

Northern Arizona Fire District

Basic Financial Statements

Year ended June 30, 2024

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Independent Auditor's Report

Board of Directors and Management
Northern Arizona Fire District
Kingman, Arizona

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Northern Arizona Fire District (the District), as of and for the year ended June 30, 2024, 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 and each major fund of the District as of June 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the 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 these 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.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about 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 on pages 4 through 10, the budgetary comparison information on pages 39 and 40, the schedule of the District's proportionate share of net pension/OPEB liability – cost-sharing pension plans on page 41, the schedule of changes in the District's net pension/OPEB liability and related ratios – agent pension/OPEB plans on pages 42 and 43, the schedule of District pension/OPEB contributions on pages 44 and 45 and the notes to pension/OPEB plan schedules on pages 46 and 47, be presented to supplement the basic financial statements. Such information, 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 4, 2025, 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.

Walker & Armstrong, LLP

Phoenix, Arizona
March 4, 2025

**Northern Arizona Fire District
Management's Discussion and Analysis
Year Ended June 30, 2024**

As management of Northern Arizona Fire District (the "District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2024. We encourage readers to consider the information presented here in conjunction with District's financial statements, which begin on page 11. This annual financial report consists of two parts, Management's Discussion and Analysis (this section) and the basic financial statements.

Nature of Operations

The District provides fire and emergency medical services to homes, property and persons residing within the District's boundaries, as well as services to locations and persons outside the District through mutual aid agreements.

Financial Highlights

- The assets and deferred outflows of the District exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$2,955,082. Of this amount, \$3,401,100 is invested in capital assets, net of related debt.
- During the year, the District's total net position increased by \$669,205 or 29.3% from the previous year.
- Total revenues increased over the previous fiscal year by \$419,103 or 9.9% due to an increase for property taxes of \$342,940, investment earnings of \$51,415, other revenue of \$103,344 offset by a decrease in firefighter relief and pension of \$19,538, fire district assistance tax of \$223 and a decrease in the gain on sale of capital assets of \$90,250.
- At the end of the current fiscal year, unrestricted net position for the Governmental Activities was a deficit balance of \$1,012,878.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements which are comprised of three components: (1) government-wide financial statements, (2) fund financial statements and (3) notes to the basic financial statements. This report also contains required 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.

Management's Discussion and Analysis - Continued

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 a private-sector business. Consequently, the entity-wide presentation utilizes the accrual basis of accounting and consolidates all governmental funds of the District.

The *statement of net position* presents information on all of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference between them 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 government'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 (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements can be found on pages 11 and 12 of this report.

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, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Management establishes governmental funds based on the application of generally accepted accounting principles and the evaluation of applicable laws, regulations and reporting objectives.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and change in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains two (2) governmental funds: the general fund and debt service fund.

Management's Discussion and Analysis - Continued

Fund Financial Statements - Continued

Information is presented separately in the governmental fund balance sheet and governmental funds statement of revenues, expenditures, and change in fund balances for the general fund and debt service fund (major governmental funds). The concept and determination of major funds has been established by the Governmental Accounting Standards Board (GASB).

The District adopts an annual appropriated budget to provide for its general fund. A budgetary comparison statement for the general fund has been provided as part of the supplementary information following the basic financial statements to demonstrate compliance with the budget and is presented on pages 39 and 40. The District revises the capital improvement plan annually to outline anticipated replacements and projects to be completed during the year using the general fund.

The basic governmental funds financial statements can be found on pages 13-16 of this report.

Notes to Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 17-38 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report includes required supplementary information, other than *Management's Discussion and Analysis*, concerning a comparison of the District's budget to actual revenues and expenditures for the general fund, as described earlier and can be found on pages 39 and 40 of this report and certain pension/other post-employment benefits (OPEB) information is reported on pages 41 through 47.

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 the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$2,955,082 at the close of the 2024 fiscal year. A portion of the District's net position (\$3,401,100) reflects its investment in capital assets (e.g., land and improvements, construction in progress, buildings, apparatus and vehicles, equipment, dispatch center assets, right-to-use lease assets, and right-to-use subscription assets); less any related outstanding debt used to acquire those assets.

Management's Discussion and Analysis - Continued

Government-Wide Financial Analysis - Continued

The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. The District also has \$566,860 in restricted net position for debt service. The remaining unrestricted net position is a deficit of \$1,012,878 which is caused primarily by the certificates of participation to fund the net pension obligation totaling \$3,760,000.

The District's \$4,316,564 in capital assets consists of five fully staffed fire stations and two fire stations staffed with volunteers which are strategically placed throughout the District's service area. The District maintains a fleet of approximately twenty-five fire apparatus and staff vehicles. The District has also acquired state-of-the art medical and firefighting equipment which is all well-maintained in order to provide the highest level of care. The remaining assets consist mainly of cash and cash equivalents and other program revenue receivables which are used to meet the District's ongoing obligations to its citizens.

The following contains an analysis of the current and prior year government-wide statements.

Condensed Statements of Net Position

GOVERNMENTAL ACTIVITIES

	<u>2024</u>	<u>2023</u>
Assets		
Cash and investments	\$ 3,804,975	\$ 3,079,976
Other assets	212,004	207,863
Net OPEB asset	158,911	152,740
Capital assets, net	<u>4,316,564</u>	<u>4,600,785</u>
Total assets	8,492,454	8,041,364
Deferred outflows of resources related to pensions and OPEB	515,431	604,919
Liabilities		
Current liabilities	234,937	321,636
Noncurrent liabilities	<u>5,729,276</u>	<u>5,791,717</u>
Total liabilities	5,964,213	6,113,353
Deferred inflows of resources related to pensions and OPEB	<u>88,590</u>	<u>247,053</u>
Net position		
Net investment in capital assets	3,401,100	3,576,670
Restricted for debt service	566,860	565,612
Unrestricted (deficit)	<u>(1,012,878)</u>	<u>(1,856,405)</u>
Total net position	<u>\$ 2,955,082</u>	<u>\$ 2,285,877</u>

