

**TRI-CITY FIRE DISTRICT**  
**FINANCIAL STATEMENTS**  
**June 30, 2023**

**Saunders Company, Ltd**  
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# TRI-CITY FIRE DISTRICT

## FINANCIAL STATEMENTS

June 30, 2023

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# TRI-CITY FIRE DISTRICT

## FINANCIAL STATEMENTS

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# SAUNDERS COMPANY, LTD

JAMES H. SAUNDERS, CPA, CFE, CGFM, PI, AUDIT PARTNER

TRICIA E. SAUNDERS, PI, AUDITOR

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CERTIFIED PUBLIC ACCOUNTANT  
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Arizona Society of Certified Public Accountants

Arizona Association of Licensed Private Investigators

International Association of Certified Fraud Examiners  
Arizona Association of Certified Fraud Examiners

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## INDEPENDENT AUDITOR'S REPORT

To the Governing Board

Tri-City Fire District

Claypool, Arizona

### Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Tri-City Fire District (the District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the 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, each major fund, and the aggregate remaining fund information of the Tri-City Fire District, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof 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 of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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 the 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.

### Auditor's 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 auditor's 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.

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

- λ Exercise professional judgment and maintain professional skepticism throughout the audit.
- λ 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.
- λ 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 the District's internal control. Accordingly, no such opinion is expressed.
- λ 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.
- λ Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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 Net Pension and OPEB 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 Legal and Regulatory Requirements**

Arizona Revised Statutes require disclosure of certain additional supplementary information required to comply with section 48-251 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by statute as 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 and *Government Auditing Standards*, 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.

Arizona Revised Statutes require disclosure of certain additional supplementary information required to comply with section 9-956 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Arizona State Fire Marshal as mandated by statute as 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.

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**Other Information**

In accordance with *Government Auditing Standards*, we have also issued our report dated February 15, 2024, on our consideration of the 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 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 the 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 the District's internal control over financial reporting and compliance.

Saunders Company, Ltd.  
Glendale, Arizona  
February 15, 2024

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# **TRI-CITY FIRE DISTRICT**

## **Management's Discussion and Analysis of Basic Financial Statements**

**June 30, 2023**

The following discussion and analysis of the Tri-City Fire District (the district's) financial performance presents management's overview of the District's financial activities for the year ended June 30, 2023. Please read it in conjunction with the District's basic financial statements which begin immediately following this analysis. This annual financial report consists of two parts, Management's Discussion and Analysis (this section) and the Basic Financial Statements.

### **Nature of Operations**

The Tri-City Fire District provides Fire and Ambulance services to homes, property and persons residing within the District and CON boundaries, as well as services to locations and persons outside the District thru mutual aid agreements and contracts.

### **Results of Operations**

Description of things District has done in 2022-2023 fiscal year:

Approximately 423 Fire calls including non-medical incidents.

- λ Approximately 3546 Medical Emergency calls
- λ Collaborated with Gila Community College for AAS Programs as well as Fire Science and other programs. TCFD provides the instructors for these programs
- λ The fire district was not involved in as many community projects during the year due to the Covid-19 situation and staffing issues. We had to cancel our fire prevention education to our local school children during the first week in October and our Annual Open House for the community for the fourth year in a row.
- λ The District has been active in securing grants for new equipment and looking for other grants that will benefit our department and the community The City of Globe donated the land and building on 1300 Jesse Hays Road which currently houses Station 41, to the District. We can now upgrade the building for our personnel.
- λ The District has met or exceeded the Strategic Plan set in place 5 years ago for Tri-City Fire District.
- λ Performed training exercises for local copper mines.

### **Financial Highlights**

- λ District investment in net capital assets decreased by \$170,351 or 13.72%.
- λ The District's total net position decreased \$98,967 or 8.02% from the previous fiscal year.
- λ Total revenues increased \$3,682 or 0.09% over the previous fiscal year.

- λ At the end of the current fiscal year, unrestricted net position for the Governmental Activities was \$64,691.

**Overview of the Financial Statements**

This discussion and analysis are intended to serve as an introduction to the District’s basic financial statements. The District’s 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.

The main purpose of these statements is to provide the reader with sufficient information to assess whether or not the District’s overall financial position has improved or deteriorated.

**Government - Wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the District’s finances, in a manner similar to private-sector business.

The statement of net position presents information on all of the District’s assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the District’s net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

**Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, use fund accounting to ensure and demonstrate compliance with finance related legal requirements.

**Net Position June 30, 2023**

	BALANCE <u>06/30/22</u>	BALANCE <u>06/30/23</u>
Net Investment in Capital Assets	\$ 1,241,354	\$ 1,071,003
Unrestricted	<u>(6,693)</u>	<u>64,691</u>
<b>Total Net Position</b>	<b><u>\$ 1,234,661</u></b>	<b><u>\$ 1,135,694</u></b>

**Government -Wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. In the case of Tri-City Fire District total net position at the close of the most recent fiscal year was \$1,135,694.

A large portion of the District’s net position reflects its investment in capital assets (e.g., land, construction in progress, buildings, machinery, vehicles, and equipment); less any related debt still outstanding used to acquire those assets. 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 its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The following page contains a comparative analysis between the current and the prior fiscal year for the government -wide statements.

<b>Condensed Statement of Net Position</b>		
<b>Governmental Activities</b>		
	<u>2022</u>	<u>2023</u>
<b>Assets</b>		
Current and other assets	\$ 1,623,000	\$ 1,346,414
Net Pension/OPEB Assets	58,353	29,907
Capital assets, not being depreciated	50,000	50,000
Capital assets, being depreciated, net	<u>1,191,354</u>	<u>1,071,003</u>
Total assets	2,922,707	2,447,324
Deferred outflow of resources	<u>1,558,290</u>	<u>1,687,028</u>
<b>Liabilities</b>		
Current liabilities	248,430	235,812
Net Pension/OPEB Liability	1,276,585	2,262,587
Non-Current liabilities	<u>119,417</u>	<u>106,085</u>
Total liabilities	1,644,432	2,604,484
Deferred inflow of resources	<u>1,601,904</u>	<u>394,174</u>
<b>Net position:</b>		
Net investment in capital assets	1,241,354	1,071,003
Unrestricted	<u>(6,693)</u>	<u>64,691</u>
Total Net Position	<u>\$ 1,234,661</u>	<u>\$ 1,135,694</u>

The unrestricted net position was \$64,691 and was available to meet the District’s ongoing obligations.

**Governmental Activities**

Most of the revenues for the District were derived from assessed property taxes and Fire District Assistance Tax from the County. On a cash basis, the District had ambulance revenues of \$2,656,962 for the fiscal year, an increase from last fiscal year. The District

also normally receives between \$60,000 and \$110,000 per year from contracts for fire service.

Governmental Activities net position decreased by \$ 98,967.

Key elements of this decrease are reported below:

**Statement of Activities**

	<u>Governmental Activities</u>	
	<u>2022</u>	<u>2023</u>
<b>Expenditures:</b>		
Public Safety :		
Personnel	\$ 3,436,327	\$ 3,311,095
Operations	758,248	993,213
Administration	46,275	130,132
Depreciation	<u>170,350</u>	<u>170,351</u>
Total Expenditures	<u>4,411,200</u>	<u>4,604,791</u>
<b>Program Revenues:</b>		
Fees for services	<u>3,151,494</u>	<u>3,089,850</u>
Total Program Revenues	<u>3,151,494</u>	<u>3,089,850</u>
Net Program Expenditures	<u>1,259,706</u>	<u>1,514,941</u>
<b>General Revenues:</b>		
Property Taxes	808,968	844,682
Fire District Assistance Tax	67,234	71,201
Smart & Safe AZ Tax	50,659	64,441
Gain on pension Investments	0	322,021
Interest Earnings	8,992	13,421
Miscellaneous	<u>93,650</u>	<u>100,208</u>
Total General Revenues	<u>1,029,503</u>	<u>1,415,974</u>
Increase ( Decrease) in net position	(230,203)	(98,967)
Net position, Beginning of the Year	<u>1,464,864</u>	<u>1,234,661</u>
Net position, End of the Year	<u>\$ 1,234,661</u>	<u>\$ 1,135,694</u>

**General Fund Budgetary Highlights**

On the cash basis, our expenses exceeded our revenues by \$319,704. This amount is due to high personnel overtime, increase in health benefits and vehicle maintenance.

The Fire Chief and Finance Manager strive to keep the District's budget on track and not allow frivolous spending or purchasing of items that are not essential. The trust of our tax payers is very important to us.

The District over-spent two line items. The operations budget line was overspent by \$154,061 and was due to costs associated with the ongoing COVID Pandemic as well as increased fuel and maintenance costs. The administration budget line was overspent by \$72,832. This was due to differences between the budget and line items in the accounting system.



The legal compliance of budgeting for Special Districts in Arizona is at the fund level. The District did not overspend its budget at the fund level. Actual expenses were \$619,671 below the approved expense budget.

**Capital Assets and Non-Current Liabilities**

**Capital Assets**

In order to continue to provide the best service possible, the District spends a portion of the budget on fixed asset acquisition and capital projects.

During the past fiscal year the district did not purchase any large capital items and did not acquire any new note payable agreements. We have placed a portion of our budget into Capital Reserve for future purchases of Fire Trucks, Ambulances and Fire Station remodel.

**Capital Assets, Net of Depreciation June 30, 2023**

Capital asset activity for the year ended:

	BALANCE <u>06/30/2022</u>	BALANCE <u>06/30/20 23</u>
<u>Depreciable Assets</u>		
Vehicles	\$ 3,260,652	\$ 3,260,652
Buildings	526,469	526,469
Equipment, Other	24,368	24,368
Equipment, Fire	<u>978,608</u>	<u>978,608</u>
Total Historical Costs	4,790,097	4,790,097
Less Accumulated Depreciation		
Vehicles	2,741,300	2,824,893
Buildings	257,033	270,196
Equipment, Other	18,842	19,579
Equipment, Fire	<u>581,568</u>	<u>654,426</u>
Less: Total Accumulated Depreciation	<u>3,598,743</u>	<u>3,769,094</u>
Depreciable Capital Assets, Net	1,191,354	1,021,003
<u>Non-Depreciable Assets</u>		
Land	<u>50,000</u>	<u>50,000</u>
Capital Assets, Net	<u>\$ 1,241,354</u>	<u>\$ 1,071,003</u>

**Non-Current Liabilities**

At the end of the current fiscal year, the District had Non-Current Liabilities outstanding of \$106,085. All of the debt is backed by the full faith and credit of the District.

