



FRY FIRE DISTRICT

★ ARIZONA ★



ANNUAL COMPREHENSIVE FINANCIAL REPORT
for the fiscal year ended June 30, 2022





FRY FIRE DISTRICT
"Always Willing Always Ready"

DRAFT

FRY FIRE DISTRICT

COCHISE COUNTY, ARIZONA



Annual Comprehensive Financial Report Fiscal Year Ended June 30, 2022

FRY FIRE DISTRICT
YEAR ENDED JUNE 30, 2022

DRAFT

CONTENTS

	Page
<u>Introductory Section</u>	
Letter of transmittal	1 - 7
List of elected and appointed officials	8
<u>Financial Section</u>	
Independent auditors' report	10 - 12
Management's discussion and analysis	14 - 22
Basic financial statements:	
Government-wide financial statements:	
Statement of net position	24
Statement of activities	25
Fund financial statements - governmental funds:	
Balance sheet	26
Reconciliation of the balance sheet to the statement of net position	27
Statement of revenues, expenditures and changes in fund balances	28
Reconciliation of the statement of revenues, expenditures and changes in fund balances to the statement of activities	29
Notes to financial statements	30 - 57
Required supplementary information:	
Schedule of revenues, expenditures and changes in fund balance - budget to actual - general fund	59
Schedule of the District's proportionate share of the net pension/OPEB liability - cost-sharing plan (ASRS)	60
Schedule of changes in the net pension liability and related ratios - agent retirement plan (PSPRS)	61
Schedule of changes in the net OPEB liability and related ratios - agent retirement plan (PSPRS)	62
Schedule of pension/OPEB contributions	63 - 64
Notes to required supplementary information	65 - 66

FRY FIRE DISTRICT
YEAR ENDED JUNE 30, 2022

DRAFT

CONTENTS (continued)

	Page
<u>Statistical Section</u>	
Financial trends:	
Net position by component	69
Changes in net position	70
Fund balances of governmental funds	71
Changes in fund balances - governmental funds and debt service ratio	72
Revenue capacity:	
Assessed and estimated actual value of taxable property	73
Property tax rates - all direct and overlapping governments	74
Principal property taxpayers	75
Property tax levies and collections	76
Debt capacity:	
Ratios of outstanding debt by type	77
Ratios of net general bonded debt outstanding	78
Direct and overlapping governmental activities debt	79
Legal debt margin information	80
Demographic and economic information:	
Demographic and economic statistics	81
Principal employers	82
Operating information:	
Operating indicators by function	83
Full-time equivalent employees by function	84
Capital asset statistics by function	85
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 <i>Government Auditing Standards</i> and report on compliance with State of Arizona regulatory requirements	87 - 88

DRAFT



INTRODUCTORY SECTION



FRY FIRE DISTRICT

"Always Willing Always Ready"

DRAFT

Tuesday, January 24, 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, 2022. 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, 2022.

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 forty 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 firefighting and are certified EMT's. The last year saw the addition of several Paramedics, bringing



FRY FIRE DISTRICT

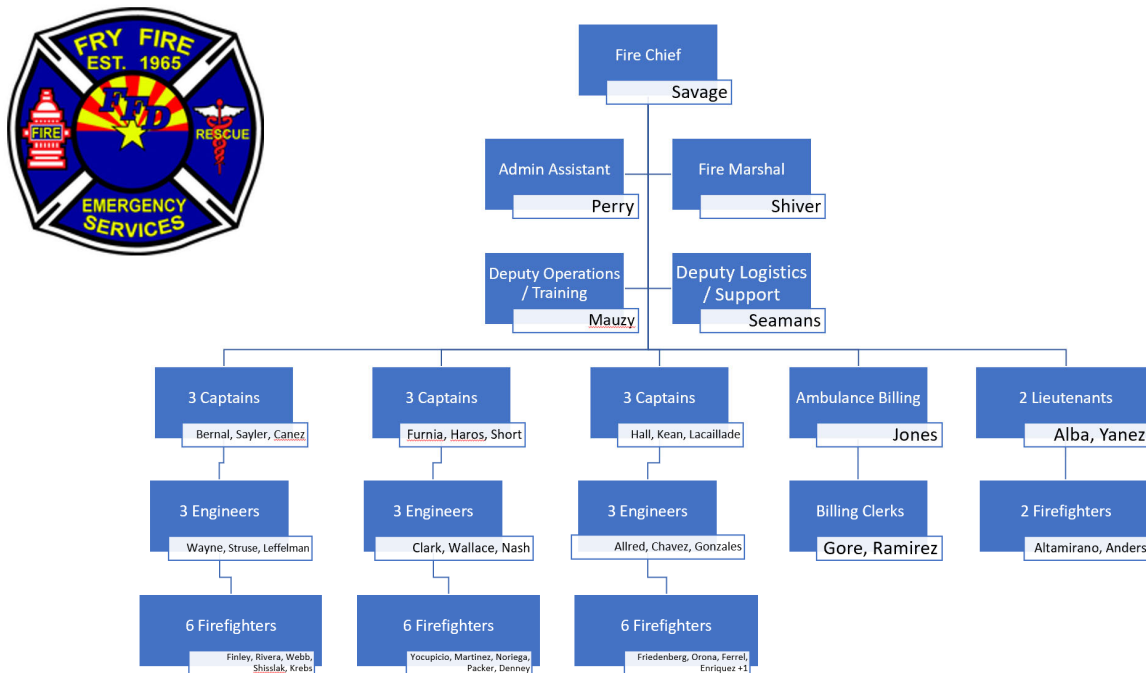
"Always Willing Always Ready" **DRAFT**

almost 70% of our staff up to the advanced life support level. Operations are supported by 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 grants.

A current organization chart follows:



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



FRY FIRE DISTRICT

"Always Willing Always Ready"

DRAFT

safe and effective fire suppression and advanced medical care for FFD customers and members. FFD employs a total of twenty-eight 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 and 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 are happy to report the 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.

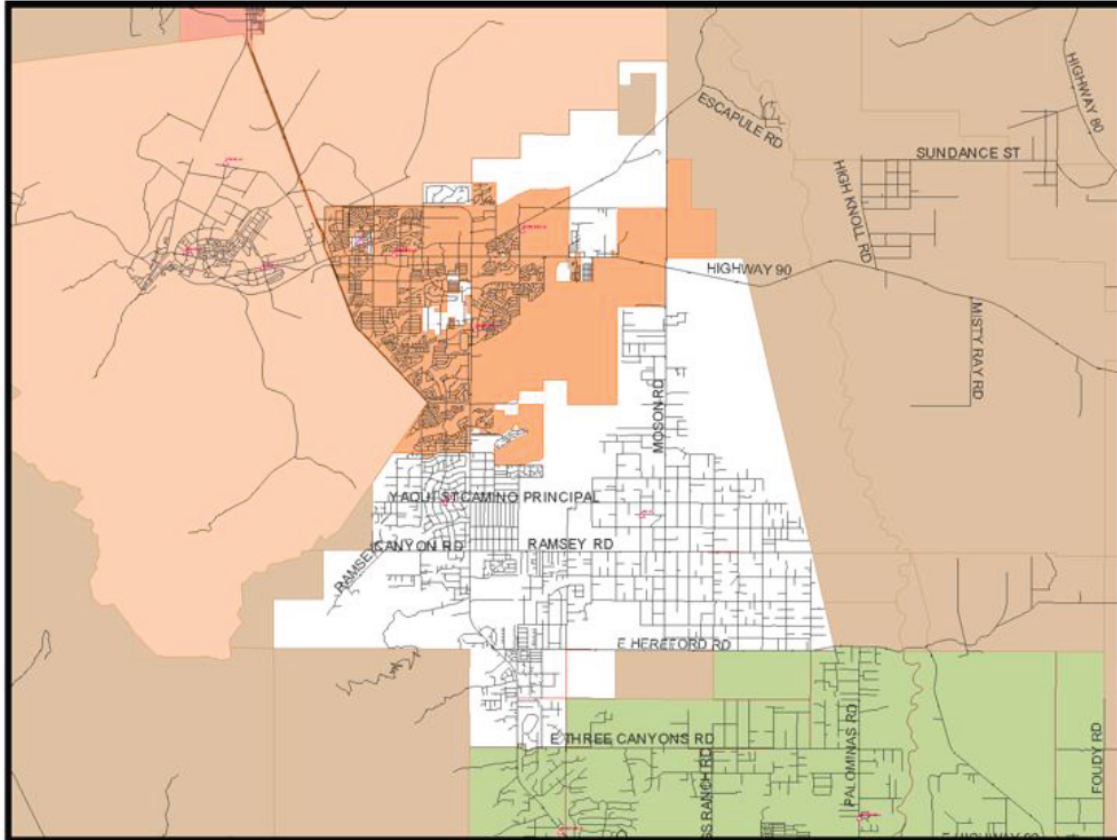
FFD has a fire coverage footprint of approximately 60 square miles and provides ambulance transport service for approximately 200 square miles. The district has grown to serve an estimated 17,089 full time residents. We provide fire protection and emergency medical services, ambulance transport, technical rescue, public education and fire prevention. FFD deploys 12 Fire/EMS personnel daily and responded to approximately 4,663 calls during this reporting period.



