

January 25, 2023

Governing Board  
Tubac Fire District  
P.O. Box 2881  
Tubac, Arizona 85646-2881

We have audited the financial statements of the governmental activities and each major fund of Tubac Fire District for the year ended June 30, 2022, and expect to issue our report thereon dated January 25, 2023. Professional standards require that we provide you with information about our responsibilities under auditing standards generally accepted in the United States of America and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 10, 2022. Professional standards also require that we communicate to you the following information related to our audit.

#### Significant Audit Matters

##### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Tubac Fire District are described in Note 1 to the financial statements. As described in Note 1, the entity changed accounting policies related to leases, by adopting Statement of Governmental Accounting Standards (GASB Statement) No. 87, "Leases". There was no effect on net position or fund balance as a result of implementing this Standard. No other new accounting policies were adopted and the application of existing policies was not changed during 2022. We noted no transactions entered into by the entity during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

Management's estimate of the contractual allowance and bad debt calculation for ambulance receivables is based on prior experience and management's assessment of collectibility of specific accounts.

Management provides depreciation on equipment and other capital assets using the straight-line method over the estimated useful lives of the assets.

Management records pension/OPEB expense, deferred inflows/outflows, and net pension/OPEB liability (asset) based on the estimates prepared by third-party actuaries.

We evaluated the key factors and assumptions used to develop the estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

#### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

#### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The attached schedule 'Summary of Uncorrected Audit Adjustments' summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. The uncorrected misstatements or the matters underlying them could potentially cause future period financial statements to be materially misstated, even though, in our judgment, such uncorrected misstatements are immaterial to the financial statements under audit. The attached schedule 'Adjusting Journal Entries' summarizes the misstatements detected as a result of audit procedures and corrected by management.

#### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a disagreement on a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

#### *Management Representations*

We have requested certain representations from management that are included in the management representation letter.

#### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to Tubac Fire District's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as Tubac Fire District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

### Other Matters

We applied certain limited procedures to management's discussion and analysis, budgetary comparison information, and the pension plan and other postemployment benefit plan information, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were not engaged to report on the other information, consisting of the introductory section and statistical section, which accompany the financial statements but are not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it. We have obtained the other information included in annual reports and read the information for consistency with the financial statements. We noted no material inconsistencies between the other information and the audited financial statements.

We included a paragraph in our report required by *Government Auditing Standards* on compliance with regulatory requirements in connection with the audited financial statements. Our report expressed negative assurance about the District's compliance with the provisions of the Arizona Revised Statutes section 48-805.02, subsection G based on the procedures done in our audit of the financial statement.

### Restriction on Use

This information is intended solely for the information and use of the Governing Board and management of Tubac Fire District and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

*BeachFleischman PLLC*

**SUMMARY OF UNCORRECTED AUDIT ADJUSTMENTS**  
**6/30/2022**

Description	Debit (Credit) in category				
	Assets and Deferred Outflows of Resources	Liabilities and Deferred Inflows of Resources	Net Position/Fund Balance	Revenue	Expenses/ Expenditures
Prior year turnaround effect	\$ -	\$ -	\$ -	\$ -	\$ -
Current year:					
Passed adjustment for implementation of GASB 87 - Leases.	-	(21,696)	21,696	-	-
Current year effect	<u>-</u>	<u>(21,696)</u>	<u>21,696</u>	<u>-</u>	<u>-</u>
Total adjustments	-	(21,696)	21,696	-	-
Income effect	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Totals	<u>\$ -</u>	<u>\$ (21,696)</u>	<u>\$ 21,696</u>	<u>\$ -</u>	<u>\$ -</u>

There are no misstatements of disclosures, including qualitative and quantitative disclosures, that entered into our evaluation of whether uncorrected accumulated misstatements are material, individually or in the aggregate, in relation to specific accounts and disclosures and to the financial statements as a whole.