Changes in Non-Current Liabilities :

	<u>Balance</u> <u>June 30, 2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2023</u>
Compensated Absences – Due in More than One Year	\$ 119,417	\$ 23,983	\$ 37,315	\$ 106,085
Totals	<u>\$ 119,417</u>	<u>\$ 23,983</u>	<u>\$ 37,315</u>	<u>\$ 106,085</u>

**Factors Affecting Future Results**

The District is subject to general economic conditions such as increases or declines in property tax value or other types of revenues that vary with economic conditions.

At this time, there have not been many permits issued for new housing within the district. The District has no immediate plans to expand our services at this time.

**Contacting the District**

This financial report is designed to provide an overview of the District’s finances for anyone with an interest in the government’s finances. Any questions regarding this report or requests for additional information may be directed to Tri-City Fire District at P.O. Box 83, Claypool, AZ 85532

## **BASIC FINANCIAL STATEMENTS**

**TRI-CITY FIRE DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2023**

Exhibit A

**Governmental  
Activities**

**ASSETS**

Cash & Cash Equivalents	\$	822,834
Receivables:		
Property Taxes		48,940
Due from Volunteer Pension Fund		7,992
Ambulance Service Fees, Net of Allowance for Doubtful Accounts		466,648
Net OPEB Asset - (ASRS)		1,842
Net OPEB Asset - (PSPRS)		28,065
Capital Assets, not being depreciated		50,000
Capital Assets, being depreciated, net		<u>1,021,003</u>
 Total Assets		 2,447,324

**DEFERRED OUTFLOW OF RESOURCES**

Deferred Outflows:		
Related to OPEB (ASRS)		134
Related to OPEB (ASRS-LTD)		189
Related to OPEB (PSPRS)		16,338
Related to Pension (ASRS)		21,689
Related to Pension (PSPRS)		<u>1,648,678</u>
 Total Assets and Outflows of Resources		 <u>4,134,352</u>

**LIABILITIES**

Current Liabilities		
Accounts Payable		28,292
Payroll Taxes/ Withholding Payable		137,154
Wages Payable		43,845
Due in less than one year		
Compensated Absences		26,521
Non-Current Liabilities		
Due in more than one year		
Compensated Absences		106,085
Net OPEB Liability- (ASRS-LTD)		41
Net Pension Liability - ASRS		88,508
Net Pension Liability - PSPRS		<u>2,174,038</u>
 Total Liabilities		 2,604,484

**DEFERRED INFLOW OF RESOURCES**

Deferred Inflows:		
Related to OPEB (ASRS)		1,058
Related to OPEB (ASRS-LTD)		331
Related to OPEB (PSPRS)		27,949
Related to Pension (ASRS)		3,317
Related to Pension (PSPRS)		<u>361,519</u>
 Total Liabilities and Inflow of Resources		 <u>2,998,658</u>

**NET POSITION**

Net Investment in Capital Assets		1,071,003
Unrestricted		<u>64,691</u>
 <b>Total Net Position</b>		 <b><u>\$ 1,135,694</u></b>

-The Notes to the Financial Statements are an Integral Part of This Statement-

**TRI-CITY FIRE DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2023**

Exhibit B

**Governmental  
Activities**

**EXPENDITURES**

Public Safety :		
Personnel	\$	3,311,095
Operations		993,213
Administration		130,132
Depreciation		<u>170,351</u>
Total Program Expenditures		<u>4,604,791</u>

**PROGRAM REVENUES**

Fees for Service		3,089,850
Total Program Revenues		<u>3,089,850</u>
Net Program Expenditures		<u>1,514,941</u>

**GENERAL REVENUES**

Property Taxes		844,682
Fire District Assistance Tax		71,201
Smart & Safe AZ Tax		64,441
Gain on Pension Investments		322,021
Interest Earnings		13,421
Miscellaneous		<u>100,208</u>
Total General Revenues		<u>1,415,974</u>

Increase (Decrease) in Net Position		(98,967)
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<b>NET POSITION-BEGINNING OF THE YEAR</b>		<u>1,234,661</u>
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<b>NET POSITION-END OF THE YEAR</b>		<u><u>\$ 1,135,694</u></u>
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-The Notes to the Financial Statements are an Integral Part of This Statement-

**TRI-CITY FIRE DISTRICT  
BALANCE SHEET - GOVERNMENTAL FUND  
JUNE 30, 2023**

Exhibit C

General

**ASSETS**

Cash and Cash Equivalents	\$	822,834
Receivables:		
Property Taxes		48,940
Due from Volunteer Pension		7,992
Ambulance Service Fees, Net of Allowance for Doubtful Accounts		<u>466,648</u>
Total Assets		<u><u>\$ 1,346,414</u></u>

**LIABILITIES**

Accounts Payable	\$	28,292
Payroll Taxes/Withholding Payable		137,154
Wages Payable		<u>43,845</u>
Total Liabilities		209,291

**DEFERRED INFLOW OF RESOURCES**

Unavailable Revenues		
Deferred Property Taxes		<u>43,923</u>
Total Liabilities and Inflow of Resources		<u>253,214</u>

**FUND BALANCES**

Assigned		360,308
Unassigned		<u>732,892</u>
Total Fund Balances		<u>1,093,200</u>
Total Liabilities, Deferred Inflow of Resources & Fund Balances		<u><u>\$ 1,346,414</u></u>

-The Notes to the Financial Statements are an Integral Part of This Statement-

**TRI-CITY FIRE DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUND  
FOR THE YEAR ENDED  
JUNE 30, 2023**

Exhibit D

	<b>General</b>
<b>REVENUES</b>	
Property Taxes	\$ 839,047
Fire District Assistance Tax	71,201
Smart & Safe AZ Tax	64,441
Fees for Service	3,089,850
Interest Earnings	13,421
Miscellaneous	100,208
Total Revenues	4,178,168
<b>EXPENDITURES</b>	
Public Safety:	
Personnel	3,327,760
Operations	993,213
Administration	130,132
Total Expenditures	4,451,105
Excess (Deficiency) of Revenues over Expenditures	(272,937)
Net Change in Fund Balances	(272,937)
<b>Fund Balances-Beginning of Year</b>	<b>1,366,137</b>
<b>Fund Balances-End of Year</b>	<b>\$ 1,093,200</b>

-The Notes to the Financial Statements are an Integral Part of This Statement-

**TRI-CITY FIRE DISTRICT  
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUND  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2023**

Exhibit E

**Reconciliation of Governmental Fund Balance to Net Position  
(Exhibit A) of governmental activities:**

Fund Balances - Total Governmental Fund (Exhibit C)		\$ 1,093,200
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
<p>Capital Assets used in governmental activities are not financial resources and, therefore are not reported in the other funds.</p>		
Governmental Capital Assets	4,840,097	
Less: Accumulated Depreciation	<u>(3,769,094)</u>	
		1,071,003
Net Pension/OPEB Asset:		
Related to OPEB (ASRS)		1,842
Related to OPEB (PSPRS)		28,065
Deferred Outflows of Resources:		
Related to OPEB (ASRS)		134
Related to OPEB (ASRS-LTD)		189
Related to OPEB (PSPRS)		16,338
Related to Pension (ASRS)		21,689
Related to Pension (PSPRS)		1,648,678
<p>Non-Current liabilities are not due and payable in the current period and therefore are not reported in the funds.</p>		
		(132,606)
Net Pension/OPEB Liability :		
Related to OPEB (ASRS-LTD)		(41)
Related to Pension (ASRS)		(88,508)
Related to Pension (PSPRS)		(2,174,038)
Deferred Inflows of Resources:		
Related to OPEB (ASRS)		(1,058)
Related to OPEB (ASRS-LTD)		(331)
Related to OPEB (PSPRS)		(27,949)
Related to Pension (ASRS)		(3,317)
Related to Pension (PSPRS)		(361,519)
Related to Deferred Property Taxes		<u>43,923</u>
Net Postion of Governmental Activities (Exhibit A)		<u>\$ 1,135,694</u>

-The Accompanying Notes are an Integral Part of the Financial Statements-



**TRI-CITY FIRE DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUND  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED  
JUNE 30, 2023**

Exhibit F

**Reconciliation of the change in fund balance-total governmental fund  
to the change in net position of governmental activities:**

Net Change in Fund Balances -	
Total Governmental Fund (Exhibit D)	\$ (272,937)

Amounts reported for governmental activities in the statement of activities (Exhibit B) are different because of the following:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.	(170,351)
--	-----------

Net Change in Deferred Outflows and Inflows of Resources	320,338
--	---------

The issuance of non-current liabilities (e.g., bonds, leases, leave) provides current financial resources to governmental funds, while the repayment of the principal of non-current liabilities consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of non-current liabilities and related items.	<u>23,983</u>
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Change in Net Position of Governmental Activities (Exhibit B)	<u><u>\$ (98,967)</u></u>
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-The Notes to the Financial Statements are an Integral Part of This Statement-

**TRI-CITY FIRE DISTRICT**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**JUNE 30, 2023**

Exhibit G

	<b>Volunteer Pension Fund</b>	<b>Donation Fund</b>	<b>Total</b>
	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>			
Cash & Cash Equivalents	\$ 2,043	\$ 5,591	\$ 7,634
Investments, at fair value			
Mutual Funds	<u>125,188</u>	<u>-</u>	<u>125,188</u>
Total Assets	<u>127,231</u>	<u>5,591</u>	<u>132,822</u>
<b>LIABILITIES</b>			
Due to District	<u>7,992</u>	<u>-</u>	<u>7,992</u>
Total Liabilities	<u>7,992</u>	<u>-</u>	<u>7,992</u>
<b>NET POSITION</b>			
Held in trust for pension and other purposes	<u>\$ 119,239</u>	<u>\$ 5,591</u>	<u>\$ 124,830</u>

-The Notes to the Financial Statements are an Integral Part of This Statement-

**TRI-CITY FIRE DISTRICT**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

Exhibit H

	<b>Volunteer Pension Fund</b>	<b>Donation Fund</b>	<b>Total</b>
	<u>          </u>	<u>          </u>	<u>          </u>
<b>ADDITIONS</b>			
Other:			
Contributions	\$ -	\$ 120	\$ 120
State Fire Marshal	177	-	177
Total Other Contributions	<u>177</u>	<u>120</u>	<u>297</u>
Investment Earnings:			
Interest & Dividends	4,845	2	4,847
Gain on Investments	23,079	-	23,079
Total Investment Earnings	<u>27,924</u>	<u>2</u>	<u>27,926</u>
Less Investment Expense	1,732	-	1,732
Net Investment Earnings	<u>26,192</u>	<u>2</u>	<u>26,194</u>
Total Additions	<u>26,369</u>	<u>122</u>	<u>26,491</u>
<b>DEDUCTIONS</b>			
Benefits Paid to Participants	13,200	-	13,200
Total Deductions	<u>13,200</u>	<u>-</u>	<u>13,200</u>
Change in Net Position	13,169	122	13,291
<b>Net Position - Beginning of the Year</b>	<u>106,070</u>	<u>5,469</u>	<u>111,539</u>
<b>Net Position - End of the Year</b>	<u><u>\$ 119,239</u></u>	<u><u>\$ 5,591</u></u>	<u><u>\$ 124,830</u></u>

-The Notes to the Financial Statements are an Integral Part of This Statement-

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**TRI-CITY FIRE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity**

The District is a local governmental unit formed as a political subdivision of Gila County; which is a political subdivision of the State of Arizona. The District was formed under the provisions of Title 48 of Arizona Revised Statutes. The District operates under the guidance of an elected board, which is the policy making body of the District. The purpose of the District is to provide fire protection, emergency medical and related services to the residents and guests of the District and the surrounding area. The day to day operations are supervised by the Fire Chief and their staff.