FRY FIRE DISTRICT

"Always Willing Always Ready" **DRAFT**

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	37
Administrative and Support	4
Fire Prevention	1



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 already begun to improve and enhance emergency responses. It will also add 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



FRY FIRE DISTRICT

"Always Willing Always Ready"

DRAFT

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 new 2022 Ford F550 ambulances were recently purchased with bond funds and will be placed into service in the next few months. These vehicles replace two aging ambulances that have seen extensive service. The past year also saw the addition of a new Type 1 fire engine and 4,000 gallon water tender, both of which are already 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 hire three seasonal employees to augment the Arizona Department of Forestry and Fire Management Fire and Fuels Crews. Pending treatment projections 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 the long-term strategic planning process and are seeing 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 30, 2020. This was the first year that the government has achieved this prestigious award. Fry Fire District submitted their annual comprehensive financial report for the fiscal year that ended June 30, 2021 but are still waiting to hear the results of the review. In order to be awarded a Certificate of Achievement, a government must publish easily readable and efficiently organized comprehensive annual 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 and therefore the 2020 certificate has been omitted from this report. We believe that our current comprehensive annual 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



FRY FIRE DISTRICT

"Always Willing Always Ready"

DRAFT

Fry Fire District

List of Elected and Appointed
June 30, 2022

Elected Board Members

	Term Expires
Board Chair Joseph Huish	November 30, 2026
Board Clerk Eric Andersen	November 30, 2024
Board Member Robert McMurtrie	November 30, 2022
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.

DRAFT



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, 2022, 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, 2022, 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

DRAFT

Management's Discussion and Analysis (MD&A)
(Required Supplementary Information)

MANAGEMENT'S DISCUSSION AND ANALYSIS

DRAFT

FISCAL YEAR ENDED JUNE 30, 2022

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, 2022. 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 \$35,985,859 at the close of the fiscal year. The total liabilities and deferred inflows exceeded assets and deferred outflows by \$7,674,310. Of this amount \$(10,260,142) represents the balance of the unrestricted net position.
- The District realized a decrease in its net position of \$311,401 equal to the excess of expenses over revenues, which was primarily due to an increase in expenses. Interest and professional services expenses increased \$362,019 and \$333,801 due to the issuance of Certificates of Participation and new bonds during 2022.
- Cash and investments increased by \$2,158,190 primarily due to restricted debt proceeds to be used for capital purchases.
- As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$8,958,392, an increase of \$2,011,930 in comparison with the prior year. The increase in fund balance was due to the issuance of bonds.
- At the end of the current fiscal year, unassigned fund balances for the general fund was \$1,799,410. The change in fund balance for the general fund was a decrease of \$585,044 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 increased by a net amount of \$18,208,717.
- 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 will be 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 24)* 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 25)* 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 59.

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 \$7,674,310 at the close of the 2022 fiscal year.

By far, the largest portion of net position of the District, \$2,142,562, 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 \$443,270 reflects amounts restricted for debt service obligations.

The remaining balance of unrestricted net position, \$(10,260,142), 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 2022, 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 \$16,287,339. 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 \$3,359. 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, 2022 and 2021

	Governmental Activities		Increase (decrease)
	2022	2021	
Cash and investments	\$ 9,169,274	\$ 7,011,084	\$ 2,158,190
Other assets	1,007,057	805,042	202,015
Capital assets	5,091,731	3,670,685	1,421,046
Total assets	15,268,062	11,486,811	3,781,251
Total deferred outflows	20,717,797	4,802,484	15,915,313
Other liabilities	592,021	575,842	16,179
Long-term liabilities	40,236,416	22,027,699	18,208,717
Total liabilities	40,828,437	22,603,541	18,224,896
Total deferred inflows	2,831,732	1,048,663	1,783,069
Net investment in capital assets	2,142,562	1,757,056	385,506
Restricted	443,270	441,264	2,006
Unrestricted	(10,260,142)	(9,561,229)	(698,913)
Total net position	\$ (7,674,310)	\$ (7,362,909)	\$ (311,401)

Statement of Activities – The net position of the District from governmental activities decreased \$311,401. Key elements of this decrease are as follows:

- Net investment in capital assets increased by \$385,506 primarily due to spending of bond proceeds on capital assets.
- Property taxes increased by \$48,066 as a result of an increase in assessed valuation.

- Operating grants and contributions increased by \$69,409. 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.
- Charges for services revenue, which includes both ambulance revenue and wildland fire revenue, decreased \$231,527, due to a decrease in wildland deployments as a result of a less active season in 2022 compared to 2021.
- Expenses for the District increased about \$387,421 from the prior year, primarily due to costs on the issuance of COPs and bonds during 2022.
- Pension expense for the year ending June 30, 2022 was \$1,930,765, compared with \$2,387,292 in the year ending June 30, 2021.

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, 2022 and 2021

	Governmental Activities		Increase (decrease)
	2022	2021	
Program revenues:			
Charges for services	\$ 2,460,987	\$ 2,692,514	\$ (231,527)
Operating grants and contributions	149,355	79,946	69,409
General revenues:			
Property taxes	4,445,243	4,397,177	48,066
Fire District Assistance Tax	399,358	397,163	2,195
Investment earnings	24,566	38,046	(13,480)
Miscellaneous	<u>127,970</u>	<u>123,680</u>	<u>4,290</u>
Total revenues	<u>7,607,479</u>	<u>7,728,526</u>	<u>(121,047)</u>
Expenses:			
Public safety	7,441,273	7,415,871	25,402
Interest on long-term debt	<u>477,607</u>	<u>115,588</u>	<u>362,019</u>
Total expenses	<u>7,918,880</u>	<u>7,531,459</u>	<u>387,421</u>
Change in net position	(311,401)	197,067	(508,468)
Beginning net position, restated	<u>(7,362,909)</u>	<u>(7,559,976)</u>	<u>197,067</u>
Ending net position	<u>\$ (7,674,310)</u>	<u>\$ (7,362,909)</u>	<u>\$ (311,401)</u>

DISTRICT FUNDS FINANCIAL ANALYSIS

DRAFT

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, 2022, the governmental funds of the District reported a combined fund balance of \$8,958,392, which is an increase of \$2,011,930 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, 2022, total fund balance was \$2,302,348, of which \$30,313 was nonspendable because of prepaid items, \$472,625 was assigned for paying employee leave liabilities, and \$1,799,410 was unassigned for financial reporting purposes. Total General Fund balance decreased by \$585,044.

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, 2022, the ending fund balance in the Capital Projects fund was \$6,212,774. The increase in the fund balance of \$2,594,968 is primarily due to a transfer in from the general fund and the issuance of bonds.

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 increase in the fund balance was \$2,006.

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

Fry Fire District
Governmental Funds – Fund Balances
As of June 30, 2022 and 2021

Major funds	June 30, 2022		June 30, 2021	
	Amount	%	Amount	%
General	\$ 2,302,348	25.7 %	\$ 2,887,392	41.6 %
Capital	6,212,774	69.4	3,617,806	52.1
Debt services	443,270	4.9	441,264	6.4
Total fund balance	<u>\$ 8,958,392</u>	<u>100.0 %</u>	<u>\$ 6,946,462</u>	<u>100.0 %</u>

BUDGETARY HIGHLIGHTS

DRAFT

There were some variances of note for the fiscal year.

- Revenues were over budget by \$958,765. The district takes a conservative approach with budgeting wildland and ambulance revenues due to the uncertainty of each wildland season and ambulance transports within any given year. As a result wildland and ambulance revenues were \$369,000 and \$313,000 over budget.
- Expenses were over budget by \$17,325,426 primarily due to the issuance of 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.
- The issuance of the COPs also caused other financing sources to be over budget by \$15,781,617.

For more detailed information, see budget to actual comparison at page 59.

