



FRY FIRE DISTRICT

★ ARIZONA ★



ANNUAL COMPREHENSIVE FINANCIAL REPORT for the fiscal year ended June 30, 2023





FRY FIRE DISTRICT
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FRY FIRE DISTRICT

COCHISE COUNTY, ARIZONA



Annual Comprehensive Financial Report Fiscal Year Ended June 30, 2023

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Fry Fire District

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Year Ended June 30, 2023

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INTRODUCTORY SECTION



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Tuesday, December 12, 2023

To the Honorable Members of the Board and Citizens of Fry Fire District:

The following is the Annual Comprehensive Financial Report (ACFR) of Fry Fire District (FFD) for the fiscal year ending June 30, 2023. This ACFR report is intended to meet and exceed all legal reporting requirements that are borne by this jurisdiction. Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of material misstatements. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Arizona Revised Statutes (ARS) 48-253 and 48-805(9) require an annual audit to be performed in accordance with the statutory requirements and in conformance to generally accepted government auditing standards. As such, the fiscal year audit has been performed by an independent certified public accounting firm, BeachFleischman PLLC. The auditors have issued an unmodified ("clean") opinion on the Fry Fire District's financial statements for the year ended June 30, 2023.

The independent auditor's report is located at the front of the financial section of this report. Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

District Profile

The Fry Fire District was originally formed in April of 1965 as the Fry Volunteer Fire Company. Governance for the original Volunteer Fire Company evolved from an elected Fire Chief to the current elected Board in 1985. Volunteer firefighters were originally only responsible for handling the fire suppression needs of the community. Emergency medical treatment and transport services were added later along with full-time employees to provide round-the-clock protection. Early volunteers operating out of a single fire station on Second Street laid the foundation for the professional services FFD personnel deliver across the region today.

Fry Fire District currently provides all hazard emergency services with thirty-nine full-time firefighters. These responders staff three full-time fire stations in the District and a fourth station during peak hours in the Town of Huachuca City. Full-time staff are augmented by several part-time firefighters and EMS personnel. All full-time suppression personnel are trained in structural and wildland



FRY FIRE DISTRICT

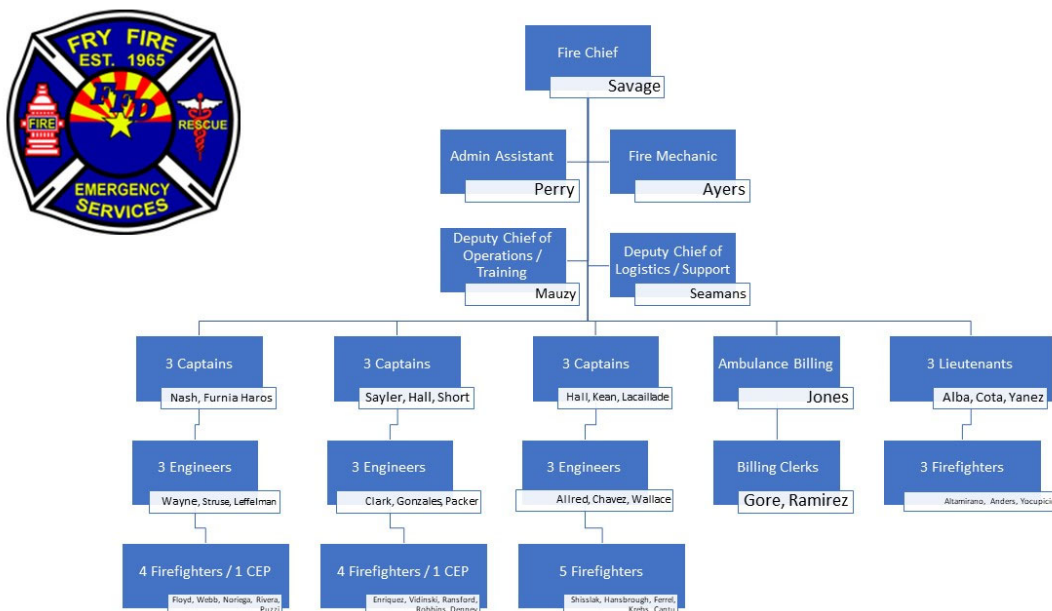
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firefighting and are certified EMT's. The last year saw the addition of several Paramedics, bringing almost 67% of our staff up to the advanced life support level. Operations are supported by two Deputy Chiefs, a Fire Chief and five administrative and support staff.

FFD operates under Arizona Revised Statutes (ARS) Title 48, Chapter 5 and is recognized by the State of Arizona as a special taxing district. The District is governed by a five-member Board, comprised of a Board Chair, Clerk and three additional members. All Members are elected at large and serve staggered four-year terms.

The Board is responsible for adopting an annual budget, setting District policy and ensuring the Fire Chief implements policy and manages day-to-day operations of the District. The Fire Chief is supported by two Deputy Chiefs who provide executive and administrative support. The Deputy Chiefs also directly supervise assigned Captains and operations personnel. Operations are funded primarily through limited assessed value property taxes, with additional funding being generated through other avenues including billing for ambulance transports, federal and state wildfire responses and support from various federal, state, and local grants.

A current organization chart follows:





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Current Intergovernmental Agreements, state requirements and national standards suggest a minimum staffing level of 3 firefighters for engine companies and 2 personnel for ambulances providing medical transport. Recently hired personnel should help FFD better meet these minimums and to provide safe and effective fire suppression and advanced medical care for FFD customers and members. FFD employs a total of twenty-seven paramedics and provides Advanced Life Support medical treatment with every staffed unit. Emergency medical service-related calls make up more than 85% of annual calls for service.

FFD personnel respond to any emergency situation that threatens life, safety or property. We work closely with partners from the Sierra Vista Fire and Medical Department, Ft. Huachuca Fire Department, Palominas Fire District, Whetstone Fire District and the Southeastern Arizona Communications Center (SEACOM) to provide the closest available unit with the appropriate capabilities to provide service. FFD members are happy to share last year's addition of Fire Station Alerting to SEACOM which provides automated dispatching allowing dispatchers to focus on providing emergency callers with immediate instructions about life-saving measures they may be able to implement while we're responding.

FFD also responds to various non-emergency situations that are not routinely handled by other agencies or providers. These non-emergency responses include things such as: snake removals, open burn permits, home safety surveys, etc. The FFD community risk reduction programs cover topics such as fall injury prevention, fire safety, CPR, immunizations and first aid and proactively work to reduce or mitigate risk either through prevention or otherwise.

About the Area

FFD serves residents and visitors to several unincorporated neighborhoods in and around the community of Sierra Vista. At an elevation of 4600' the area has an average high temperature of 77 and an average low temp of 49, with average annual rain fall of 14 inches and less than 2 inches of snow. The area boasts the southern end of the Arizona Trail and the Huachuca Mountains which are a must-see for outdoor enthusiasts and birdwatchers visiting the sky islands.

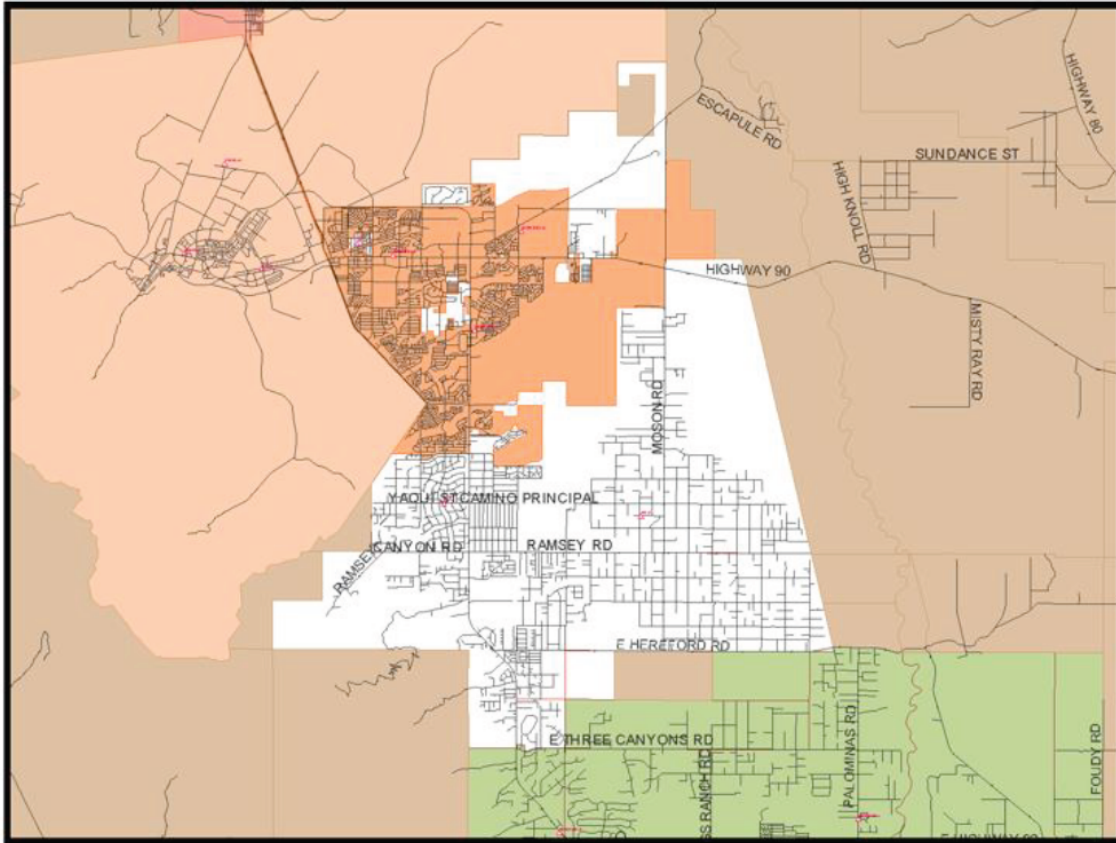
FFD has a fire coverage footprint of approximately 60 square miles and provides ambulance transport service for approximately 200 square miles. The district has grown to serve an estimated 17,089 full time residents. We provide fire protection and emergency medical services, ambulance transport, technical rescue, public education and fire prevention. FFD deploys 13 Fire/EMS personnel daily and responded to approximately 4,238 calls during this reporting period.



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Fry Fire District Boundary Map



A snapshot of FFD-Demographics including Huachuca City and service levels includes:

District Size	60 square miles
Ambulance Transport Service Area	200 square miles
Full-time Resident Population	18,589
Part-time, Seasonal Population	1,000
Fire Stations	4
Full-Time Fire and Rescue Service Staffing	39
Administrative and Support	7



Budget Overview

The District budgets all funds in accordance with the requirements of state law. All funds are budgeted on the modified accrual basis of accounting.

The Board adopts the general fund budget prior to the beginning of the fiscal year of the District. Throughout the budget process the Board reviews the budgeted expenses at the fund, function and object level. This is done to allow the Board, and participating community members, to gain a more detailed understanding of the budget and to be in compliance with Arizona Revised Statute 48-805.02(A) which requires a detailed estimate of expenditures. Although the Board reviews the budget at the fund, function and object level, the budget is approved at the fund level and sets the level by which actual expenditures should not exceed budgeted expenditures. The Board is not required to adopt a formal budget for the Capital fund however transfers between funds require Board authorization, as do any transfers from Contingency.

Budgeted expenditures lapse at year-end and may not be carried over to subsequent years.

Local Economy and Outlook

The presence of Ft. Huachuca and the U.S. Border Patrol are major contributors to the local economy and will continue to be so in the future.

There has been an increase in both residential and commercial construction in recent years, as well as rises in median home prices and median household incomes. Increasing interest rates may influence real estate values but more time will be needed to understand that effect and potential effect on assessed value of property.

The District's population is expected to continue to grow in the next 20 years, although prior growth estimates have been significantly curtailed. District management and staff are working proactively and cooperatively with other governments, surrounding fire districts, and regional planning groups to ensure continued ability to serve this future population.

Long-term financial planning and major initiatives

The district has developed a comprehensive ten-year capital improvement plan. This plan is primarily funded by a \$7 million bond election that passed by more than 72% of the voters in the 2018 general election. The capital improvement plan has significantly improved and enhanced emergency responses. It is also adding life to existing infrastructure by upgrading aging facilities and replacing aging capital assets. The FFD capital improvement plan forecasts the life expectancy and replacement and or maintenance costs for each of the District's long-term assets and matches those costs to defined



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funding levels that will need to be met over the next decade. This capital improvement plan is reviewed every year to ensure it captures the needs of the organization and is receiving adequate funding.

Major initiatives include: improving firefighter safety, continuing to replace aging apparatus and equipment, and expanding community risk reduction services.

Firefighters are exposed to an ever-increasing risk of occupational exposure to carcinogens. Station renovations are bringing FFD into compliance with accepted industrial hygiene standards and helping to reduce exposures to carcinogens by removing vehicle exhaust gases and improving individual decontamination after a fire. FFD are also actively working to improve the quality of the personal protective equipment provided to firefighters and to provide additional sets of gear to keep them protected while exposed gear is being decontaminated. This year should see us complete the issuance of two sets of gear to 100% of our firefighters.

Upgrades to FFD aging fleet are underway. Two additional 2022 Ford F550 ambulances were recently purchased with bond funds and were placed into service. These vehicles replace two aging ambulances that have seen extensive service. The past few years also saw the addition of a new Type 1 fire engine, 4,000-gallon water tender, and support vehicles, all of which are seeing active use on fire scenes.

Community Risk Reduction efforts have been augmented by new employee engagement and state and local grant funds. These programs include a continuation of two large-scale hazardous fuel reduction projects on high-risk wildland interface areas east of the Huachuca Mountains with a focus on Ramsey Canyon and other canyons west of Hwy 92. Recently we were able to rehire five seasonal employees to augment the Arizona Department of Forestry and Fire Management Fire and Fuels Crews. Ongoing fuel reduction treatment should push the project close to the 600-acre mark and will have an impact on fire activity in high-risk neighborhoods for years to come. Additional efforts also include public education about fall injury prevention, CPR, and emergency first aid. Compression-Only CPR and Stop the Bleed training programs are also providing tangible improvements in community readiness.

During the last year, FFD also completed an update to the long-term strategic planning process and are seeing continued movement towards the necessary objectives to meet identified plan goals that will align the future budget cycles needs.

Relevant Financial Policies

FFD has adopted a comprehensive set of financial policies. The policies are constantly evaluated for their effectiveness and how they keep the Governing Board and staff focused on increased internal controls, reporting and long-term sustainability. The policies implemented have been effective in



protecting the District and its focus on maintaining service levels while also providing long term sustainability and success.

Awards and Acknowledgements

Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Fry Fire District for its annual comprehensive financial report for the fiscal year ended June 2022. This was the third year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

We would like to express our sincere gratitude to the personnel of the finance department who assisted and contributed to the preparation of this report. Appreciation is also extended to the District Board, the managers, employees and citizens of the District whose continued support is vital to the financial health of Fry Fire District.

We would like to express our sincere gratitude to the personnel of the finance department who assisted and contributed to the preparation of this report. Appreciation is also extended to Board Chair Joe Huish, members of the Board, the managers, employees and citizens of the District whose continued support is vital to the financial health of Fry Fire District.

Respectfully submitted,

Mark Savage
Fire Chief

The James Vincent Group
Finance Director



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Fry Fire District

Elected Board Members

<u>Position / Name</u>	<u>Term Expires</u>
Board Chair Joseph Huish	November 30, 2026
Board Clerk Eric Andersen	November 30, 2024
Board Member Robert McMurtrie	November 30, 2026
Board Member Norman Sturm	November 30, 2026
Board Member Thomas Tucker	November 30, 2024

Administrative Offices

4817 S. Apache Ave., Sierra Vista, AZ 85650

Fire Chief/Administrator

Chief Mark Savage

Finance Director

The James Vincent Group

Legal Counsel

Barret & Matura, P.C.

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Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Fry Fire District
Arizona**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morill

Executive Director/CEO

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FINANCIAL SECTION

Independent Auditors' Report

Governing Board and Management
Fry Fire District
Sierra Vista, Arizona

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Fry Fire District as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Fry Fire 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 and each major fund of Fry Fire District as of June 30, 2023, and the respective changes in financial position 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Fry Fire 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 Fry Fire 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.

Auditors' 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 auditors' 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.

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

- 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 Fry 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 our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Fry Fire 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, budgetary comparison information, and the pension and other post employment benefit (OPEB) plan 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 Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

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

Tucson, Arizona

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Management's Discussion and Analysis (MD&A)

(Required Supplementary Information)

MANAGEMENT'S DISCUSSION AND ANALYSIS

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Fiscal Year Ended June 30, 2023

INTRODUCTION

The management of Fry Fire District (the District) presents these financial statements with a narrative overview and analysis of financial activities for the twelve months ended June 30, 2023. We encourage readers to consider the information presented here in conjunction with the accompanying basic financial statements and the accompanying notes to those statements in their understanding of the District's financial position.