The District has the power to issue bonds, levy taxes, bill for services and raise revenues with the power of the County government. The District has the power to expend public funds for any legitimate purpose required to further its needs. The District operates as an independent governmental agency directly responsible to the local taxpayers and voters.

**Introduction**

Accounting principles generally accepted in the United States of America require that the reporting entity include the primary government, all organizations for which the primary government is financially accountable, and other organizations which by nature and significance of their relationship with the primary government would cause the financial statements to be incomplete or misleading if excluded. Blended component units, although legally separate entities, are, in substance, part of the government's operations; therefore, data from these units are combined with data of the primary government. Based on these criteria, there are no component units requiring inclusion in these financial statements.

**Basic Financial Statements**

The accounting policies for the District conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies are described below.

## **Government -Wide Statements**

The government -wide financial statements (i.e., the Statement of Net Position and the Statement of Activities ) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business -type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to users of the services provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as general revenues.

The government -wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

## **Governmental funds**

Governmental Fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available as net current assets. All sources of revenue except interest become measurable when the District has rendered a service. Interest revenue is measurable when its rate becomes known. Revenues are considered available if they are received within 60 days of the end of any accounting period. Expenditures are generally recognized when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The District reports the following major governmental funds:

The *General Fund* is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.

The *Fiduciary Funds* are used to account for resources held for the benefit of parties outside the government. This fund's activities are reported in a

separate statement of fiduciary net position and a statement of changes in fiduciary net position. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. Fiduciary funds are presented on an economic resources measurement focus and the accrual basis of accounting, similar to the government-wide financial statements.

## **Financial Statements Amounts**

### **Cash & Cash Equivalents**

All savings, checking and money market accounts with an original maturity of less than 90 days are considered to be cash equivalents.

### **Prepaid Items**

Payments to vendors that benefit future accounting periods are classified as prepaid items until charged to expenditures in the period benefited.

### **Capital Assets**

Capital assets, which include property, plant and equipment, are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$2,500 and an estimated useful life of more than two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend lives are not capitalized.

Property, plant and equipment are depreciated using the straight-line method over the following useful lives:

Buildings	27.5 to 40 years
Equipment	5 to 7 years
Fire Trucks	10 years
Automobiles	5 years
Office Equipment	5 years

### **Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position and the balance sheet will sometimes report a separate section for deferred outflows of resources. This

separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position and the balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

### **Compensated Absences**

Accumulated unpaid vacation and leave time is recorded in the Government -Wide Statement of Net Position.

### **Non-Current Liabilities**

In the government -wide financial statements, non-current liabilities and other non-current obligations are reported as liabilities in the applicable governmental activities in the statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

### **Net Position**

#### **Net Position on Government Wide Financial Statements – Exhibit A**

Fund Equity, as defined in GASB Statement No. 34, “Basic Financial Statements for State and Local Governments” is defined as net position and is classified in the following categories:

- § Restricted —amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- § Unrestricted – this balance is the amount of equity which is not included in the



restricted fund balance and the Investments in Capital Assets balances.

- § Net Investment in Capital Assets – This consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

### **Fund Balances on Government Fund Financial Statements – Exhibit C**

GASB Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions.” This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government’s fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

- § Nonspendable fund balance—amounts that are not in a spendable form (such as inventory) or are required to be maintained intact.
- § Restricted fund balance—amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- § Committed fund balance—amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (i.e., District Board). To be reported as committed, amounts cannot be used for any other purpose unless the Board takes the same highest level action to remove or change the constraint.
- § Assigned fund balance—amounts the District intends to use for a specific purpose. Intent can be expressed by the District Board or by an official or body to which the District Board delegates the authority.
- § Unassigned fund balance—amounts that are available for any purpose. Positive amounts are reported only in the general fund.

The District Board establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by District Board through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service, or for other purposes).

### **Accounting Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amount and disclosures in the financial statements. Actual results could differ from those estimates.

## **NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

### **Budgetary Information**

A fire district shall prepare an annual budget that contains detailed estimated expenditures for each fiscal year and that clearly shows salaries payable to employees of the district. The budget summary shall be posted in three public places and a complete copy of the budget shall be published on the district's official website for twenty days before a public hearing at a meeting called by the board to adopt the budget. Copies of the budget shall also be available to members of the public on written request to the district. Following the public hearing, the district board shall adopt a budget. A complete copy of the adopted budget shall be posted in a prominent location on the district's official website within seven business days after final adoption and shall be retained on the website for at least sixty months. For any fire district that does not maintain an official website, the fire district may comply with this subsection by posting on a website of an association of fire districts in this state. ARS 48-805.02(a)

Pursuant to ARS 48.805.02(d), all fire districts are required to submit the adopted budget, which has been certified to by the chairman and clerk of the District Board, on forms provided by the Auditor General of the State of Arizona to the County Board of Supervisors no later than August 1<sup>st</sup> of each year. Every budget adopted by a fire district in Arizona shall include the annual estimate of revenues and expenses of the fire district for the preceding and current fiscal year fully itemized as prescribed on the forms provided by the Auditor General of the State of Arizona. Encumbrance accounting is not employed by the District. All appropriations lapse at year-end.

## **NOTE 3 - DEPOSITS, INVESTMENT RISK & CASH MANAGEMENT**

### **Deposits and Investments**

The deposit of public funds is regulated by Arizona Revised Statutes (ARS). ARS 48-807 allows the District to establish bank accounts with any financial institution that is authorized to do business in the State of Arizona for the purpose of operating a payroll account, holding special revenues, ambulance revenues or both, as necessary to fulfill the District's fiduciary responsibilities. The District may also establish, through the Gila County Treasurer, accounts for monies from property taxes, grants, contributions and donations. The Gila County Treasurer is required to establish a fund known as the "fire district general fund" for the receipt of all taxes levied on behalf of the District.

The District may register warrants only if separate accounts are maintained by the Gila County Treasurer for each governmental fund of the District. Warrants may only be registered on the maintenance and operation account, the unrestricted capital outlay account and the special revenue accounts, and only if the total cash

balance of all three accounts is insufficient to pay the warrants and only after any revolving line of credit has been expended. Registered warrants may not exceed ninety per cent of the taxes levied by the County for the District's current fiscal year. Registered warrants bear interest as prescribed by statute and are redeemed as provided for by law for County warrants.

Unless monies are legally restricted by contract, agreement or law, those monies may be transferred between fund accounts according to the original or amended budget of the Fire District.

Any surplus remaining in the fire district general fund at the end of the fiscal year shall be credited to the fire district general fund of the district for the succeeding fiscal year and after subtraction of accounts payable and encumbrances, shall be used to reduce the tax levy for the following year.

The District accounts with the Gila County Treasurer are part of an investment pool operated by the Gila County Treasurer. The Gila County Treasurer invests the cash in a pool under policy guidelines established by the Gila County Treasurer's office. Gila County accounts for the investment pool in their Fiduciary Investment Trust Fund. Credit risk, concentration of credit risk, and interest rate risk regarding the Gila County Treasurer's Investment pool is included in the Comprehensive Annual Financial Report of the County. The fair value of each participant's position in the Gila County Treasurer's Investment Pool approximates the value of the participant's shares in the pool.

Financial institutions accepting governmental monies in the State of Arizona are required to collateralize at 102% all government deposits which exceed the FDIC insurance limit. The current FDIC limit is \$250,000 for the total of all interest bearing accounts and \$250,000 for the total of all demand deposit accounts. The collateralization is required to be separately identifiable securities and be held by a third party financial institution or trust agency. ARS (Title 35) requires this to be monitored by the Arizona State Treasurer's Office.

The District may also place monies in investments which are subject to the risks identified below.

The following is a summary of the Cash and Cash Equivalents held by financial institutions at June 30, 2023:

DEPOSITORY ACCOUNTS:

	<u>General Fund</u>	<u>Fiduciary Funds</u>	<u>Total</u>
Insured Deposits (FDIC)	\$ 250,000	\$ 0	\$ 250,000
Collateralized	8,067	7,834	15,901
Gila County Treasurer Investment Pool	<u>715,885</u>	<u>0</u>	<u>715,885</u>
Total Deposits	973,952	7,834	981,786
In Transit Items	<u>(151,118)</u>	<u>(200)</u>	<u>(151,318)</u>
Total Cash & Cash Equivalents	822,834	7,634	830,468
Mutual Funds & Investment	<u>0</u>	<u>125,188</u>	<u>125,188</u>
Total Cash & Investments	<u>\$ 822,834</u>	<u>\$ 132,822</u>	<u>\$ 955,656</u>

GASB Statement No. 72 establishes standards for measuring fair value and applying fair value to certain investments, establishes a three-tier hierarchy of inputs to valuation techniques used to measure fair value and enhances disclosures related to fair value hierarchy and valuation techniques.

These fair value measurement reporting levels are:

- Level 1 - Quoted prices in active markets for identical assets.
- Level 2 - Significant other observable inputs.
- Level 3 - Significant unobservable inputs.