Management's Discussion and Analysis - Continued

Government-Wide Financial Analysis - Continued

The following table presents a summary of the District's revenues and expenses for the current and prior fiscal year:

Condensed Statements of Activities

GOVERNMENTAL ACTIVITIES

	<u>2024</u>	<u>2023</u>
Revenues:		
Program revenue:		
Operating and capital grants	\$ 75,786	\$ 58,272
Charges for services	16,195	2,294
General revenues:		
Property taxes	3,907,627	3,564,687
Fire district assistance tax	361,813	362,036
Firefighter relief and pension	24,841	44,379
Investment earnings	97,138	45,723
Gain on sale of capital assets	-	90,250
Other revenue	166,156	62,812
Total revenues	4,649,556	4,230,453
Expenses:		
Public safety	3,980,351	3,599,114
Total expenses	3,980,351	3,599,114
Change in net position	669,205	631,339
Net position, beginning of year	2,285,877	1,654,538
Net position, ending of year	\$ 2,955,082	\$ 2,285,877

The cost of all governmental activities for the year ended June 30, 2024, was \$3,980,351, the majority of which is salaries and wages.

Financial Analysis of the Governmental Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements and generally accepted accounting principles (GAAP).

Management's Discussion and Analysis - Continued

Financial Analysis of the Governmental Funds - Continued

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of fiscal year.

At the end of the current fiscal year, the District's governmental funds reported ending fund balance of \$3,455,149. Revenues for the year included property tax revenues, intergovernmental agreements and other revenues.

Of the \$3,455,149 total governmental fund balance, the amount restricted for debt service is \$566,859, the amount committed by the Board for future capital projects totaled \$500,000. The remaining amount of \$2,388,290 is unassigned and available for future spending.

The general fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the general fund was \$2,388,290. As a measure of the general fund's liquidity, it may be useful to compare spendable fund balance to total fund expenditures. Spendable fund balance represents 66.9% of total general fund expenditures of \$3,568,864.

General Fund Budgetary Highlights

Total revenues were \$461,222 more than budgeted revenues while total expenditures were \$212,688 less than budgeted expenditures. The budgeted revenues variance occurred primarily due to property tax revenues being \$255,818 more than budgeted and firefighter relief and pension of \$24,841 which was not budgeted. The expenditure variance resulted primarily from personnel costs being \$463,555 under budget, small tools and equipment being \$55,323 less than budgeted, repairs and maintenance being \$34,079 more than budgeted, professional services being \$147,586 more than budgeted, principal portion of debt service of \$108,651 which was not budgeted and interest portion of debt of \$45,305 which was not budgeted.

Capital Asset and Debt Administration

Capital Assets - The District's investment in capital assets as of June 30, 2024, totaled \$4,316,564 (net of accumulated depreciation/amortization). These assets include land and improvements, construction in progress, buildings, apparatus and vehicles, equipment, right-to-use lease assets, and right-to-use subscription assets.

Major capital asset transactions during the year included \$46,121 in capital asset acquisitions which include costs to put the two pumper apparatus in service, as of June 30, 2024.

Management's Discussion and Analysis - Continued

Capital Asset and Debt Administration - Continued

The District depreciates/amortizes capital assets, except for land and construction-in-progress, consistent with generally accepted accounting principles, utilizing the straight-line depreciation/amortization method. The cost of the asset is divided by the expected useful life in years and the result is charged to expense each year until the asset is fully depreciated/amortized. Major outlays for capital assets and improvements are capitalized as projects are completed and placed into service. The District's threshold for capitalization was maintained at \$2,500. Additional information on the District's capital assets can be found in Note 3 in the basic financial statements on pages 24 and 25.

Long-Term Liabilities - At the end of the current year, the District had long-term liabilities outstanding of \$5,729,276, which included compensated absences of \$146,972, certificates of participation of \$3,760,000, net pension/OPEB liability of \$906,840, financed purchases of \$825,899, and subscription-based information technology arrangements of \$89,312. The unfunded pension and OPEB debt increased substantially from the prior year using funding from the certificates of participation, issued in fiscal year 2022.

Additional information on the District's long-term liabilities can be found in Note 4 in the basic financial statements on pages 25 and 26.

Economic Factors Affecting Future Results

The District had an increase in assessed valuation and an increase in the tax rate for fiscal year ending June 30, 2025. This will result in an increase in revenue of \$836,494. It is projected the District will continue to experience an increase in assessed value for the year ending June 30, 2026, as well as a continuing increase in collection rates.

The District currently does anticipate the ability to replace future vacancies as the District has identified the financial balance with the current staffing level. The District experienced a significant increase in health insurance and liability and worker's compensation insurance, and a reduction in PSPRS costs.

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

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 Northern Arizona Fire District at 2600 East Northern Avenue, Kingman, Arizona 86409.

Northern Arizona Fire District
Statement of Net Position
June 30, 2024

	Governmental Activities
Assets	
Cash and investments	\$ 3,554,203
Cash and investments held by trustee	250,772
Prepaid expenses	5,900
Receivables, net:	
Grants receivable	24,328
Taxes receivable	181,776
Net other post-employment benefits asset	158,911
Capital assets, not being depreciated	714,480
Capital assets, being depreciated, net	3,602,084
Total assets	<u>8,492,454</u>
Deferred outflows of resources	
Deferred outflows related to pensions and other post-employment benefits	<u>515,431</u>
Total deferred outflows of resources	515,431
Liabilities	
Accounts payable	18,231
Accrued payroll and related	167,618
Interest payable	49,088
Noncurrent liabilities:	
Due within 1 year	318,660
Due in more than 1 year	5,410,616
Total liabilities	<u>5,964,213</u>
Deferred inflows of resources	
Deferred inflows related to pensions and other post-employment benefits	<u>88,590</u>
Total deferred inflows of resources	<u>88,590</u>
Net position	
Net investment in capital assets	3,401,100
Restricted:	
Debt service	566,859
Net other post-employment benefits asset	158,911
Unrestricted (deficit)	<u>(1,171,788)</u>
Total net position	<u><u>\$ 2,955,082</u></u>

The accompanying notes are an
integral part of these basic financial statements.

