respects, the Annual Report Part D required by the State of Arizona for the year ended June 30, 2024 on the basis of accounting described in Note 2.

Basis for opinion

I conducted my 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. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Annual Report – Part D section of my report. I am required to be independent of Mount Lemmon Fire District and to meet my other ethical responsibilities in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Basis of accounting

I draw attention to Note 2 to the Annual Report, which describes the basis of accounting. The Annual Report – Part D is presented on the cash basis of accounting prescribed by the State of Arizona, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to comply with the requirements of the State of Arizona. My opinion is not modified with respect to that matter.

Responsibilities of management for the Annual Report – Part D

Management is responsible for the preparation and fair presentation of the Annual Report – Part D in accordance with the cash basis of accounting described in Note 2, and for determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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 Annual Report – Part D, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Mount Lemmon Fire District's ability to continue as a going concern within one year after the date that the Annual Report is available to be issued.

Auditor's responsibilities for the audit of the Annual Report – Part D

My objectives are to obtain reasonable assurance about whether the Annual Report – Part D as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. 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, including omissions, 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 Annual Report – Part D.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Mount Lemmon Fire District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Mount Lemmon Fire District's ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.

Other matters

The State of Arizona requires that Parts A, B and C in the accompanying Annual Report be presented for purposes of additional information and are a requirement of the Annual Report. I have applied certain limited procedures to this 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 my inquiries, Part D of the Annual Report, and other knowledge I obtained during my audit of Part D of the Annual Report. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other reporting required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated September 30, 2024 on my consideration of Mount Lemmon Fire District's internal control over financial reporting and on my 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 my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the 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 Mount Lemmon Fire District's internal control over financial reporting and compliance.

Restriction on Use

This report is intended solely for the information and use of management, the Governing Board, others within the Mount Lemmon Fire District and the State of Arizona and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Jennifer J. Phillips, CPA, PLLC". The signature is written in a cursive, flowing style.

JENNIFER J. PHILLIPS, CPA, PLLC
Tucson, Arizona

September 30, 2024

MOUNT LEMMON FIRE DISTRICT
ANNUAL REPORT
Year ended June 30, 2024

STREET OR P.O. BOX: 13170 N. Oracle Control Rd. PO Box 759
CITY: Mount Lemmon, AZ 85619
BUSINESS TELEPHONE: (520) 576-1201

Completed by: Joseph Gunia
Title: Chief

PART A - Governing Board Members and Officers of the District:

Name	Title	Occupation	Business Telephone
John Perchorowicz	Board Chairman	Board Chairman	(520) 576-1201 x 3
Todd Canale	Clerk of the Board	Clerk of the Board	(520) 576-1201 x 3
Teri Carpenter	Treasurer	Treasurer	(520) 576-1201 x 3
Tony Mazza	Board Member	Board Member	(520) 576-1201 x 3
Tom McNurlin	Board Member	Board Member	(520) 576-1201 x 3

PART B - Schedule of District Governing Board Regular Meetings:

Date	Time	Location of Meeting	Location of Public Notices
07/17/23	4:00 PM	Mount Lemmon Fire Station	Fire station, Mt. Lemmon Post Office, and website
08/21/23	4:00 PM	Mount Lemmon Fire Station	Fire station, Mt. Lemmon Post Office, and website
09/18/23	4:00 PM	Mount Lemmon Fire Station	Fire station, Mt. Lemmon Post Office, and website
10/16/23	4:00 PM	Mount Lemmon Fire Station	Fire station, Mt. Lemmon Post Office, and website
11/20/23	4:00 PM	Mount Lemmon Fire Station	Fire station, Mt. Lemmon Post Office, and website
12/18/23	4:00 PM	Mount Lemmon Fire Station	Fire station, Mt. Lemmon Post Office, and website
01/22/24	4:00 PM	Mount Lemmon Fire Station	Fire station, Mt. Lemmon Post Office, and website
02/26/24	4:00 PM	Mount Lemmon Fire Station	Fire station, Mt. Lemmon Post Office, and website
03/18/24	4:00 PM	Mount Lemmon Fire Station	Fire station, Mt. Lemmon Post Office, and website
04/15/24	4:00 PM	Mount Lemmon Fire Station	Fire station, Mt. Lemmon Post Office, and website
05/20/24	4:00 PM	Mount Lemmon Fire Station	Fire station, Mt. Lemmon Post Office, and website
06/24/24	4:00 PM	Mount Lemmon Fire Station	Fire station, Mt. Lemmon Post Office, and website

PART C - Legal Description of Boundary Changes During the Preceding Fiscal Year: NONE

See Accompanying Notes.