**Tubac Fire District**  
**Year End: June 30, 2022**  
**Adjusting Journal Entries**  
**Date: 7/1/2021 To 6/30/2022**

AJE-2

Number	Date	Name	Account No	Reference	Annotation	Debit	Credit	Recurrence	Misstatement
1	6/30/2022	Compensated Absences Payable	2030 GF	H-6			67,046.00		
1	6/30/2022	Salaries & Wages	5010 GF	H-6		67,046.00			
		to accrue for sick time at 25% per revised policy. /djh							
2	6/30/2022	Prepaid Expense	1400 GF	H-1		4,830.00			
2	6/30/2022	Accounts Payable	2000 GF	H-1			4,830.00		
		to reclassify prepaid out of accounts payable. (client does not need to record) /djh							
3	6/30/2022	Reclass current portion - lease liability	2397 GF	I-1, I-2		21,125.00			
3	6/30/2022	Reclass current portion - bonds	2398 DS	I-1, I-2		418,918.94			
3	6/30/2022	Reclass current portion	2399 GF	I-1, I-2		27,777.25			
3	6/30/2022	Current portion of bonds payable	2601 DS	I-1, I-2			418,918.94		
3	6/30/2022	Current portion of capital lease obligation	2602 GF	I-1, I-2			27,777.25		
3	6/30/2022	Current portion of lease liability	2604 GF	I-1, I-2			21,125.00		
		To reclassify current portion of debt. (client does not need to record) /dh							
4	6/30/2022	Property Tax Receivable	1245 GF	B-1		128,546.28			
4	6/30/2022	Property Tax Income	4010 GF	B-1			128,546.28		
		Client provided entry: To adjust property tax receivables. /scf							
5	6/30/2022	F150 Leases Payable	2335 GF	I-3		4,000.00			
5	6/30/2022	Vehicles Repairs & Maintenance	6140 GF	I-3		18,942.00			
5	6/30/2022	Vehicle Lease	6180 GF	I-3			22,942.00		
		to record FY 22 capital lease payments. /djh							
6	6/30/2022	Allowance for Ambulance Receiv	1251 GF	B-5			20,000.00		
6	6/30/2022	EMS Revenue	4110 GF	B-5		20,000.00			
		Client Provided Entry - To increase ambulance allowance. /lh							
7	6/30/2022	Accounts Payable	2000 GF	H-2		23,332.69			
7	6/30/2022	Health, Dental, & Vision Ins	5210 GF	H-2			23,332.69		
		To remove July health insurance bill from AP at year end. /lh							
8	6/30/2022	Tower Funds	4130 GF	B-10			32,681.00		
8	6/30/2022	Miscellaneous Income	4220 GF	B-10		32,681.00			
		To reclassify rental income to charges for services for FS presentation. (client does not need to record) /SF							
9	6/30/2022	Lease receivable	1270 GF	B-12		232,881.00			
9	6/30/2022	Deferred inflows related to leases	2070 GF	B-12			228,480.00		
9	6/30/2022	Tower Funds	4130 GF	B-12			4,401.00		
		To record lease receivable and deferred inflows for leases (as lessor). /lh							
10	6/30/2022	Deferred outflows - PSPRS	1915 GF	L-3			380,190.00		
10	6/30/2022	Deferred Outflows PSPRS TR 3	1917 GF	L-3		24,659.00			
10	6/30/2022	Net Pension Asset PSPRS TR3	1957 GF	L-3		30,542.00			
10	6/30/2022	Deferred Inflows - PSPRS	2315 GF	L-3			704,184.00		
10	6/30/2022	Deferred Inflows PSPRS TR3	2317 GF	L-3			21,559.00		
10	6/30/2022	Net Pension Liability - PSPRS	2355 GF	L-3		1,044,322.00			
10	6/30/2022	Net Pension Liab - Tier 3 PSPRS	2359 GF	L-3		952.00			
10	6/30/2022	Retirement Expense	5230 GF	L-3		5,458.00			
		To record PSPRS pension adjustments. /lh							
11	6/30/2022	Deferred outflow - PSPRS OPEB	1916 GF	L-11			14,332.00		

**Tubac Fire District**  
**Year End: June 30, 2022**  
**Adjusting Journal Entries**  
**Date: 7/1/2021 To 6/30/2022**

AJE-2-1

Number	Date	Name	Account No	Reference	Annotation	Debit	Credit	Recurrence	Misstatement
11	6/30/2022	Deferred Outflow PSPRS OPEB TR3	1918 GF	L-11			61.00		
11	6/30/2022	Net OPEB Asset	1956 GF	L-11		80,550.00			
11	6/30/2022	Net PSPRS OPEB Asset TR 3	1958 GF	L-11		1,804.00			
11	6/30/2022	Deferred Inflows - PSPRS OPEB	2316 GF	L-11			38,136.00		
11	6/30/2022	Deferred Inflows PSPRS OPEB TR3	2318 GF	L-11			687.00		
11	6/30/2022	Retirement Expense	5230 GF	L-11			29,138.00		
		To record PSPRS OPEB adjustments. /lh							
12	6/30/2022	Vehicles	1730 GF	I-3			99,176.28		
12	6/30/2022	Right-to-use leased vehicles	1732 GF	I-3		59,505.76			
12	6/30/2022	AD - Vehicles	1735 GF	I-3		39,670.52			
		To reclassify vehicles under leases to right-to-use assets per implementation of GASB 87. /lh							
13	6/30/2022	AD - Vehicles	1735 GF	I-3		19,835.00			
13	6/30/2022	Accum Amort - Right-to-use leased vehicles	1737 GF	I-3			17,039.00		
13	6/30/2022	Depreciation Expense	9000 GF	I-3			19,835.00		
13	6/30/2022	Amortization expense - right-to-use assets	9100 GF	I-3		17,039.00			
		To record current year amortization of right-to-use assets in accordance with GASB 87. /lh							
						<b>2,324,417.44</b>	<b>2,324,417.44</b>		
<b>Net Income (Loss)</b>			<b>(40,949.87)</b>						