Investments by fair value level:

Gila County Treasurer Investment Pool	Level Two
Volunteer Pension Mutual Funds	Level One

Break-down of Investments measured at fair value:

Gila County Treasurer Investment Pool	\$ 715,885
Volunteer Pension Mutual Funds	<u>125,188</u>
Total	<u>\$ 841,073</u>

Custodial Credit Risk. Custodial credit risk is the risk that, in the event of the failure of the counterparty, the system will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments in external investment pools and in open-end mutual funds are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

Foreign Currency Risk. Arizona Revised Statutes do not allow foreign investments

Investment Policy. The District does not have a formal policy with respect to credit risk, custodial credit risk, concentration of credit risk, interest rate risk, or foreign currency risk.

Credit Risk – Credit Risk is the risk that an issuer or other counterparty to an investment in a debt security will not fulfill its obligations. The District has no investment policy that would further limit its investment choices other than what is in the Arizona Revised Statutes (ARS). The Gila County Treasurer’s Investment Pool (GCTIP) are external investment pools with no regulatory oversight. The GCTIP is not required to register (and is not registered) with the Securities and Exchange Commission. As of June 30, 2023, the GCTIP had not received a credit quality rating from a national rating agency.

Arizona Revised Statutes authorize the District to invest in obligations of the U.S. Treasury and federal agency securities, along with certain public obligations such as bonds or other obligations of any state of the United States of America or of any agency, instrumentality, or local governmental unit of any such state of which the District invests, that are rated in the highest rating category of nationally recognized statistical rating organizations.

Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk.

Concentration of Credit Risk Concentration of credit risk is associated with investments in any one issuer that represent 5 percent or more of total investments. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are considered as excluded from this requirement.

Arizona Revised Statutes do not include any requirement for concentration of risk.

Interest rate risk: This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

The Gila County Treasurer invests the cash in a pool under policy guidelines established by the Gila County Treasurer’s office (the County). The County accounts for the investment pool in their Fiduciary Investment Trust Fund. Credit risk, concentration of credit risk, and interest rate risk regarding the Gila County Treasurer’s Investment Pool (GCTIP) is included in the Comprehensive Annual Report of the County. The fair value of each participant’s position in the GCTIP approximates the value of the participant’s shares in the pool.

Volunteer Pension Mutual Funds. The Volunteer Pension Fund of the District invests in open-end mutual funds in the District’s name and managed by an

independent third party administrator. These funds are invested in SEC regulated securities. The District reports these investments at fair market value. These mutual funds are unrated and not insured. The investments are spread among several independent investment pools, each with a distinct investment type, none of which exceed 5% of the total funds invested in the investment family of funds.

#### **NOTE 4 – 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 the public; and natural or manmade disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have never exceeded commercial insurance coverage for the District.

In addition, as the owner and operator of emergency response vehicles, the District is exposed to a high risk of loss related to these activities. The District carries commercial insurance on all vehicles and requires insurance coverage on all privately owned vehicles used for District activities.

#### **NOTE 5 - INVENTORIES**

The costs of governmental fund-type inventories are recorded as expenditures when purchased. All inventories of the District are considered immaterial.

#### **NOTE 6 - RECEIVABLES**

General and governmental fund receivables are recorded as received except for those funds collected and held by other governments on behalf of the Fire District. These amounts are recorded as soon as they are measurable and available in accordance with governmental accounting standards.

Ambulance receivables were \$610,708 with an allowance for bad debt of \$144,060 at June 30, 2023. This gave a net of \$466,648, before contractual write offs that was expected to be collectable. The allowance for bad debt is the amount over 150 days in the accounts receivable aging report as of June 30, 2023.

#### **NOTE 7 – PROPERTY TAX REVENUE RECEIVABLE**

Property Tax Revenue Receivables arise when property taxes are levied but not currently collected. The collectible portion (taxes levied less estimated uncollectible) are recorded as deferred inflow of resources in the period when an enforceable legal claim to the assets arise.

**NOTE 8 - CAPITAL ASSETS**

Capital asset activity for the year ended.

	<u>BALANCE</u> <u>06/30/2022</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE</u> <u>06/30/2023</u>
<u>Depreciable Assets</u>				
Vehicles	\$ 3,260,652	\$ 0	\$ 0	\$ 3,260,652
Buildings	526,469	0	0	526,469
Equipment, Other	24,368	0	0	24,368
Equipment, Fire	<u>978,608</u>	<u>0</u>	<u>0</u>	<u>978,608</u>
Total Historical Costs	4,790,097	0	0	4,790,097
Less Accumulated Depreciation				
Vehicles	2,741,300	83,593	0	2,824,893
Buildings	257,033	13,163	0	270,196
Equipment, Other	18,842	737	0	19,579
Equipment, Fire	<u>581,568</u>	<u>72,858</u>	<u>0</u>	<u>654,426</u>
Less: Total Accumulated Depreciation	<u>3,598,743</u>	<u>170,351</u>	<u>0</u>	<u>3,769,094</u>
Depreciable Capital Assets, Net	1,191,354	(170,351)	0	1,021,003
<u>Non-Depreciable Assets</u>				
Land	<u>50,000</u>	<u>0</u>	<u>0</u>	<u>50,000</u>
Capital Assets, Net	<u>\$ 1,241,354</u>	<u>\$ (170,351)</u>	<u>\$ 0</u>	<u>\$ 1,071,003</u>

**NOTE 9 - DEFERRED OUTLOWS AND INFLOWS OF RESOURCES**

Pursuant to GASB Statement No. 63, “*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*,” and GASB Statement No. 65, “*Items Previously Reported as Assets and Liabilities*,” the District recognized deferred outflows of resources in the governmentwide statements. These items are a consumption of net position by the District that is applicable to a future reporting period. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. The District reports the deferred inflows and outflows as follows:

	<u>Government -wide Activities</u>
Government-wide Deferred Outflows :	
Related to OPEB (ASRS)	\$ 134
Related to OPEB (ASRS-LTD)	189
Related to OPEB (PSPRS)	16,338
Related to Pension (ASRS)	21,689
Related to Pension (PSPRS)	<u>1,648,678</u>
Total Government -wide Activities	<u>\$ 1,687,028</u>
 Government -wide Deferred Inflows :	
Related to OPEB (ASRS)	\$ 1,058
Related to OPEB (ASRS-LTD)	331
Related to OPEB (PSPRS)	27,949
Related to Pension (ASRS)	3,317
Related to Pension (PSPRS)	<u>361,519</u>
Total Government -wide Activities	<u>\$ 394,174</u>

	<u>Governmental Activities</u>
Unavailable Revenues	
Deferred Property Taxes	<u>\$ 43,923</u>
Total Governmental Activities	<u>\$ 43,923</u>

**NOTE 10 - CONTINGENT LIABILITIES**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

**NOTE 11 – ACCUMULATED COMPENSATED ABSENCES**

Accumulated unpaid compensated absences are accrued in the Government -Wide Statement of Net Position. The accrual at year end consisted of \$ 26,521 payable in less than one year and \$ 106,085 payable in future years. Sick Leave as of June 30, 2023 was \$ 285,859. Sick leave is not payable upon termination and is not accrued in the financial statements.

**NOTE 12 – CURRENT LIABILITIES**

Accounts Payable are liabilities considered due and payable in 60 days or less.



Current Liabilities are those liabilities payable within one year or less.

Changes in Current Liabilities:

	Balance <u>June 30, 2022</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2023</u>
Accounts Payable	\$ 46,077	\$ 0	\$ 17,785	\$ 28,292
Payroll Taxes/Withholding Payable	136,276	878	0	137,154
Wages Payable	36,223	7,622	0	43,845
Compensated Absences	<u>29,854</u>	<u>5,996</u>	<u>9,329</u>	<u>26,521</u>
Totals	<u>\$ 248,430</u>	<u>\$ 14,496</u>	<u>\$ 27,114</u>	<u>\$ 235,812</u>

**NOTE 13- COMMITMENTS**

A commitment is an obligation arising from an existing contract, agreement or legislative enactment or regulation that will become an actual liability upon the fulfillment of specified conditions. At the close of the Fiscal Year, the District had no committed funds.

**NOTE 14- LINE OF CREDIT**

The District does not use a line of credit in its day to day operation .

**NOTE 15 – NON-CURRENT LIABILITIES**

In the government -wide financial statements, non-current liabilities and other non-current obligations are reported as liabilities in the applicable governmental activities in the Statement of Net Position .

**General Obligation Bonds**

The District does not currently have any general obligation bonds.

**Notes Payable**

The District does not currently have any notes payable.

Changes in Non-Current Liabilities :

	Balance <u>June 30, 2022</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2023</u>
Compensated Absences – Due in More than One Year	\$ 119,417	\$ 23,983	\$ 37,315	\$ 106,085
Totals	<u>\$ 119,417</u>	<u>\$ 23,983</u>	<u>\$ 37,315</u>	<u>\$ 106,085</u>

**NOTE 16 – NET POSITION/FUND BALANCE**

The District’s Net Position balances consist of restricted, unrestricted and net investment in capital assets amounts.

The District’s Governmental Funds fund balance consists of restricted, committed, assigned and unassigned amounts.

Restricted balances are amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Committed fund balance is amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (i.e., District Board). To be reported as committed, amounts cannot be used for any other purpose unless the Board takes the same highest level action to remove or change the constraint.

Assigned fund balance is amounts the District intends to use for a specific purpose. Intent can be expressed by the District Board or by an official or body to which the District Board delegates the authority.

Unassigned fund balance is amounts that are available for any purpose. Positive amounts are reported only in the general fund.

Net Position :

Net Investment in Capital Assets	\$ 1,071,003
Unrestricted	<u>64,691</u>
Total Net Position	<u>\$ 1,135,694</u>

Governmental Fund Balances :

Assigned Fund Balance	
Capital	\$ 306,876
Payroll	<u>53,432</u>
Total Assigned Fund Balances	360,308
Unassigned Fund Balances	<u>732,892</u>
Total Fund Balance	<u>\$ 1,093,200</u>

**NOTE 17 - PROPERTY TAXES**

The District is authorized to levy property taxes in an amount sufficient to operate the District. The board, based on the budget submitted by the district, shall levy, in

addition to any tax levied as provided in section 48-806, a tax not to exceed \$3.25 per \$100 of assessed valuation through tax year 2022, \$3.375 per \$100 of assessed valuation for tax year 2023, \$3.50 per \$100 of assessed valuation for tax year 2023 and \$3.75 per \$100 of assessed valuation for tax year 2024 and each tax year thereafter, or the amount of the levy in the preceding tax year multiplied by 1.08, whichever levy is less, and minus any amounts required to reduce the levy pursuant to subsection I of this section, against all property situated within the district boundaries and appearing on the last assessment roll. The levy shall be made and the taxes collected in the manner, at the time and by the officers provided by law for the collection of general county taxes.