MOUNT LEMMON FIRE DISTRICT

ANNUAL REPORT - continued

Year ended June 30, 2024

**PART D - Schedule of cash receipts and disbursements
(for governmental fund types)**

Basis of Accounting: Cash

	<u>General fund</u>	<u>Capital projects fund</u>	<u>Total all funds</u>
Operating cash receipts:			
Property taxes	\$ 598,841	\$ -	\$ 598,841
Grants - Note 5	50,086	-	50,086
Intergovernmental - Note 6	30,000	-	30,000
Charges for services	14,253	-	14,253
Interest on investments	2,743	38,774	41,517
Smart and Safe Arizona allocation	16,610	-	16,610
Other revenues:			
Fire protection services	5,730	-	5,730
Emergency and rescue services	24,196	-	24,196
Total cash receipts	<u>742,459</u>	<u>38,774</u>	<u>781,233</u>
Operating cash disbursements:			
Salaries and wages	424,409	-	424,409
Employee related expenses	142,400	-	142,400
Administration	6,323	-	6,323
Professional services	14,268	-	14,268
Utilities and communications	17,279	-	17,279
Insurance	19,578	-	19,578
Capital outlay:			
Equipment	29,699	-	29,699
Vehicles	26,500	-	26,500
Improvements	-	140,714	140,714
Repairs and maintenance	20,278	-	20,278
Miscellaneous	2,396	-	2,396
Other expenditures:			
Fuel and oil	25,723	-	25,723
Uniforms	3,600	-	3,600
Supplies	17,733	-	17,733
Total cash disbursements	<u>750,186</u>	<u>140,714</u>	<u>890,900</u>
Change in cash	(7,727)	(101,940)	(109,667)
Cash at beginning of year	<u>112,123</u>	<u>2,231,784</u>	<u>2,343,907</u>
Cash at end of year	<u>\$ 104,396</u>	<u>\$ 2,129,844</u>	<u>\$ 2,234,240</u>

See Accompanying Notes.

MOUNT LEMMON FIRE DISTRICT
NOTES TO ANNUAL REPORT
June 30, 2024

NOTE 1 – Description of organization

Mount Lemmon Fire District (the District) was formed in fiscal year 1979-80. The District is intended to provide fire protection, rescue and medical services for persons and property within the defined boundaries of the District and that of its contracts as approved by the Board of Supervisors of Pima County, Arizona.

The Governing Board is organized under Title 48 of the Arizona Revised Statutes (A.R.S.). Management of the District is independent of other state or local governments. The County Treasurer collects taxes for the District but exercises no control over its expenditures/expenses.

The membership of the Governing Board consists of five members elected by the public. Under existing statutes, the Governing Board's duties and powers include, but are not limited to, the acquisition, maintenance and disposition of District property and the establishment, organization and operation of the District.

NOTE 2 – Summary of significant accounting policies

Arizona Revised Statutes (A.R.S.) require special districts to prepare Annual Reports on prescribed forms. Pursuant to laws 1992, Chapter 248, A.R.S. Section 49-253, Part D of the Annual Report must be audited. The significant accounting policies of the District are described below.

Reporting entity

The financial reporting entity consists of a primary government and its component units. The District is a primary government because it is a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. Furthermore, there are no component units combined with the District for financial statement presentation purposes, and it is not included in any other governmental reporting entity.

Basis of accounting

The District's policy is to prepare its special-purpose Annual Report on the cash basis of accounting; consequently, certain revenues are recognized when received rather than when earned, and certain expenses and purchases of assets are recognized when cash is disbursed rather than when the obligation is incurred. The special purpose Annual Report is presented in a format as prescribed by the Auditor General of the State of Arizona as required by Arizona Revised Statutes (A.R.S.) §48-251, which excludes all assets and liabilities of the District and other required disclosures.