Fry Fire District
Condensed Budget to Actual - General Fund
As of June 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance with budget</u>
Total revenues	\$ 6,263,194	\$ 7,221,959	\$ 958,765
Total expenditures	<u>6,140,199</u>	<u>23,465,625</u>	<u>17,325,426</u>
Revenue over expenditures	122,995	(16,243,666)	(16,366,661)
Total other financing sources (uses)	<u>(122,995)</u>	<u>15,658,622</u>	<u>15,781,617</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (585,044)</u>	<u>\$ (585,044)</u>

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The District’s investment in capital assets for its governmental type activities as of June 30, 2022 totaled \$5,091,731 (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 \$1,768,037. 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 40 of this report.

Fry Fire District
Capital Assets (net of depreciation)
As of June 30, 2022 and 2021

	Governmental Activities		Increase (decrease)
	2022	2021	
Land	\$ 176,373	\$ 158,423	\$ 17,950
Construction in progress	1,995,884	463,943	1,531,941
Buildings and improvements	1,397,855	1,397,855	-
Equipment	2,377,119	2,254,120	122,999
Vehicles	4,406,173	4,343,911	62,262
Accumulated depreciation	<u>(5,261,673)</u>	<u>(4,947,567)</u>	<u>(314,106)</u>
	<u>\$ 5,091,731</u>	<u>\$ 3,670,685</u>	<u>\$ 1,421,046</u>

Long-Term Liabilities

At the end of the current fiscal year, the District had approximately \$40 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, 2022, the District had bonds payable outstanding of \$6,601,103. This debt currently requires annual debt service payments that consist of principal and interest of approximately \$548,000. During fiscal year 2022, the District issued Certificates of Participation (COPs) in the amount of \$17,360,000. As of June 30, 2022, the amount that is outstanding on the COPs was \$16,840,352, which is net of the unamortized discount. This debt currently requires annual debt service payments that consist of principal and interest of approximately \$937,000. 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. All debt is backed by the full faith and credit of the District. 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, 2022 of \$16,053,455. Relating to the District's participation in the Arizona State Retirement System (ASRS), a net pension liability is recorded at June 30, 2022 of \$233,884.

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

Fry Fire District
Long-term Liabilities
As of June 30, 2022 and 2021

	Governmental Activities		Increase (decrease)
	2022	2021	
Compensated absences	\$ 504,263	\$ 569,588	\$ (65,325)
Bonds payable	6,601,103	3,812,642	2,788,461
Certificate of participation	16,840,352	-	16,840,352
Financed purchases	-	12,683	(12,683)
Net pension/OPEB liability	<u>16,290,698</u>	<u>17,632,786</u>	<u>(1,342,088)</u>
Total noncurrent liabilities	<u>\$ 40,236,416</u>	<u>\$ 22,027,699</u>	<u>\$ 18,208,717</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 41 - 43 of this report.

ECONOMIC FACTORS AND FY 2023 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. During 2022 the district entered into an agreement with the town of Huachuca City to provide emergency services for peak time at 98 hours per week. The district is responsible to staffing during these hours and bills the Town of Huachuca City for all costs incurred. Billing only occurred for one quarter during 2022 but will be in effect for the entire year of 2023. In current and recent years the district has focused on operational efficiency to reduce expenses. The increase nontax revenues and operational efficiency has allowed the District to maintain the level of service provided. Assessed value for fiscal year 2023 increased 2.47% which results in increased tax revenue of \$190,988. This will allow the District to build its unrestricted reserve balance to meet future financial needs and ensure longterm financial stability.

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.

DRAFT

Basic Financial Statements

FRY FIRE DISTRICT

DRAFT

STATEMENT OF NET POSITION

JUNE 30, 2022

	<u>Governmental activities</u>
Assets:	
Cash and investments	\$ 5,517,340
Receivables:	
Property taxes	118,476
Ambulance, net	268,459
Other	190,539
Prepaid items	30,313
Lease receivables	362,684
Cash and investments, restricted	3,651,934
Capital assets, not depreciated	2,172,257
Capital assets, depreciated, net	2,919,474
Net pension/OPEB asset	<u>36,586</u>
Total assets	<u>15,268,062</u>
Deferred outflows of resources:	
Deferred outflows related to pensions/OPEB	<u>20,717,797</u>
Total deferred outflows of resources	<u>20,717,797</u>
Liabilities:	
Accounts payable	340,930
Accrued expenses	173,137
Accrued interest	77,954
Noncurrent liabilities:	
Due within one year	926,000
Due in more than one year	<u>39,310,416</u>
Total liabilities	<u>40,828,437</u>
Deferred inflows of resources:	
Deferred inflows related to pensions/OPEB	2,435,508
Deferred inflows related to leases	<u>396,224</u>
Total deferred inflows of resources	<u>2,831,732</u>
Commitments and contingencies	
Net position:	
Net investment in capital assets	2,142,562
Restricted: debt service	443,270
Unrestricted	<u>(10,260,142)</u>
Total net position	<u>\$ (7,674,310)</u>

See notes to financial statements.

FRY FIRE DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022

DRAFT

	<u>Governmental activities</u>
Expenses:	
Public safety:	
Communications and IT	\$ 110,106
Depreciation	346,991
Grants	114,829
Managerial	214,894
Payroll taxes and employee benefits	2,580,538
Professional services	333,801
Salaries and wages	3,249,940
Training and related	67,441
Utilities and station	105,645
Vehicles and equipment	317,088
Interest	<u>477,607</u>
Total program expenses	<u>7,918,880</u>
Program revenues:	
Charges for services	2,460,987
Operating grants and contributions	<u>149,355</u>
Total program revenues	<u>2,610,342</u>
Net program expense	<u>5,308,538</u>
General revenues:	
Property taxes	4,445,243
Fire district assistance tax	399,358
Investment earnings	24,566
Other	123,020
Gain on disposal of capital assets	<u>4,950</u>
Total general revenues	<u>4,997,137</u>
Change in net position	(311,401)
Net position, beginning of year	<u>(7,362,909)</u>
Net position, end	<u><u>\$ (7,674,310)</u></u>

FRY FIRE DISTRICT

DRAFT

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2022

	General fund	Capital projects	Debt service	Total governmental funds
Assets:				
Cash and investments	\$ 879,237	\$ 4,120,840	\$ 517,263	\$ 5,517,340
Receivables:				
Property taxes	105,858	-	12,618	118,476
Ambulance, net	268,459	-	-	268,459
Other	190,539	-	-	190,539
Prepaid items	30,313	-	-	30,313
Lease receivables	362,684	-	-	362,684
Due from other funds	1,560,000	-	-	1,560,000
Cash and investments, restricted	-	3,651,934	-	3,651,934
Total assets	<u>\$ 3,397,090</u>	<u>\$ 7,772,774</u>	<u>\$ 529,881</u>	<u>\$ 11,699,745</u>
Liabilities:				
Accounts payable	\$ 340,930	\$ -	\$ -	\$ 340,930
Accrued payroll and related benefits	173,137	-	-	173,137
Accrued interest	-	-	77,954	77,954
Due to other funds	-	1,560,000	-	1,560,000
Total liabilities	<u>514,067</u>	<u>1,560,000</u>	<u>77,954</u>	<u>2,152,021</u>
Deferred inflows of resources:				
Unavailable revenue - property taxes	72,535	-	8,657	81,192
Unavailable revenue - charges for services	111,916	-	-	111,916
Deferred inflows related to leases	396,224	-	-	396,224
Total deferred inflows of resources	<u>580,675</u>	<u>-</u>	<u>8,657</u>	<u>589,332</u>
Fund balance:				
Nonspendable:				
Prepaid items	30,313	-	-	30,313
Restricted:				
Debt service	-	-	443,270	443,270
Capital projects	-	3,651,934	-	3,651,934
Assigned to:				
Capital projects	-	2,560,840	-	2,560,840
Employee leave	472,625	-	-	472,625
Unassigned	1,799,410	-	-	1,799,410
Total fund balance	<u>2,302,348</u>	<u>6,212,774</u>	<u>443,270</u>	<u>8,958,392</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 3,397,090</u>	<u>\$ 7,772,774</u>	<u>\$ 529,881</u>	<u>\$ 11,699,745</u>

See notes to financial statements.

**RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION**

JUNE 30, 2022

Total fund balances - governmental funds	\$ 8,958,392
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.	5,091,731
Some receivables are not available to pay for current period expenditures and, therefore, are reported as deferred inflows in the funds.	193,108
Net pension/OPEB assets held in trust for future benefits are not available for District operations and, therefore, are not reported in the funds.	36,586
Certain liabilities are not due and payable in the current period and, therefore, are not reported in the funds:	
Accrued compensated absences	(504,263)
General obligation bonds payable	(6,601,103)
Certificates of participation	(16,840,352)
Net pension/OPEB liability	(16,290,698)
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	20,717,797
Deferred inflows of resources related to pensions/OPEB	<u>(2,435,508)</u>
Net position of governmental activities	<u>\$ (7,674,310)</u>

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2022

	<u>General fund</u>	<u>Capital projects</u>	<u>Debt service</u>	<u>Total governmental funds</u>
Revenues:				
Property taxes	\$ 3,968,414	\$ -	\$ 463,390	\$ 4,431,804
Fire district assistance tax	399,358	-	-	399,358
Charges for services	2,573,018	-	-	2,573,018
Grants and contributions	149,355	-	-	149,355
Investment earnings	8,794	7,552	8,220	24,566
Other	<u>123,020</u>	<u>-</u>	<u>-</u>	<u>123,020</u>
Total revenues	<u>7,221,959</u>	<u>7,552</u>	<u>471,610</u>	<u>7,701,121</u>
Expenditures:				
Public safety:				
Emergency operations	21,389,982	-	-	21,389,982
Administration	1,340,844	-	-	1,340,844
Capital outlay:				
Land	-	17,950	-	17,950
Buildings and improvements	-	1,531,941	-	1,531,941
Equipment	-	122,999	-	122,999
Vehicles	-	95,147	-	95,147
Debt service:				
Principal	182,683	-	330,000	512,683
Interest	354,701	-	139,604	494,305
Debt issuance costs	<u>197,415</u>	<u>136,386</u>	<u>-</u>	<u>333,801</u>
Total expenditures	<u>23,465,625</u>	<u>1,904,423</u>	<u>469,604</u>	<u>25,839,652</u>
Revenues over (under) expenditures	<u>(16,243,666)</u>	<u>(1,896,871)</u>	<u>2,006</u>	<u>(18,138,531)</u>
Other financing sources (uses):				
Transfers in	-	1,355,453	-	1,355,453
Transfers out	(1,355,453)	-	-	(1,355,453)
Proceeds from sale of capital assets	4,950	-	-	4,950
Certificates of participation issued	17,360,000	-	-	17,360,000
Discount on certificates of participation	(350,875)	-	-	(350,875)
Bonds issued	-	2,915,000	-	2,915,000
Premium on bonds	<u>-</u>	<u>221,386</u>	<u>-</u>	<u>221,386</u>
Total other financing sources	<u>15,658,622</u>	<u>4,491,839</u>	<u>-</u>	<u>20,150,461</u>
Net change in fund balances	(585,044)	2,594,968	2,006	2,011,930
Fund balances, beginning of year	<u>2,887,392</u>	<u>3,617,806</u>	<u>441,264</u>	<u>6,946,462</u>
Fund balances, end of year	<u>\$ 2,302,348</u>	<u>\$ 6,212,774</u>	<u>\$ 443,270</u>	<u>\$ 8,958,392</u>

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2022

Net change in fund balances - governmental funds	\$ 2,011,930
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	1,768,037
Depreciation expense	(346,991)
Gain on disposal of capital assets	4,950
Proceeds from sale of capital assets	(4,950)
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.	(98,592)
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	17,835,785
Pension/OPEB expense	(1,930,765)
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	65,325
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:	
Certificates of participation issued	(17,360,000)
Discount on certificates of participation	350,875
Bonds issued	(2,915,000)
Premium on bonds	(221,386)
Principal paid	512,683
Amortization of premium/discount	16,698
Change in net position of governmental activities	<u>\$ (311,401)</u>

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

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).

For the year ended June 30, 2022, the District implemented the provisions of GASB Statement No. 87, Leases, as amended, which establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. As a result, the District's financial statements have been modified to reflect the recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows or outflows of resources based on the contract payment provisions. Implementation of this standard had no impact on beginning net position or fund balances.

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)**YEAR ENDED JUNE 30, 2022**

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

Government-wide and fund financial statements (continued):

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.

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 and acquisitions under lease contracts 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)**YEAR ENDED JUNE 30, 2022****1. Description of organization and summary of significant accounting policies (continued):**

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

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.

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)**YEAR ENDED JUNE 30, 2022****1. Description of organization and summary of significant accounting policies (continued):****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.

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, 2022 is approximately \$675,000. 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2022

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

Leases (continued):

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.

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)**YEAR ENDED JUNE 30, 2022**

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

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.

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)**YEAR ENDED JUNE 30, 2022**

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

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.
- 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2022

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

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	\$ 405,168
--------------------	------------

Investments:

Cochise County Treasurer investment pool	5,112,172
Cochise County Treasurer investment pool - bond proceeds, restricted for capital purchases	<u>3,651,934</u>
	<u>\$ 9,169,274</u>

The Arizona Revised Statutes authorize the District to invest public monies in the State or County Treasurer's investment pool; interest-bearing savings accounts, certificates of deposit and repurchase agreements in eligible depositories; 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, 2022, deposits with financial institutions have a carrying value \$405,168 and a bank balance of \$404,426. The difference represents deposits in transit, outstanding checks, and other reconciling items at June 30, 2022.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2022

2. Cash and investments (continued):

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, 2022 were as follows:

	<u>Rating</u>	<u>Rating Agency</u>	<u>Amount</u>
Cochise County Treasurer's investment pool	Unrated	Not applicable	\$ 8,764,106

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.

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2022

2. Cash and investments (continued):

Investments (continued):

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.

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, 2022, 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	\$ 8,764,106	\$ 8,764,106	\$ -	\$ -	\$ -

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2022

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, 2022, the general fund transferred \$1,355,453 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, 2022, the District recognized total lease-related revenues of \$58,928.

6. Capital assets:

Capital asset activity for the period ended June 30, 2022 was as follows.

	Beginning balance	Increases	Decreases	Ending balance
Capital assets, not depreciated:				
Land	\$ 158,423	\$ 17,950	\$ -	\$ 176,373
Construction in progress	<u>463,943</u>	<u>1,531,941</u>	<u>-</u>	<u>1,995,884</u>
Total capital assets, not depreciated	<u>622,366</u>	<u>1,549,891</u>	<u>-</u>	<u>2,172,257</u>
Capital assets, depreciated:				
Buildings and improvements	1,397,855	-	-	1,397,855
Equipment	2,254,120	122,999	-	2,377,119
Vehicles	<u>4,343,911</u>	<u>95,147</u>	<u>(32,885)</u>	<u>4,406,173</u>
Total capital assets, depreciated	<u>7,995,886</u>	<u>218,146</u>	<u>(32,885)</u>	<u>8,181,147</u>
Less accumulated depreciation for:				
Buildings and improvements	(1,092,149)	(31,982)	-	(1,124,131)
Equipment	(1,669,970)	(90,153)	-	(1,760,123)
Vehicles	<u>(2,185,448)</u>	<u>(224,856)</u>	<u>32,885</u>	<u>(2,377,419)</u>
Total accumulated depreciation	<u>(4,947,567)</u>	<u>(346,991)</u>	<u>32,885</u>	<u>(5,261,673)</u>
Total capital assets, depreciated, net	<u>3,048,319</u>	<u>(128,845)</u>	<u>-</u>	<u>2,919,474</u>
Total capital assets, net	<u>\$ 3,670,685</u>	<u>\$ 1,421,046</u>	<u>\$ -</u>	<u>\$ 5,091,731</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2022

7. Changes in noncurrent liabilities:

A summary of the changes in noncurrent liabilities for the period ended June 30, 2022 was as follows:

	Beginning balance	Additions	Reductions	Ending balance	Due within one year
Compensated absences	\$ 569,588	\$ 198,644	\$ (263,969)	\$ 504,263	\$ 191,000
General obligation bonds:					
Series 2019 (A)	3,490,000	-	(330,000)	3,160,000	350,000
Series 2022 (B)	-	2,915,000	-	2,915,000	-
Unamortized premium	<u>322,642</u>	<u>221,386</u>	<u>(17,925)</u>	<u>526,103</u>	<u>-</u>
	3,812,642	3,136,386	(347,925)	6,601,103	350,000
Certificates of participation:					
Series 2021	-	17,360,000	(170,000)	17,190,000	385,000
Unamortized discount	<u>-</u>	<u>(350,875)</u>	<u>1,227</u>	<u>(349,648)</u>	<u>-</u>
	-	17,009,125	(168,773)	16,840,352	385,000
Financed purchases	12,683	-	(12,683)	-	-
Net pension liability	17,535,414	-	(1,248,075)	16,287,339	-
Net OPEB liability	<u>97,372</u>	<u>-</u>	<u>(94,013)</u>	<u>3,359</u>	<u>-</u>
	<u>\$ 22,027,699</u>	<u>\$ 20,344,155</u>	<u>\$ (2,135,438)</u>	<u>\$ 40,236,416</u>	<u>\$ 926,000</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 \$10,000,000 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2022

8. General obligation bonds (continued):

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.