FINANCIAL HIGHLIGHTS FOR THE YEAR

- In the government-wide financial statements, the total assets and deferred outflows of the Fry Fire District were \$19,475,383 at the close of the fiscal year. The total liabilities and deferred inflows exceeded assets and deferred outflows by \$7,951,541. Of this amount \$(10,198,034) represents the balance of the unrestricted net position.
- The District realized a decrease in its net position of \$277,231 equal to the excess of expenses over revenues, which was primarily due to an increase in expenses. Interest expenses increased due to a full year of payments in 2023 on Certificates of Participation and bonds that were issued in 2022.
- Cash and investments decreased by \$575,584 primarily due to restricted debt proceeds used for capital purchases.
- As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$9,026,810, an increase of \$68,418 in comparison with the prior year. The increase in fund balance was due to the district receiving \$209,547 in ARPA funding for reimbursement of COVID expenses.
- At the end of the current fiscal year, unassigned fund balances for the general fund was \$918,336. The change in fund balance for the general fund was a decrease of \$827,073 for the fiscal year. This was due to a transfer out of the general fund to the capital projects funds. The District Board and Administration are working diligently to enhance the financial position of the organization while still providing a high level of service to the community it serves.
- The total long-term liabilities of the District decreased by a net amount of \$14,286,776.
- During fiscal year 2022, the District issued Certificates of Participation (COPs) to reduce the District's unfunded pension liability with the Public Safety Personnel Retirement System (PSPRS). The District contributed \$16.8 million to PSPRS during fiscal year 2022, and the contribution was recorded as deferred outflows of resources, since the contribution was made subsequent to the measurement date of the net pension liability. In fiscal year 2023, the net pension liability was reduced by this additional contribution.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the basic financial statements of the District. These 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.

Government-Wide Financial Statements

The *Government-wide financial statements* present the financial picture of the District from the economic measurement resources focus using the accrual basis of accounting. These statements include all assets of the District (including capital assets) as well as all liabilities (including long-term debt). They are intended to provide a broad overview in a manner similar to a private sector business. Additionally, certain eliminations have occurred as prescribed by Statement No. 34 in regards to interfund activity, payables and receivables.

Statement of Net Position - The *Statement of Net Position (page 25)* presents information of all District's assets plus deferred outflows of resources, less liabilities, less deferred inflows 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.

Statement of Activities - The *Statement of Activities (page 26)* presents information showing how the net position of the District 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 (e.g., uncollected taxes and earned but unused vacation leave).

Fund Financial Statements

The Fund Financial Statements provide detailed information about the most significant funds not the District as a whole. Some funds are required to be established by State law and by bond covenants. However, management establishes other funds to help it control and manage resources for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. All the funds of the District are considered governmental funds.

Governmental Funds Governmental Funds are used to account for essentially the same functions reported as governmental activities in the Government-wide financial statements. All of the basic services of the District are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, 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 operations and basic services provided to residents. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance programs of the District. Because the focus of governmental funds is narrower than that of the Government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the Government-wide financial statements. By doing so, readers may better understand the long-term impact of the near-term financing decisions of the District. The reconciliation of differences between the governmental fund financial statements and the government-wide financial statements is explained in a section following each governmental fund financial statement.

The District maintains three individual government funds: the General Fund, the Capital Projects Fund, and the Debt Service Fund. Information is presented separately in the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balances for each of these funds, all of which are considered to be major funds of the District; the concept and determination of major funds has been established by the Governmental Accounting Standards Board (GASB). There are no non-major governmental funds.

The District adopts an annual appropriated budget to levy taxes and provide for its general fund. A budgetary comparison statement has been provided for the fund to demonstrate compliance with the budget and is presented on page 63.

Notes to the Financial Statements. The Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the Government-wide and Governmental fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the financial position of a government entity. In the case of the Fry Fire District, liabilities and deferred inflows exceed assets and deferred outflows by \$7,951,541 at the close of the 2023 fiscal year.

By far, the largest positive portion of net position of the District, \$1,856,814, reflects the District's investment in capital assets (land, construction in progress, buildings and improvements, equipment and vehicles), less any related debt still outstanding that was issued to acquire those items. 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 capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be liquidated to service these liabilities.

The restricted portion of net position of \$389,679 reflects amounts restricted for debt service obligations and pension.

The remaining balance of unrestricted net position, \$(10,198,034), reflects its cash and current account receivable less any current liabilities (e.g. accounts payable, accrued payroll, and compensated absences) and long-term liabilities not associated with capital assets. The District uses the cash balances to pay current and ongoing financial obligations in order to provide services to residents.

At the end of fiscal year 2023, the District has a negative balance in unrestricted net position. In fiscal year 2015, the District adopted Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions, which requires the District to report a net liability for pensions of \$2,633,698. In fiscal year 2018, the District adopted Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions, which requires the District to report a net liability for OPEB of \$91,092. The District pays for pensions and OPEB on a pay-as-you go basis with current financial resources each year. However, the net pension/OPEB liability required to be reported is an actuarially determined amount for resources that are required sometime in the future.

The following table reflects the condensed Statement of Net Position:

Fry Fire District
Condensed Statement of Net Position
As of June 30, 2023 and 2022

	Governmental Activities		Increase (decrease)
	2023	2022	
Cash and investments	\$ 8,593,690	\$ 9,169,274	\$ (575,584)
Other assets	966,488	1,007,057	(40,569)
Capital assets	5,549,531	5,091,731	457,800
Total assets	15,109,709	15,268,062	(158,353)
Total deferred outflows	4,082,137	20,717,797	(16,635,660)
Other liabilities	341,175	592,021	(250,846)
Long-term liabilities	25,949,640	40,236,416	(14,286,776)
Total liabilities	26,290,815	40,828,437	(14,537,622)
Total deferred inflows	1,136,109	2,831,732	(1,695,623)
Net investment in capital assets	1,856,814	2,142,562	(285,748)
Restricted	389,679	443,270	(53,591)
Unrestricted	(10,198,034)	(10,260,142)	62,108
Total net position	\$ (7,951,541)	\$ (7,674,310)	\$ (277,231)

Statement of Activities – The net position of the District from governmental activities decreased \$277,231. Key elements of this decrease are as follows:

- Net investment in capital assets decreased by \$285,748 primarily due to spending of bond proceeds on capital assets.
- Property taxes increased by \$218,565 as a result of an increase in assessed valuation and the tax rate.

- Operating grants and contributions increased by \$405,922. The district receives fuel reduction grants from the State of Arizona where the district focuses on hazardous fuel reduction in high-risk wildland interface areas. The district also received \$209,547 in ARPA funding for reimbursement of COVID expenses.
- Charges for services revenue, which includes ambulance revenue, services to the Town of Huachuca City revenue and wildland fire revenue, increased \$22,154. The net revenue of a full year of providing services to the Town of Huachuca City in 2023 compared to 2022 and the decrease in wildland revenue due to a less active wildland season were the cause of this increase.
- Expenses for the District increased about \$670,119 from the prior year, primarily due to interest payments on the COPs.
- Pension expense for the year ending June 30, 2023 was \$2,043,591, compared with \$1,930,765 in the year ending June 30, 2022.

The following table presents a comparative summary of the District's revenues and expenses for the current and preceding fiscal years.

Fry Fire District
Condensed Statement of Activities
For the Years Ended June 30, 2023 and 2022

	Governmental Activities		Increase (decrease)
	2023	2022	
Program revenues:			
Charges for services	\$ 2,483,141	\$ 2,460,987	\$ 22,154
Operating grants and contributions	555,277	149,355	405,922
General revenues:			
Property taxes	4,663,808	4,445,243	218,565
Fire District Assistance Tax	398,446	399,358	(912)
Investment earnings	70,031	24,566	45,465
Miscellaneous	141,065	127,970	13,095
Total revenues	8,311,768	7,607,479	704,289
Expenses:			
Public safety	7,816,193	7,441,273	374,920
Interest on long-term debt	772,806	477,607	295,199
Total expenses	8,588,999	7,918,880	670,119
Change in net position	(277,231)	(311,401)	34,170
Beginning net position, restated	(7,674,310)	(7,362,909)	(311,401)
Ending net position	\$ (7,951,541)	\$ (7,674,310)	\$ (277,231)

DISTRICT FUNDS FINANCIAL ANALYSIS

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As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds - The focus of the District’s *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District’s financing requirements. In particular, unassigned fund balances may serve as a useful measure of the District’s net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the District itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the District’s Governing Board.

At June 30, 2023, the governmental funds of the District reported a combined fund balance of \$9,026,810, which is an increase of \$68,418 in comparison with the prior year.

General Fund - The general fund accounts for all the financial resources retained by the District not accounted for in any other fund. As of June 30, 2023, total fund balance was \$1,475,275, of which \$48,283 was nonspendable because of prepaid items, \$508,656 was assigned for paying employee leave liabilities, and \$918,336 was unassigned for financial reporting purposes. Total General Fund balance decreased by \$827,073. This decrease was caused by a transfer of funds from the General Fund to the Capital Projects fund. Prior to recognizing this transfer out, the increase in the General Fund was \$607,945.

Capital Projects Fund - The capital projects fund accounts for the accumulation of resources for future construction costs for new and existing facilities and for the purchase of large fire apparatus. As of June 30, 2023, the ending fund balance in the Capital Projects fund was \$7,188,107. The increase in the fund balance of \$975,333 is primarily due to a transfer in from the general fund.

Debt Service Fund - The debt service fund accounts for the property tax levy dedicated to the payment of principal and interest on general obligation bonds. The decrease in the fund balance was \$79,842.

The following statement provides the detail of the District fund balances:

Fry Fire District
Governmental Funds – Fund Balances
As of June 30, 2023 and 2022

Major funds	June 30, 2023		June 30, 2022	
	Amount	%	Amount	%
General	\$ 1,475,275	16.3 %	\$ 2,302,348	25.7 %
Capital	7,188,107	79.6	6,212,774	69.4
Debt services	363,428	4.0	443,270	4.9
Total fund balance	<u>\$ 9,026,810</u>	<u>100.0 %</u>	<u>\$ 8,958,392</u>	<u>100.0 %</u>

BUDGETARY HIGHLIGHTS

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There were some variances of note for the fiscal year.

- Revenues were over budget by \$747,253. The District takes a conservative approach with budgeting ambulance revenues due to the uncertainty of ambulance transports within any given year. As a result ambulance revenues were over budget by \$263,233. Grant revenue was also over budget by \$248,306 primarily due to the ARPA funding previously mentioned.
- Expenses were over budget by \$442,448 primarily due to increases in fuel reduction grants and capital expenditures, as a result of District operations. Given the variance of \$747,253 in revenue compared to budget, Fry Fire District used operational revenues to pay for some of its capital needs. This was the primary reason for the variance to budget.
- The transfer from the General Fund to the Capital Projects fund also caused other financial uses to be over budget by \$1,131,878.

For more detailed information, see budget to actual comparison at page 63.

Fry Fire District
Condensed Budget to Actual - General Fund
As of June 30, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance with budget</u>
Total revenues	\$ 7,068,439	\$ 7,815,692	\$ 747,253
Total expenditures	<u>6,768,799</u>	<u>7,211,247</u>	<u>442,448</u>
Revenue over expenditures	299,640	604,445	304,805
Total other financing sources (uses)	<u>(299,640)</u>	<u>(1,431,518)</u>	<u>(1,131,878)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (827,073)</u>	<u>\$ (827,073)</u>

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The District's investment in capital assets for its governmental type activities as of June 30, 2023 totaled \$5,549,531 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings and improvements, equipment, and vehicles.

During the year, the District purchased or placed in service capital assets of \$2,997,823. This included purchases of equipment, vehicles, and fire station remodels.

The District depreciates capital assets, except for land and construction in progress, consistent with generally accepted accounting principles, utilizing the straight-line depreciation method. The cost of the asset is divided by its expected useful life in years and the result is charged to expense each year until the asset is fully depreciated. Major outlays for capital assets and improvements are capitalized as projects are completed and placed into service. Additional information on the District's capital assets can be found in the notes to the financial statements at page 41 of this report.

Fry Fire District
Capital Assets (net of depreciation)
As of June 30, 2023 and 2022

	Governmental Activities		Increase (decrease)
	2023	2022	
Land	\$ 176,373	\$ 176,373	\$ -
Construction in progress	110,032	1,995,884	(1,885,852)
Buildings and improvements	3,454,768	1,397,855	2,056,913
Equipment	2,640,449	2,377,119	263,330
Vehicles	4,804,940	4,406,173	398,767
Accumulated depreciation	<u>(5,637,031)</u>	<u>(5,261,673)</u>	<u>(375,358)</u>
	<u>\$ 5,549,531</u>	<u>\$ 5,091,731</u>	<u>\$ 457,800</u>

Long-Term Liabilities

At the end of the current fiscal year, the District had approximately \$26 million in long-term liabilities outstanding.

The District continues to retire and manage debt to fund various capital projects which support program services. As of June 30, 2023, the District had bonds payable outstanding of \$6,230,904. This debt currently requires annual debt service payments that consist of principal and interest of approximately \$449,000.

During fiscal year 2022, the District issued Certificates of Participation (COPs) in the amount of \$17,360,000. As of June 30, 2023, the amount that is outstanding on the COPs was \$16,457,763, which is net of the unamortized discount. This debt currently requires annual debt service payments that consist of principal and interest of approximately \$969,000. All debt is backed by the full faith and credit of the District. The District has adequate funding capacity to support the continued debt services obligations. The District has been issued an "AA" rating from Standard and Poor's.

In accordance with GASB Statements No. 68 and 75, the District is required to include the net pension/OPEB liability (asset) on the financial statements. The net pension/OPEB liability is measured as the total pension/OPEB liability, less the plan's fiduciary net position. Relating to the District's participation in the Public Safety Personnel Retirement System (PSPRS), a net pension liability is recorded at June 30, 2023 of \$2,343,162. Relating to the District's participation in the Arizona State Retirement System (ASRS), a net pension liability is recorded at June 30, 2023 of \$290,536.

The following table shows the District’s Long-term Liabilities:

Fry Fire District
Long-term Liabilities
As of June 30, 2023 and 2022

	Governmental Activities		Increase (decrease)
	2023	2022	
Compensated absences	\$ 536,183	\$ 504,263	\$ 31,920
Bonds payable	6,230,904	6,601,103	(370,199)
Certificate of participation	16,457,763	16,840,352	(382,589)
Net pension/OPEB liability	<u>2,724,790</u>	<u>16,290,698</u>	<u>(13,565,908)</u>
Total noncurrent liabilities	<u>\$ 25,949,640</u>	<u>\$ 40,236,416</u>	<u>\$ (14,286,776)</u>

Additional information regarding the long-term debt and noncurrent liabilities of the District can be found in the notes to the financial statements at pages 42 - 44 of this report.

ECONOMIC FACTORS AND FY 2024 BUDGET/TAX RATE

The District has continued to pursue every feasible method of reducing operational costs while providing the highest level of service to the community. The increase in funding from nontax revenues, such as grants and contributions, wildland revenue, and ambulance revenue have helped mitigate the impact of rising costs, such as employee benefits, to the budget. In current and recent years, the district has focused on operational efficiency to reduce expenses. For budget year 2024, the board of directors voted to increase the tax rate in order to keep up with increased expenses and to continue to build its unrestricted reserve balance to meet future financial needs of the district and ensure long-term financial stability. Assessed value for fiscal year 2024 increased 5.81% and the district increased the operational tax rate to \$3.3999 which results in increased tax revenue of \$385,890.

FINANCIAL CONTACT

The financial statements of the District are designed to present users (citizens, taxpayers, customers, investors and creditors) with a general overview of the finances of the District and to demonstrate accountability. If you have questions regarding the report or need additional financial information, please contact the Finance Director of the District at 4817 S. Apache Ave., Sierra Vista, Arizona 85650 or at 520-378-3276.