Fund accounting

The accounts of the District are maintained in accordance with the principles of fund accounting to ensure observance of limitations and restrictions on the resources available. The principles of fund accounting require that resources be classified for accounting and reporting purposes into funds in accordance with the activities or objectives specified for the resources. Each fund is considered a separate accounting entity and its operations are accounted for in a separate set of self-balancing accounts, as follows:

General fund - The general fund accounts for all resources used to finance District services except those required to be accounted for in other fund types.

Capital projects fund - The capital projects fund accounts for resources to be used for acquiring and constructing major capital facilities and other capital assets.

MOUNT LEMMON FIRE DISTRICT
NOTES TO ANNUAL REPORT – continued
June 30, 2024

NOTE 2 – Summary of significant accounting policies – continued

Cash and cash equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, cash and investments held by the County Treasurer, and highly liquid investments.

Property tax receipts

The County levies real property taxes on or before the third Monday in August, which become due and payable in two equal installments. The County also levies a fire district assistance tax on taxable property in the County, which is allocated to the various districts. Each District receives fire district assistance tax equal to 20% of the District's adopted property tax levy for the year, limited to \$400,000.

The first installment for taxes 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. A lien assessed against real and personal property attaches on the first day of January preceding assessment and levy. All property taxes are billed and collected by Pima County and remitted to the District. Property taxes are reflected as cash receipts in the year they are received.

Mount Lemmon Fire Fighter Foundation

The District is occasionally awarded grants through the Mount Lemmon Fire Fighter Foundation (the Foundation), which are included in grant revenue in the accompanying Part D schedule of cash receipts and disbursements as applicable. Any unspent portions retained by the Foundation are not recorded as revenue by the District until funds are received. The Mount Lemmon Fire Fighter Foundation is a separate 501(c)(3) nonprofit entity which carries out fund-raising activities and maintains a bank account at a financial institution. Those activities are not subject to the District's annual budget limit and have been excluded from Part D of the Annual Report.

Capital outlay

Capital outlay represents amounts paid for improvements, equipment and vehicles.

NOTE 3 – Cash and cash equivalents

Cash and cash equivalents consist of the following at June 30, 2024:

Pima County Treasurer investment pool	\$ 88,799
Money market funds	2,131,588
Demand deposits - operating accounts	13,853
	<u>\$ 2,234,240</u>

The Arizona Revised Statutes authorize the District to invest public monies in the State or County Treasurer's investment pool; interest-bearing savings accounts, certificates of deposit, and repurchase agreements in eligible depositories; bond or other obligations of the United States government that are guaranteed as to principal and interest by the United States government; and bonds of the State of Arizona counties, cities, towns, school districts and special districts as specified by statute. In addition, the District maintains a money market account, which is used to accumulate financial resources to be spent on building improvements.

MOUNT LEMMON FIRE DISTRICT
NOTES TO ANNUAL REPORT – continued
June 30, 2024

NOTE 3 – Cash and cash equivalents – continued

Currently, monies levied by the District are invested with the Pima County Treasurer's Office and included in the Local Government Investment Pool (LGIP). Disbursements are made by warrants to the District's operating checking account. Checks are written from this account to pay expenditures incurred.

The District does not have a formal investment policy with respect to credit risk, custodial credit risk, concentration of credit risk, interest rate risk, or foreign currency risk for investments. However, the Arizona Revised Statutes have the following requirements:

Credit risk

With respect to credit risk:

- Commercial Paper must be of prime quality and be rated within two ratings by a nationally recognized rating agency.
- Corporate bonds, debentures and notes must be rated A or better by at least two nationally recognized rating agencies at the time of purchase.
- Fixed income securities must carry one or two highest ratings by Moody's Investors Service and Standard and Poor's rating service. If only one of the above-mentioned services rates the security, it must carry the highest rating of that service.

Custodial credit risk

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned. The Arizona Revised Statutes require collateral for demand deposits, certificates of deposit and repurchase agreements at 101% of all deposits not covered by federal depository insurance.