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>
2023	\$ 350,000	\$ 197,818	\$ 547,818
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 - 2032	1,430,000	862,150	2,292,150
2033 - 2037	1,375,000	559,240	1,934,240
2038 - 2042	<u>1,920,000</u>	<u>213,175</u>	<u>2,133,175</u>
	<u>\$ 6,075,000</u>	<u>\$ 2,714,683</u>	<u>\$ 8,789,683</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, 2022

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>
2023	\$ 385,000	\$ 552,006	\$ 937,006
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 - 2032	2,685,000	2,440,206	5,125,206
2033 - 2037	3,125,000	1,999,491	5,124,491
2038 - 2042	3,700,000	1,422,352	5,122,352
2043 - 2047	4,430,000	694,138	5,124,138
2048 - 2052	<u>985,000</u>	<u>36,878</u>	<u>1,021,878</u>
	<u>\$ 17,190,000</u>	<u>\$ 9,299,514</u>	<u>\$ 26,489,514</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 (4.75% at June 30, 2022) 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, 2022

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, 2022, 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	\$ 233,884	\$ -	\$ 140,273	\$ 74,103	\$ 109,480
PSPRS - Tier 1 & 2	16,053,455	-	20,474,670	2,182,864	1,841,889
PSPRS - Tier 3 Risk Pool	-	23,669	79,017	26,220	(5,413)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2022

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	\$ -	\$ 8,867	\$ 848	\$ 7,280	\$ (1,181)
ASRS - long-term disability	372	-	1,108	755	360
PSPRS - Tier 1 & 2	2,987	-	21,757	142,559	(12,774)
PSPRS - Tier 3 Risk Pool	<u>-</u>	<u>4,050</u>	<u>124</u>	<u>1,727</u>	<u>(1,596)</u>
	<u>\$ 16,290,698</u>	<u>\$ 36,586</u>	<u>\$ 20,717,797</u>	<u>\$ 2,435,508</u>	<u>\$ 1,930,765</u>

The District's accrued payroll and related benefits includes \$14,868 of outstanding pension and OPEB contribution amounts payable to all plans for the year ended June 30, 2022.

The District reported \$17,835,785 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, 2022, 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, 2022

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, 2022, statute required active ASRS members to contribute at the actuarially determined rate of 12.41% (12.22% for retirement and 0.19% for long-term disability) of the members’ annual covered payroll, and statute required the District to contribute at the actuarially determined rate of 12.41% (12.01% for retirement, 0.21% for health insurance premium benefit, and 0.19% 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, 2022 were \$23,315. During fiscal year 2022, the District paid for the ASRS pension and OPEB contributions from the general fund.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2022

14. Pension and other postemployment benefits (continued):

Arizona State Retirement System (ASRS) (continued):

Pension liability - At June 30, 2022, the District reported a liability of \$233,884 for its proportionate share of the ASRS' net pension liability. The net pension liability was measured as of June 30, 2021. 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, 2020, to the measurement date of June 30, 2021. The total liabilities as of June 30, 2021, reflect changes in actuarial assumptions based on the results of an actuarial experience study for the 5-year period ended June 30, 2020, including decreasing the discount rate from 7.5% to 7.0% and changing the projected salary increases from 2.7 - 7.2% to 2.9 - 8.4%. 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, 2021. The District's proportion measured as of June 30, 2021 was 0.00178%, which was an increase of 0.00007 from its proportion measured as of June 30, 2020.

Pension expense and deferred outflows/inflows of resources - For the year ended June 30, 2022, the District recognized pension expense for ASRS of \$109,480. At June 30, 2022, 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	\$ 3,565	\$ -
Changes in assumptions or other inputs	30,442	-
Net difference between projected and actual earnings on pension plan investments	-	74,103
Changes in proportion and differences between employer contributions and proportionate share of contributions	82,951	-
Contributions subsequent to the measurement date	<u>23,315</u>	<u>-</u>
	<u>\$ 140,273</u>	<u>\$ 74,103</u>

The \$23,315 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, 2023.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2022

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>	
2023	\$ 80,538
2024	4,189
2025	(16,336)
2026	<u>(25,536)</u>
	<u>\$ 42,855</u>

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

Actuarial valuation date	June 30, 2020
Actuarial roll forward date	June 30, 2021
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, 2020 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 and by adding expected inflation.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2022

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 %	4.90 %
Fixed income - credit	20 %	5.20 %
Fixed income - interest rate sensitive	10 %	0.70 %
Real estate	<u>20 %</u>	5.70 %
	<u>100 %</u>	

Discount rate - At June 30, 2021, the discount rate used to measure the ASRS total pension liability was 7.0%, which was a decrease of 0.5 from the discount rate used as of June 30, 2020. 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	\$ 367,880	\$ 233,884	\$ 122,169

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, 2022

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).

Although a net pension asset and net OPEB asset has been recorded for the PSPRS Tier 3 Risk Pool at June 30, 2022, the cost-sharing plan has not been further disclosed because of its relative insignificance to the District's financial statements.

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:	Tier 2:	Tier 3:
	Before January 1, 2012	On or after January 1, 2012 and before July 1, 2017	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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2022

14. Pension and other postemployment benefits (continued):

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

	Initial membership date:		
	Tier 1:	Tier 2:	Tier 3:
	Before January 1, 2012	On or after January 1, 2012 and before July 1, 2017	On or after July 1, 2017
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%	
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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2022

14. Pension and other postemployment benefits (continued):

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

Employees covered by benefit terms - At June 30, 2022, 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	26	26
Inactive employees entitled to but not yet receiving benefits	2	1
Active employees	<u>32</u>	<u>32</u>
	<u>60</u>	<u>59</u>

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, 2022 are indicated below:

Active members - pension	7.65% - 11.65%
District:	
Pension	50.29 %
Health insurance	0.56 %

In addition, the District is required to contribute at the actuarially determined rate of 35.19% 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 plan for the year ended June 30, 2022 were \$17,759,677, and contributions to the OPEB plan were \$16,432. During fiscal year 2022, the District paid for the pension and OPEB contributions from the general fund.

Liability (asset) - At June 30, 2022, the District reported net pension liability of \$16,053,455 and a net OPEB liability of \$2,987. The net liabilities were measured as of June 30, 2021 and the total liability used to calculate the net liability was determined by an actuarial valuation as of that date.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2022

14. Pension and other postemployment benefits (continued):

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

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

Actuarial valuation date	June 30, 2021
Actuarial cost method	Entry age normal
Investment rate of return	7.3%
Wage inflation	3.5% for pension/not applicable for OPEB
Price inflation	2.5% for pension/not applicable for OPEB
Cost-of-living adjustment	1.75% for pension/not applicable for OPEB
Mortality rates	PubS-2010 tables
Healthcare cost trend rate	Not applicable

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, 2017.

The long-term expected rate of return on PSPRS pension plan investments was determined to be 7.3% 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 %	4.08 %
International public equity	16 %	5.20 %
Global private equity	20 %	7.67 %
Other assets (capital appreciation)	7 %	5.43 %
Core bonds	2 %	0.42 %
Private credit	20 %	5.74 %
Diversifying strategies	10 %	3.99 %
Cash - Mellon	1 %	(0.31)%
	<u>100 %</u>	

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2022

14. Pension and other postemployment benefits (continued):

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

Discount rate - At June 30, 2021, the discount rate used to measure the total pension/OPEB liability was 7.30%. 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)
	<u> </u>	<u> </u>	<u> </u>
Balances at June 30, 2021	\$ 29,435,340	\$ 12,196,692	\$ 17,238,648
Changes for the year:			
Service cost	572,118	-	572,118
Interest on the total pension liability	2,141,007	-	2,141,007
Differences between expected and actual experience in the measurement of the pension liability	1,238,648	-	1,238,648
Contributions - employer	-	1,431,774	(1,431,774)
Contributions - employee	-	240,321	(240,321)
Net investment income	-	3,481,172	(3,481,172)
Benefit payments, including refunds of employee contributions	(1,357,183)	(1,357,183)	-
Administrative expense	<u>-</u>	<u>(16,301)</u>	<u>16,301</u>
Net changes	<u>2,594,590</u>	<u>3,779,783</u>	<u>(1,185,193)</u>
Balances at June 30, 2022	<u>\$ 32,029,930</u>	<u>\$ 15,976,475</u>	<u>\$ 16,053,455</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2022