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Basic Financial Statements

Fry Fire District

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Statement of Net Position

June 30, 2023

	<u>Governmental activities</u>
Assets:	
Cash and investments	\$ 6,055,503
Receivables:	
Property taxes	127,787
Ambulance, net	212,235
Grant	283,537
Other	253,838
Prepaid items	48,283
Lease receivables	298,094
Cash and investments, restricted	2,538,187
Net pension/OPEB asset	26,251
Capital assets, not depreciated	286,405
Capital assets, depreciated, net	<u>5,263,126</u>
Total assets	<u>15,393,246</u>
Deferred outflows of resources:	
Deferred outflows related to pensions/OPEB	<u>4,082,137</u>
Total deferred outflows of resources	<u>4,082,137</u>
Liabilities:	
Accounts payable	98,383
Accrued payroll and related benefits	124,067
Accrued interest	118,725
Noncurrent liabilities:	
Due within one year	830,000
Due in more than one year	<u>25,119,640</u>
Total liabilities	<u>26,290,815</u>
Deferred inflows of resources:	
Deferred inflows related to pensions/OPEB	838,910
Deferred inflows related to leases	<u>297,199</u>
Total deferred inflows of resources	<u>1,136,109</u>
Commitments and contingencies	
Net position:	
Net investment in capital assets	1,856,814
Restricted: debt service	363,428
Restricted: pension	26,251
Unrestricted	<u>(10,198,034)</u>
Total net position	<u>\$ (7,951,541)</u>

See notes to financial statements.

Fry Fire District

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Statement of Activities

Year Ended June 30, 2023

	<u>Governmental activities</u>
Expenses:	
Public safety:	
Communications and IT	\$ 125,521
Depreciation	413,358
Grants	188,498
Managerial	212,017
Payroll taxes and employee benefits	2,713,843
Salaries and wages	3,622,069
Training and related	65,703
Utilities and station	120,548
Vehicles and equipment	354,636
Interest	<u>772,806</u>
Total program expenses	<u>8,588,999</u>
Program revenues:	
Charges for services	2,483,141
Operating grants and contributions	<u>555,277</u>
Total program revenues	<u>3,038,418</u>
Net program expense	<u>5,550,581</u>
General revenues:	
Property taxes	4,663,808
Fire district assistance tax	398,446
Investment earnings	70,031
State shared tax revenue	109,269
Other	28,296
Gain on disposal of capital assets	<u>3,500</u>
Total general revenues	<u>5,273,350</u>
Change in net position	(277,231)
Net position, beginning of year	<u>(7,674,310)</u>
Net position, end	<u><u>\$ (7,951,541)</u></u>

See notes to financial statements.

Fry Fire District

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Balance Sheet - Governmental Funds

June 30, 2023

	General fund	Capital projects	Debt service	Total governmental funds
Assets:				
Cash and investments	\$ 926,485	\$ 4,649,920	\$ 479,098	\$ 6,055,503
Receivables:				
Property taxes	114,940	-	12,847	127,787
Ambulance, net	212,235	-	-	212,235
Grant	283,537	-	-	283,537
Other	253,838	-	-	253,838
Prepaid items	48,283	-	-	48,283
Lease receivables	298,094	-	-	298,094
Cash and investments, restricted	-	2,538,187	-	2,538,187
Total assets	<u>\$ 2,137,412</u>	<u>\$ 7,188,107</u>	<u>\$ 491,945</u>	<u>\$ 9,817,464</u>
Liabilities:				
Accounts payable	\$ 98,383	\$ -	\$ -	\$ 98,383
Accrued payroll and related benefits	124,067	-	-	124,067
Accrued interest	-	-	118,725	118,725
Total liabilities	<u>222,450</u>	<u>-</u>	<u>118,725</u>	<u>341,175</u>
Deferred inflows of resources:				
Unavailable revenue - property taxes	88,600	-	9,792	98,392
Unavailable revenue - charges for services	53,888	-	-	53,888
Deferred inflows related to leases	297,199	-	-	297,199
Total deferred inflows of resources	<u>439,687</u>	<u>-</u>	<u>9,792</u>	<u>449,479</u>
Fund balance:				
Nonspendable:				
Prepaid items	48,283	-	-	48,283
Restricted:				
Debt service	-	-	363,428	363,428
Capital projects	-	2,538,187	-	2,538,187
Assigned to:				
Capital projects	-	4,649,920	-	4,649,920
Employee leave	508,656	-	-	508,656
Unassigned	918,336	-	-	918,336
Total fund balance	<u>1,475,275</u>	<u>7,188,107</u>	<u>363,428</u>	<u>9,026,810</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 2,137,412</u>	<u>\$ 7,188,107</u>	<u>\$ 491,945</u>	<u>\$ 9,817,464</u>

**Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Position**

June 30, 2023

Total fund balances - governmental funds	\$	9,026,810
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 funds.		5,549,531
Some receivables are not available to pay for current period expenditures and, therefore, are reported as deferred inflows in the funds.		152,280
Net pension/OPEB assets held in trust for future benefits are not available for District operations and, therefore, are not reported in the funds.		26,251
Certain liabilities are not due and payable in the current period and, therefore, are not reported in the funds:		
Accrued compensated absences		(536,183)
General obligation bonds payable		(6,230,904)
Certificates of participation		(16,457,763)
Net pension/OPEB liability		(2,724,790)
Deferred outflows and inflows of resources related to pensions/OPEB are applicable to future reporting periods and, therefore, are not reported in the funds:		
Deferred outflows of resources related to pensions/OPEB		4,082,137
Deferred inflows of resources related to pensions/OPEB		<u>(838,910)</u>
Net position of governmental activities	\$	<u><u>(7,951,541)</u></u>

**Statement of Revenues, Expenditures and Changes in Fund Balances -
Governmental Funds**

Year Ended June 30, 2023

	<u>General fund</u>	<u>Capital projects</u>	<u>Debt service</u>	<u>Total governmental funds</u>
Revenues:				
Property taxes	\$ 4,163,629	\$ -	\$ 482,979	\$ 4,646,608
Fire district assistance tax	398,446	-	-	398,446
Charges for services	2,541,169	-	-	2,541,169
Grants and contributions	555,277	-	-	555,277
Investment earnings	19,606	24,657	25,768	70,031
State shared tax revenue	109,269	-	-	109,269
Other	<u>28,296</u>	<u>-</u>	<u>-</u>	<u>28,296</u>
Total revenues	<u>7,815,692</u>	<u>24,657</u>	<u>508,747</u>	<u>8,349,096</u>
Expenditures:				
Public safety:				
Emergency operations	3,992,606	-	-	3,992,606
Administration	1,894,820	-	-	1,894,820
Capital outlay:				
Buildings and improvements	62,036	109,025	-	171,061
Equipment	263,330	-	-	263,330
Vehicles	61,450	375,317	-	436,767
Debt service:				
Principal	385,000	-	350,000	735,000
Interest	<u>552,005</u>	<u>-</u>	<u>238,589</u>	<u>790,594</u>
Total expenditures	<u>7,211,247</u>	<u>484,342</u>	<u>588,589</u>	<u>8,284,178</u>
Revenues over (under) expenditures	<u>604,445</u>	<u>(459,685)</u>	<u>(79,842)</u>	<u>64,918</u>
Other financing sources (uses):				
Transfers in	-	1,435,018	-	1,435,018
Transfers out	(1,435,018)	-	-	(1,435,018)
Proceeds from sale of capital assets	<u>3,500</u>	<u>-</u>	<u>-</u>	<u>3,500</u>
Total other financing sources	<u>(1,431,518)</u>	<u>1,435,018</u>	<u>-</u>	<u>3,500</u>
Net change in fund balances	(827,073)	975,333	(79,842)	68,418
Fund balances, beginning of year	<u>2,302,348</u>	<u>6,212,774</u>	<u>443,270</u>	<u>8,958,392</u>
Fund balances, end of year	<u><u>\$ 1,475,275</u></u>	<u><u>\$ 7,188,107</u></u>	<u><u>\$ 363,428</u></u>	<u><u>\$ 9,026,810</u></u>

**Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances - Governmental Funds to the
Statement of Activities**

Year Ended June 30, 2023

Net change in fund balances - governmental funds	\$	68,418
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those capital assets is allocated over their estimated useful lives as depreciation expense. In the current year, these amounts are:		
Capital outlay		871,158
Depreciation expense		(413,358)
Gain on disposal of capital assets		3,500
Proceeds from sale of capital assets		(3,500)
Certain revenues relating to property taxes and charges for services in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
		(40,828)
District pension/OPEB contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the statement of net position because the reported net pension/OPEB liability is measured a year before the District's report date. Pension/OPEB expense, which is the change in the net pension/OPEB liability adjusted for changes in deferred outflows and inflows of resources related to pensions/OPEB, is reported in the statement of activities.		
Pension/OPEB contributions		560,102
Pension/OPEB expense		(2,043,591)
Certain expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:		
Change in compensated absences		(31,920)
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces noncurrent liabilities in the statement of net position. In the current period, the amount consists of:		
Principal paid		735,000
Amortization of premium/discount		17,788
		<u>17,788</u>
Change in net position of governmental activities	\$	<u><u>(277,231)</u></u>

Notes to Financial Statements

Year Ended June 30, 2023

1. Description of organization and summary of significant accounting policies:

The accounting policies of Fry Fire District (the District) conform to accounting principles generally accepted in the United States of America (GAAP) applicable to governmental units as promulgated by the Governmental Accounting Standards Board (GASB).

Reporting entity:

The District, established in 1965 pursuant to Arizona Revised Statute Title 48, is a special-purpose local government organized to provide fire protection and other emergency services to residents within the District boundaries and the unincorporated areas in and around the City of Sierra Vista.

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.

Government-wide and fund financial statements:

The basic financial statements include both government-wide financial statements and fund financial statements. The government-wide financial statements focus on the District as a whole, while the fund financial statements focus on major funds. Each presentation provides valuable information that can be analyzed and compared between years and between entities to enhance the usefulness of the information.

The government-wide financial statements include a statement of net position and a statement of activities. These statements report the financial activities of the overall government.

A statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include:

- charges to customers for services provided
- grants and contributions

Revenues that are not classified as program revenues, including all taxes and internally dedicated resources, are reported as general revenues.

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

Notes to Financial Statements (continued)

Year Ended June 30, 2023

1. Description of organization and summary of significant accounting policies (continued):

Measurement focus, basis of accounting and financial statement presentation:

The government-wide financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Property taxes are recognized as revenue in the year for which they are levied. Grants are recognized as revenue as soon as all eligibility requirements the provider imposed have been met.

Governmental funds in the fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after June 30. The District's major revenue sources that are susceptible to accrual are tax revenues, charges for services, and investment earnings. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they are due and payable. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt, acquisitions under lease contracts, and subscription-based information technology are reported as other financing sources.

Real and personal property taxes are levied 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. 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 Cochise County and remitted to the District. In the governmental fund financial statements, property taxes are reflected as revenues in the fiscal period for which they were levied, provided they are due, or past due and receivable within the current period, and collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period (60 days). Otherwise, they are reported as deferred inflows of resources.

The District reports the following major governmental funds:

The general fund is the primary operating fund of the District. The principal revenue source is property taxes. Primary expenditures are for public safety.

The capital projects fund is used to account for financial resources that are restricted, committed, or assigned for the acquisition or construction of major capital assets.

The debt service fund is used to account for financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Notes to Financial Statements (continued)

Year Ended June 30, 2023

1. Description of organization and summary of significant accounting policies (continued):

Measurement focus, basis of accounting and financial statement presentation (continued):

During the course of operations the District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds.

Estimates:

The preparation of the basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the basic financial statements and the reported amounts of revenues and expenses during the reporting period. Management evaluates its estimates and assumptions on an ongoing basis. Actual results could differ from those estimates and assumptions.

Cash and investments:

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, investments in the County Treasurer's local government investment pool and highly liquid investments with a maturity of three months or less when purchased. Investments are stated at fair value.

Investment earnings are comprised primarily of interest earnings.

Cash and investments, restricted:

Certain proceeds of the District's long-term debt are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited by applicable debt covenants.

Fair value measurements:

Fair value is defined as the price to sell an asset between market participants in an orderly exchange in the principal or most advantageous market for that asset. Mutual funds are valued at quoted market prices. The fair value for the commingled funds and qualifying alternative investments is determined based on the investment's net asset value as a practical expedient. Considerable judgment is required in interpreting market data used to develop the estimates of fair value. Accordingly, the estimates presented in the financial statements are not necessarily indicative of the amounts that could be realized in a current market exchange. The use of different market assumptions and estimation methodologies may have a material effect on the estimated fair value.

Receivables, unearned revenue and deferred inflows of resources:

All accounts and property tax receivables are shown net of an allowance for doubtful accounts, if any. Property taxes receivable for the governmental fund types, which have been remitted within 60 days subsequent to period end, are considered measurable and available and recognized as revenues. All other property taxes are offset by unavailable revenue and, accordingly, have not been recorded as revenue in the fund financial statements.

Notes to Financial Statements (continued)

Year Ended June 30, 2023

1. Description of organization and summary of significant accounting policies (continued):

Receivables, unearned revenue and deferred inflows of resources (continued):

Revenue from emergency medical and transportation services are recognized as charges for services. These charges for services are reported at their estimated net realizable amounts from patients, third-party payers, and other for services rendered, including estimated retroactive adjustments under reimbursement allowances with third-party payers, provisions for bad debt and uncompensated care. The allowance for doubtful accounts, including contractual adjustments, as of June 30, 2023 is approximately \$594,000. Amounts not collected by the District within 60 days subsequent to year-end are recorded as deferred inflows of resources in the fund financial statements.

Federal and state grants and contracts are recorded as receivables and revenues when the related expenditures are incurred. The portion of reimbursement in excess of expenditures are recorded as unearned revenues and amounts not remitted within 60 days subsequent to period end are recorded as deferred inflows of resources.

Prepaid items:

Payments made to vendors for services that will benefit future accounting periods are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year in which services are consumed.

Leases:

The District is a lessor for noncancelable leases of land and cell towers. The District recognized a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the District determines the discount rate it uses to discount the expected lease receipts to present value, the lease term, and the lease receipts. The District uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancelable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The District monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Notes to Financial Statements (continued)

Year Ended June 30, 2023

1. Description of organization and summary of significant accounting policies (continued):

Capital assets:

Capital assets, which include land, construction in progress, buildings and improvements, equipment, and vehicles, are reported in the government-wide financial statements. Capital assets are defined as assets with an initial, individual cost of \$1,500 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if actual cost is not available. Donated capital assets are recorded at acquisition value.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Land	Not depreciated
Construction in progress	Not depreciated
Buildings and improvements	15 to 40 years
Equipment	5 to 20 years
Vehicles	5 to 15 years

Compensated absences:

It is the District's policy to permit employees to accumulate earned but unused paid time off. A liability is reported for paid time off that the District will pay upon termination or retirement. None of the liability for compensated absences is expected to be liquidated with expendable available financial resources. Accordingly, compensated absences are accrued as a liability only in the government-wide financial statements. The general fund has typically been used to liquidate the liability for compensated absences in prior years.

Long-term obligations:

In the government-wide financial statements, long-term debt, lease liabilities, and other long-term obligations are reported as noncurrent liabilities in the statement of net position.

In the fund financial statements, proceeds from debt issued are reported as other financing sources and principal and interest payments are recognized as expenditures in the statement of revenues, expenditures and changes in fund balances. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Notes to Financial Statements (continued)

Year Ended June 30, 2023

1. Description of organization and summary of significant accounting policies (continued):

Deferred outflows and inflows of resources:

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has deferred outflows related to pension and OPEB. The deferred amounts related to pension and OPEB relate differences between estimated and actual investment earnings, changes in actuarial assumptions, and other pension and OPEB related changes.

In addition to liabilities, the statement of net position includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. In the government-wide financial statements, the District reports deferred amounts related to leases and deferred amounts related to pension and OPEB. In the governmental funds balance sheet, the District reports unavailable revenue. The governmental funds report unavailable revenues primarily from the following sources: property taxes and ambulance charges. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Postemployment benefits:

For purposes of measuring the net pension and other postemployment benefits (OPEB) liabilities or assets, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension and OPEB expense, information about the plan's fiduciary net position and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The plan's investments are reported at fair value.

Fund balance:

In the fund financial statements, fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources. The classifications are as follows:

- Nonspendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
- Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
- Committed – includes fund balance amounts that can only be used for the specific purposes imposed by formal action (resolution) of the Governing Board. Those committed amounts cannot be used for any other purpose unless the Governing Board removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those accounts.

Notes to Financial Statements (continued)

Year Ended June 30, 2023

1. Description of organization and summary of significant accounting policies (continued):

Fund balance (continued):

- Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance may be assigned by the Governing Board or District officials delegated the authority by the Governing Board.
- Unassigned – includes those fund balances within the general fund, which have not been classified within the above mentioned categories. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Net position:

Net position represents the difference between assets, liabilities and deferred outflows/inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Budgetary information:

The District is required, under Arizona Revised Statutes, to adopt a budget each fiscal year and to submit it to the County Treasurer and the County Board of Supervisors no later than the first day of August each year; under statute only the general fund must legally adopt an annual budget. The adopted budget is on the modified accrual basis of accounting, which is a legally allowable basis for budgetary purposes. All annual appropriations lapse at fiscal year-end.