Northern Arizona Fire District
Statement of Activities
Year Ended June 30, 2024

	Governmental Activities
Program expenses	
<i>Public safety-fire protection and emergency medical services</i>	
Personnel costs	\$ 2,633,612
Professional services	474,036
Repairs and maintenance	198,579
Small tools and equipment	130,677
Utilities	20,719
Training	6,241
Mission support	22,032
Administration	18,956
Interest expense	145,158
Depreciation expense	330,341
Total program expenses	3,980,351
Program revenues	
Operating and capital grants	75,786
Charges for services	16,195
Total program revenues	91,981
Net program expense	3,888,370
General revenues	
Taxes:	
Real and personal property taxes	3,907,627
Fire district assistance tax	361,813
Firefighter relief and pension	24,841
Investment earnings	97,138
Gain on sale of capital assets	-
Other revenue	166,156
Total general revenues	4,557,575
Change in net position	669,205
Net position, July 1, 2023	2,285,877
Net position, June 30, 2024	\$ 2,955,082

The accompanying notes are an
integral part of these basic financial statements.

Northern Arizona Fire District
Balance Sheet
Governmental Funds
June 30, 2024

	General Fund	Debt Service Fund	Total Governmental Funds
Assets			
Cash and investments	\$ 2,989,028	\$ 565,175	\$ 3,554,203
Cash and investments held by trustee	-	250,772	250,772
Prepaid expenses	5,900	-	5,900
Receivables, net:			
Grants receivable	24,328	-	24,328
Taxes receivable	181,776	-	181,776
Total assets	<u>\$ 3,201,032</u>	<u>\$ 815,947</u>	<u>\$ 4,016,979</u>
Liabilities			
Accounts payable	\$ 18,231	\$ -	\$ 18,231
Accrued payroll and related	167,618	-	167,618
Certificates of participation payable	-	200,000	200,000
Interest payable	-	49,088	49,088
Total liabilities	<u>185,849</u>	<u>249,088</u>	<u>434,937</u>
Deferred inflows of resources			
Unavailable revenues	<u>126,893</u>	-	<u>126,893</u>
Total deferred inflows of resources	<u>126,893</u>	-	<u>126,893</u>
Fund balances			
Restricted	-	566,859	566,859
Committed	500,000	-	500,000
Unassigned	<u>2,388,290</u>	-	<u>2,388,290</u>
Total fund balances	<u>2,888,290</u>	<u>566,859</u>	<u>3,455,149</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 3,201,032</u>	<u>\$ 815,947</u>	<u>\$ 4,016,979</u>

The accompanying notes are an
integral part of these basic financial statements.

Northern Arizona Fire District
Reconciliation of the Governmental Funds Balance Sheet
to the Government-wide Statement of Net Position
June 30, 2024

Total fund balances	\$	3,455,149
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Capital assets	\$ 10,328,873	
Less: accumulated depreciation	<u>(6,012,309)</u>	
		4,316,564

Some of the District's receivables will be collected after year-end, but are not available soon enough to pay for the current period expenditures and therefore are deferred in the funds.	126,893
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Net other post-employment benefits assets held in trust for future benefits are not available for operations and therefore, are not reported in the funds.	158,911
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Long-term liabilities are not due and payable in the current period and, therefore, are not reported as a liability in the funds as follows:

Compensated absences	(146,972)
Certificates of participation	(3,560,000)
Finance purchase obligation	(825,899)
Subscription-based information technology arrangements	(89,312)
Lease obligation	(253)
Net pension obligation	(906,840)

Deferred outflows and inflows of resources related to pensions and other post-employment benefits are applicable to future reporting periods and therefore, are not reported in the funds.	<u>426,841</u>
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Net position of governmental activities	\$	<u>2,955,082</u>
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The accompanying notes are an
integral part of these basic financial statements.

Northern Arizona Fire District
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Governmental Funds
Year Ended June 30, 2024

	General Fund	Debt Service Fund	Total Governmental Funds
Revenues			
<i>Taxes:</i>			
Property taxes	\$ 3,938,846	\$ -	\$ 3,938,846
Fire district assistance tax	361,813	-	361,813
Firefighter relief and pension	24,841	-	24,841
Charges for services	16,195	-	16,195
Intergovernmental	75,786	-	75,786
Investment earnings	95,890	1,248	97,138
Other revenue	166,156	-	166,156
Total revenues	4,679,527	1,248	4,680,775
Expenditures			
<i>Public safety-fire protection and emergency medical services</i>			
Personnel costs	2,497,548	-	2,497,548
Professional services	474,036	-	474,036
Repairs and maintenance	198,579	-	198,579
Small tools and equipment	130,677	-	130,677
Utilities	20,719	-	20,719
Training	6,241	-	6,241
Mission support	22,032	-	22,032
Administration	18,956	-	18,956
Debt service:			
Principal portion	108,651	200,000	308,651
Interest portion	45,305	99,853	145,158
Capital outlay	46,120	-	46,120
Total expenditures	3,568,864	299,853	3,868,717
Excess of revenues over (under) expenditures	1,110,663	(298,605)	812,058
Other financing sources (uses)			
Transfers in	-	299,852	299,852
Transfers out	(299,852)	-	(299,852)
Total other financing sources (uses)	(299,852)	299,852	-
Net change in fund balances	810,811	1,247	812,058
Fund balances, July 1, 2023	2,077,479	565,612	2,643,091
Fund balances, June 30, 2024	\$ 2,888,290	\$ 566,859	\$ 3,455,149

The accompanying notes are an
integral part of these basic financial statements.