14. Pension and other postemployment benefits (continued):

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

Changes in the net OPEB liability -

	Total OPEB liability (a)	Plan fiduciary net position (b)	Net OPEB liability (a) - (b)
	<u> </u>	<u> </u>	<u> </u>
Balances at June 30, 2021	\$ 478,225	\$ 382,165	\$ 96,060
Changes for the year:			
Service cost	11,127	-	11,127
Interest on the total OPEB liability	34,789	-	34,789
Differences between expected and actual experience in the measurement of the OPEB liability	(19,604)	-	(19,604)
Contributions - employer	-	17,533	(17,533)
Net investment income	-	102,273	(102,273)
Benefit payments, including refunds of employee contributions	(25,571)	(25,571)	-
Administrative expense	<u>-</u>	<u>(421)</u>	<u>421</u>
Net changes	<u>741</u>	<u>93,814</u>	<u>(93,073)</u>
Balances at June 30, 2022	<u>\$ 478,966</u>	<u>\$ 475,979</u>	<u>\$ 2,987</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 7.3%, 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 (6.3%) or 1 percentage point higher (8.3%) than the current rate:

	1% decrease (6.3%)	Current discount rate (7.3%)	1% increase (8.3%)
	<u> </u>	<u> </u>	<u> </u>
District's net pension liability	\$ 20,782,559	\$ 16,053,455	\$ 12,239,660
District's net OPEB liability	\$ 58,368	\$ 2,987	\$ (43,371)

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, 2022

14. Pension and other postemployment benefits (continued):

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

Expense - For the year ended June 30, 2022, the District recognized pension expense for PSPRS of \$1,841,889 and OPEB expense (income) of \$(12,774).

Deferred outflows/inflows of resources - At June 30, 2022, 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	\$ 1,641,175	\$ 654,490	\$ -	\$ 96,782
Changes in assumptions	1,073,818	-	5,325	2,972
Net difference between projected and actual earnings on plan investments	-	1,528,374	-	42,805
Contributions subsequent to the measurement date	<u>17,759,677</u>	<u>-</u>	<u>16,432</u>	<u>-</u>
	<u>\$ 20,474,670</u>	<u>\$ 2,182,864</u>	<u>\$ 21,757</u>	<u>\$ 142,559</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, 2023. 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
2023	\$ 249,882	\$ (29,897)
2024	164,231	(30,204)
2025	(3,489)	(30,475)
2026	(298,808)	(29,397)
2027	243,363	(14,460)
Thereafter	<u>176,950</u>	<u>(2,801)</u>
	<u>\$ 532,129</u>	<u>\$ (137,234)</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2022

14. Pension and other postemployment benefits (continued):

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

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, 2022, 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.

DRAFT

Required Supplementary Information

FRY FIRE DISTRICT

DRAFT

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET TO ACTUAL - GENERAL FUND**

YEAR ENDED JUNE 30, 2022

	Budgeted amounts		Actual	Variance with final budget
	Original	Final		
Revenues:				
Property taxes	\$ 3,980,893	\$ 3,980,893	\$ 3,968,414	\$ (12,479)
Fire district assistance tax	400,000	400,000	399,358	(642)
Charges for services	1,703,200	1,703,200	2,573,018	869,818
Grants and contributions	130,000	130,000	149,355	19,355
Investment earnings	14,000	14,000	8,794	(5,206)
Other	35,101	35,101	123,020	87,919
Total revenues	<u>6,263,194</u>	<u>6,263,194</u>	<u>7,221,959</u>	<u>958,765</u>
Expenditures:				
Public safety:				
Emergency operations	4,697,810	4,697,810	21,389,982	16,692,172
Administration	1,442,389	1,442,389	1,340,844	(101,545)
Debt service	-	-	734,799	734,799
Total expenditures	<u>6,140,199</u>	<u>6,140,199</u>	<u>23,465,625</u>	<u>17,325,426</u>
Revenues over expenditures	<u>122,995</u>	<u>122,995</u>	<u>(16,243,666)</u>	<u>(16,366,661)</u>
Other financing sources (uses):				
Transfers out	(122,995)	(122,995)	(1,355,453)	(1,232,458)
Proceeds from sale of capital assets	-	-	4,950	4,950
Certificates of participation issued	-	-	17,360,000	17,360,000
Discount on certificates of participation	-	-	(350,875)	(350,875)
Total other financing sources (uses)	<u>(122,995)</u>	<u>(122,995)</u>	<u>15,658,622</u>	<u>15,781,617</u>
Net change in fund balance	-	-	(585,044)	(585,044)
Fund balance, beginning of year	-	-	2,887,392	2,887,392
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,302,348</u>	<u>\$ 2,302,348</u>

FRY FIRE DISTRICT

DRAFT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION/OPEB LIABILITY - COST SHARING PLAN (ASRS)

YEAR ENDED JUNE 30, 2022

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

Reporting date (Measurement date)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	2014 (2013)	2013 (2012)
District's proportion of the net pension liability	0.001780 %	0.001710 %	- %	- %	- %	- %	- %	- %	- %	- %
District's proportionate share of the net pension liability	\$ 233,884	\$ 296,283	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 199,914	\$ 65,790	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	117 %	450 %	- %	- %	- %	- %	- %	- %	- %	- %
Plan fiduciary net position as a percentage of total pension liability	79 %	69 %	- %	- %	- %	- %	- %	- %	- %	- %

FRY FIRE DISTRICT

DRAFT

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS - AGENT RETIREMENT PLAN (PSPRS)

YEAR ENDED JUNE 30, 2022

(schedule to be built prospectively from 2015; 2014 - 2013 information not available)

Reporting date (Measurement date)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	2014 (2013)	2013 (2012)
Total pension liability										
Service cost	\$ 572,118	\$ 590,218	\$ 612,790	\$ 591,000	\$ 616,597	\$ 507,061	\$ 509,210	\$ 522,125	\$ -	\$ -
Interest	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	1,238,648	464,888	(842,004)	(175,939)	686,270	(30,760)	(255,469)	(900,170)	-	-
Assumption changes	-	-	658,689	-	864,466	921,105	-	2,380,341	-	-
Benefit payments, including refunds of employee contributions	(1,357,183)	(1,335,708)	(1,349,142)	(1,313,153)	(1,077,321)	(1,010,072)	(978,195)	(1,094,095)	-	-
Net change in total pension liability	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>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>\$ 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>	<u>\$ -</u>
Plan fiduciary net position										
Adjustment to beginning of year	\$ -	\$ (75,239)	\$ (16,296)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions - employer	1,431,774	1,228,795	1,208,155	1,495,352	1,068,196	1,072,871	835,895	717,789	-	-
Contributions - employee	240,321	218,825	224,395	235,228	555,844	419,779	309,556	271,334	-	-
Pension plan net investment income	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	(1,357,183)	(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	(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	3,779,783	162,304	674,437	745,123	1,596,889	397,480	484,902	573,460	-	-
Plan fiduciary net position, beginning	<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>\$ 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>	<u>\$ -</u>
Net pension liability, ending (a) - (b)	\$ 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	49.88 %	41.44 %	43.45 %	42.62 %	41.34 %	39.87 %	43.94 %	42.14 %	- %	- %
Covered valuation payroll	\$ 2,900,880	\$ 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	553.40 %	723.33 %	629.19 %	581.91 %	576.47 %	519.48 %	414.28 %	430.27 %	- %	- %

FRY FIRE DISTRICT

DRAFT

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS - AGENT RETIREMENT PLAN (PSPRS)

YEAR ENDED JUNE 30, 2022

(schedule to be built prospectively from 2018; 2017 - 2013 information not available)