2. Cash and investments:

Deposits:

Operating accounts	\$ 411,916
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Investments:

Cochise County Treasurer investment pool	5,643,587
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Cochise County Treasurer investment pool - bond proceeds, restricted for capital purchases	<u>2,538,187</u>
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	<u>\$ 8,593,690</u>
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Notes to Financial Statements (continued)

Year Ended June 30, 2023

2. Cash and investments (continued):

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; bonds 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's counties, cities, towns, school districts and special districts as specified by statute.

Deposits:

Custodial credit risk - Custodial credit risk is the risk that in the event of 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 percent of all deposits not covered by federal depository insurance.

At June 30, 2023, deposits with financial institutions have a carrying value \$411,916 and a bank balance of \$411,416. There were no deposits in transit, outstanding checks, and other reconciling items at June 30, 2023.

Investments:

Currently, monies levied by the District are invested with the Cochise County Treasurer's Office and included in the Local Government Investment Pool (LGIP). 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 the Cochise County investment pool, nor does the structure of the pool provide for shares. Participation in the pool is involuntary. The fair value of the investment pool is discussed in note 3.

The District's investments at June 30, 2023 were as follows:

	<u>Rating</u>	<u>Rating Agency</u>	<u>Amount</u>
Cochise County Treasurer's investment pool	Unrated	Not applicable	\$ 8,181,774

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.

Notes to Financial Statements (continued)

Year Ended June 30, 2023

2. Cash and investments (continued):

Investments (continued):

Credit risk - Arizona Revised Statutes have the following requirements for credit risk:

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

Custodial credit risk - the District's investment in the County Treasurer's investment pool represents a proportionate interest in the pool's portfolio; however, the District's portion is not identified with specific investments and is not subject to custodial credit risk.

Concentration of credit risk - The Arizona Revised Statutes do not include any requirements for concentration of credit risk.

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 5 years. Investments in repurchase agreements must have a maximum maturity of 180 days.

The weighted average maturity of the County Treasurer's investment pool varies by type of investment, and averages between 1 and 2 years.

Foreign currency risk - The Arizona Revised Statutes do not allow foreign investments unless the investment is denominated in the United States dollars.

3. Fair value:

The District measures and categorizes its investments using fair value measurement guidelines established by GAAP. These guidelines establish a three-tier hierarchy of inputs to valuation techniques used to measure fair value, as follows:

Level 1 - Inputs are unadjusted quoted prices for identical assets in active markets that the District has the ability to access.

Level 2 - Inputs, other than quoted market prices included within Level 1, are observable, either directly or indirectly.

Notes to Financial Statements (continued)

Year Ended June 30, 2023

3. Fair value (continued):

Level 3 - Inputs are unobservable and significant to the fair value measurement.

Other investments at fair value - Investments for which fair value is measured at net asset value per share (or its equivalent). Due to the inherent uncertainty of these estimates, these values may differ materially from the values that would have been used had a ready market for these investments existed.

At June 30, 2023, the fair value of investments measured on a recurring basis is as follows:

	<u>Fair value</u>	<u>Other investments at fair value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
External investment pools:					
Cochise County Treasurer's Investment Pool	\$ 8,181,774	\$ 8,181,774	\$ -	\$ -	\$ -

The fair value of a participant’s portion in the Cochise County Treasurer's investment pool approximates the value of that participant’s pool shares and the participant’s shares are not identified with specific investments. The investment pool is not registered with the Securities and Exchange Commission as an investment company and there is no regulatory oversight of its operations. There are no unfunded commitments or redemption restrictions related to these investments.

The Cochise County Treasurer's investment pool invests primarily in certificates of deposits, U.S. agency securities and the State's local government investment pool.

4. Interfund transfers:

Interfund transfers during the fiscal year are to be used to fund capital purchases of the capital projects fund. During the year ended June 30, 2023, the general fund transferred \$1,435,018 to the capital projects fund.

5. Lease receivables:

The District leases land and cell towers to third parties under the provisions of various lease agreements. During the fiscal year ended June 30, 2023, the District recognized total lease-related revenues of \$110,511.

Notes to Financial Statements (continued)

Year Ended June 30, 2023

6. Capital assets:

Capital asset activity for the period ended June 30, 2023 was as follows.

	Beginning balance	Increases	Decreases	Ending balance
Capital assets, not depreciated:				
Land	\$ 176,373	\$ -	\$ -	\$ 176,373
Construction in progress	<u>1,995,884</u>	<u>240,813</u>	<u>(2,126,665)</u>	<u>110,032</u>
Total capital assets, not depreciated	<u>2,172,257</u>	<u>240,813</u>	<u>(2,126,665)</u>	<u>286,405</u>
Capital assets, depreciated:				
Buildings and improvements	1,397,855	2,056,913	-	3,454,768
Equipment	2,377,119	263,330	-	2,640,449
Vehicles	<u>4,406,173</u>	<u>436,767</u>	<u>(38,000)</u>	<u>4,804,940</u>
Total capital assets, depreciated	<u>8,181,147</u>	<u>2,757,010</u>	<u>(38,000)</u>	<u>10,900,157</u>
Less accumulated depreciation for:				
Buildings and improvements	(1,124,131)	(66,638)	-	(1,190,769)
Equipment	(1,760,123)	(115,006)	-	(1,875,129)
Vehicles	<u>(2,377,419)</u>	<u>(231,714)</u>	<u>38,000</u>	<u>(2,571,133)</u>
Total accumulated depreciation	<u>(5,261,673)</u>	<u>(413,358)</u>	<u>38,000</u>	<u>(5,637,031)</u>
Total capital assets, depreciated, net	<u>2,919,474</u>	<u>2,343,652</u>	<u>-</u>	<u>5,263,126</u>
Total capital assets, net	<u>\$ 5,091,731</u>	<u>\$ 2,584,465</u>	<u>\$ (2,126,665)</u>	<u>\$ 5,549,531</u>

Notes to Financial Statements (continued)

Year Ended June 30, 2023

7. Changes in noncurrent liabilities:

A summary of the changes in noncurrent liabilities for the period ended June 30, 2023 was as follows:

	Beginning balance	Additions	Reductions	Ending balance	Due within one year
Compensated absences	\$ 504,263	\$ 212,028	\$ (180,108)	\$ 536,183	\$ 195,000
General obligation bonds:					
Series 2019 (A)	3,160,000	-	(350,000)	2,810,000	175,000
Series 2022 (B)	2,915,000	-	-	2,915,000	40,000
Unamortized premium	<u>526,103</u>	<u>-</u>	<u>(20,199)</u>	<u>505,904</u>	<u>-</u>
	6,601,103	-	(370,199)	6,230,904	215,000
Certificates of participation:					
Series 2021	17,190,000	-	(385,000)	16,805,000	420,000
Unamortized discount	<u>(349,648)</u>	<u>-</u>	<u>2,411</u>	<u>(347,237)</u>	<u>-</u>
	16,840,352	-	(382,589)	16,457,763	420,000
Net pension liability	16,287,339	-	(13,653,641)	2,633,698	-
Net OPEB liability	<u>3,359</u>	<u>87,733</u>	<u>-</u>	<u>91,092</u>	<u>-</u>
	<u>\$ 40,236,416</u>	<u>\$ 299,761</u>	<u>\$ (14,586,537)</u>	<u>\$ 25,949,640</u>	<u>\$ 830,000</u>

The general fund has typically been used to liquidate the liability for pensions and OPEB in prior years.

8. General obligation bonds:

The District, pursuant to a special bond election in November 2018, received voter approval to issue up to \$7,000,000 in general obligation debt to construct a new fire station and replace equipment and vehicles.

Series 2019 (A):

In May 2019, the Series 2019 (A) General Obligation Bonds were issued by the District in the amount of \$3,780,000. The interest rate ranges from 3% - 4% and the bonds mature July 1, 2038.

The Series 2019 (A) bonds were issued with a premium of \$343,554 that is being amortized over the life of the debt.

Series 2022 (B):

In May 2022, the Series 2022 (B) General Obligation Bonds were issued by the District in the amount of \$2,915,000. The interest rate ranges from 4% - 5% and the bonds mature July 1, 2041.

Notes to Financial Statements (continued)

Year Ended June 30, 2023

8. General obligation bonds (continued):

The Series 2022 (B) bonds were issued with a premium of \$221,386 that is being amortized over the life of the debt.

Annual debt service requirements to maturity for the general obligation bonds are as follows:

Year ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 215,000	\$ 234,025	\$ 449,025
2025	260,000	226,075	486,075
2026	260,000	216,350	476,350
2027	265,000	205,850	470,850
2028	275,000	195,050	470,050
2029 - 2033	1,285,000	804,250	2,089,250
2034 - 2038	1,350,000	495,550	1,845,550
2039 - 2043	<u>1,815,000</u>	<u>139,725</u>	<u>1,954,725</u>
	<u>\$ 5,725,000</u>	<u>\$ 2,516,875</u>	<u>\$ 8,241,875</u>

9. Certificates of participation:

During 2021, the District issued Certificates of Participation (COPs) in the amount of \$17,360,000, which are debt instruments representing a fractional share of the District's interest in a tax-exempt lease marketed to investors. The District will use the proceeds from the COPs to reduce the District's unfunded pension liability with Public Safety Personnel Retirement System (PSPRS). The District's lease payments to the trustee repay the COPs. The lease payments are payable in semi-annual installments of principal and interest, with interest rates ranging from .632% to 3.744%. Ownership of the underlying assets transfer to the District at the end of the contract. The COPs are secured by the leased assets and mature July 1, 2048.

Notes to Financial Statements (continued)

Year Ended June 30, 2023

9. Certificates of participation (continued):

Future principal and interest payments are as follows:

Year ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 420,000	\$ 548,995	\$ 968,995
2025	460,000	543,670	1,003,670
2026	500,000	535,794	1,035,794
2027	500,000	525,984	1,025,984
2028	510,000	514,939	1,024,939
2029 - 2033	2,760,000	2,365,434	5,125,434
2034 - 2038	3,230,000	1,894,188	5,124,188
2039 - 2043	3,830,000	1,290,226	5,120,226
2044 - 2048	<u>4,595,000</u>	<u>528,278</u>	<u>5,123,278</u>
	<u>\$ 16,805,000</u>	<u>\$ 8,747,508</u>	<u>\$ 25,552,508</u>

10. Line of credit:

The Board of Supervisors of Cochise County, on behalf of the District, established a line of credit in the amount of \$900,000 with a bank that is managed by the Cochise County Treasurer's Office. In accordance with the Arizona Revised Statutes, the line of credit can only be drawn on by the County Treasurer in order to pay warrants issued by the District to fund operations prior to the collection of the property tax levy in the current year. Interest is payable at the bank's prime rate (8.25% at June 30, 2023) and the line renews every July 1. The balance on the line at the beginning and end of the period was \$0.

11. 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 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.

Notes to Financial Statements (continued)

Year Ended June 30, 2023

12. Concentrations:

Certain of the District's work force are members of a union, the Fry Firefighters Local 4913. The District does not recognize Fry Firefighters Local 4913 as a bargaining unit; however, the District's current relationship with the Fry Firefighters Local 4913 is on a meet and confer basis.

13. Commitments and contingencies:

Intergovernmental agreements:

The District is party to a variety of intergovernmental agreements entered into in the ordinary course of business pursuant to which it may be obligated to provide services outside of its geographic boundaries and/or receive assistance from other parties. As part of these agreements, the District is obligated to indemnify other parties for certain liabilities that arise out of, or relate to, the subject matter of the agreements.

Legal:

From time to time, the District may be party to certain pending or threatened lawsuits arising out of or incident to the ordinary course of business for which it carries general liability and other insurance coverages. In the opinion of management and based upon consultation with legal counsel, resolution of any pending or threatened lawsuits will not have a material adverse effect on the District's financial statements.

14. Pension and other postemployment benefits:

The District contributes to the Arizona State Retirement System (ASRS) and the Public Safety Personnel Retirement System (PSPRS). These plans are component units of the State of Arizona.

At June 30, 2023, the District reported on the Statement of Net Position and Statement of Activities the following aggregate amounts related to pensions and other postemployment benefits (OPEB) for all plans to which it contributes:

	<u>Net pension/ OPEB liability</u>	<u>Net pension/ OPEB asset</u>	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>	<u>Pension/ OPEB expense</u>
Pension plans:					
ASRS	\$ 290,536	\$ -	\$ 54,188	\$ 7,695	\$ 110,272
PSPRS - Tier 1 & 2	2,343,162	-	3,840,186	733,467	1,926,287
PSPRS - Tier 3 Risk Pool	-	(13,031)	126,889	12,725	7,807

Notes to Financial Statements (continued)

Year Ended June 30, 2023

14. Pension and other postemployment benefits (continued):

	<u>Net pension/ OPEB liability</u>	<u>Net pension/ OPEB asset</u>	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>	<u>Pension/ OPEB expense</u>
OPEB plans:					
ASRS - health insurance premium benefit	\$ -	\$ (10,157)	\$ 475	\$ 6,201	\$ (1,650)
ASRS - long-term disability	165	-	1,001	567	70
PSPRS - Tier 1 & 2	90,927	-	58,096	77,413	1,881
PSPRS - Tier 3 Risk Pool	<u>-</u>	<u>(3,063)</u>	<u>1,302</u>	<u>842</u>	<u>(1,076)</u>
	<u>\$ 2,724,790</u>	<u>\$ (26,251)</u>	<u>\$ 4,082,137</u>	<u>\$ 838,910</u>	<u>\$ 2,043,591</u>

The District's accrued payroll and related benefits includes \$19,190 of outstanding pension and OPEB contribution amounts payable to all plans for the year ended June 30, 2023.

The District reported \$560,102 of pension and OPEB contributions as expenditures in the governmental funds related to all plans to which it contributes.

Arizona State Retirement System (ASRS):

Plan description - District employees not covered by the other pension plan described below participate in the Arizona State Retirement System (ASRS). The ASRS administers a cost-sharing multiple-employer defined benefit pension plan, a cost-sharing multiple-employer defined benefit health insurance premium benefit (OPEB) plan, and a cost-sharing multiple-employer defined benefit long-term disability (OPEB) plan. The Arizona State Retirement System Board governs the ASRS according to the provisions of A.R.S. Title 38, Chapter 5, Articles 2 and 2.1. The ASRS issues a publicly available financial report that includes its financial statements and required supplementary information. The report is available on its website at www.azasrs.gov.

Although an ASRS net OPEB asset/liability has been recorded at June 30, 2023, the ASRS OPEB plans have not been further disclosed due to the relative insignificance to the District's financial statements.

Benefits provided - The ASRS provides retirement, health insurance premium supplement, long-term disability, and survivor benefits. State statute establishes benefit terms. Retirement benefits are calculated on the basis of age, average monthly compensation, and service credit as follows:

Notes to Financial Statements (continued)

Year Ended June 30, 2023

14. Pension and other postemployment benefits (continued):

Arizona State Retirement System (ASRS) (continued):

	Initial membership date:	
	Before July 1, 2011	On or after July 1, 2011
Years of service and age required to receive benefit	Sum of years and age equals 80 10 years age 62 5 years age 50 any years age 65	30 years age 55 25 years age 60 10 years age 62 5 years age 50 any years age 65
Final average salary is based on	Highest 36 consecutive months of last 120 months	Highest 60 consecutive months of last 120 months
Benefit percent per year of service	2.1% to 2.3%	2.1% to 2.3%

Retirement benefits for members who joined the ASRS prior to September 13, 2013 are subject to automatic cost-of-living adjustments based on excess investment earnings. Members with a membership date on or after September 13, 2013 are not eligible for cost-of-living adjustments. Survivor benefits are payable upon a member’s death. For retired members, the retirement benefit option chosen determines the survivor benefit. For all other members, the beneficiary is entitled to the member’s account balance that includes the member’s contributions and employer’s contributions, plus interest earned.

Contributions - In accordance with State statutes, annual actuarial valuations determine active member and employer contribution requirements. 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. For the year ended June 30, 2023, statute required active ASRS members to contribute at the actuarially determined rate of 12.17% (12.03% for retirement and 0.14% for long-term disability) of the members’ annual covered payroll, and statute required the District to contribute at the actuarially determined rate of 12.17% (11.92% for retirement, 0.11% for health insurance premium benefit, and 0.14% for long-term disability) of the active members’ annual covered payroll.