Northern Arizona Fire District
Reconciliation of the Governmental Funds Statement of Revenues,
Expenditures and Changes in Fund Balances to the
Government-wide Statement of Activities
Year Ended June 30, 2024

Net change in fund balances - total governmental funds	\$ 812,058
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense in the current period:	
Expenditures for capital outlays	46,120
Depreciation expense	(330,341)
Property tax revenues and certain charges for services reported in the statement of activities do not provide current financial resources and therefore, are not reported as revenues in the governmental funds.	(31,219)
District pension contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the statement of net position because the reported net pension liability is measured a year before the District's report. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the statement of activities:	
District pension contributions	234,453
Pension expense	(366,186)
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position:	
Principal repaid	308,651
Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:	
Change in compensated absences	(4,331)
Change in net position of governmental activities	\$ 669,205

The accompanying notes are an
integral part of these basic financial statements.

Northern Arizona Fire District
Notes to Financial Statements
Year Ended June 30, 2024

Note 1 – Summary of Significant Accounting Policies

The accounting policies of Northern Arizona Fire District (the “District”) conform to generally accepted accounting principles applicable to governmental units adopted by the Governmental Accounting Standards Board (GASB).

A. Reporting Entity

The District is a local governmental unit formed and is operated pursuant to the provisions of Title 48 of the Arizona Revised Statutes. The District operates under the oversight 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 the chief’s staff.

The District has the power to issue bonds, levy taxes, bill for services and raise revenues with the power of the County government. In addition, 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.

B. Basis of Presentation

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

Government-wide Financial Statements – These statements include a statement of net position and a statement of activities. These statements report the financial activities of the overall District.

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

Program revenues include charges to customers for fire services provided and capital grants for the purchase of new equipment.

Notes to Financial Statements - Continued

Note 1 – Summary of Significant Accounting Policies - Continued

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

Fund Financial Statements – provide information about the District’s funds. The emphasis of fund financial statements is on the major governmental funds.

The District reports the following major governmental funds:

- The *general fund* is the District’s primary operating fund which accounts for all financial resources except those required to be accounted for in another fund.
- The *debt service fund* accounts for the issuance and repayment of the certificates of participation and financed purchases of the District.

C. Basis of Accounting

The government-wide financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Property taxes are recognized as revenue in the year they are levied.

Governmental funds in the fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they are due and payable.

General capital asset acquisitions are reported as expenditures in the governmental funds. Proceeds of general long-term debt and acquisitions under lease agreements and subscription-based information technology arrangements are reported as other financing sources.

Taxes and investment earnings associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Fund Balance Classifications – Fund balances of the governmental funds are reported separately within classifications based on a hierarchy of the constraints placed on the use of those resources. The classifications are based on the relative strength of the constraints that control how the specific amounts can be spent. The classifications are nonspendable, restricted, and unrestricted (which includes committed, assigned, and unassigned fund balance classifications).

The nonspendable fund balance classification includes amounts that cannot be expended because they are either not in spendable form, such as prepaid items, or are legally or contractually required to be maintained intact. Restricted fund balances are those that have externally imposed restrictions on their usage by creditors, such as through debt covenants, grantors, contributors, or laws and regulations.

Notes to Financial Statements - Continued

Note 1 – Summary of Significant Accounting Policies - Continued

The unrestricted fund balance category is comprised of committed, assigned, and unassigned resources.

Committed fund balances are self-imposed limitations approved by the District's Board of Directors, which is the highest level of decision-making authority within the District. The constraints placed on committed fund balances can only be removed or changed by the Board of Directors.

Assigned fund balances are resources constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. The Board of Directors has authorized the Fire Chief to make assignments of resources for specific purposes.

The unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not reported in the other classifications. Deficits in fund balances of the other governmental funds are reported as unassigned. When an expenditure is incurred that can be paid from either restricted or unrestricted fund balances, it is the District's policy to use restricted fund balance first. For the disbursement of unrestricted fund balances, it is the District's policy to use committed amounts first, followed by assigned amounts, and lastly unassigned amounts.

Cash and Investments – Nonparticipating interest-earning investment contracts are stated at cost. Money market investments and participating interest-earning investment contracts with a remaining maturity of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value.

Investment earnings are composed of interest and net changes in the fair value of applicable investments.

Cash held by Trustee – Money market investments with a remaining maturity of one year or less at time of purchase are stated at amortized costs.

Prepaid Items – Prepaid items are accounted for using the purchase method in the governmental fund financial statements. Under this method, expenditures are reported at the time of purchase and unexpended amounts at year-end are reported on the balance sheet as a prepaid item for informational purposes only and are offset by a fund balance reserve to indicate that they do not constitute "available spendable resources."

In the government-wide financial statements, prepaid purchases are recorded as assets when the goods or services are purchased and are expensed over the period consumed.

Receivables – Receivables outstanding at year-end consist of amounts due for property taxes and intergovernmental grants. Management periodically evaluates the collectability of receivables based on their age and collection efforts and an allowance is established for estimated uncollectible accounts. Uncollectible accounts are written off after all efforts for collection have been exhausted. As of June 30, 2024, there is no allowance for uncollectible accounts.

Notes to Financial Statements - Continued

Note 1 – Summary of Significant Accounting Policies - Continued

Capital Assets – Capital assets are reported in the government-wide financial statements at actual cost or estimated historical cost if historical records are not available. Donated capital assets are reported at estimated fair value when received. Capital assets are assets with an initial, individual cost of \$2,500 or more and an estimated useful life exceeding one year.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are expensed as incurred.