Reporting date (Measurement date)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	2014 (2013)	2013 (2012)
Total OPEB liability										
Service cost	\$ 11,127	\$ 11,926	\$ 8,146	\$ 8,409	\$ 9,144	\$ -	\$ -	\$ -	\$ -	\$ -
Interest on total OPEB liability	34,789	35,493	38,568	38,903	39,443	-	-	-	-	-
Changes of benefit changes	-	-	-	-	22	-	-	-	-	-
Difference between expected and actual experience	(19,604)	(23,983)	(74,384)	(28,926)	(12,200)	-	-	-	-	-
Assumption changes	-	-	8,518	-	(8,007)	-	-	-	-	-
Benefit payments	(25,571)	(25,842)	(26,533)	(27,153)	(29,318)	-	-	-	-	-
Net change in total OPEB liability	741	(2,406)	(45,685)	(8,767)	(916)	-	-	-	-	-
Total OPEB liability, beginning	478,225	480,631	526,316	535,083	535,999	-	-	-	-	-
Total OPEB liability, ending (a)	\$ 478,966	\$ 478,225	\$ 480,631	\$ 526,316	\$ 535,083	\$ -	\$ -	\$ -	\$ -	\$ -
Plan fiduciary net position										
Adjustment to beginning of year	\$ -	\$ -	\$ 16,296	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions - employer	17,533	18,490	20,207	7,396	21,000	-	-	-	-	-
Contributions - employee	-	-	-	-	-	-	-	-	-	-
Net investment income	102,273	4,742	19,171	23,824	37,794	-	-	-	-	-
Benefit payments	(25,571)	(25,842)	(26,533)	(27,153)	(29,318)	-	-	-	-	-
Administrative expenses	(421)	(386)	(331)	(363)	(335)	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Net change in fiduciary net position	93,814	(2,996)	28,810	3,704	29,141	-	-	-	-	-
Plan fiduciary net position, beginning	382,165	385,161	356,351	352,647	323,506	-	-	-	-	-
Plan fiduciary net position, ending (b)	\$ 475,979	\$ 382,165	\$ 385,161	\$ 356,351	\$ 352,647	\$ -	\$ -	\$ -	\$ -	\$ -
Net OPEB liability (asset), ending (a) - (b)	\$ 2,987	\$ 96,060	\$ 95,470	\$ 169,965	\$ 182,436	\$ -	\$ -	\$ -	\$ -	\$ -
Plan fiduciary net position as a percentage of total OPEB liability	99.38 %	79.91 %	80.14 %	67.71 %	65.91 %	- %	- %	- %	- %	- %
Covered valuation payroll	\$ 2,900,880	\$ 2,383,228	\$ 2,489,752	\$ 2,627,836	\$ 2,612,698	\$ -	\$ -	\$ -	\$ -	\$ -
Net OPEB liability as a percentage of covered valuation payroll	0.10 %	4.03 %	3.83 %	6.47 %	6.98 %	- %	- %	- %	- %	- %

FRY FIRE DISTRICT
SCHEDULE OF PENSION/OPEB CONTRIBUTIONS
YEAR ENDED JUNE 30, 2022

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

Reporting fiscal year	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Statutorily required contribution	\$ 23,315	\$ 23,290	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>23,315</u>	<u>23,290</u>	<u>-</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	\$ 194,130	\$ 199,914	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions as a percentage of covered payroll	12.01 %	11.65 %	- %	- %	- %	- %	- %	- %	- %	- %

FRY FIRE DISTRICT

DRAFT

SCHEDULE OF PENSION/OPEB CONTRIBUTIONS (CONTINUED)

YEAR ENDED JUNE 30, 2022

PSPRS Pension (schedule to be built prospectively from 2015; 2014 - 2013 information not available)

Reporting fiscal year	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Actuarially determined contribution	\$ 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>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>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 92,007</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 3,004,270	\$ 2,900,880	\$ 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	591.15 %	49.50 %	48.53 %	56.90 %	37.36 %	40.98 %	30.23 %	27.65 %	- %	- %

PSPRS Health (schedule to be built prospectively from 2018; 2017 - 2013 information not available)

Reporting fiscal year	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Actuarially determined contribution	\$ 16,432	\$ 18,678	\$ 20,207	\$ 7,396	\$ 21,000	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the actuarially determined contribution	<u>16,432</u>	<u>18,678</u>	<u>20,207</u>	<u>7,396</u>	<u>21,000</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	\$ 3,004,270	\$ 2,900,880	\$ 2,383,228	\$ 2,489,752	\$ 2,627,836	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions as a percentage of covered payroll	0.55 %	0.64 %	0.81 %	0.28 %	0.80 %	- %	- %	- %	- %	- %

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2022

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 2020 actuarial valuation	16 years
Asset valuation method	7-year smoothed market; 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%.
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%.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)

YEAR ENDED JUNE 30, 2022

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.

DRAFT



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									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Governmental Activities										
Net investments in capital assets	\$ 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	\$ 2,023,726
Restricted	443,270	441,264	430,877	3,641,003	-	-	-	-	-	-
Unrestricted	(10,260,142)	(9,561,229)	(9,160,888)	(12,891,684)	(8,871,169)	2,331,387	2,827,055	2,669,453	2,400,368	2,293,515
Total governmental activities net position	<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>	<u>\$ 4,317,241</u>

Source: District financial records.

FRY FIRE DISTRICT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

	Fiscal year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Expenses										
Governmental activities:										
Public Safety	\$ 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	\$ 5,575,194
Interest on long-term debt	477,607	115,588	144,148	37,647	-	-	-	-	-	-
Total primary government expenses	<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>	<u>5,575,194</u>
Program revenues										
Governmental activities:										
Charges for services	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	1,256,441
Capital grants and contributions	-	-	-	-	-	-	-	66,684	15,546	-
Operating grants and contributions	149,355	79,946	216,413	282,787	122,303	66,885	270,288	40,016	-	33,052
Total primary government program revenues	<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>	<u>1,289,493</u>
Total primary government net expenses	<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>	<u>(4,285,701)</u>
General revenues and other changes in net position										
Property taxes	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	3,662,339
Fire district assistance tax	399,358	397,163	400,000	405,384	395,683	398,028	386,269	400,744	396,206	390,400
Investment earnings	24,566	38,046	127,554	48,841	25,603	15,001	16,627	14,299	9,912	14,141
Other	123,020	67,674	49,134	64,297	25,562	51,931	64,369	55,331	52,513	49,105
Gain on sale of capital assets	4,950	56,006	17,910	-	16,200	-	-	-	-	30,000
Total primary government	<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>	<u>4,145,985</u>
Change in net position										
Total primary government	<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>	<u>\$ (139,716)</u>

Source: District financial records.

FRY FIRE DISTRICT
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

	Fiscal year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
General fund										
Nonspendable	\$ 30,313	\$ 48,257	\$ 43,304	\$ 24,616	\$ 51,053	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	472,625	395,982	394,032	320,994	320,753	508,114	505,156	501,707	458,782	455,560
Unassigned	<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>	<u>678,206</u>
Total general fund	<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>	<u>\$ 1,133,766</u>
All other governmental funds										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	4,095,204	2,352,960	3,946,730	3,641,003	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	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	1,159,749
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>\$ 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>	<u>\$ 1,159,749</u>

Source: District financial records.

FRY FIRE DISTRICT

DRAFT

CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS AND DEBT SERVICE RATIO

LAST TEN FISCAL YEARS

(Modified Accrual Basis of Accounting)

	Fiscal year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Revenues										
Property taxes	\$ 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	\$ 3,662,339
Fire district assistance tax	399,358	397,163	400,000	405,384	395,683	398,028	386,269	400,744	396,206	390,400
Charges for services	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	1,256,441
Grants and contributions	149,355	79,946	216,413	282,787	122,303	66,884	270,288	106,700	15,546	33,052
Investment earnings	24,566	38,046	127,554	48,841	25,603	30,725	16,627	14,299	9,912	14,141
Other	123,020	67,674	49,134	64,297	25,562	36,207	64,368	55,331	52,512	49,105
Total revenues	<u>7,701,121</u>	<u>7,638,781</u>	<u>6,878,732</u>	<u>6,448,343</u>	<u>5,940,675</u>	<u>5,658,454</u>	<u>6,080,501</u>	<u>5,757,918</u>	<u>5,335,145</u>	<u>5,405,478</u>
Expenditures										
Public Safety	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	5,214,643
Capital outlay	1,768,037	2,231,325	315,613	140,317	562,855	38,892	282,993	92,146	94,079	108,881
Debt service:										
Principal	512,683	306,176	15,988	371,522	-	-	-	-	-	-
Interest	494,305	208,850	96,647	12,798	-	-	-	-	-	-
Debt issuance costs	<u>333,801</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>25,839,652</u>	<u>8,931,103</u>	<u>5,896,926</u>	<u>6,333,212</u>	<u>6,034,148</u>	<u>6,154,122</u>	<u>5,922,899</u>	<u>5,488,833</u>	<u>5,228,292</u>	<u>5,323,524</u>
Revenues under expenditures	<u>(18,138,531)</u>	<u>(1,292,322)</u>	<u>981,806</u>	<u>115,131</u>	<u>(93,473)</u>	<u>(495,668)</u>	<u>157,602</u>	<u>269,085</u>	<u>106,853</u>	<u>81,954</u>
Other financing sources (uses)										
Proceeds from sale of capital assets	4,950	57,300	17,910	-	16,200	-	-	-	-	30,000
Issuance of bonds payable	3,136,386	-	-	4,123,554	-	-	-	-	-	-
Issuance of lease obligations	-	-	44,847	-	371,522	-	-	-	-	-
Issuance of certificates of participation	<u>17,009,125</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>20,150,461</u>	<u>57,300</u>	<u>62,757</u>	<u>4,123,554</u>	<u>387,722</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,000</u>
Net change in fund balances	<u>\$ 2,011,930</u>	<u>\$ (1,235,022)</u>	<u>\$ 1,044,563</u>	<u>\$ 4,238,685</u>	<u>\$ 294,249</u>	<u>\$ (495,668)</u>	<u>\$ 157,602</u>	<u>\$ 269,085</u>	<u>\$ 106,853</u>	<u>\$ 111,954</u>
Debt service as a percentage of noncapital expenditures	<u>4.18 %</u>	<u>7.69 %</u>	<u>2.02 %</u>	<u>6.21 %</u>	<u>- %</u>	<u>- %</u>	<u>- %</u>	<u>- %</u>	<u>- %</u>	<u>- %</u>