The District levies real property taxes 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.

The District also levies various personal property taxes during the year, which are due at the same time as real property taxes.

A lien assessed against real and personal property attaches on the first day of January preceding assessment and levy.

The taxpayers may, by vote of the electorate, authorize a permanent override, depending upon certain criteria being met. The taxpayers also may authorize the issuance of bonds for capital acquisitions in addition to the operating taxes referred to above.

The County collects a County-Wide Fire District Assistance Tax (FDAT) and distributes the funds to all Fire Districts in the County, according to a formula established by state law. The maximum awarded to a District cannot exceed \$400,000 per year.

**NOTE 18 – EMPLOYEE RETIREMENT SYSTEMS AND POST EMPLOYMENT PLANS**

The District contributes to the plans described below. The plans are component units of the State of Arizona.

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

<u>Statement of net position and statement of activities</u>	Governmental <u>activities</u>
Net pension and OPEB asset	\$ 29,907
Net pension and OPEB liability	2,262,587
Deferred outflows of resources related to pensions and OPEB	1,687,028
Deferred inflows of resources related to pensions and OPEB	394,174
Pension and OPEB expense	313,559

The District’s accrued payroll and employee benefits includes \$ 22,430 of outstanding pension and OPEB contribution amounts payable to all plans for the year ended June 30, 2023. Also, the District reported \$341,071 of pension and OPEB contributions as expenditures in the governmental funds related to all plans to which it contributes.

**A. Arizona State Retirement System**

Plan description—District employees not covered by the other pension plans 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](http://www.azasrs.gov).

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:

ASRS	Retirement	
	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%

\*With actuarially reduced benefits.

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.

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. For members with 10 or more years of service, benefits range from \$100 per month to \$260 per month depending on the age of the member and dependents. For members with 5 to 9 years of service, the benefits are the same dollar amounts as above multiplied by a vesting fraction based on completed years of service.

Active members are eligible for a monthly long-term disability benefit equal to two-thirds of monthly earnings. Members receiving benefits continue to earn service credit up to their normal retirement dates. Members with long-term disability commencement dates after June 30, 1999, are limited to 30 years of service or the service on record as of the effective disability date if their service is greater than 30 years.

Contributions—In accordance with State statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2023, statute required active ASRS members to contribute at the actuarially determined rate of 12.17 percent (12.03 percent for retirement and 0.14 percent for long-term disability) of the members’ annual covered payroll, and statute required the District to contribute at the actuarially determined rate of 12.17 percent (11.92 percent for retirement, 0.11 percent for health insurance premium benefit, and 0.14 percent for long-term disability) of the active members’ annual covered payroll.

During fiscal year 2023, the District paid for ASRS pension and OPEB contributions as follows: 100 percent from the General Fund.

Liability—At June 30, 2023, the District reported the following asset and liabilities for its proportionate share of the ASRS’ net pension/OPEB asset or liability.

ASRS	Net pension/OPEB (asset) liability
Pension	88,508
Health insurance premium benefit	(1,842)
Long-term disability	41

The net asset and net liabilities were measured as of June 30, 2022. The total liability used to calculate the net asset or net liability was determined using update procedures to roll forward the total liability from an actuarial valuation as of June 30, 2021, to the measurement date of June 30, 2022.

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

ASRS	Proportion June 30, 2022	Increase (decrease) from June 30, 2021
Pension	0.00053%	(0.00001)%
Health insurance premium benefit	0.00033%	(0.00002)%
Long-term disability	0.00010%	(0.00001)%

Expense—For the year ended June 30, 2023, the District recognized the following pension and OPEB expense.

ASRS	Pension/OPEB expense
Pension	16,515
Health insurance premium benefit	7,370
Long-term disability	(29)

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

## ASRS

	Pension		Health insurance premium benefit		Long-term disability	
	Deferred outflows of resources	Deferred inflows of resources	Deferred outflows of resources	Deferred inflows of resources	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	\$ 737	\$	\$	\$ 940	\$ 21	\$ 38
Changes of assumptions or other inputs	4,294		30	50	22	99
Net difference between projected and actual earnings on plan investments		2,279		62		1
Changes in proportion and differences between District contributions and proportionate share of contributions	9,116	1,038	25	6	47	193
District contributions subsequent to the measurement date	7,542		79		99	
<b>Total</b>	<b>\$ 21,689</b>	<b>\$ 3,317</b>	<b>\$ 134</b>	<b>\$ 1,058</b>	<b>\$ 189</b>	<b>\$ 331</b>

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

Year ending June 30	Pension	Health insurance premium benefit	Long-term disability
2024	12,667	(278)	(51)
2025	(1,528)	(302)	(54)
2026	(3,956)	(330)	(63)
2027	3,647	(45)	(26)
2028	0	(48)	(21)
Thereafter	0	0	(26)

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

ASRS	
Actuarial valuation date	June 30, 2021
Actuarial roll forward date	June 30, 2022
Actuarial cost method	Entry age normal
Investment rate of return	7.0%
Projected salary increases	2.9-8.4% for pensions/not applicable for OPEB
Inflation	2.3%
Permanent benefit increase	Included for pensions/not applicable for OPEB
Mortality rates	2017 SRA Scale U-MP for pensions and health insurance premium benefit
Recovery rates	2012 GLDT for long-term disability
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, 2020.

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

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

Discount rate—At June 30, 2022, the discount rate used to measure the ASRS total pension/OPEB liability was 7.0 percent. 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 plans’ fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension/OPEB liability.

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

ASRS	1% Decrease (6.0%)	Current discount rate (7.0%)	1% Increase (8.0%)
District’s proportionate share of the			
Net pension liability	\$ 127,640	\$ 88,508	\$ 52,210
Net insurance premium benefit liability (asset)	(5,523)	(1,842)	(46,954)
Net long-term disability liability	67	41	15

Plan fiduciary net position—Detailed information about the plans’ fiduciary net position is available in the separately issued ASRS financial report.

**B. Public Safety Personnel Retirement System**

Plan descriptions—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 9-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) which are not further disclosed because of their relative insignificance to the District’s financial statements.

The PSPRS issues a publicly available financial report that includes financial statements and required supplementary information for the PSPRS and CORP plans. The report is available on the PSPRS website at [www.psprs.com](http://www.psprs.com).

Benefits provided—The PSPRS provide 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:

PSPRS	Initial membership date:	
	Before January 1, 2012	On or after January 1, 2012 and before July 1, 2017
<b>Retirement and disability</b>		
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
Final average salary is based on	Highest 36 consecutive months of last 20 years	Highest 60 consecutive months of last 20 years
<b>Benefit percent</b>		
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	



PSPRS

Initial membership date:  
On or after January 1, 2012  
and before July 1, 2017

Before January 1, 2012

**Survivor benefit**

Retired members 80% to 100% of retired member’s pension benefit

Active members 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  
\*With actuarially reduced benefits.

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

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

Employees covered by benefit terms—At June 30, 2023, the following employees were covered by the agent plans’ benefit terms:

	PSPRS	
	Pension	Health
Inactive employees or beneficiaries currently receiving benefits	4	4
Inactive employees entitled to but not yet receiving benefits	2	0
Active employees	17	17
Total	23	21

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 for the year ended June 30, 2023, are indicated below. Rates are a percentage of active members’ annual covered payroll.

	Active member— pension	District—pension	District—health insurance premium benefit
PSPRS	7.65%	24.40%	0.42%

In addition, statute required the District to contribute at the actuarially determined rate indicated below of annual covered payroll of employees participating in the PSPRS Tier 3 Risk Pool.

	Pension	Health insurance premium benefit
PSPRS	9.00 %	9.00%

The District’s contributions to the plans for the year ended June 30, 2023, were:

		Pension	Health insurance premium benefit
PSPRS	\$	328,888	\$ 4,463

During fiscal year 2023, the District paid for PSPRS OPEB contributions as follows: 100 percent from the General Fund.

Liability—At June 30, 2023, the District reported the following assets and liabilities.

	Net pension (asset) liability	Net OPEB (asset) liability
PSPRS	2,174,038	(28,065)

The net assets and net liabilities were measured as of June 30, 2022, and the total liability used to calculate the net asset or liability was determined by an actuarial valuation as of that date. The total liabilities as of June 30, 2022, reflect changes of actuarial assumptions, including decreasing the investment rate of return from 7.3 percent to 7.2 percent, changing the wage inflation from 3.5 percent to a range of 3.0 – 6.25 percent, and increasing the cost-of-living adjustment from 1.75 percent to 1.85 percent.

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

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

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

The long-term expected rate of return on PSPRS plan investments was determined to be 7.2 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of 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:

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

Discount rate—At June 30, 2022, the discount rate used to measure the PSPRS OPEB liabilities was 7.2 percent, which was a decrease of 0.1 from the discount rate used as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the actuarially determined contribution rate and the member rate. Based on those assumptions, the plans' 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.

The projection of cash flows used to determine the PSPRS discount rates 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 plans' 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 for these plans to determine the total pension/OPEB liability.