Capital assets are depreciated using the straight-line method as follows:

<u>Capital asset class</u>	<u>Estimated useful life</u>
Land and improvements	Non-depreciable
Construction in progress	Non-depreciable
Buildings	40 years
Apparatus and vehicles	5 to 10 years
Equipment	5 to 10 years
Dispatch center assets	25 years
Intangibles:	
Right-to-use lease assets	3 to 5 years
Right-to-use subscription assets	3 to 5 years

Intangible right-to-use lease assets are amortized over the shorter of the lease term or the useful life of the underlying asset, unless the lease contains a purchase option that the District is reasonably certain of being exercised, then the lease asset is amortized over the useful life of the underlying asset.

Intangible right-to-use subscription assets are amortized over the shorter of the subscription term or the useful life of the underlying IT assets.

Leases – As lessee, the District recognizes lease liabilities with an initial, individual value of \$10,000 or more. The District uses its estimated incremental borrowing rate to measure lease liabilities unless it can readily determine the interest rate implicit in the lease. The incremental borrowing rate of the District is 5%.

Subscription-based information technology arrangements – The District recognizes subscription liabilities with an initial, individual value of \$10,000 or more. The District uses its estimated incremental borrowing rate to measure subscription liabilities unless it can readily determine the interest rate implicit in the arrangement. The District's estimated incremental borrowing rate is 5%.

Compensated Absences – The District allows employees to accumulate earned but unused vacation. A liability is reported for paid time-off that is payable upon termination or retirement. Accordingly, compensated absences are accrued as a liability only in the government-wide financial statements.

Notes to Financial Statements - Continued

Note 1 – Summary of Significant Accounting Policies - Continued

Deferred Outflows/Inflows of Resources – The statement of net position and balance sheet include separate sections, as appropriate, for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position that applies to future periods that will be recognized as an expense or expenditure in future periods. Deferred inflows of resources represent an acquisition of net position or fund balance that applies to future periods and will be recognized as revenue in future periods.

Estimates – The preparation of the basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and deferred outflows/inflows of resources and disclosure of contingent assets, liabilities, and deferred outflows/inflows of resources at the date of the basic financial statements and the reported amounts of revenues and expenditures/expenses during the tax calendar reporting period. Actual results may differ from those estimates.

Property Tax Calendar - The District levies real and personal 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. A lien against real and personal property assessed attaches on the first day of January preceding assessment and levy thereof.

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

All annual appropriations lapse at fiscal year-end. The District is subject to expenditure limitations under Arizona Revised Statutes. Statutes also do not permit the District to incur debt in excess of the tax levy outstanding and to be collected plus the available and unencumbered cash on deposit. The limitation is applied to the total of the combined governmental funds.

Note 2 – Cash and Investments

Arizona Revised Statutes authorize the District to invest public monies in the State or County Treasurer's investment pools; interest-bearing savings accounts, certificates of deposit, and repurchase agreements in eligible depositories; bonds or other obligations of the United States government that are guaranteed as to principal and interest by the United States government; and bonds of the state of Arizona counties, cities, towns, school districts, and special districts as specified by statute.

Notes to Financial Statements - Continued

Note 2 – Cash and Investments - Continued

The District utilizes Mohave County as its repository for cash and allows their pool to invest those funds; accordingly, the District does not have its own formal investment policy with respect to credit risk, custodial credit risk, concentration of credit risk, interest rate risk, or foreign currency risk for investments.

A.R.S. §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 County Treasurer, accounts for monies from property taxes, grants, contributions and donations. The 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 County Treasurer for each governmental fund of the District. Warrants may only be registered on the maintenance and operation account, and only after any revolving line of credit has been expended. Registered warrants may not exceed ninety percent 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 District's general fund 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.

Cash on Hand and Deposits – At June 30, 2024, the District had \$200 on hand, and carrying amount of the total cash in bank was \$413,552 and the bank balance was \$413,649 of which all are insured or collateralized.

Investments – The District's investments at June 30, 2024, are categorized within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset.

The District's investments at June 30, 2024, are comprised of the amount held by the Mohave County Treasurer totaling \$3,391,223.

The Mohave County Treasurer's investment pool is not registered with the Securities and Exchange Commission and there is no regulatory oversight of its operations. However, the majority of Mohave County's investment pool is invested in the State of Arizona's local government investment pool which is regulated by the State Board of Investment. The pool's structure does not provide for shares, and Mohave County has not provided or obtained any legally binding guarantees to support the value of the participants' investments. Participants in the pool are not required to categorize the value of shares in accordance with the fair value hierarchy.

Notes to Financial Statements - Continued

Note 2 – Cash and Investments - Continued

Credit Risk - At June 30, 2024, all of the District's investments were invested in the Mohave County investment pool which is not rated by rating agencies.

Custodial Credit Risk – For an investment, custodial credit risk is the risk that, in the event of the counterparty's failure, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. External investment pools are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

Interest Rate Risk – At June 30, 2024, the District's investments can be withdrawn from the pools at will and therefore, are not subject to a significant amount of interest rate risk.

Foreign Currency Risk – The District does not have a formal investment policy with respect to foreign currency risk because state statutes do not allow for foreign investments.