The District's contributions to the pension plan for the year ended June 30, 2023 were \$33,943. During fiscal year 2023, the District paid for the ASRS pension and OPEB contributions from the general fund.

Notes to Financial Statements (continued)

Year Ended June 30, 2023

14. Pension and other postemployment benefits (continued):

Arizona State Retirement System (ASRS) (continued):

Pension liability - At June 30, 2023, the District reported a liability of \$290,536 for its proportionate share of the ASRS' net pension liability. The net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2021, to the measurement date of June 30, 2022. The District's proportion of the net pension liability was based on the District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2022. The District's proportion measured as of June 30, 2022 was 0.00178%, which was the same proportion measured as of June 30, 2021.

Pension expense and deferred outflows/inflows of resources - For the year ended June 30, 2023, the District recognized pension expense for ASRS of \$110,272. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
	<u> </u>	<u> </u>
Differences between expected and actual experience	\$ 2,476	\$ -
Changes in assumptions or other inputs	14,420	-
Net difference between projected and actual earnings on pension plan investments	-	7,653
Changes in proportion and differences between employer contributions and proportionate share of contributions	3,349	42
Contributions subsequent to the measurement date	<u>33,943</u>	<u>-</u>
	<u>\$ 54,188</u>	<u>\$ 7,695</u>

The \$33,943 reported as deferred outflows of resources related to ASRS pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2024.

Notes to Financial Statements (continued)

Year Ended June 30, 2023

14. Pension and other postemployment benefits (continued):

Arizona State Retirement System (ASRS) (continued):

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ASRS pensions will be recognized in pension expense as follows:

Year ending <u>June 30,</u>	
2024	\$ 17,088
2025	(3,500)
2026	(13,287)
2027	<u>12,249</u>
	<u>\$ 12,550</u>

Actuarial assumptions - The significant actuarial assumptions used to measure the total pension liability are as follows:

Actuarial valuation date	June 30, 2021
Actuarial roll forward date	June 30, 2022
Actuarial cost method	Entry age normal
Investment rate of return	7.0%
Projected salary increases	2.9% - 8.4%
Inflation	2.3%
Permanent benefit increase	Included
Mortality rates	2017 SRA Scale U-MP

Actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2020.

The long-term expected rate of return on ASRS pension plan investments was determined to be 7.0% using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage.

Notes to Financial Statements (continued)

Year Ended June 30, 2023

14. Pension and other postemployment benefits (continued):

Arizona State Retirement System (ASRS) (continued):

The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term expected geometric real rate of return</u>
Equity	50 %	3.90 %
Fixed income - credit	20 %	5.30 %
Fixed income - interest rate sensitive	10 %	(0.20)%
Real estate	20 %	6.00 %
	<u>100 %</u>	

Discount rate - At June 30, 2022, the discount rate used to measure the ASRS total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board's funding policy, which establishes the contractually required rate under Arizona statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's proportionate share of the ASRS net pension liability to changes in the discount rate - The following table presents the District's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.0%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower (6.0%) or 1% higher (8.0%) than the current rate:

	<u>1% decrease (6.0%)</u>	<u>Current discount rate (7.0%)</u>	<u>1% increase (8.0%)</u>
District's proportionate share of the net pension liability	\$ 428,677	\$ 290,536	\$ 175,348

Pension plan fiduciary net position - Detailed information about the pension plan's fiduciary net position is available in the separately issued ASRS financial report.

Notes to Financial Statements (continued)

Year Ended June 30, 2023

14. Pension and other postemployment benefits (continued):

Public Safety Personnel Retirement System (PSPRS):

Plan descriptions - District employees who are regularly assigned hazardous duty participate in the Public Safety Personnel Retirement System (PSPRS) or employees who became members on or after July 1, 2017, may participate in the Public Safety Personnel Defined Contribution Retirement Plan (PSPDCRP). The PSPRS administers agent and cost-sharing multiple-employer defined benefit pension plans and agent and cost-sharing multiple-employer defined benefit health insurance premium benefit (OPEB) plans. A nine-member board known as the Board of Trustees and the participating local boards govern the PSPRS according to the provisions of A.R.S. Title 38, Chapter 5, Article 4. Employees who were PSPRS members before July 1, 2017, participate in the agent plans, and those who became PSPRS members on or after July 1, 2017, participate in the cost-sharing plans (PSPRS Tier 3 Risk Pool).

The PSPRS issues a publicly available financial report that include financial statements and required supplementary information. The reports is available on the PSPRS website at www.psprs.com.

Benefits provided - The PSPRS provides retirement, health insurance premium supplement, disability, and survivor benefits. State statute establishes benefit terms. Retirement, disability, and survivor benefits are calculated on the basis of age, average monthly compensation, and service credit as follows:

	Initial membership date:		
	Tier 1: Before January 1, 2012	Tier 2: On or after January 1, 2012 and before July 1, 2017	Tier 3: On or after July 1, 2017
Years of service and age required to receive benefit	20 years of service, any age 15 years of service, age 62	25 years of service or 15 years of credited service, age 52.5	15 years of credited service, age 52.5, 15 or more years of service, age 55
Final average salary is based on	Highest 36 consecutive months of last 20 years	Highest 60 consecutive months of last 20 years	Highest 60 consecutive months of last 15 years
Benefit percent:			
Normal retirement	50% less 2.0% for each year of credited service less than 20 years OR plus 2.0% to 2.5% for each year of credited service over 20 years, not to exceed 80%	1.5% to 2.5% per year of credited service, not to exceed 80%	

Notes to Financial Statements (continued)

Year Ended June 30, 2023

14. Pension and other postemployment benefits (continued):

Public Safety Personnel Retirement System (PSPRS) (continued):

Accidental disability retirement	50% or normal retirement, whichever is greater
Catastrophic disability retirement	90% for the first 60 months then reduced to either 62.5% or normal retirement, whichever is greater
Ordinary disability retirement	Normal retirement calculated with actual years of credited service or 20 years of credited service, whichever is greater, multiplied by years of credited service (not to exceed 20 years) divided by 20
Survivor benefit:	
Retired members	80% to 100% of retired member’s pension benefit
Active member	80% to 100% of accidental disability retirement benefit or 100% of average monthly compensation if death was the result of injuries received on the job

Retirement and survivor benefits are subject to automatic cost-of-living adjustments based on inflation. PSPRS also provides temporary disability benefits of 50 percent of the member’s compensation for up to 12 months.

Health insurance premium benefits are available to retired or disabled members with 5 years of credited service. The benefits are payable only with respect to allowable health insurance premiums for which the member is responsible. Benefits range from \$100 per month to \$260 per month depending on the age of the member and dependents.

Employees covered by benefit terms - At June 30, 2023, the following employees were covered by the agent pension plan benefit terms:

	<u>Pension</u>	<u>Health</u>
Inactive employees or beneficiaries currently receiving benefits	28	28
Inactive employees entitled to but not yet receiving benefits	1	-
Active employees	<u>31</u>	<u>31</u>
	<u>60</u>	<u>59</u>

Notes to Financial Statements (continued)

Year Ended June 30, 2023

14. Pension and other postemployment benefits (continued):

Public Safety Personnel Retirement System (PSPRS) (continued):

Contributions - State statutes establish the pension contribution requirements for active PSPRS employees. In accordance with State statutes, annual actuarial valuations determine employer contribution 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. Contribution rates are a percentage of active members' annual covered payroll. Contribution rates for the year ended June 30, 2023 are indicated below:

	<u>Tier 1 & 2</u>	<u>Tier 3</u>
Active members - pension	7.65% - 11.65%	9.94 %
District:		
Pension	16.39 %	9.81 %
Health insurance	0.56 %	0.13 %
Legacy cost - Tiers 1 & 2 unfunded liabilities	- %	4.08 %

In addition, the District is required to contribute at the actuarially determined rate of 8.00% of annual covered payroll of retired members who worked for the District in positions that an employee who contributes to the PSPRS would typically fill and of employees participating in the PSPRS Tier 3 Risk Pool and PSPDCRP members in addition to the District's required contributions to the PSPRS Tier 3 Risk Pool and PSPDCRP.

The District's contributions to the pension and OPEB plans for the year ended June 30, 2023 were:

	<u>Tier 1 & 2</u>	<u>Tier 3</u>
Pension	\$ 451,493	\$ 58,536
Health insurance	15,426	-

During fiscal year 2023, the District paid for the pension and OPEB contributions from the general fund.

PSPRS agent multiple-employer plans (Tier 1 & 2):

Liability (asset) - At June 30, 2023, the District reported net pension liability of \$2,343,162 and a net OPEB liability of \$90,927. The net liabilities were measured as of June 30, 2022 and the total liability used to calculate the net liability was determined by an actuarial valuation as of that date. The total liabilities as of June 30, 2022 reflect changes of actuarial assumptions, including decreasing the investment rate of return from 7.3% to 7.2%, changing the wage inflation from 3.5% to a range of 3.0% - 6.25%, and increasing the cost-of-living adjustment from 1.75% to 1.85%.

Notes to Financial Statements (continued)

Year Ended June 30, 2023

14. Pension and other postemployment benefits (continued):

Public Safety Personnel Retirement System (PSPRS) (continued):

PSPRS agent multiple-employer plans (Tier 1 & 2) (continued):

Actuarial assumptions - The significant actuarial assumptions used to measure the total pension/OPEB liability are as follows:

Actuarial valuation date	June 30, 2022
Actuarial cost method	Entry age normal
Investment rate of return	7.2%
Wage inflation	3.0% - 6.25% for pension/not applicable for OPEB
Price inflation	2.5% for pension/not applicable for OPEB
Cost-of-living adjustment	1.85% for pension/not applicable for OPEB
Mortality rates	PubS-2010 tables
Healthcare cost trend rate	Not applicable

Actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2021.

The long-term expected rate of return on PSPRS pension plan investments was determined to be 7.2% using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class.

The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term expected geometric real rate of return</u>
U.S. public equity	24 %	3.49 %
International public equity	16 %	4.47 %
Global private equity	20 %	7.18 %
Other assets (capital appreciation)	7 %	4.83 %
Core bonds	2 %	0.45 %
Private credit	20 %	5.10 %
Diversifying strategies	10 %	2.68 %
Cash - Mellon	1 %	(0.35)%
	<u>100 %</u>	

Notes to Financial Statements (continued)

Year Ended June 30, 2023

14. Pension and other postemployment benefits (continued):

Public Safety Personnel Retirement System (PSPRS) (continued):

PSPRS agent multiple-employer plans (Tier 1 & 2) (continued):

Discount rate - At June 30, 2022, the discount rate used to measure the total pension/OPEB liability was 7.20%, which was a decrease of 0.1 from the discount rate used as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the actuarially determined contribution rate and the member rate. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension/OPEB liability.

Changes in the net pension liability -

	Total pension liability (a)	Plan fiduciary net position (b)	Net pension liability (a) - (b)
Balances at June 30, 2022	<u>\$ 32,029,930</u>	<u>\$ 15,976,475</u>	<u>\$ 16,053,455</u>
Changes for the year:			
Service cost	674,619	-	674,619
Interest on the total pension liability	2,323,699	-	2,323,699
Differences between expected and actual experience in the measurement of the pension liability	(382,498)	-	(382,498)
Changes of assumptions or other inputs	526,324	-	526,324
Contributions - employer	-	17,707,891	(17,707,891)
Contributions - employee	-	223,616	(223,616)
Net investment income	-	(1,060,049)	1,060,049
Benefit payments, including refunds of employee contributions	(1,746,106)	(1,746,106)	-
Administrative expense	<u>-</u>	<u>(19,021)</u>	<u>19,021</u>
Net changes	<u>1,396,038</u>	<u>15,106,331</u>	<u>(13,710,293)</u>
Balances at June 30, 2023	<u>\$ 33,425,968</u>	<u>\$ 31,082,806</u>	<u>\$ 2,343,162</u>

Notes to Financial Statements (continued)

Year Ended June 30, 2023

14. Pension and other postemployment benefits (continued):

Public Safety Personnel Retirement System (PSPRS) (continued):

PSPRS agent multiple-employer plans (Tier 1 & 2) (continued):

Changes in the net OPEB liability -

	Total OPEB liability (a)	Plan fiduciary net position (b)	Net OPEB liability (a) - (b)
Balances at June 30, 2022	\$ 478,966	\$ 475,979	\$ 2,987
Changes for the year:			
Service cost	11,499	-	11,499
Interest on the total OPEB liability	34,730	-	34,730
Differences between expected and actual experience in the measurement of the OPEB liability	27,726	-	27,726
Changes of assumptions or other inputs	9,008	-	9,008
Contributions - employer	-	13,671	(13,671)
Net investment income	-	(18,322)	18,322
Benefit payments, including refunds of employee contributions	(29,434)	(29,434)	-
Administrative expense	-	(326)	326
Net changes	<u>53,529</u>	<u>(34,411)</u>	<u>87,940</u>
Balances at June 30, 2023	<u>\$ 532,495</u>	<u>\$ 441,568</u>	<u>\$ 90,927</u>

Sensitivity of the District's net pension/OPEB (asset) liability to changes in the discount rate - The following table presents the District's net pension/OPEB (assets) liabilities calculated using the discount rate of 7.2%, as well as what the District's net pension/OPEB (asset) liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.2%) or 1 percentage point higher (8.2%) than the current rate:

	1% decrease (6.2%)	Current discount rate (7.2%)	1% increase (8.2%)
District's net pension liability	\$ 7,251,894	\$ 2,343,162	\$ (1,623,416)
District's net OPEB liability	\$ 150,060	\$ 90,927	\$ 41,174

Plan fiduciary net position - Detailed information about the plans' fiduciary net position is available in the separately issued PSPRS financial report.

Notes to Financial Statements (continued)

Year Ended June 30, 2023

14. Pension and other postemployment benefits (continued):

Public Safety Personnel Retirement System (PSPRS) (continued):

PSPRS agent multiple-employer plans (Tier 1 & 2) (continued):

Expense - For the year ended June 30, 2023, the District recognized pension expense for PSPRS of \$1,926,287 and OPEB expense (income) of \$1,881.

Deferred outflows/inflows of resources - At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions and OPEB from the following sources:

	Pension		Health	
	Deferred outflows of resources	Deferred inflows of resources	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	\$ 1,310,040	\$ 733,467	\$ 23,105	\$ 75,448
Changes in assumptions	1,039,960	-	11,765	1,965
Net difference between projected and actual earnings on plan investments	1,038,693	-	7,800	-
Contributions subsequent to the measurement date	451,493	-	15,426	-
	<u>\$ 3,840,186</u>	<u>\$ 733,467</u>	<u>\$ 58,096</u>	<u>\$ 77,413</u>

The amounts reported as deferred outflows of resources related to pensions and OPEB resulting from District contributions subsequent to the measurement date will be recognized as an increase in the net asset or a reduction of the net liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and OPEB will be recognized as expenses as follows:

Year ending <u>June 30,</u>	Pension	Health
2024	\$ 751,483	\$ (13,586)
2025	583,763	(13,857)
2026	288,444	(12,779)
2027	830,615	2,158
2028	200,921	3,321
	<u>\$ 2,655,226</u>	<u>\$ (34,743)</u>

Notes to Financial Statements (continued)

Year Ended June 30, 2023

14. Pension and other postemployment benefits (continued):

Public Safety Personnel Retirement System (PSPRS) (continued):

PSPRS cost-sharing multiple-employer plans (Tier 3 Risk Pool):

Pension and OPEB assets/liabilities - At June 30, 2023, the District reported the following asset and liabilities for its proportionate share of the PSPRS Tier 3 Risk Pool net pension/OPEB asset or liability.

	<u>Net pension/OPEB (asset) liability</u>
Pension	\$ (13,031)
Health insurance premium benefit	(3,063)

The net asset and net liabilities were measured as of June 30, 2022. The total liability used to calculate the net asset or net liability was determined using update procedures to roll forward the total liability from an actuarial valuation as of June 30, 2021, to the measurement date of June 30, 2022. The total liabilities as of June 30, 2022 reflect changes of actuarial assumptions, including changing the projected salary increases from 3.5% - 7.5% to 2.75% - 15%, and increasing the future benefit increases from 1.75% to 1.85%.