#### Changes in the net pension/OPEB liability

PSPRS	Pension Increase (decrease)			Health insurance premium benefit Increase (decrease)		
	Total pension liability (a)	Plan fiduciary net position (b)	Net pension (asset) liability (a) - (b)	Total OPEB liability (a)	Plan fiduciary net position (b)	Net OPEB (asset) liability (a) - (b)
Balances at June 30, 2022	7,961,177	6,755,635	1,205,542	145,407	202,298	(56,891)
Changes for the year:						
Service cost	289,975		289,975	7,370		7,370
Interest on the total liability	599,776		599,776	11,153		11,153
Changes of benefit terms						
Differences between expected and actual experience in the measurement of the liability	177,271		177,271	863		863
Changes of assumptions or other inputs	62,232		62,232	5,780		5,780
Contributions —employer		328,888	(328,888)		4,463	(4,463)
Contributions —employee		112,758	(112,758)			
Net investment income		(275,916)	275,916		(7,981)	7,981
Benefit payments, including refunds of employee contributions	(70,098)	(70,098)				
Administrative expense		(4,972)	4,972		(142)	142
Other changes						

PSPRS	Pension			Health insurance premium benefit		
	Increase (decrease)			Increase (decrease)		
	Total pension liability (a)	Plan fiduciary net position (b)	Net pension (asset) liability (a) – (b)	Total OPEB liability (a)	Plan fiduciary net position (b)	Net OPEB (asset) liability (a) – (b)
Net changes	1,059,156	90,660	968,496	25,166	(3,660)	28,826
Balances at June 30, 2023	9,020,333	6,846,295	2,174,038	170,573	198,638	(28,065)

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

	1% Decrease (6.2%)	Current discount rate (7.2%)	1% Increase (8.2%)
PSPRS			
Net pension (asset) liability	\$ 3,684,824	\$ 2,174,038	\$ 967,502
Net OPEB (asset) liability	(5,523)	(28,065)	(48,954)

Plan fiduciary net position—Detailed information about the plans' fiduciary net position is available in the separately issued PSPRS and CORP financial reports.

Expense—For the year ended June 30, 2023, the District recognized the following pension and OPEB expense:

PSPRS	Pension expense	OPEB expense
	289,975	7,370

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

PSPRS	Pension		Health insurance premium benefit	
	Deferred outflows of resources	Deferred inflows of resources	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	\$ 909,789	\$ 361,519	\$ 2,049	\$ 25,475
Changes of assumptions or other inputs	288,314		6,069	2,474
Net difference between projected and actual earnings on plan investments	121,687		3,757	
Changes in proportion and differences between District contributions and proportionate share of contributions				
District contributions subsequent to the measurement date	328,888		4,463	
Total	\$ 1,648,678	\$ 361,519	\$ 16,338	\$ 27,949

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

Year ending June 30	PSPRS	
	Pension	Health
2024	191,405	(2,101)
2025	174,274	(2,650)
2026	115,122	(4,476)
2027	306,443	1,780
2028	117,948	(2,801)
There after	53,079	(5,826)

**NOTE 19 – PENSION AND RELIEF TRUST FUNDS**

ARS 9-981. Authority to purchase alternative pension and benefit plan

A. In lieu of pension and relief benefits provided for under the provisions of article 3 of this chapter, a city, town or fire district may provide for an alternative pension and benefit program for fire fighters not covered under the provisions of article 3 of this chapter or under the public safety personnel retirement system.

B. The fire insurance premium tax received by the city, town or district under section 9-952, contributions from the city, town or district, and deductions from the salaries or compensation of firemen may be used to purchase a private pension or benefit program for firemen. Firemen not covered under the public safety personnel retirement system may elect to be covered under the provisions of the alternative pension and benefit program upon filing a request in writing with the city, town or district.

C. The terms, conditions, benefits, eligibility requirements and contribution rates of the alternative pension and benefit program shall be established by:

1. For a city or town, by the adoption of a resolution of the city or town council.
2. For a fire district with a board, by the adoption of a resolution of the board.
3. For a fire district without a board, by the adoption of a resolution of the board of trustees of the firemen's relief and pension fund and the approval of the board of supervisors.

D. Notwithstanding any other provision of law, pension and benefit programs authorized under this article shall not be construed to be a contract between the employee and employer and are subject to annual appropriations of the city, town or district.

Pursuant to ARS, the District contributes to a pension and relief fund for volunteer firefighters. The funds are administered by an outside consulting firm who prepares

a separate annual report. This report is available through Innes & Associates, 4302 East Ray Road, Suite 117, Phoenix, Arizona, 85044

**NOTE 20 - SUBSEQUENT EVENTS**

Management has evaluated subsequent events and does not know of any additional comments or disclosures that should be made thru the date of this report.

**NOTE 21 – RELATED PARTY TRANSACTION**

The District currently leases space in a building from the Chairman of the District governing board. The District utilizes the space as a physical conditioning and employee exercise area. The previous rental on the space was \$750 per month to outside lessors. The rent has been discounted by \$100 per month, to \$650 per month, for the District's use. The amounts paid in relation to this rental, equals \$7,800 per year.

The District's policy for GASB 87 leases require leases to be reported under GASB 87 only if they are over \$15,000 per year. All other leases are considered de-minimis. The building lease for physical conditioning and employee exercise area is under that amount.

In addition, two board members have relatives employed by the District.

**REQUIRED SUPPLEMENTARY  
INFORMATION**

**TRI-CITY FIRE DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND  
FOR THE YEAR ENDED  
JUNE 30, 2023**

Exhibit I

	Budgeted Amounts		Actual	Variance with Final
	Original	Final		Budget Positive (Negative)
Revenues:				
Property Taxes	\$ 830,775	\$ 830,775	\$ 839,047	\$ 8,272
Fire District Assistance Tax	70,823	70,823	71,201	378
Smart & Safe AZ Tax	-	-	64,441	64,441
Fees for Service	2,862,100	2,862,100	3,089,850	227,750
Capital Grants	250,000	250,000	-	(250,000)
Interest	6,000	6,000	13,421	7,421
Miscellaneous	10,000	10,000	100,208	90,208
<b>Total Revenues</b>	<b>4,029,698</b>	<b>4,029,698</b>	<b>4,178,168</b>	<b>148,470</b>
Expenditures:				
Public Safety:				
Personnel	3,750,918	3,750,918	3,327,760	423,158
Operations	839,152	839,152	993,213	(154,061)
Administration	57,300	57,300	130,132	(72,832)
Capital Grants	250,000	250,000	-	250,000
Capital Outlay	173,406	173,406	-	173,406
<b>Total Expenditures</b>	<b>5,070,776</b>	<b>5,070,776</b>	<b>4,451,105</b>	<b>619,671</b>
Excess (Deficiency) of Revenues over Expenditures	(1,041,078)	(1,041,078)	(272,937)	768,141
Net Change in Fund Balances	(1,041,078)	(1,041,078)	(272,937)	768,141
Fund Balances at Beginning of Year	1,041,078	1,041,078	1,366,137	325,059
Fund Balances at End of Year	-	-	\$ 1,093,200	\$ 1,093,200

See Accompanying Notes To The Budgetary Comparison Schedule



**TRI-CITY FIRE DISTRICT**  
**NOTES TO BUDGETARY COMPARISON SCHEDULE**  
**FISCAL YEAR ENDED JUNE 30, 2023**

**NOTE 1 – BUDGETARY REQUIREMENTS AND BASIS OF ACCOUNTING**

In accordance with the Arizona Revised Statutes, the District is required to adopt an annual operating budget no later than August 1<sup>st</sup>. The budget is adopted on a basis consistent with generally accepted accounting principles and appropriations lapse at year-end.

**NOTE 2 - OVER-EXPENDITURE OF BUDGET LINE ITEMS**

The District over-spent two line items. The operations budget line was overspent by \$154,061 and was due to costs associated with the ongoing COVID Pandemic as well as increased fuel and maintenance costs. The administration budget line was overspent by \$72,832. This was due to differences between the budget and line items in the accounting system.

The legal compliance of budgeting for Special Districts in Arizona is at the fund level. The District did not overspend its budget at the fund level. The actual expense budget was \$619,671 below the approved expense budget.

**TRI CITY FIRE DISTRICT**  
**Schedule of Changes in the District's Net Pension Liability and Related Ratios**  
**Agent Plans (PSPRS) Last Ten Fiscal Years**  
**Year Ended June 30, 2023**

RSI-1

**PSPRS**

Reporting Year Measurement Date	FISCAL YEAR									
	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	2014 (2013)
<b>Total Pension Liability</b>										
Service Cost	\$ 289,975	\$ 265,238	\$ 280,384	\$ 277,820	\$ 273,984	\$ 353,968	\$ 269,700	\$ 250,148	\$ 210,469	
Interest on total pension liability	599,776	510,439	437,406	409,264	370,577	338,204	270,411	203,304	163,236	
Changes of benefit terms	-	-	-	-	-	26,469	435,665	-	(6,246)	information
Difference between expected and actual experience in the measurement of the pension liability	177,271	489,064	358,498	(284,056)	(147,604)	(225,771)	(64,174)	449,392	113,970	not available
Changes of assumptions or other inputs	62,232	-	-	127,008	-	174,382	194,963	-	44,077	
Benefit payments including refund of employee contributions	(70,098)	(61,292)	(60,090)	(82,571)	(147,389)	(110,322)	(57,756)	(57,756)	(12,083)	
Net change in pension liability	1,059,156	1,203,449	1,016,198	447,465	349,568	556,930	1,048,809	845,088	513,423	
Total pension liability - beginning	7,961,177	6,757,728	5,741,530	5,294,065	4,944,497	4,387,567	3,338,758	2,493,670	1,980,247	
Total pension liability - ending (a)	<u>\$ 9,020,333</u>	<u>\$ 7,961,177</u>	<u>\$ 6,757,728</u>	<u>\$ 5,741,530</u>	<u>\$ 5,294,065</u>	<u>\$ 4,944,497</u>	<u>\$ 4,387,567</u>	<u>\$ 3,338,758</u>	<u>\$ 2,493,670</u>	
<b>Plan Fiduciary net position</b>										
Contributions - employer	\$ 328,888	\$ 310,678	\$ 255,572	\$ 239,129	\$ 307,289	\$ 213,314	\$ 193,268	\$ 147,410	\$ 125,322	
Contributions - employee	112,758	113,317	102,131	99,704	146,935	165,755	174,216	145,276	119,205	
Net investment income	(275,916)	1,435,654	60,361	229,386	261,913	384,692	17,109	94,058	263,843	
Benefit payments, including refunds of employee contributions	(70,098)	(61,292)	(60,090)	(82,571)	(147,389)	(110,322)	(57,756)	(57,756)	(12,083)	
Hall/Parker Settlement	-	-	-	-	(183,790)	-	-	-	-	
Pension plan administrative expense	(4,972)	(6,655)	(4,921)	(4,982)	(4,686)	(3,804)	(2,862)	(2,681)	-	
Other changes	-	-	-	(1,431)	40	(26,494)	8,348	147,356	(67,090)	
Net change in plan fiduciary net position	90,660	1,791,702	353,053	479,235	380,312	623,141	332,323	473,663	429,197	
Plan fiduciary net position - beginning	6,755,635	4,963,933	4,610,880	4,131,645	3,751,333	3,128,192	2,795,869	2,322,206	1,893,009	
Plan fiduciary net position - ending (b)	<u>\$ 6,846,295</u>	<u>\$ 6,755,635</u>	<u>\$ 4,963,933</u>	<u>\$ 4,610,880</u>	<u>\$ 4,131,645</u>	<u>\$ 3,751,333</u>	<u>\$ 3,128,192</u>	<u>\$ 2,795,869</u>	<u>\$ 2,322,206</u>	