A reconciliation of cash, deposits, and investment to amounts shown on the statement of net position follows:

Cash on hand	\$ 200
Amount of deposits	413,552
Amounts of investments	<u>3,391,223</u>
Total	<u>\$ 3,804,975</u>
Cash and investments	\$ 3,554,203
Cash and investments held by trustee	<u>250,772</u>
Total	<u>\$ 3,804,975</u>

Notes to Financial Statements - Continued

Note 3 – Capital Assets

Capital asset activity for the year ended June 30, 2024, was as follows:

	Balance, July 1, 2023	Increases	Decreases	Balance, June 30, 2024
Capital assets not being depreciated:				
Land and improvements	\$ 714,480	\$ -	\$ -	\$ 714,480
Construction in progress	1,255,205	-	(1,255,205)	-
Total capital assets not being depreciated	1,969,685	-	(1,255,205)	714,480
Capital assets being depreciated/amortized:				
Buildings	2,827,546	-	-	2,827,546
Apparatus and vehicles	3,193,085	1,301,325	-	4,494,410
Equipment	2,039,594	-	-	2,039,594
Dispatch center assets	100,052	-	-	100,052
Intangibles:				
Right-to-use lease asset	6,018	-	-	6,018
Right-to-use subscription assets	146,773	-	-	146,773
Total capital assets being depreciated/amortized	8,313,068	1,301,325	-	9,614,393
Less accumulated depreciation/amortization for:				
Buildings	(937,344)	(64,439)	-	(1,001,783)
Apparatus and vehicles	(2,904,403)	(170,177)	-	(3,074,580)
Equipment	(1,766,672)	(59,583)	-	(1,826,255)
Dispatch center assets	(45,023)	(4,002)	-	(49,025)
Intangibles:				
Right-to-use lease asset	(2,786)	(2,786)	-	(5,572)
Right-to-use subscription assets	(25,740)	(29,354)	-	(55,094)
Total accumulated depreciation/amortization	(5,681,968)	(330,341)	-	(6,012,309)
Total capital assets being depreciated/amortized, net	2,631,100	970,984	-	3,602,084
Total capital assets, net	<u>\$ 4,600,785</u>	<u>\$ 970,984</u>	<u>\$ (1,255,205)</u>	<u>\$ 4,316,564</u>

Notes to Financial Statements - Continued

Note 3 – Capital Assets - Continued

Governmental activities depreciation/amortization expense, excluding infrastructure, in the amount of \$330,341 was charged to the public safety function of the District.

Note 4 – Long-Term Liabilities

A summary of the changes in long-term liabilities for the year ended June 30, 2024, follows:

	Balance July 1, 2023	Additions	Reductions	Balance June 30, 2024	Due Within 1 Year
Certificates of participation	\$ 3,925,000	\$ -	\$165,000	\$ 3,760,000	\$ 200,000
Financed purchases	905,585	-	79,686	825,899	92,262
Net pension/OPEB liability	699,961	206,879	-	906,840	-
Compensated absences	142,641	4,331		146,972	-
Subscription-based information technology arrangements	115,323	-	26,011	89,312	26,145
Lease obligation	3,207	-	2,954	253	253
	<u>\$ 5,791,717</u>	<u>\$ 211,210</u>	<u>\$ 273,651</u>	<u>\$ 5,729,276</u>	<u>\$ 318,660</u>

Certificates of participation – The District issued certificates of participation totaling \$3,995,000 to contribute the proceeds to the Public Safety Personnel Retirement System to fund the net pension liability, utilizing all nine stations of the District as collateral. The certificates of participation have interest rates ranging from 0.9% - 3.25% payable semi-annually and maturity dates ranging from July 2022 through July 2038.

The following schedule details debt service requirements to maturity for the District's certificates of participation:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 200,000	\$ 101,530
2026	215,000	98,730
2027	220,000	95,075
2028	225,000	90,785
2029	230,000	56,060
2030 – 2034	1,235,000	339,674
2035 – 2039	1,435,000	142,137
Total	<u>\$ 3,760,000</u>	<u>\$ 923,991</u>

Notes to Financial Statements - Continued

Note 4 – Long-Term Liabilities – Continued

Financed Purchases – The District has acquired two apparatus under contract agreements at a total price of \$905,585. The following schedule details debt service requirements to maturity for the District’s financed purchases:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 92,262	\$ 26,323
2026	95,203	23,382
2027	98,237	20,348
2028	101,368	17,217
2029	104,599	13,986
2030 – 2032	334,230	21,529
Total	<u>\$ 825,899</u>	<u>\$ 122,785</u>

Subscription-Based Information Technology Arrangements (SBITAs) – The District has obtained the right to use various software under the provisions of various subscription-based information technology arrangements at a total price of \$146,773 with accumulated amortization of \$55,094. The following schedule details debt service requirements to maturity for the District’s subscription liability:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 26,145	\$ 4,313
2026	29,651	3,232
2027	31,679	1,715
2028	1,837	94
Total	<u>\$ 89,312</u>	<u>\$ 9,354</u>

Leases – The District has obtained the right to use equipment under the provision of a lease agreement at a total price of \$6,018 with accumulated amortization of \$5,572. As of June 30, 2024, there was a remaining principal balance of \$253 due in fiscal year 2025.

Note 5 – Line of Credit

The District maintains a credit line in the amount of \$250,000 through the Mohave County Treasurer. As of June 30, 2024, the District had not utilized the credit line. The interest rate, if used, is prime plus a percentage to be determined when the credit line is used.

Notes to Financial Statements - Continued

Note 6 – 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, 2024, the District reported the following aggregate amounts related to pensions and other postemployment benefits (OPEB) for all plans to which it contributes:

	ASRS	PSPRS	Total
Net pension and OPEB liability	\$ 64,131	\$ 842,709	\$ 906,840
Net pension and OPEB asset	-	158,911	158,911
Deferred outflows of resources	10,848	504,583	515,431
Deferred inflows of resources	13,163	75,427	88,590
Pension and OPEB expense	9,362	356,824	366,186

The District's accrued payroll and employee benefits includes \$10,893 of outstanding pension and OPEB contribution amounts payable to all plans for the year ended June 30, 2024.

A. Arizona State Retirement System

Plan Description: The District contributes to 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 administered by the *Arizona State Retirement System* (ASRS) that covers employees of the State of Arizona and employees of participating political subdivisions and school districts

The ASRS is governed by the Arizona State Retirement System Board according to the provisions of Arizona Revised Statute 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. Reports may be obtained online at www.azasrs.gov.

Notes to Financial Statements - Continued

Note 6 – Employee Retirement Systems and Post Employment Plans – Continued

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:

	Retirement initial membership date	
	<i>Before July 1, 2011</i>	<i>On or after July 1, 2011</i>
Years of service and age required to receive benefits	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 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 contribution 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.