The District's investment in the County's LGIP represents a proportionate interest in the pool's portfolio; however, the District's portion is not identified with specific investments. No oversight is provided for Pima County's investment pool, nor does the structure of the pool provide for shares. The investments are unrated.

Concentration of credit risk

The Arizona Revised Statutes do not include any requirements for concentration of credit risk. The District maintains its cash in deposit accounts which may exceed federally insured limits. However, the District does not believe it is exposed to any significant credit risk. All uninsured money market funds are covered by pledged collateral and monitored by Arizona's Statewide Pooled Collateral Program.

Interest rate risk

Interest rate risk is the risk that changes in interest rates will adversely affect an investment's fair value. The Arizona Revised Statutes require that public monies invested in securities and deposits have a maximum maturity of five years. Investments in repurchase agreements must have a maximum maturity of 180 days.

Foreign currency risk

The Arizona Revised Statutes do not allow foreign investments unless the investment is denominated in US dollars.

MOUNT LEMMON FIRE DISTRICT
NOTES TO ANNUAL REPORT – continued
June 30, 2024

NOTE 4 – Compliance and concentrations

For the year ended June 30, 2024, approximately 77% of the District's cash receipts were received from property taxes. A change in land value due to a downturn in the housing market or poor economic conditions could have a significant impact on the District. Compliance with certain laws and regulations is subject to review by the State of Arizona.

NOTE 5 – Grants

During the year ended June 30, 2023, the Arizona Department of Forestry and Fire Management budgeted one-time funding in the amount of \$2,230,900 for the District to renovate its headquarters. \$174,628 of this grant has been expended through June 30, 2024.

Other grants awarded but not yet paid to the District totaled \$60,000 as of June 30, 2024 (see Note 6).

NOTE 6 – Intergovernmental agreements

The District was awarded a 5-year grant from Pima County in the year ended June 30, 2022, in which Pima County will pay the District \$30,000 each fiscal year. The third payment of \$30,000 was received during the year ended June 30, 2024 and is included in intergovernmental revenues in Part D of the Annual Report.

NOTE 7 – Risk management/contingencies

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

NOTE 8 – Public Safety Personnel Retirement System

Plan description

The District requires all fire suppression personnel to be members of the Public Safety Personnel Retirement System (PSPRS). PSPRS is an agent multiple-employer defined benefit pension plan that covers public safety personnel who are regularly assigned hazardous duty as employees of the State of Arizona or one of its political subdivisions. The PSPRS, acting as a common investment and administrative agent, is governed by a nine-member board and the participating local boards according to the provisions of Arizona Revised Statutes Title 38, Chapter 5, Article 4.

Benefits are established by state statute and generally provide retirement, death, long-term disability, survivor and health insurance premium benefits.

The plan issues a publicly available financial report that includes its financial statements and requirement supplementary information. The reports are available on the PSPRS website at www.psprs.com.

Funding policy

State statute establishes the pension contribution requirements for active PSPRS employees. In accordance with state statutes, annual actuarial valuations determine employer contribution

MOUNT LEMMON FIRE DISTRICT
NOTES TO ANNUAL REPORT – continued
June 30, 2024

NOTE 8 – Public Safety Personnel Retirement System – continued

requirements for PSPRS pension and health insurance premium benefits. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. Rates are a percentage of active members' annual covered payroll. Tier 1 employees were hired prior to January 1, 2012, Tier 2 employees were hired between January 1, 2012 and June 30, 2016, and Tier 3 employees were hired on or after July 1, 2017. Tier 3 employees have a different level of benefit promise, which is financed on a 50/50 basis between the employer and employee. Tier 3 employees may choose between this plan or a separate defined contribution plan (See Note 9). For the year ended June 30, 2024, required employer and employee contribution rates were as follows:

	Employer	Employee
Tier 1	16.90%	7.65%
Tier 2	16.90%	11.65%
Tier 3	8.81%	9.94%

Annual pension cost

The District's pension cost for the PSPRS plans for the year ended June 30, 2024 was \$55,842, all of which was contributed during 2024.