The District's proportion of the net asset or net liability was based on the District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2022. The District's proportion measured as of June 30, 2022, and the change in proportions measured as of June 30, 2021, were:

	<u>Proportion</u>	<u>Increase (decrease)</u>
Pension	0.24104 %	(0.01460)
Health insurance premium benefit	0.25792 %	(0.15951)

Pension/OPEB expense - For the year ended June 30, 2023, the District recognized pension and OPEB expense (income) for PSPRS Tier 3 Risk Pool as follows:

	<u>Expense</u>
Pension	\$ 7,807
Health insurance premium benefit	(1,076)

Notes to Financial Statements (continued)

Year Ended June 30, 2023

14. Pension and other postemployment benefits (continued):

Public Safety Personnel Retirement System (PSPRS) (continued):

PSPRS cost-sharing multiple-employer plans (Tier 3 Risk Pool) (continued):

Deferred outflows/inflows of resources - At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions and OPEB from the following sources:

	Pension		Health	
	Deferred outflows of resources	Deferred inflows of resources	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	\$ 62,452	\$ -	\$ 70	\$ 260
Net difference between projected and actual earnings on pension plan investments	3,064	-	56	-
Changes in assumptions	157	3,241	80	1
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,680	9,484	1,096	581
Contributions subsequent to the measurement date	58,536	-	-	-
	<u>\$ 126,889</u>	<u>\$ 12,725</u>	<u>\$ 1,302</u>	<u>\$ 842</u>

The amounts reported as deferred outflows of resources related to PSPRS Tier 3 Risk Pool pensions and OPEB resulting from District contributions subsequent to the measurement date will be recognized as an increase of the net asset and a reduction of the net liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and OPEB will be recognized as expenses as follows:

Year ending	Pension	Health
<u>June 30,</u>		
2024	\$ 4,881	\$ 8
2025	4,908	10
2026	4,567	(4)
2027	8,549	148
2028	4,960	26
Thereafter	<u>27,763</u>	<u>272</u>
	<u>\$ 55,628</u>	<u>\$ 460</u>

Notes to Financial Statements (continued)

Year Ended June 30, 2023

14. Pension and other postemployment benefits (continued):

Public Safety Personnel Retirement System (PSPRS) (continued):

PSPRS cost-sharing multiple-employer plans (Tier 3 Risk Pool) (continued):

Actuarial assumptions - The significant actuarial assumptions used to measure the total pension/OPEB liability are as follows:

Valuation (measurement) date	June 30, 2022
Actuarial cost method	Entry age normal
Investment rate of return	7.0%
Projected salary increases	2.75% - 15% for pensions/not applicable for OPEB
Price inflation	2.5% for pensions/not applicable for OPEB
Future benefit increases	1.85% for pensions/not applicable for OPEB
Mortality rates	PubS-2010 tables

Actuarial assumptions used were based on the results of an actuarial experience study for the 5-year period ended June 30, 2021.

The long-term expected rate of return on PSPRS Tier 3 Risk Pool pension plan investments was determined to be 7% using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage.

The target allocation and best estimates of geometric real rates of return for each major asset class are consistent with the allocations disclosed for the PSPRS agent multiple-employer plans (Tier 1 & 2).

Discount rate - The discount rate used to measure the PSPRS Tier 3 Risk Pool total pension/OPEB liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension/OPEB liability.

Sensitivity of the District's proportionate share of the PSPRS Tier 3 Risk Pool net pension/OPEB (asset) liability to changes in the discount rate - The following table presents the District's proportionate share of the net pension/OPEB (asset) liability calculated using the discount rate of 7.0%, as well as what the District's proportionate share of the net pension/OPEB (asset) liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.0%) or 1 percentage point higher (8.0%) than the current rate:

Notes to Financial Statements (continued)

Year Ended June 30, 2023

14. Pension and other postemployment benefits (continued):

Public Safety Personnel Retirement System (PSPRS) (continued):

PSPRS cost-sharing multiple-employer plans (Tier 3 Risk Pool) (continued):

	1% decrease (6.0%)	Current discount rate (7.0%)	1% increase (8.0%)
Net pension liability (asset)	\$ 31,826	\$ (13,031)	\$ (46,519)
Net health insurance premium liability (asset)	\$ (2,430)	\$ (3,063)	\$ (3,566)

PSPDCRP plan:

District employees who are regularly assigned hazardous duty and aren't members of PSPRS participate in the PSPDCRP. The PSPDCRP is a defined contribution pension plan. The PSPRS Board of Trustees governs the PSPDCRP according to the provisions of A.R.S. Title 38, Chapter 5, Article 4.1. Benefit terms, including contribution requirements, are established by State statute.

For the year ended June 30, 2023, active PSPDCRP members were required by statute to contribute at least 9 percent of the members' annual covered payroll, and the District was required by statute to contribute 9 percent of active members' annual covered payroll to an individual employee account. Employees are immediately vested in their own contributions and the earnings on those contributions. Employees vest in a portion of the District's contributions each year as set forth in statute. The plan retains nonvested District contributions when forfeited because of employment terminations.

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Required Supplementary Information

**Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget to Actual - General Fund**

Year Ended June 30, 2023

	Budgeted amounts		Actual	Variance with final budget
	Original	Final		
Revenues:				
Property taxes	\$ 4,171,881	\$ 4,171,881	\$ 4,163,629	\$ (8,252)
Fire district assistance tax	400,000	400,000	398,446	(1,554)
Charges for services	2,252,558	2,252,558	2,541,169	288,611
Grants and contributions	130,000	130,000	555,277	425,277
Investment earnings	14,000	14,000	19,606	5,606
State shared tax revenue	82,000	82,000	109,269	27,269
Other	18,000	18,000	28,296	10,296
Total revenues	<u>7,068,439</u>	<u>7,068,439</u>	<u>7,815,692</u>	<u>747,253</u>
Expenditures:				
Public safety:				
Emergency operations	3,654,222	3,654,222	3,992,606	338,384
Administration	2,177,572	2,177,572	1,894,820	(282,752)
Capital outlay	-	-	386,816	386,816
Debt service	937,005	937,005	937,005	-
Total expenditures	<u>6,768,799</u>	<u>6,768,799</u>	<u>7,211,247</u>	<u>442,448</u>
Revenues over expenditures	<u>299,640</u>	<u>299,640</u>	<u>604,445</u>	<u>304,805</u>
Other financing sources (uses):				
Transfers out	(299,640)	(299,640)	(1,435,018)	(1,135,378)
Proceeds from sale of capital assets	-	-	3,500	3,500
Total other financing sources (uses)	<u>(299,640)</u>	<u>(299,640)</u>	<u>(1,431,518)</u>	<u>(1,131,878)</u>
Net change in fund balance	-	-	(827,073)	(827,073)
Fund balance, beginning of year	-	-	2,302,348	2,302,348
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,475,275</u>	<u>\$ 1,475,275</u>

Fry Fire District

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Schedule of the District's Proportionate Share of the Net Pension/OPEB Liability - Cost Sharing Plan (ASRS)

Year Ended June 30, 2023

ASRS Pension (schedule to be built prospectively from 2021, which was the first year of participation in this plan)

Reporting date (Measurement date)	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	2014 (2013)
District's proportion of the net pension liability	0.001780 %	0.001780 %	0.001710 %	- %	- %	- %	- %	- %	- %	- %
District's proportionate share of the net pension liability	\$ 290,536	\$ 233,884	\$ 296,283	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 194,130	\$ 199,914	\$ 65,790	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	150 %	117 %	450 %	- %	- %	- %	- %	- %	- %	- %
Plan fiduciary net position as a percentage of total pension liability	74 %	79 %	69 %	- %	- %	- %	- %	- %	- %	- %

See accompanying notes to required supplementary information

Fry Fire District

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Schedule of Changes in Net Pension Liability and Related Ratios - Agent Retirement Plan (PSPRS)

Year Ended June 30, 2023

(schedule to be built prospectively from 2015; 2014 information not available)

Reporting date (Measurement date)	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	2014 (2013)
Total pension liability										
Service cost	\$ 674,619	\$ 572,118	\$ 590,218	\$ 612,790	\$ 591,000	\$ 616,597	\$ 507,061	\$ 509,210	\$ 522,125	\$ -
Interest	2,323,699	2,141,007	2,016,399	1,967,644	1,873,329	1,678,985	1,556,320	1,497,010	1,285,538	-
Benefit changes	-	-	-	-	-	290,508	595,933	-	448,678	-
Difference between expected and actual experience	(382,498)	1,238,648	464,888	(842,004)	(175,939)	686,270	(30,760)	(255,469)	(900,170)	-
Assumption changes	526,324	-	-	658,689	-	864,466	921,105	-	2,380,341	-
Benefit payments, including refunds of employee contributions	<u>(1,746,106)</u>	<u>(1,357,183)</u>	<u>(1,335,708)</u>	<u>(1,349,142)</u>	<u>(1,313,153)</u>	<u>(1,077,321)</u>	<u>(1,010,072)</u>	<u>(978,195)</u>	<u>(1,094,095)</u>	-
Net change in total pension liability	1,396,038	2,594,590	1,735,797	1,047,977	975,237	3,059,505	2,539,587	772,556	2,642,417	-
Total pension liability, beginning	<u>32,029,930</u>	<u>29,435,340</u>	<u>27,699,543</u>	<u>26,651,566</u>	<u>25,676,329</u>	<u>22,616,824</u>	<u>20,077,237</u>	<u>19,304,681</u>	<u>16,662,264</u>	-
Total pension liability, ending (a)	<u>\$ 33,425,968</u>	<u>\$ 32,029,930</u>	<u>\$ 29,435,340</u>	<u>\$ 27,699,543</u>	<u>\$ 26,651,566</u>	<u>\$ 25,676,329</u>	<u>\$ 22,616,824</u>	<u>\$ 20,077,237</u>	<u>\$ 19,304,681</u>	<u>\$ -</u>
Plan fiduciary net position										
Adjustment to beginning of year	\$ -	\$ -	\$ (75,239)	\$ (16,296)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions - employer	17,707,891	1,431,774	1,228,795	1,208,155	1,495,352	1,068,196	1,072,871	835,895	717,789	-
Contributions - employee	223,616	240,321	218,825	224,395	235,228	555,844	419,779	309,556	271,334	-
Pension plan net investment income	(1,060,049)	3,481,172	154,945	619,085	722,050	1,085,217	51,388	301,225	999,067	-
Benefit payments, including refunds of employee contributions	(1,746,106)	(1,357,183)	(1,335,708)	(1,349,142)	(1,313,153)	(1,077,321)	(1,010,072)	(978,195)	(1,094,095)	-
Hall/Parker settlement	-	-	-	-	(395,688)	-	-	-	-	-
Administrative expenses	(19,021)	(16,301)	(12,637)	(11,760)	(11,689)	(10,002)	(7,794)	(7,735)	-	-
Other	-	-	(16,677)	-	13,023	(25,045)	(128,692)	24,156	(320,635)	-
Net change in fiduciary net position	15,106,331	3,779,783	162,304	674,437	745,123	1,596,889	397,480	484,902	573,460	-
Plan fiduciary net position, beginning	<u>15,976,475</u>	<u>12,196,692</u>	<u>12,034,388</u>	<u>11,359,951</u>	<u>10,614,828</u>	<u>9,017,939</u>	<u>8,620,459</u>	<u>8,135,557</u>	<u>7,562,097</u>	-
Plan fiduciary net position, ending (b)	<u>\$ 31,082,806</u>	<u>\$ 15,976,475</u>	<u>\$ 12,196,692</u>	<u>\$ 12,034,388</u>	<u>\$ 11,359,951</u>	<u>\$ 10,614,828</u>	<u>\$ 9,017,939</u>	<u>\$ 8,620,459</u>	<u>\$ 8,135,557</u>	<u>\$ -</u>
Net pension liability, ending (a) - (b)	\$ 2,343,162	\$ 16,053,455	\$ 17,238,648	\$ 15,665,155	\$ 15,291,615	\$ 15,061,501	\$ 13,598,885	\$ 11,456,778	\$ 11,169,124	\$ -
Plan fiduciary net position as a percentage of total pension liability	92.99 %	49.88 %	41.44 %	43.45 %	42.62 %	41.34 %	39.87 %	43.94 %	42.14 %	- %
Covered valuation payroll	\$ 2,529,271	\$ 2,729,800	\$ 2,383,228	\$ 2,489,752	\$ 2,627,836	\$ 2,612,698	\$ 2,617,767	\$ 2,765,466	\$ 2,595,862	\$ -
Net pension liability as a percentage of covered valuation payroll	92.64 %	588.08 %	723.33 %	629.19 %	581.91 %	576.47 %	519.48 %	414.28 %	430.27 %	- %

Fry Fire District

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Schedule of Changes in Net OPEB Liability and Related Ratios - Agent Retirement Plan (PSPRS)

Year Ended June 30, 2023

(schedule to be built prospectively from 2018; 2017 - 2014 information not available)

Reporting date (Measurement date)	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	2014 (2013)
Total OPEB liability										
Service cost	\$ 11,499	\$ 11,127	\$ 11,926	\$ 8,146	\$ 8,409	\$ 9,144	\$ -	\$ -	\$ -	\$ -
Interest on total OPEB liability	34,730	34,789	35,493	38,568	38,903	39,443	-	-	-	-
Changes of benefit changes	-	-	-	-	-	22	-	-	-	-
Difference between expected and actual experience	27,726	(19,604)	(23,983)	(74,384)	(28,926)	(12,200)	-	-	-	-
Assumption changes	9,008	-	-	8,518	-	(8,007)	-	-	-	-
Benefit payments	(29,434)	(25,571)	(25,842)	(26,533)	(27,153)	(29,318)	-	-	-	-
Net change in total OPEB liability	53,529	741	(2,406)	(45,685)	(8,767)	(916)	-	-	-	-
Total OPEB liability, beginning	478,966	478,225	480,631	526,316	535,083	535,999	-	-	-	-
Total OPEB liability, ending (a)	\$ 532,495	\$ 478,966	\$ 478,225	\$ 480,631	\$ 526,316	\$ 535,083	\$ -	\$ -	\$ -	\$ -
Plan fiduciary net position										
Adjustment to beginning of year	\$ -	\$ -	\$ -	\$ 16,296	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions - employer	13,671	17,533	18,490	20,207	7,396	21,000	-	-	-	-
Contributions - employee	-	-	-	-	-	-	-	-	-	-
Net investment income	(18,322)	102,273	4,742	19,171	23,824	37,794	-	-	-	-
Benefit payments	(29,434)	(25,571)	(25,842)	(26,533)	(27,153)	(29,318)	-	-	-	-
Administrative expenses	(326)	(421)	(386)	(331)	(363)	(335)	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Net change in fiduciary net position	(34,411)	93,814	(2,996)	28,810	3,704	29,141	-	-	-	-
Plan fiduciary net position, beginning	475,979	382,165	385,161	356,351	352,647	323,506	-	-	-	-
Plan fiduciary net position, ending (b)	\$ 441,568	\$ 475,979	\$ 382,165	\$ 385,161	\$ 356,351	\$ 352,647	\$ -	\$ -	\$ -	\$ -
Net OPEB liability (asset), ending (a) - (b)	\$ 90,927	\$ 2,987	\$ 96,060	\$ 95,470	\$ 169,965	\$ 182,436	\$ -	\$ -	\$ -	\$ -
Plan fiduciary net position as a percentage of total OPEB liability	82.92 %	99.38 %	79.91 %	80.14 %	67.71 %	65.91 %	- %	- %	- %	- %
Covered valuation payroll	\$ 2,529,271	\$ 2,729,800	\$ 2,383,228	\$ 2,489,752	\$ 2,627,836	\$ 2,612,698	\$ -	\$ -	\$ -	\$ -
Net OPEB liability as a percentage of covered valuation payroll	3.59 %	0.11 %	4.03 %	3.83 %	6.47 %	6.98 %	- %	- %	- %	- %

Fry Fire District

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Schedule of the District's Proportionate Share of the Net Pension/OPEB Liability - Cost Sharing Plan
(PSPRS Tier 3 Risk Pool)

Year Ended June 30, 2023

(schedule to be built prospectively from 2019; 2018 - 2014 information not available)

PSPRS Tier 3 Risk Pool - Pension

Reporting date (Measurement date)	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	2014 (2013)
District's proportion of the net pension liability	0.241 %	0.256 %	0.161 %	0.143 %	0.116 %	- %	- %	- %	- %	- %
District's proportionate share of the net pension liability	\$ (13,031)	\$ (23,669)	\$ 483	\$ (2,048)	\$ 228	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 323,914	\$ 109,358	\$ 53,558	\$ 9,307	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's proportionate share of the net pension liability as a percentage of its covered payroll	(4.0)%	(21.6)%	0.9 %	(22.0)%	- %	- %	- %	- %	- %	- %
Plan fiduciary net position as a percentage of total pension liability	108 %	122 %	99 %	118 %	89 %	- %	- %	- %	- %	- %

Amounts related to the PSPRS Tier 3 Risk Pool - Health are not further disclosed because of their relative insignificance to the District's financial statements.