Notes to Financial Statements - Continued

Note 6 – Employee Retirement Systems and Post Employment Plans – Continued

For the year ended June 30, 2024, statute required active ASRS members to contribute at the actuarially determined rate of 12.29 percent (12.14 percent retirement and 0.15 percent for long-term disability) of the members' annual covered payroll, and statute required the District to contribute at the actuarially determined rate of 12.29 percent (12.03 percent retirement, 0.11 percent for health insurance premium benefit, and 0.15 percent for long-term disability) of the active members' annual covered payroll. The District's contributions to the pension, health insurance premium benefit and long-term disability plans for the year ended June 30, 2024, were \$8,703, \$80 and \$108 respectively. During fiscal year 2024, the District paid for ASRS pension and OPEB contributions from the general fund.

Pension Liability – At June 30, 2024, the District reported the following asset and liabilities for its proportionate share of the ASRS net pension/OPEB asset or liability.

	Net pension/OPEB (asset) liability
Pension	\$ 66,344
Health insurance premium benefit	(2,268)
Long-term disability	55

The net asset and liabilities were measured as of June 30, 2023. The total liability used to calculate the net asset or net liability was determined using updated procedures to roll forward the total liability from an actuarial valuation as of June 30, 2022, to the measurement date of June 30, 2023.

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, 2023. District's proportions measured as of June 30, 2023, and the change from its proportions measure as of June 30, 2022, were:

ASRS	Proportion June 30, 2022	Increase (Decrease) from June 30, 2022
Pension	.00041%	(0.00009%)
Health insurance premium benefit	.00042%	(0.00009%)
Long-term disability	.00042%	(0.00008%)

Expense – For the year ended June 30, 2024, the District recognized the following pension and OPEB expense.

ASRS	Pension/ OPEB Expense
Pension	\$ 9,543
Health insurance premium benefit	(242)
Long-term disability	61

Notes to Financial Statements - Continued

Note 6 – Employee Retirement Systems and Post Employment Plans – Continued

Deferred Outflows/Inflows of Resources - At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions and OPEB from the following sources:

	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	\$ 1,499	\$ -	\$ 96	\$ 846	\$ 50	\$ 31
Changes of assumptions or other inputs	-	-	-	45	15	80
Net difference between projected and actual earnings on plan investments	-	2,347	-	100	-	4
Changes in proportion and differences between District contributions and proportionate share of contributions	-	9,625	189	29	108	56
District contributions subsequent to the measurement date	8,703	-	80	-	108	-
Total	\$ 10,202	\$ 11,972	\$ 365	\$ 1,020	\$ 281	\$ 171

The amounts reported as deferred outflows of resources related to ASRS pensions and OPEB resulting from the District's 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, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and OPEB will be recognized in pension expense as follows:

Year Ending June 30	Pension	Health Insurance Premium Benefit	Long-term Disability
2025	\$ (5,907)	\$ (351)	\$ 3
2026	(6,804)	(384)	(7)
2027	2,530	(9)	13
2028	(292)	(10)	4
2029	-	19	(7)
Thereafter	-	-	(4)

Notes to Financial Statements - Continued

Note 6 – Employee Retirement Systems and Post Employment Plans – Continued

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

Actuarial valuation date	June 30, 2022
Actuarial roll forward date	June 30, 2023
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, 2022, valuation was 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.

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

Asset Class	Target Allocation	Long-Term Expected Geometric Real Rate of Return
Public equity	44%	3.50%
Credit	23%	5.90%
Real estate	17%	5.90%
Private equity	10%	6.70%
Interest rate sensitive	6%	1.50%
Total	100%	

Notes to Financial Statements - Continued

Note 6 – Employee Retirement Systems and Post Employment Plans – Continued

Discount Rate – At June 30, 2023, 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 plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension/OPEB liability.

Sensitivity of the District’s Proportionate Share of the 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 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.

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
District’s proportionate share of the net pension liability	\$ 99,373	\$ 66,344	\$ 38,803
Net insurance premium benefit liability (asset)	(1,585)	(2,268)	(2,848)
Net long-term disability liability	80	55	30

Plan Fiduciary Net Position – Detailed information about the plan’s fiduciary net position is available in the separately issued ASRS financial report.

B. Public Safety Personnel Retirement System

Plan Description – The District has entered into a Joinder Agreement with the Arizona State 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), an agent and cost sharing multiple-employer defined benefit pension plan and an agent and cost-sharing multiple-employer defined benefit health insurance premium benefit (OPEB) plan, to cover all full-time personnel engaged in fire suppression activities and/or fire support. A nine-member board known as the Board of Trustees and the participating local boards govern the PSPRS according to the provisions of A.R.S Title 38, Chapter 5, Article 4. Employees who were PSPRS members before July 1, 2017, participate in the agent plans, and those who became PSPRS members on or after July 1, 2017, participate in the cost-sharing plans (PSPRS Tier 3 Risk Pool) which is not further disclosed because of their relative insignificance to the District’s financial statements.

Notes to Financial Statements - Continued

Note 6 – Employee Retirement Systems and Post Employment Plans – Continued

The PSPRS issues a publicly available financial report that includes their financial statements and required supplementary information. The reports are available on the PSPRS web site at www.psprs.com.