See accompanying notes to the Pension/OPEB Plan Schedules

**TRI CITY FIRE DISTRICT**  
**Schedule of Changes in the District's Net Pension Liability and Related Ratios**  
**Agent Plans (PSPRS) Last Ten Fiscal Years**  
**Year Ended June 30, 2023**

RSI-1

**PSPRS**

**FISCAL YEAR**

Reporting Year Measurement Date	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	2014 (2013)
District's net pension liability - ending (a) - (b)	<u>\$ 2,174,038</u>	<u>\$ 1,205,542</u>	<u>\$ 1,793,795</u>	<u>\$ 1,130,650</u>	<u>\$ 1,162,420</u>	<u>\$ 1,193,164</u>	<u>\$ 1,259,375</u>	<u>\$ 542,889</u>	<u>\$ 171,464</u>	
Plan fiduciary net position as a percentage of the total pension liability	75.90%	84.86%	73.46%	80.31%	78.04%	75.87%	71.30%	83.74%	93.12%	
Covered-employee payroll	\$ 1,345,926	\$ 1,318,999	\$ 1,205,859	\$ 1,207,940	\$ 1,297,274	\$ 1,589,440	\$ 1,432,291	\$ 1,328,901	\$ 1,330,834	
District's net pension liability as a percentage of covered-employee payroll	161.53%	91.40%	148.76%	93.60%	89.60%	75.07%	87.93%	40.85%	12.88%	

See accompanying notes to the Pension/OPEB Plan Schedules

**TRI CITY FIRE DISTRICT**  
**Schedule of Changes in the District's Net OPEB Liability and Related Ratios**  
**Agent Plans ( PSPRS) Last Ten Fiscal Years**  
**Year Ended June 30, 2023**

RSI-2

**PSPRS - OPEB**

**FISCAL YEAR**

Reporting Year Measurement Date	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	2014 (2013)
<b>Total OPEB Liability</b>										
Service Cost	\$ 7,370	\$ 7,425	\$ 7,158	\$ 4,670	\$ 4,800	\$ 5,722				
Interest on total OPEB liability	11,153	10,041	8,838	9,609	9,121	8,470	Information not available	Information not available	Information not available	Information not available
Changes of benefit terms	-	-	-	-	-	1,293				
Difference between expected and actual experience in the measurement of the OPEB liability	863	(2,178)	1,844	(28,932)	(9,596)	47				
Changes of assumptions or other inputs	5,780	-	-	1,752	-	(4,754)				
Benefit payments including refund of employee contributions	-	-	-	-	-	-				
Net change in OPEB liability	25,166	15,288	17,840	(12,901)	4,325	10,778	-	-	-	-
Total OPEB liability - beginning	145,407	130,119	112,279	125,180	120,855	110,077				
Total OPEB liability - ending (a)	\$ 170,573	\$ 145,407	\$ 130,119	\$ 112,279	\$ 125,180	\$ 120,855	\$ -	\$ -	\$ -	\$ -
<b>Plan Fiduciary net position</b>										
Contributions - employer	\$ 4,463	\$ 4,842	\$ 4,366	\$ 4,418	\$ 3,941	\$ 5,435				
Contributions - employee	-	-	-	-	-	-				
Net investment income	(7,981)	42,754	1,883	7,447	8,659	12,664				
Benefit payments, including refunds of employee contributions	-	-	-	-	-	-				
OPEB plan administrative expense	(142)	(176)	(153)	(129)	(132)	(112)				
Other changes	-	-	-	1,431	-	-				
Net change in plan fiduciary net position	(3,660)	47,420	6,096	13,167	12,468	17,987	-	-	-	-
Plan fiduciary net position - beginning	202,298	154,878	148,782	135,615	123,147	105,160				
Plan fiduciary net position - ending (b)	\$ 198,638	\$ 202,298	\$ 154,878	\$ 148,782	\$ 135,615	\$ 123,147	\$ -	\$ -	\$ -	\$ -

See accompanying notes to the Pension/OPEB Plan Schedules

**TRI CITY FIRE DISTRICT**  
**Schedule of Changes in the District's Net OPEB Liability and Related Ratios**  
**Agent Plans ( PSPRS) Last Ten Fiscal Years**  
**Year Ended June 30, 2023**

**PSPRS - OPEB**

**FISCAL YEAR**

Reporting Year	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Measurement Date	(2022)	(2021)	(2020)	(2019)	(2018)	(2017)	(2016)	(2015)	(2014)	(2013)
District's net OPEB liability - ending (a) - (b)	\$ (28,065)	\$ (56,891)	\$ (24,759)	\$ (36,503)	\$ (10,435)	\$ (2,292)	\$ -	\$ -	\$ -	\$ -
Plan fiduciary net position as a percentage of the total OPEB liability	116.45%	139.13%	119.03%	132.51%	108.34%	101.90%				
Covered-employee payroll	\$ 1,345,926	\$ 1,318,999	\$ 1,205,859	\$ 1,207,940	\$ 1,297,724	\$ 1,589,440				
District's net OPEB liability as a percentage of covered-employee payroll	-2.09%	-4.31%	-2.05%	-3.02%	-0.80%	-0.14%				

See accompanying notes to the Pension/OPEB Plan Schedules

**TRI CITY FIRE DISTRICT**  
**Schedule of PSPRS Pension Contributions**  
**Year Ended June 30, 2023**

RSI-3

**PSPRS - Pension**

Reporting Date Measurement Date	<b>2023</b> <b>(2022)</b>	<b>2022</b> <b>(2021)</b>	<b>2021</b> <b>(2020)</b>	<b>2020</b> <b>(2019)</b>	<b>2019</b> <b>(2018)</b>	<b>2018</b> <b>(2017)</b>	<b>2017</b> <b>(2016)</b>	<b>2016</b> <b>(2015)</b>	<b>2015</b> <b>(2014)</b>	<b>2014</b> <b>(2013)</b>
Actuarially determined contribution	\$ 328,888	\$ 310,678	\$ 255,572	\$ 239,129	\$ 307,289	\$ 213,314	\$ 193,268	\$ 147,410	\$ 125,322	Information
District's contributions in relation to the actuarially determined contribution	328,888	310,678	255,572	239,129	307,289	213,314	193,268	147,410	125,322	not available
District's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
District's covered-employee payroll	\$ 1,345,926	\$ 1,318,999	\$ 1,205,859	\$ 1,207,940	\$ 1,297,274	\$ 1,589,440	\$ 1,432,291	\$ 1,328,901	\$ 1,330,834	
District's contributions as a percentage of covered-employee payroll	24.44%	23.55%	21.19%	19.80%	23.69%	13.42%	13.49%	11.09%	9.42%	

See accompanying notes to the Pension/OPEB Plan Schedules

**TRI CITY FIRE DISTRICT**  
**Schedule of PSPRS OPEB Contributions**  
**Year Ended June 30, 2023**

RSI-4

**PSPRS - OPEB**

Reporting Date Measurement Date	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	2014 (2013)
Actuarially determined contribution	\$ 4,463	\$ 4,842	\$ 4,366	\$ 4,418	\$ 3,941	\$ 5,435	Information not available	Information not available	Information not available	Information not available
District's contributions in relation to the actuarially determined contribution	4,463	4,842	4,366	4,418	3,941	5,435	available	available	available	available
District's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -				
District's covered-employee payroll	\$ 1,345,926	\$ 1,318,999	\$ 1,205,859	\$ 1,207,940	\$ 1,297,274	\$ 1,589,440				
District's contributions as a percentage of covered-employee payroll	0.33%	0.37%	0.36%	0.37%	0.30%	0.34%				

**TRI CITY FIRE DISTRICT**  
**Schedule of ASRS Pension Contributions**  
**Year Ended June 30, 2023**

RSI-5

**ASRS - Pension**

Reporting Year	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Measurement Year	(2022)	(2021)	(2020)	(2019)	(2018)	(2017)	(2016)	(2015)	(2014)	(2013)
Actuarially determined contribution	\$ 7,542	\$ 7,013	\$ 4,434	\$ 8,322	\$ 9,303	\$ 13,286	\$ 14,774	\$ 17,140	\$ 8,292	Information
District's contributions in relation to the actuarially determined contribution	7,542	7,013	4,434	8,322	9,303	13,286	14,774	17,140	8,292	not available
District's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
District's covered-employee payroll	\$ 42,569	\$ 31,654	\$ 38,132	\$ 34,884	\$ 84,288	\$ 63,353	\$ 56,523	\$ 57,333	\$ 86,444	
District's contributions as a percentage of covered-employee payroll	17.72%	22.16%	11.63%	23.86%	11.04%	20.97%	26.14%	29.90%	9.59%	

See accompanying notes to the Pension/OPEB Plan Schedules



**TRI CITY FIRE DISTRICT**  
**Schedule of ASRS OPEB Contributions**  
**Year Ended June 30, 2023**

RSI-6

**ASRS - Health Insurance Premium Benefit**

Reporting Year Measurement Year	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	2014 (2013)
Actuarially determined contribution	\$ 79	\$ 149	\$ 167	\$ 490	\$ 376	\$ 690	Information not available	Information not available	Information not available	Information not available
District's contributions in relation to the actuarially determined contribution	79	149	167	490	376	690				
District's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -				
District's covered-employee payroll	\$ 42,569	\$ 31,654	\$ 38,132	\$ 34,884	\$ 84,288	\$ 63,353				
District's contributions as a percentage of covered-employee payroll	0.19%	0.47%	0.44%	1.40%	0.45%	1.09%				

\*-Fiscal year 2018 was the 1st year of implementation, therefore prior years are not displayed.