Funded status

The funded status of the plan as of the most recent valuation date, **June 30, 2023**, is as follows:

	Pension insurance	Health insurance
Actuarial accrued liability (a)	\$ 1,838,823	\$ 48,328
Actuarial value of assets (b)	\$ 1,822,390	\$ 61,482
Unfunded actuarial liability (a) - (b)	\$ 16,433	\$ (13,154)
Funded ratio (b) / (a)	99.1%	127.2%
Covered payroll (c)	\$ 257,998	\$ 257,998
Unfunded actuarial accrued liability as a percentage of covered payroll $[(a) - (b)] / (c)$	6.37%	-5.10%

NOTE 9 – Other retirement plans

PSPRS members who are hired on or after July 1, 2017, may choose to participate in a defined contribution (DC) plan. The decision by the member is irrevocable and remains in effect for the member's entire career and must be made within the first 90 days of employment. Participants must contribute 9% of their salary into the plan, and employers contribute a matching 9%. An additional contribution is paid into the DC disability fund to provide DC plan participants with disability benefits if they are ever needed. Participants who quit before working 10 years will be able to receive their contributions plus investment earnings but will only receive a portion of the employer contributions, based on the number of years worked. Employer contributions for DC members vest at 10% per year of service, and fully vest after 10 years of service. After working 10 years, participants will be able to receive their contributions plus all of the employer contributions plus investment earnings on both. The District's pension cost for this plan for the year ended June 30, 2024 is included in Note 8.

Tier 3 members who choose the defined benefit plan but who do not pay into social security also automatically pay an additional 3% of their salary into a supplemental defined contribution plan, which

MOUNT LEMMON FIRE DISTRICT
NOTES TO ANNUAL REPORT – continued
June 30, 2024

NOTE 9 – Other retirement plans – continued

is matched by the employer. When those members retire, they will receive a pension from the defined benefit plan and will also be able to receive (or rollover) the assets that have accumulated in their defined contribution plan account in a lump sum. This combination is considered a hybrid plan. The District's pension cost for this plan for the year ended June 30, 2024 is included in Note 8.

The District sponsors a 457 deferred compensation plan (the Plan). The Plan is a tax-deferred retirement plan subject to IRS limitations. The Plan is funded primarily by employee contributions and the District matches the first \$25 for each employee per pay period. Total Plan expense was \$7,509 for the year ended June 30, 2024.

NOTE 10 – Subsequent events

Management has evaluated subsequent events through September 30, 2024 which is the date the financial statements were available to be issued.



JENNIFER J. PHILLIPS, CPA, PLLC
CERTIFIED PUBLIC ACCOUNTANT

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATE-
MENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Governing Board and Management
Mount Lemmon Fire District
Mount Lemmon, Arizona

I 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 Annual Report – Part D of Mount Lemmon Fire District for the year ended June 30, 2024, and the related notes to the Annual Report – Part D, and have issued my report thereon dated September 30, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing my audit of the Annual Report – Part D, I considered Mount Lemmon Fire District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the Annual Report – Part D, but not for the purpose of expressing an opinion on the effectiveness of Mount Lemmon Fire District's internal control. Accordingly, I do not express an opinion on the effectiveness of Mount Lemmon Fire 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 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 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.

My 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses and significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

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

Compliance with Regulatory Requirements

In connection with my audit, nothing came to my attention that caused me to believe that the District incurred any debt or liability in excess of taxes levied and to be collected and the monies actually available and unencumbered at the time of the District's General Fund, except for those liabilities prescribed in A.R.S. section 48-805, subsection B, paragraph 2 and sections 48-806 and 48-807, or that the District failed to comply with A.R.S. section 48-805.02 subsection F. However, my audit was not directed primarily toward obtaining knowledge of such noncompliance. This report is supplemental reporting required by Arizona statutes intended solely for the information and use of management and members of the Arizona State Legislature and is not intended to be and should not be used by anyone other than these specified parties.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



JENNIFER J. PHILLIPS, CPA, PLLC

Tucson, Arizona
September 30, 2024

MOUNT LEMMON FIRE DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
Year ended June 30, 2024

None identified.