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Schedule of Pension/OPEB Contributions

Year Ended June 30, 2023

ASRS Pension (schedule to be built prospectively from 2021, which was the first year of participation in this plan)

Reporting fiscal year	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Statutorily required contribution	\$ 33,943	\$ 23,315	\$ 23,290	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>33,943</u>	<u>23,315</u>	<u>23,290</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 281,449	\$ 194,130	\$ 199,914	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions as a percentage of covered payroll	12.06 %	12.01 %	11.65 %	- %	- %	- %	- %	- %	- %	- %

PSPRS Pension (schedule to be built prospectively from 2015; 2014 information not available)

Reporting fiscal year	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 451,493	\$ 17,759,677	\$ 1,435,936	\$ 1,208,155	\$ 1,495,352	\$ 1,068,196	\$ 1,072,871	\$ 835,895	\$ 717,789	\$ -
Contributions in relation to the actuarially determined contribution	<u>451,493</u>	<u>17,759,677</u>	<u>1,435,936</u>	<u>1,208,155</u>	<u>1,495,352</u>	<u>976,189</u>	<u>1,072,871</u>	<u>835,895</u>	<u>717,789</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 92,007</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 2,595,639	\$ 2,529,271	\$ 2,729,800	\$ 2,383,228	\$ 2,489,752	\$ 2,627,836	\$ 2,612,698	\$ 2,617,767	\$ 2,765,466	\$ -
Contributions as a percentage of covered payroll	17.39 %	702.17 %	52.60 %	48.53 %	56.90 %	37.36 %	40.98 %	30.23 %	27.65 %	- %

Fry Fire District

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Schedule of Pension/OPEB Contributions (continued)

Year Ended June 30, 2023

PSPRS Health (schedule to be built prospectively from 2018; 2017 - 2014 information not available)

Reporting fiscal year	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 15,426	\$ 16,432	\$ 18,678	\$ 20,207	\$ 7,396	\$ 21,000	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the actuarially determined contribution	15,426	16,432	18,678	20,207	7,396	21,000	-	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 2,595,639	\$ 2,529,271	\$ 2,729,800	\$ 2,383,228	\$ 2,489,752	\$ 2,627,836	\$ -	\$ -	\$ -	\$ -
Contributions as a percentage of covered payroll	0.59 %	0.65 %	0.68 %	0.81 %	0.28 %	0.80 %	- %	- %	- %	- %

PSPRS Tier 3 Risk Pool - pension (schedule to be built prospectively from 2019; 2018 - 2014 information not available)

Reporting fiscal year	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Statutorily determined contribution	\$ 58,536	\$ 31,776	\$ 10,728	\$ 5,254	\$ 913	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the actuarially determined contribution	58,536	31,776	10,728	5,254	913	-	-	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 596,697	\$ 323,914	\$ 109,358	\$ 53,558	\$ 9,307	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions as a percentage of covered payroll	9.81 %	9.81 %	9.81 %	9.81 %	9.81 %	- %	- %	- %	- %	- %

Contributions to the PSPRS Tier 3 Risk Pool - Health are not further disclosed because of their relative insignificance to the District's financial statements.

Notes to Required Supplementary Information

Year Ended June 30, 2023

1. Budgetary basis of accounting:

The District prepares its annual budget on the modified accrual basis of accounting. The level of budgetary control is at the fund level. A budgetary comparison schedule for the general fund is included as required supplementary information to provide meaningful comparison of actual results to budget on a budget basis.

2. Pension and OPEB plan schedules:

Actuarially determined contribution rates:

Actuarial determined contribution rates for PSPRS are calculated as of June 30 two years prior to the end of the fiscal year in which contributions are made. The actuarial methods and assumptions used to establish the contribution requirements are as follows:

Actuarial cost method	Entry age normal
Amortization method	Level percent-of-pay, closed
Remaining amortization period as of the 2021 actuarial valuation	15 years
Asset valuation method	7-year smoothed fair value; 80%/120% corridor

Actuarial assumptions:

Investment rate of return	In the 2019 actuarial valuation, the investment rate of return was decreased from 7.4% to 7.3%. In the 2017 actuarial valuation, the investment rate of return was decreased from 7.5% to 7.4%. In the 2016 actuarial valuation, the investment rate of return was decreased from 7.85% to 7.5%. In the 2013 actuarial valuation, the investment rate of return was decreased from 8.0% to 7.85%.
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Salary increase	In the 2017 actuarial valuation, projected salary increases were decreased from 4.0% - 8.0% to 3.5% - 7.5%. In the 2014 actuarial valuation, projected salary increases were decreased from 4.5% - 8.5% to 4.0% - 8.0%. In the 2013 actuarial valuation, projected salary increases were decreased from 5.0% - 9.0% to 4.5% - 8.5%.
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Notes to Required Supplementary Information (continued)

Year Ended June 30, 2023

2. Pension and OPEB plan schedules (continued):

Actuarially determined contribution rates (continued):

Wage growth	In the 2017 actuarial valuation, wage growth was decreased from 4% to 3.5%. In the 2014 actuarial valuation, wage growth was decreased from 4.5% to 4.0%. In the 2013 actuarial valuation, wage growth was decreased from 5.0% to 4.5%.
Retirement age	Experience-based table of rates that is specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period July 1, 2006 - June 30, 2011.
Mortality	In the 2019 actuarial valuation, changed to PubS-2010 tables. In the 2017 actuarial valuation, changed to RP-2014 tables, with 75% of MP-2016 fully generational projection scales. RP-2000 mortality table (adjusted by 105% for both males and females).

Factors that affect trends:

Arizona courts have ruled that provisions of a 2011 law that changed the mechanism for funding permanent pension benefit increases and increased employee pension contribution rates were unconstitutional or a breach of contract because those provisions apply to individuals who were members as of the law’s effective date. As a result, the PSPRS changed benefit terms to reflect the prior mechanism for funding permanent benefit increases for those members and revised actuarial assumptions to explicitly value future permanent benefit increases. PSPRS also reduced those members’ employee contribution rates. These changes are reflected in the plans’ pension liabilities for fiscal year 2015 (measurement date 2014) for members who were retired as of the law’s effective date and fiscal year 2018 (measurement date 2017) for members who retired or will retire after the law’s effective date. These changes also increased the PSPRS-required pension contributions beginning in fiscal year 2016 for members who were retired as of the law’s effective date. These changes increased the PSPRS-required contributions beginning in fiscal year 2019 for members who retired or will retire after the law’s effective date. Also, the District refunded excess employee contributions to PSPRS members. PSPRS allowed the District to reduce its actual employer contributions for the refund amounts. As a result, the District's pension contributions were less than the actuarially or statutorily determined contributions for 2018.

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STATISTICAL SECTION

Statistical Section

This part of the annual comprehensive financial report of the District presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health of the District.

This section contains the following tables and information:

Financial Trends

These schedules contain trend information to help the reader understand how the financial performance and well-being of the District have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the most significant local revenue source of the District – the property tax.

Debt Capacity

These schedules present information to help the reader assess the affordability of the current levels of outstanding debt of the District and its ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the financial activities of the District take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the financial report of the District relates to the services the District provides and the activities it performs.

Fry Fire District

Net Position by Component

LAST TEN FISCAL YEARS

(Accrual Basis of Accounting)

	Fiscal year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Governmental Activities										
Net investments in capital assets	\$ 1,856,814	\$ 2,142,562	\$ 1,757,056	\$ 1,170,035	\$ 1,629,177	\$ 1,331,151	\$ 1,363,051	\$ 1,549,843	\$ 1,545,516	\$ 1,774,859
Restricted	389,679	443,270	441,264	430,877	3,641,003	-	-	-	-	-
Unrestricted	<u>(10,198,034)</u>	<u>(10,260,142)</u>	<u>(9,561,229)</u>	<u>(9,160,888)</u>	<u>(12,891,684)</u>	<u>(8,871,169)</u>	<u>2,331,387</u>	<u>2,827,055</u>	<u>2,669,453</u>	<u>2,400,368</u>
Total governmental activities net position	<u>\$ (7,951,541)</u>	<u>\$ (7,674,310)</u>	<u>\$ (7,362,909)</u>	<u>\$ (7,559,976)</u>	<u>\$ (7,621,504)</u>	<u>\$ (7,540,018)</u>	<u>\$ 3,694,438</u>	<u>\$ 4,376,898</u>	<u>\$ 4,214,969</u>	<u>\$ 4,175,227</u>

Source: District financial records.

Fry Fire District

Changes in Net Position

LAST TEN FISCAL YEARS

(Accrual Basis of Accounting)

	Fiscal year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Expenses										
Governmental activities:										
Public Safety	\$ 7,816,193	\$ 7,441,273	\$ 7,415,871	\$ 6,613,013	\$ 6,530,095	\$ 6,557,014	\$ 6,340,914	\$ 5,918,573	\$ 5,718,176	\$ 5,477,159
Interest on long-term debt	772,806	477,607	115,588	144,148	37,647	-	-	-	-	-
Total primary government expenses	<u>8,588,999</u>	<u>7,918,880</u>	<u>7,531,459</u>	<u>6,757,161</u>	<u>6,567,742</u>	<u>6,557,014</u>	<u>6,340,914</u>	<u>5,918,573</u>	<u>5,718,176</u>	<u>5,477,159</u>
Program revenues										
Governmental activities:										
Charges for services	2,483,141	2,460,987	2,692,514	1,750,245	1,984,282	1,901,256	1,686,666	1,849,130	1,644,211	1,293,637
Capital grants and contributions	-	-	-	-	-	-	-	-	66,684	15,546
Operating grants and contributions	555,277	149,355	79,946	216,413	282,787	122,303	66,885	270,288	40,016	-
Total primary government program revenues	<u>3,038,418</u>	<u>2,610,342</u>	<u>2,772,460</u>	<u>1,966,658</u>	<u>2,267,069</u>	<u>2,023,559</u>	<u>1,753,551</u>	<u>2,119,418</u>	<u>1,750,911</u>	<u>1,309,183</u>
Total primary government net expenses	<u>(5,550,581)</u>	<u>(5,308,538)</u>	<u>(4,758,999)</u>	<u>(4,790,503)</u>	<u>(4,300,673)</u>	<u>(4,533,455)</u>	<u>(4,587,363)</u>	<u>(3,799,155)</u>	<u>(3,967,265)</u>	<u>(4,167,976)</u>
General revenues and other changes in net position										
Property taxes	4,663,808	4,445,243	4,397,177	4,257,433	3,700,665	3,589,758	3,439,944	3,493,819	3,536,633	3,567,332
Fire district assistance tax	398,446	399,358	397,163	400,000	405,384	395,683	398,028	386,269	400,744	396,206
Investment earnings	70,031	24,566	38,046	127,554	48,841	25,603	15,001	16,627	14,299	9,912
State shared tax revenue	109,269	-	-	-	-	-	-	-	-	-
Other	28,296	123,020	67,674	49,134	64,297	25,562	51,931	64,369	55,331	52,513
Gain on sale of capital assets	3,500	4,950	56,006	17,910	-	16,200	-	-	-	-
Total primary government	<u>5,273,350</u>	<u>4,997,137</u>	<u>4,956,066</u>	<u>4,852,031</u>	<u>4,219,187</u>	<u>4,052,806</u>	<u>3,904,904</u>	<u>3,961,084</u>	<u>4,007,007</u>	<u>4,025,963</u>
Change in net position										
Total primary government	<u>\$ (277,231)</u>	<u>\$ (311,401)</u>	<u>\$ 197,067</u>	<u>\$ 61,528</u>	<u>\$ (81,486)</u>	<u>\$ (480,649)</u>	<u>\$ (682,459)</u>	<u>\$ 161,929</u>	<u>\$ 39,742</u>	<u>\$ (142,013)</u>

Source: District financial records.

Fry Fire District

Fund Balances of Governmental Funds

LAST TEN FISCAL YEARS

(Modified Accrual Basis of Accounting)

	Fiscal year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
General fund										
Nonspendable	\$ 48,283	\$ 30,313	\$ 48,257	\$ 43,304	\$ 24,616	\$ 51,053	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	508,656	472,625	395,982	394,032	320,994	320,753	508,114	505,156	501,707	458,782
Unassigned	<u>918,336</u>	<u>1,799,410</u>	<u>2,443,153</u>	<u>2,091,955</u>	<u>1,330,514</u>	<u>1,192,479</u>	<u>448,214</u>	<u>954,845</u>	<u>958,009</u>	<u>837,498</u>
Total general fund	<u>\$ 1,475,275</u>	<u>\$ 2,302,348</u>	<u>\$ 2,887,392</u>	<u>\$ 2,529,291</u>	<u>\$ 1,676,124</u>	<u>\$ 1,564,285</u>	<u>\$ 956,328</u>	<u>\$ 1,460,001</u>	<u>\$ 1,459,716</u>	<u>\$ 1,296,280</u>
All other governmental funds										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	2,901,615	4,095,204	2,352,960	3,946,730	3,641,003	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	4,649,920	2,560,840	1,706,110	1,705,463	1,819,794	1,333,951	1,375,059	1,367,054	1,209,737	1,104,088
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total all other governmental funds	<u>\$ 7,551,535</u>	<u>\$ 6,656,044</u>	<u>\$ 4,059,070</u>	<u>\$ 5,652,193</u>	<u>\$ 5,460,797</u>	<u>\$ 1,333,951</u>	<u>\$ 1,375,059</u>	<u>\$ 1,367,054</u>	<u>\$ 1,209,737</u>	<u>\$ 1,104,088</u>

Source: District financial records.

Fry Fire District

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Changes in Fund Balances - Governmental Funds and Debt Service Ratio

LAST TEN FISCAL YEARS

(Modified Accrual Basis of Accounting)

	Fiscal year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Revenues										
Property taxes	\$ 4,646,608	\$ 4,431,804	\$ 4,401,374	\$ 4,259,655	\$ 3,706,483	\$ 3,601,835	\$ 3,439,944	\$ 3,493,819	\$ 3,536,633	\$ 3,567,332
Fire district assistance tax	398,446	399,358	397,163	400,000	405,384	395,683	398,028	386,269	400,744	396,206
Charges for services	2,541,169	2,573,018	2,654,578	1,825,976	1,940,551	1,769,689	1,686,666	1,849,130	1,644,211	1,293,637
Grants and contributions	555,277	149,355	79,946	216,413	282,787	122,303	66,884	270,288	106,700	15,546
Investment earnings	70,031	24,566	38,046	127,554	48,841	25,603	30,725	16,627	14,299	9,912
State shared tax revenue	109,269	-	-	-	-	-	-	-	-	-
Other	28,296	123,020	67,674	49,134	64,297	25,562	36,207	64,368	55,331	52,512
Total revenues	8,349,096	7,701,121	7,638,781	6,878,732	6,448,343	5,940,675	5,658,454	6,080,501	5,757,918	5,335,145
Expenditures										
Public Safety	5,887,426	22,730,826	6,184,752	5,468,678	5,808,575	5,471,293	6,115,230	5,639,906	5,396,687	5,134,213
Capital outlay	871,158	1,768,037	2,231,325	315,613	140,317	562,855	38,892	282,993	92,146	94,079
Debt service:										
Principal	735,000	512,683	306,176	15,988	371,522	-	-	-	-	-
Interest	790,594	494,305	208,850	96,647	12,798	-	-	-	-	-
Debt issuance costs	-	333,801	-	-	-	-	-	-	-	-
Total expenditures	8,284,178	25,839,652	8,931,103	5,896,926	6,333,212	6,034,148	6,154,122	5,922,899	5,488,833	5,228,292
Revenues over (under) expenditures	64,918	(18,138,531)	(1,292,322)	981,806	115,131	(93,473)	(495,668)	157,602	269,085	106,853
Other financing sources (uses)										
Proceeds from sale of capital assets	3,500	4,950	57,300	17,910	-	16,200	-	-	-	-
Issuance of bonds payable	-	3,136,386	-	-	4,123,554	-	-	-	-	-
Issuance of lease obligations	-	-	-	44,847	-	371,522	-	-	-	-
Issuance of certificates of participation	-	17,009,125	-	-	-	-	-	-	-	-
Total other financing sources (uses)	3,500	20,150,461	57,300	62,757	4,123,554	387,722	-	-	-	-
Net change in fund balances	\$ 68,418	\$ 2,011,930	\$ (1,235,022)	\$ 1,044,563	\$ 4,238,685	\$ 294,249	\$ (495,668)	\$ 157,602	\$ 269,085	\$ 106,853
Debt service as a percentage of noncapital expenditures	20.58 %	4.18 %	7.69 %	2.02 %	6.21 %	- %	- %	- %	- %	- %

Source: District financial records.