See accompanying notes to the Pension/OPEB Plan Schedules

**TRI CITI FIRE DISTRICT**  
**Schedule of ASRS OPEB (LTD) Contributions**  
**Year Ended June 30, 2023**

RSI-7

**ASRS - Long-Term Disability**

Reporting Year	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Measurement Year	(2022)	(2021)	(2020)	(2019)	(2018)	(2017)	(2016)	(2015)	(2014)	(2013)
Actuarially determined contribution	\$ 99	\$ 86	\$ 60	\$ 303	\$ 117	\$ 173	Information	Information	Information	Information
District's contributions in relation to the actuarially determined contribution	99	86	60	303	117	173	not available	not available	not available	not available
District's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -				
District's covered-employee payroll	\$ 42,569	\$ 31,654	\$ 38,132	\$ 34,884	\$ 84,288	\$ 63,353				
District's contributions as a percentage of covered-employee payroll	0.23%	0.27%	0.16%	0.87%	0.14%	0.27%				

\*-Fiscal year 2018 was the 1st year of implementation, therefore prior years are not displayed.

See accompanying notes to the Pension/OPEB Plan Schedules

**TRI CITY FIRE DISTRICT**  
**Schedule of Proportionate Share of the Net Pension Liability (ASRS)**  
**Last Ten Fiscal Years**  
**Year Ended June 30, 2023**

RSI-8

**ASRS - Pension**

<b>Reporting Year</b>	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Measurement Year	(2022)	(2021)	(2020)	(2019)	(2018)	(2017)	(2016)	(2015)	(2014)	(2013)
District's proportion of net pension liability (asset)	0.00053%	0.00054%	0.00035%	0.00041%	0.00086%	0.00126%	0.00169%	0.00083%	0.00055%	
District's proportionate share of the net pension liability (asset)	\$ 86,508	\$ 70,954	\$ 60,643	\$ 59,660	\$ 119,940	\$ 196,283	\$ 272,783	\$ 128,770	\$ 81,692	Information not available
District's covered-employee payroll	\$ 42,569	\$ 31,654	\$ 38,132	\$ 34,884	\$ 84,288	\$ 63,353	\$ 56,523	\$ 57,333	\$ 86,444	Information not available
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	203.22%	224.15%	159.03%	171.02%	142.30%	309.82%	482.61%	224.60%	94.50%	
Plan fiduciary net position as a percentage of the total pension liability	75.47%	74.26%	78.58%	69.33%	73.00%	69.92%	67.06%	68.35%	69.49%	

\*-Fiscal year 2015 was the 1st year of implementation, therefore prior years are not displayed.

See accompanying notes to the Pension/OPEB Plan Schedules

**TRI CITY FIRE DISTRICT**  
**Schedule of Proportionate Share of the Net OPEB Liability (ASRS)**  
**Last Ten Fiscal Years**  
**Year Ended June 30, 2023**

**RSI-9**

**ASRS - OPEB**

Reporting Year	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Measurement Year	<b>(2022)</b>	<b>(2021)</b>	<b>(2020)</b>	<b>(2019)</b>	<b>(2018)</b>	<b>(2017)</b>	<b>(2016)</b>	<b>(2015)</b>	<b>(2014)</b>	<b>(2013)</b>
District's proportion of net OPEB liability (asset)	0.00033%	0.00035%	0.00032%	0.00042%	0.00088%	0.00128%				
District's proportionate share of the net OPEB liability (asset)	\$ (1,842)	\$ (1,462)	\$ (227)	\$ (116)	\$ (317)	\$ (697)	Information not available	Information not available	Information not available	Information not available
District's covered-employee payroll	\$ 42,569	\$ 31,654	\$ 38,132	\$ 34,884	\$ 84,288	\$ 63,353	available	available	available	available
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	-4.33%	-4.62%	-0.60%	-0.33%	-0.38%	-1.10%				
Plan fiduciary net position as a percentage of the total OPEB liability	134.37%	137.79%	130.24%	104.33%	102.00%	69.92%				

\*-Fiscal year 2018 was the 1st year of implementation, therefore prior years are not displayed.

See accompanying notes to the Pension/OPEB Plan Schedules

**TRI CITY FIRE DISTRICT**  
**Schedule of Proportionate Share of the Net OPEB Liability (ASRS-LTD)**  
**Last Ten Fiscal Years**  
**Year Ended June 30, 2023**

RSI-10

**ASRS - LTD**

Reporting Year	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Measurement Year	(2022)	(2021)	(2020)	(2019)	(2018)	(2017)	(2016)	(2015)	(2014)	(2013)
District's proportion of net OPEB liability (asset)	0.00044%	0.00043%	0.00033%	0.00042%	0.00086%	0.00127%				
District's proportionate share of the net OPEB liability (asset)	\$ 41	\$ 89	\$ 250	\$ 274	\$ 449	\$ 460	Information not available	Information not available	Information not available	Information not available
District's covered-employee payroll	\$ 42,569	\$ 31,654	\$ 38,132	\$ 34,884	\$ 84,288	\$ 63,353	available	available	available	available
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	0.10%	0.28%	0.66%	0.79%	0.53%	0.73%				
Plan fiduciary net position as a percentage of the total OPEB liability	93.70%	95.40%	90.38%	68.01%	78.00%	69.92%				

\*-Fiscal year 2018 was the 1st year of implementation, therefore prior years are not displayed.

See accompanying notes to the Pension/OPEB Plan Schedules

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**TRI-CITY FIRE DISTRICT  
ANNUAL REPORT INFORMATION  
FISCAL YEAR ENDED JUNE 30, 2023**

Arizona Revised Statutes (ARS) requires certain additional information be attached to the audit report to comply with ARS 48-251 & 48-253 as required to meet the requirements of the Arizona "Annual Report" of Special Districts. This information is included as other supplementary information.

**REGULAR FIRE BOARD MEETINGS:**

<u>Date</u>	<u>Time</u>	<u>Location</u>
July 19 2022	11 a.m.	Fire Station, 4280 E. Broadway, Claypool, Arizona
August 16, 2022	11 a.m.	Fire Station, 4280 E. Broadway, Claypool, Arizona
Sept 20, 2022	11 a.m.	Fire Station, 4280 E. Broadway, Claypool, Arizona
October 18, 2022	11 a.m.	Fire Station, 4280 E. Broadway, Claypool, Arizona
November 15, 2022	11 a.m.	Fire Station, 4280 E. Broadway, Claypool, Arizona
December 20, 2022	11 a.m.	Fire Station, 4280 E. Broadway, Claypool, Arizona
January 17, 2023	11 a.m.	Fire Station, 4280 E. Broadway, Claypool, Arizona
February 21, 2023	11 a.m.	Fire Station, 4280 E. Broadway, Claypool, Arizona
March 21, 2023	11 a.m.	Fire Station, 4280 E. Broadway, Claypool, Arizona
April 18, 2023	11 a.m.	Fire Station, 4280 E. Broadway, Claypool, Arizona
May 16, 2023	11 a.m.	Fire Station, 4280 E. Broadway, Claypool, Arizona
June 20, 2023	11 a.m.	Fire Station, 4280 E. Broadway, Claypool, Arizona

**BOARD MEMBERS:**

<u>Name</u>	<u>Business Phone Number</u>	<u>Position / Occupation</u>
Mitch Malkovich	928-425-0815	Chairperson / Retired
Franceen Gregovich	928-425-0815	Clerk/ Home Health Care
Dan Guthrey	928-425-0815	Member/Retired
Michael Benjamin	928-425-0815	Member/Retired
Frankie DalMolin	928-425-0815	Member/Retired

**LOCATION OF POSTING OF MEETING NOTICES (all meetings):**

Front Door Window of the Tri-City FD Station Meeting Room, 4280 Broadway, Claypool, AZ  
U.S. Post Office, Claypool, AZ.  
Tri-City Fire District Web Site

**LEGAL DESCRIPTION OF BOUNDARY CHANGES:**

None

**TRI-CITY FIRE DISTRICT  
ANNUAL REPORT INFORMATION  
VOLUNTEER PENSION DISBURSEMENT  
FISCAL YEAR ENDED JUNE 30, 2023**

Arizona Revised Statutes (ARS) requires certain additional information be attached to the audit report to comply with ARS 9-956 as required to meet the requirements of the Arizona Annual “Report of Volunteer Fire Fighters Relief and Pension Fund”. This information is included as other supplementary information.

<b>TYPE OF DISTRIBUTION</b>	<b>NAME</b>	<b>AMOUNT</b>
ARTICLE 4	ALIPRANDINI, B	\$ 1,200
ARTICLE 4	MALKOVICH, MICHELL	<u>12,000</u>
TOTAL		<u>\$ 13,200</u>

**TRI-CITY FIRE DISTRICT**  
**GOVERNMENT AUDIT STANDARDS SECTION**  
**JUNE 30, 2023**

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# SAUNDERS COMPANY, LTD

JAMES H. SAUNDERS, CPA, CFE, CGFM, PI, AUDIT PARTNER  
TRICIA E. SAUNDERS, PI, AUDITOR

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CERTIFIED PUBLIC ACCOUNTANT  
CERTIFIED FRAUD EXAMINER  
CERTIFIED GOVERNMENT FINANCIAL MANAGER  
LICENSED PRIVATE INVESTIGATORS #01534603, # 1003706

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[Triciaesanders@yahoo.com](mailto:Triciaesanders@yahoo.com)

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Member: American Institute of Certified Public Accountants  
Arizona Society of Certified Public Accountants

Arizona Association of Licensed Private Investigators

International Association of Certified Fraud Examiners  
Arizona Association of Certified Fraud Examiners

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## INDEPENDENT AUDITOR'S 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*

To the Governing Board  
Tri-City Fire District  
Claypool, Arizona

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Tri-City Fire District (the District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Tri-City District's basic financial statements, and have issued our report thereon dated February 15, 2024.

### Report on Internal Control over Financial Reporting

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

### Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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*.

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**Independent Auditor's Report on Internal Control...**

**June 30, 2023**

**Page 2**

**Report on Compliance with State of Arizona Regulatory Requirements**

In conjunction with our Audit, nothing came to our attention causing us to believe the Tri-City 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 those liabilities as prescribed in Arizona Revised Statutes (A.R.S.) section 48-805, subsection B, paragraph 2 and sections 48-806 and 48-807, or that the District failed to comply with A.R.S. section 48-805.02, subsection F. However, our Audit was not directed primarily toward obtaining knowledge of such non-compliance. This report is supplemental reporting as required by Arizona Revised Statutes intended solely for the information and use of management and to meet the requirements of A.R.S. 48-805. Accordingly, this report is not suitable for any other purpose and is not intended to be and should not be used by anyone other than the specified parties.

**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.

**Saunders Company, Ltd.**

Glendale, Arizona  
February 15, 2024

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