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	
2013	\$ 16,360,731	\$ 19,346,610	\$ 82,940,206	\$ 20,526,216	\$ -	\$ 6,249,891	\$ 132,923,872	\$ 2.7500	\$ 1,237,378,282	10.74 %
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

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	
2013	\$ 2.7500	\$ -	\$ 2.7500	\$ 2.6276	\$ 0.4717	\$ 4.5133	\$ 1.7329	\$ 0.1451	\$ 0.2597	\$ 0.5000	\$ 13.0003
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

Source: Cochise County Tax Assessor

FRY FIRE DISTRICT

DRAFT

PRINCIPAL PROPERTY TAXPAYERS

CURRENT AND NINE YEARS AGO

		June 30, 2022	
Taxpayer	Type of business	Assessed value	Percent of total assessed valuation
Sulpher Springs Valley Electric	Utility	\$ 1,464,181	1.18 %
Vista View Resorts LLC	Real Estate	1,058,491	0.86
4029 Golden LLC	Real Estate	685,457	0.55
Southwest Gas Corporation (T&D)	Utility	653,654	0.53
Pueblo Del Sol Water Company	Utility	605,046	0.49
Qwest Corporation	Telecommunications	430,108	0.35
Stewart Title & Trust	Real Estate	371,429	0.30
Boyd Sierra Vista GSA, LLC	Real Estate	369,575	0.30
D&G Greer Property 3 LLC	Real Estate	308,131	0.25
Bella Vista Water Co Inc	Utility	303,743	0.25
		<u>\$ 6,249,815</u>	<u>5.06 %</u>
Total assessed value		<u>\$ 123,630,207</u>	

		June 30, 2013	
Taxpayer	Type of business	Assessed value	Percent of total assessed valuation
Brown Garold P Family LP	Real Estate	\$ 1,154,962	0.87 %
Qwest Corporation	Telecommunications	949,466	0.71
Sulpher Springs Valley Electric	Utility	839,086	0.63
Brown Garold C Family LP	Real Estate	786,285	0.59
Pueblo Del Sol Water Company	Utility	742,538	0.56
Haymore Plaza Associates	Real Estate	685,396	0.52
SV Central Storage LLC	Commercial	483,364	0.36
Pima Plaza LLC	Real Estate	473,281	0.36
Greer Debra & Garry	Manufacturing	351,005	0.26
Southwest Gas Corporation (T&D)	Utility	336,253	0.25
		<u>\$ 6,801,636</u>	<u>5.11 %</u>
Total assessed value		<u>\$ 132,923,872</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
2013	\$ -	\$ -	\$ -	\$ -	- %	\$ -	\$ -	- %
2014	-	-	-	-	-	-	-	-
2015	-	-	-	-	-	-	-	-
2016	3,499,659	(78)	3,499,581	3,493,819	99.8	3,844	3,497,663	99.9
2017	3,467,392	(119)	3,467,273	3,439,944	99.2	25,506	3,465,450	99.9
2018	3,591,348	245	3,591,593	3,460,354	96.4	128,876	3,589,230	99.9
2019	3,703,000	(426)	3,702,574	3,598,410	97.2	100,989	3,699,399	99.9
2020*	4,264,840	(409)	4,264,431	4,150,316	97.3	111,065	4,261,381	99.9
2021	4,390,118	(1,263)	4,388,855	4,302,627	98.0	81,536	4,384,163	99.9
2022	4,443,847	(1,254)	4,442,593	4,333,471	97.5	-	4,333,471	97.5

Source: Cochise County Treasurer

Note: Information from fiscal year 2013 through 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
2013	\$ -	\$ 7,996,052	\$ -	\$ -	\$ -	- %	-
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

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)
2013	\$ -	\$ -	\$ -	- %	\$ -
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

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, 2021 *	Estimated percentage applicable	Estimated share of overlapping debt
Debt repaid with property taxes:			
Cochise County	\$ -	- %	\$ -
Palominas School District	417,299	24.20	100,995
Cochise County Junior College	18,055,000	24.20	<u>4,369,697</u>
Subtotal, overlapping debt			4,470,692
Fry Fire District direct debt			<u>23,441,455</u>
Total direct and overlapping debt			<u><u>\$ 27,912,147</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, 2021 is the most recent information available.

**FRY FIRE DISTRICT
LEGAL DEBT MARGIN INFORMATION**

LAST TEN FISCAL YEARS

	Fiscal year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Net assessed value	\$ 123,630,207	\$ 122,972,129	\$ 118,877,849	\$ 116,267,430	\$ 114,185,635	\$ 115,559,434	\$ 117,979,998	\$ 124,142,951	\$ 129,529,355	\$ 133,267,537
Debt limit rate	6 %	6 %	6 %	6 %	6 %	6 %	6 %	6 %	6 %	6 %
Debt limit	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	7,996,052
Less bond obligations	(6,601,103)	(3,812,642)	(4,123,554)	(4,123,554)	-	-	-	-	-	-
Legal debt margin	<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>	<u>\$ 7,996,052</u>
Total net debt applicable to the limit as a percentage of debt limit	88.99 %	51.85 %	58.22 %	59.11 %	5.42 %	- %	- %	- %	- %	- %

DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST TEN FISCAL YEARS

<u>Fiscal year</u>	<u>Population (Cochise County)</u>	<u>Personal income (thousands of dollars)</u>	<u>Per capita income (Cochise County)</u>	<u>Unemployment rate (Cochise County)</u>
2013	130,752	4,535,292	34,686	9.7
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

Sources: Office of Economic Opportunity - Arizona Labor Statistics

FRY FIRE DISTRICT

DRAFT

PRINCIPAL EMPLOYERS

CURRENT AND NINE YEARS AGO

Employer	June 30, 2021	
	Employees	Rank
Trade, Transportation, Utilities	6,100	1
State & Local Government	5,800	2
Federal Government	4,800	3
Professional & Business Services	4,700	4
Education & Health services	4,300	5
Leisure & Hospitality	3,000	7
Natural Resources and Construction	3,600	6
Financial Activities	900	8
Other Services (except Public Administration)	700	9
Manufacturing	700	10
Total	<u>34,600</u>	

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	<u>13,446</u>	

Source: Cochise College Center for Economic Research

Note 1: 2021 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 2021 and by specific employer in 2015

FRY FIRE DISTRICT
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

Function	Fiscal year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Public safety										
Fire prevention inspections	313	286	254	267	281	260	230	20	251	195
Emergency medical service calls	3,409	2,695	2,368	2,229	2,428	2,582	2,837	1,115	1,354	2,380
Patient transports	2,106	1,859	1,642	1,565	1,663	1,603	1,912	1,969	1,602	1,403
Fire responses	59	66	55	61	94	99	102	31	88	30
Other responses - including hazardous materials, mutual aid, public service	669	603	782	729	654	584	523	351	435	206
Miscellaneous - including false alarms, good intent	254	237	467	435	739	398	286	348	384	342

Source: Various District departments

FRY FIRE DISTRICT
FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS

Function	Fiscal year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Public Safety										
Fire and rescue service	45	45	39	39	37	36	36	37	40	42
Fire prevention	1	1	1	1	1	1	1	1	1	1
Administrative and support	5	5	4	5	4	4	6	6	6	6
Total	51	51	44	45	42	41	43	44	47	49

Source: District HR department

FRY FIRE DISTRICT
CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS

Function	Fiscal year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Public safety										
Number of Stations	3	3	3	3	3	3	3	3	3	3
Equipment:										
Ambulances	5	5	5	5	5	5	5	5	5	5
Engines	5	5	8	8	9	9	9	9	9	9
Brush rigs	2	2	2	2	2	2	2	2	2	2
Rescue units	2	2	1	1	1	1	1	1	1	1
Tenders	2	2	2	2	2	2	2	2	2	2
Support units	5	7	6	6	5	5	5	5	5	4
UTV/ATV	1	1	1	1	-	-	-	-	-	-

Source: District capital assets records

DRAFT

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, 2022 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