Fry Fire District

Assessed and Estimated Actual Value of Taxable Property

LAST TEN FISCAL YEARS

Fiscal year	Commercial, Industrial, Utilities, & Mines	Agriculture & Vacant	Residential (owner occupied)	Residential (rental)	Railroad	Less: Tax exempt real property	Total			Assessed value as a % of actual value
							Taxable assessed value	Direct tax rate	Estimated real market value	
2014	\$ 19,373,446	\$ 16,464,041	\$ 79,031,869	\$ 20,384,252	\$ -	\$ 5,724,253	\$ 129,529,355	2.7600	\$ 1,196,973,892	10.82 %
2015	18,800,847	16,308,417	74,532,830	20,057,071	-	5,556,214	124,142,951	2.8116	1,146,827,506	10.82
2016	16,742,560	10,730,611	75,658,843	20,376,671	-	5,688,992	117,819,693	2.9777	1,108,866,479	10.63
2017	16,018,265	9,945,268	75,592,953	19,392,028	-	5,389,080	115,559,434	3.0164	1,096,737,047	10.54
2018	15,784,644	9,481,830	75,527,077	18,843,544	-	5,451,461	114,185,634	3.1476	1,094,063,958	10.44
2019	15,842,537	9,448,058	77,376,346	19,496,477	-	5,896,078	116,267,340	3.1999	1,114,676,687	10.43
2020	15,084,321	13,511,756	78,383,343	17,862,742	-	5,694,313	119,147,849	3.1999	1,136,746,903	10.48
2021	15,453,294	12,944,957	81,657,989	18,219,083	-	5,303,194	122,972,129	3.1999	1,171,242,438	10.50
2022	15,495,586	12,870,524	83,621,373	17,128,982	-	5,486,258	123,630,207	3.1999	1,179,810,804	10.48
2023	15,085,926	13,238,143	87,624,788	16,644,343	-	5,903,829	126,689,371	3.2930	1,217,144,748	10.41

Source: Cochise County Tax Assessor

Fry Fire District

Property Tax Rates - All Direct and Overlapping Governments

LAST TEN FISCAL YEARS

Fiscal year	Fry Fire District	Fry Fire District Debt Service	Total District	Overlapping Rates							Total direct and overlapping rates
				Cochise County	State School Tax Equalization	Palominas School District	Cochise County Junior College	Cochise County Library District	Cochise County Flood Plain Division	Mobile Home Relocation Fund	
2014	2.7600	-	2.7600	2.6276	0.5123	5.2765	1.8508	0.1451	0.2597	0.5000	13.9320
2015	2.8116	-	2.8116	2.6276	0.5089	6.8185	2.0329	0.1451	0.2597	-	15.2043
2016	2.9777	-	2.9777	2.6276	0.5054	6.8185	2.1756	0.1451	0.2597	-	15.5096
2017	3.0164	-	3.0164	2.6276	0.5010	5.4687	2.2860	0.1451	0.2597	-	14.3045
2018	3.1476	-	3.1476	2.6747	0.4875	5.9803	2.3735	0.1451	0.2597	-	15.0684
2019	3.1999	-	3.1999	2.6747	0.4741	5.8534	2.4023	0.1451	0.2597	-	15.0092
2020	3.1999	0.3977	3.5976	2.6747	0.4566	5.6027	2.4516	0.1451	0.2597	-	15.1880
2021	3.1999	0.3907	3.5906	2.6747	0.4426	5.5340	2.4020	0.1451	0.2597	-	15.0487
2022	3.2200	0.3943	3.6143	2.6747	0.4263	5.3695	2.4442	0.1451	0.2597	-	14.9338
2023	3.2930	0.3820	3.6750	2.6747	0.4263	5.2593	2.4297	0.1451	0.2597	-	14.8698

Source: Cochise County Tax Assessor

Fry Fire District

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Principal Property Taxpayers

CURRENT AND NINE YEARS AGO

		June 30, 2023	
Taxpayer	Type of business	Assessed value	Percent of total assessed valuation
Sulphur Springs Valley Electric	Utility	\$ 1,601,435	1.26 %
Vista View Resorts LLC	Real Estate	1,067,517	0.84
Southwest Gas Corporation (T&D)	Utility	750,102	0.59
Arec 15 LLC	Real Estate	699,738	0.55
Pueblo Del Sol Water Company	Utility	578,417	0.46
Qwest Corporation	Telecommunications	388,692	0.31
Boyd Sierra Vista GSA, LLC	Real Estate	359,310	0.28
D&G Greer Property 3 LLC	Real Estate	324,073	0.26
Bella Vista Water Co Inc	Utility	296,702	0.23
Vesv LLC	Real Estate	278,550	0.22
		<u>\$ 6,344,536</u>	<u>5.00 %</u>
Total assessed value		<u>\$ 126,689,371</u>	

		June 30, 2014	
Taxpayer	Type of business	Assessed value	Percent of total assessed valuation
Sulphur Springs Valley Electric	Utility	\$ 4,635,729	3.58 %
Waa Gst Exemp Trust	Real Estate	803,545	0.62
Qwest Corporation	Telecommunications	777,420	0.60
Pueblo Del Sol Water Company	Utility	732,548	0.57
Brown Garold C Family LP	Real Estate	689,452	0.53
Haymore Plaza Associates	Real Estate	641,409	0.50
SV Central Storage LLC	Commercial	471,280	0.36
Pima Plaza LLC	Real Estate	390,824	0.30
Greer Debra & Garry	Manufacturing	333,808	0.26
Southwest Gas Corporation (T&D)	Utility	313,997	0.24
		<u>\$ 9,790,012</u>	<u>7.56 %</u>
Total assessed value		<u>\$ 129,529,355</u>	

Source: Cochise County Assessor

Fry Fire District

Property Tax Levies and Collections

LAST TEN FISCAL YEARS

Fiscal year	Operating property tax levy	Tax roll corrections	Property tax levy (adjusted)	Collected within the fiscal year of the levy		Collections in subsequent years	Total collections to date	
				Amount	% of levy		Amount	% of levy
2014	\$ -	\$ -	\$ -	\$ -	- %	\$ -	\$ -	- %
2015	-	-	-	-	-	-	-	-
2016	3,499,659	(78)	-	3,493,819	99.8	3,844	3,497,663	-
2017	3,467,392	(119)	3,499,581	3,439,944	99.2	25,506	3,465,450	99.9
2018	3,591,348	245	3,467,273	3,460,354	96.4	128,876	3,589,230	99.9
2019	3,703,000	(426)	3,591,593	3,598,410	97.2	100,989	3,699,399	99.9
2020*	4,264,840	(409)	3,702,574	4,150,316	97.3	111,065	4,261,381	99.9
2021	4,390,118	(1,263)	4,264,431	4,302,627	98.0	84,733	4,387,360	99.9
2022	4,443,847	(1,254)	4,442,593	4,333,471	97.5	105,403	4,438,874	99.9
2023	4,660,757	(820)	4,659,937	4,544,989	97.5	-	4,544,989	97.5

Source: Cochise County Treasurer

Note: Information from fiscal year 2014 and 2015 could not be obtained. This schedule will be completed prospectively from fiscal year 2016 forward.

*- First year for Debt Service Fund Levy

Fry Fire District

Ratios of Outstanding Debt by Type

LAST TEN FISCAL YEARS

Fiscal year	General obligation bonds		Certificates of participation	Leases payable	Total outstanding debt		
	Outstanding	Legal limit			Amount	Percentage of personal income	Debt per capita
2014	\$ -	\$ 7,771,761	\$ -	\$ -	\$ -	- %	-
2015	-	7,448,577	-	-	-	-	-
2016	-	7,078,800	-	-	-	-	-
2017	-	6,933,566	-	-	-	-	-
2018	-	6,851,138	-	371,522	371,522	0.01	2.89
2019	4,123,554	6,976,046	-	-	4,123,554	0.08	31.64
2020	4,123,554	7,132,671	-	28,859	4,152,413	0.06	31.74
2021	3,812,642	7,378,828	-	12,683	3,825,325	0.01	29.14
2022	6,601,103	7,417,812	16,840,352	-	23,441,455	0.05	185.36
2023	6,230,904	7,601,362	16,457,763	-	22,688,667	0.03	179.15

Note: Personal income and population information can be found in the Demographic and Economic Statistics.

Source: District financial records

Ratios of Net General Bonded Debt Outstanding

LAST TEN FISCAL YEARS

Fiscal year	General obligation bonds (1)	Less: amounts available in debt service fund (2)	Total	Percentage of estimated actual taxable value of property (3)	Per capita (4)
2014	\$ -	\$ -	\$ -	- %	\$ -
2015	-	-	-	- %	-
2016	-	-	-	- %	-
2017	-	-	-	- %	-
2018	-	-	-	- %	-
2019	4,123,554	-	4,123,554	0.37 %	31.64
2020	4,123,554	290,000	3,833,554	0.34 %	29.31
2021	3,812,642	330,000	3,482,642	0.30 %	26.53
2022	6,601,103	510,000	6,091,103	0.52 %	48.17
2023	6,230,904	480,000	5,750,904	0.47 %	45.41

Note: Details regarding the District's outstanding debt can be found in the notes to the financial statements.

(1) This is the general bonded debt, net of any issuance discounts and premiums.

(2) This is the amount restricted for debt service principal payments.

(3) See schedule of Assessed and Estimated Actual Value of Taxable Property for property value data.

(4) Population data can be found in the schedule of Demographic and Economic Statistics.

Direct and Overlapping Governmental Activities Debt

Governmental Unit	Debt outstanding at June 30, 2022 *	Estimated percentage applicable	Estimated share of overlapping debt
Debt repaid with property taxes:			
Cochise County	\$ -	- %	\$ -
Palominas School District	379,432	24.71	93,775
Cochise County Junior College	14,550,000	24.71	<u>3,595,963</u>
Subtotal, overlapping debt			3,689,738
Fry Fire District direct debt			<u>22,688,667</u>
Total direct and overlapping debt			<u><u>\$ 26,378,405</u></u>

Note: Overlapping governments are those that coincide, at least in part, with the geographical boundaries of the District. This Schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the District. The process recognizes that, when considering the District's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

Source: Arizona Department of Administration

* Outstanding debt as of June 30, 2022 is the most recent information available.

Fry Fire District

Legal Debt Margin Information

LAST TEN FISCAL YEARS

	Fiscal year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Net assessed value	\$ 126,689,371	\$ 123,630,207	\$ 122,972,129	\$ 118,877,849	\$ 116,267,430	\$ 114,185,635	\$ 115,559,434	\$ 17,979,998	\$ 24,142,951	\$ 29,529,355
Debt limit rate	6 %	6 %	6 %	6 %	6 %	6 %	6 %	6 %	6 %	6 %
Debt limit	7,601,362	7,417,812	7,378,328	7,132,671	6,976,046	6,851,138	6,933,566	7,078,800	7,448,577	7,771,761
Less bond obligations	(6,230,904)	(6,601,103)	(3,812,642)	(4,123,554)	(4,123,554)	-	-	-	-	-
Legal debt margin	<u>\$ 1,370,458</u>	<u>\$ 816,709</u>	<u>\$ 3,553,003</u>	<u>\$ 2,980,258</u>	<u>\$ 2,852,492</u>	<u>\$ 6,479,616</u>	<u>\$ 6,933,566</u>	<u>\$ 7,078,800</u>	<u>\$ 7,448,577</u>	<u>\$ 7,771,761</u>
Total net debt applicable to the limit as a percentage of debt limit	81.97 %	88.99 %	51.85 %	58.22 %	59.11 %	5.42 %	- %	- %	- %	- %

Demographic and Economic Statistics

LAST TEN FISCAL YEARS

Fiscal year	Population (Cochise County)	Personal income (thousands of dollars)	Per capita income (Cochise County)	Unemployment rate (Cochise County)
2014	130,906	4,465,980	34,116	8.7
2015	129,628	4,562,024	35,193	7.4
2016	129,112	4,657,515	36,073	6.1
2017	128,343	4,732,071	36,871	5.5
2018	128,383	4,895,203	38,130	5.7
2019	130,319	5,109,813	39,210	6.0
2020	130,808	6,605,150	50,495	8.8
2021	131,264	4,959,285	37,781	6.3
2022	126,463	4,274,449	33,800	3.5
2023	126,648	6,952,215	54,894	4.3

Sources: Office of Economic Opportunity - Arizona Labor Statistics

Fry Fire District

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Principal Employers

CURRENT AND NINE YEARS AGO

Employer	June 30, 2022	
	Employees	Rank
Trade, Transportation, Utilities	6,300	1
State & Local Government	5,700	2
Federal Government	4,600	3
Professional & Business Services	4,500	4
Education & Health services	4,400	5
Leisure & Hospitality	3,600	6
Natural Resources and Construction	2,100	7
Financial Activities	900	8
Manufacturing	800	9
Other Services (except Public Administration)	800	10
Total	33,700	

Employer	June 30, 2015	
	Employees	Rank
Fort Huachuca	7,956	1
Cochise County	816	2
Sierra Vista Unified Districts No. 68	707	3
Wal-Mart Stores, Inc.	643	4
Canyon Vista Medical Center	623	5
General Dynamics Information Technology	623	6
Arizona State Prison Complex	615	7
Cochise College	521	8
Douglas Unified School District No. 27	492	9
Northrop Grumman Corporation	450	10
Total	13,446	

Source: Cochise College Center for Economic Research

Note 1: 2022 is the most recent year available for employment statistics and there are no statistics for 2014 and prior

Note 2: Employer statistics within district boundaries were not available. Employer statistics are based on Cochise County

Note 3: Statistics were only available by industry for 2022 and by specific employer in 2015

Fry Fire District

Operating Indicators by Function

LAST TEN FISCAL YEARS

Function	Fiscal year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Public safety										
Fire prevention inspections	213	313	286	254	267	281	260	230	20	251
Emergency medical service calls	2,970	3,409	2,695	2,368	2,229	2,428	2,582	2,837	1,115	1,354
Patient transports	1,950	2,106	1,859	1,642	1,565	1,663	1,603	1,912	1,969	1,602
Fire responses	108	59	66	55	61	94	99	102	31	88
Other responses - including hazardous materials, mutual aid, public service	644	669	603	782	729	654	584	523	351	435
Miscellaneous - including false alarms, good intent	516	254	237	467	435	739	398	286	348	384

Source: Various District departments

Fry Fire District

Full-Time Equivalent Employees by Function

LAST TEN FISCAL YEARS

Function	Fiscal year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Public Safety										
Fire and rescue service	47	45	45	39	39	37	36	36	37	40
Fire prevention	1	1	1	1	1	1	1	1	1	1
Administrative and support	6	5	5	4	5	4	4	6	6	6
Total	54	51	51	44	45	42	41	43	44	47

Source: District HR department

Fry Fire District

Capital Asset Statistics by Function

LAST TEN FISCAL YEARS

Function	Fiscal year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Public safety										
Number of Stations	3	3	3	3	3	3	3	3	3	3
Equipment:										
Ambulances	6	5	5	5	5	5	5	5	5	5
Engines	5	5	5	8	8	9	9	9	9	9
Brush rigs	2	2	2	2	2	2	2	2	2	2
Rescue units	2	2	2	1	1	1	1	1	1	1
Tenders	3	2	2	2	2	2	2	2	2	2
Support units	6	5	7	6	6	5	5	5	5	5
UTV/ATV	1	1	1	1	1	-	-	-	-	-

Source: District capital assets records

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Report on Internal Control and on Compliance

**Independent Auditors' 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 and
Report on Compliance with State of Arizona Regulatory Requirements**

Governing Board and Management
Fry Fire District
Sierra Vista, Arizona

We have audited, in accordance with the 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 and each major fund of Fry Fire District, as of and for the year ended June 30, 2023 and the related notes to the financial statements, which collectively comprise the Fry Fire District's basic financial statements and have issued our report thereon dated .

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Fry Fire 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 Fry Fire District's internal control. Accordingly, we do not express an opinion on the effectiveness of Fry 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 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 have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Fry Fire 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*.

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.

Report on Compliance with State of Arizona Regulatory Requirements

In connection with our audit, nothing contrary came to our attention that caused us to believe that Fry Fire District 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's general fund, except for those liabilities as prescribed in Arizona Revised Statutes section 48-805, subsection B, paragraph 2 and 3 and sections 48-806 and 48-807, or that the District failed to comply with Arizona Revised Statutes section 48-805.02, subsection F. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. This report is supplemental reporting as required by Arizona statutes intended solely for the information and use of management and the members of the Arizona State Legislature and is not intended to be and should not be used by anyone other than these specified parties.

Tucson, Arizona