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

	Initial membership date	
	Before January 1, 2012	On or after January 1, 2012 and before July 1, 2017
Retirement and Disability		
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
Benefit percent:		
Normal retirement	50% less 2.0% for each year of credited service less than 20 years OR plus 2.0% to 2.5% for each year of credited service over 20 years, not to exceed 80%	1.5% to 2.5% per year of credited service, not to exceed 80%
Accidental disability retirement	50% or normal retirement, whichever is greater	
Catastrophic disability retirement	90% for the first 60 months then reduced to either 62.5% or normal retirement, whichever is greater	
Ordinary disability retirement	Normal retirement calculated with actual years of credited service or 20 years of credited service, whichever is greater, multiplied by years of credited service (not to exceed 20 years) divided by 20	
Survivor Benefit		
Retired members	80% to 100% of retired member's pension benefit	
Active 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	

Notes to Financial Statements - Continued

Note 6 – Employee Retirement Systems and Post Employment Plans – Continued

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, 2024, the following employees were covered by the agent plan's benefit terms:

	<u>Pension</u>	<u>Health</u>
Inactive employees or beneficiaries currently receiving benefits	11	11
Inactive employees entitled to but not yet receiving benefits	16	-
Active employees	<u>6</u>	<u>6</u>
Total	<u>33</u>	<u>17</u>

Contributions - State statutes establish the pension contribution requirements for active PSPRS employees. In accordance with state statutes, annual actuarial valuations determine employer contribution requirements for PSPRS pension and health insurance premium benefits. The combined active member and employer contribution rates are expected to finance costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute at an actuarially determined rate. Contribution rates for the year ended June 30, 2024, are indicated below. Rates are a percentage of active members' annual covered payroll.

For the year ended June 30, 2024, the rate was 20.03% for the pension plan and 0.00% for the health insurance premium benefit plans. Employees were required to contribute 7.65%-9.80% for the pension plan. Total pension contributions made during the year were \$223,681, and the total health insurance premium benefit contributions were \$1,881. During fiscal year 2024, the District paid for PSPRS and OPEB contributions from the general fund.

Liability – At June 30, 2024, the District reported liability/(assets) of \$842,709 and \$(158,911) for pension and health insurance premium benefit, respectively. The net liability and asset were measured as of June 30, 2023, and the total liability used to calculate the net liability was determined by an actuarial valuation as of that date.

Notes to Financial Statements - Continued

Note 6 – Employee Retirement Systems and Post Employment Plans – Continued

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

Actuarial valuation date	June 30, 2023
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, 2023, valuation were based on the results of an actual experience study for the 5-year period ended June 30, 2021.

The long-term expected rate of return on PSPRS pension plan investments was determined to be 7.2 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:

Asset Class	Target Allocation	Long-Term Expected Geometric Real Rate of Return
U.S. public equity	24%	3.98%
International public equity	16%	4.49%
Global private equity	20%	7.28%
Other assets (capital appreciation)	7%	4.49%
Core bonds	6%	1.90%
Private credit	20%	6.19%
Diversifying strategies	5%	3.68%
Cash - Mellon	2%	0.69%
Total	100%	

Notes to Financial Statements - Continued

Note 6 – Employee Retirement Systems and Post Employment Plans – Continued

Discount Rates – At June 30, 2024, the discount rate used to measure the PSPRS total pension/OPEB liabilities was 7.2 percent. The projection of cash flows used to determine the PSPRS discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the actuarially determined contribution rate and the member rate. Based on those assumptions, the plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension/OPEB liability.

Changes in the Net Pension/OPEB Liability

	Increase (Decrease)		
Pension			
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balances at June 30, 2023	\$ 10,613,704	\$ 9,992,554	\$ 621,150
Changes for the current year:			
Service cost	110,346	-	110,346
Interest on the total pension liability	749,987	-	749,987
Differences between expected and actual experience in the measurement of the pension liability	230,641	-	230,641
Net investment income	-	745,784	(745,784)
Contributions - employer	-	93,179	(93,179)
Contributions - employee	-	38,120	(38,120)
Benefit payments	(615,117)	(615,117)	-
Pension plan administrative expense	-	(7,449)	7,449
Other changes	-	(219)	219
Net changes	475,857	254,298	221,559
Balances at June 30, 2024	\$ 11,089,561	\$ 10,246,852	\$ 842,709

Notes to Financial Statements - Continued

Note 6 – Employee Retirement Systems and Post Employment Plans – Continued

OPEB	Increase (Decrease)		Net OPEB (Asset) Liability (a) – (b)
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	
Balances at June 30, 2023	\$ 99,065	\$ 251,805	\$ (152,740)
Changes for the current year:			
Service cost	1,454	-	1,454
Interest on the total OPEB liability	6,956	-	6,956
Differences between expected and actual experience in the measurement of the OPEB liability	3,916	-	3,916
Change of assumptions	-	-	-
Contributions – employer	-	-	-
Net investment income	-	18,696	(18,696)
Benefit payments	(7,821)	(7,821)	-
OPEB plan administrative expense	-	(199)	199
Net changes	4,505	10,676	(6,171)
Balances at June 30, 2024	\$ 103,570	\$ 262,481	\$ (158,911)

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

	1% Decrease 6.2%	Current Discount Rate 7.2%	1% Increase 8.2%
Net pension liability	\$ 2,431,107	\$ 842,709	\$ (433,429)
Net OPEB (asset) liability	(147,760)	(158,911)	(168,310)

Notes to Financial Statements - Continued

Note 6 – Employee Retirement Systems and Post Employment Plans – Continued

Plan Fiduciary Net Position – Detailed information about the plan’s fiduciary net position is available in the separately issued PSPRS financial report.

Expense - For the year ended June 30, 2024, the District recognized pension expense of \$392,261 and OPEB revenues of (\$35,437).

Deferred Outflows/Inflows of Resources - At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	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	\$ 115,321	\$ -	\$ 4,912	\$ 73,457
Changes of assumptions or other inputs	-	-	420	1,970
Net difference between projected and actual earnings on plan investments	155,775	-	2,593	-
District contributions subsequent to the measurement date	223,681	-	1,881	-
Total	<u>\$ 494,777</u>	<u>\$ -</u>	<u>\$ 9,806</u>	<u>\$ 75,427</u>

The amounts reported as deferred outflows of resources related to pensions and OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and OPEB will be recognized in pension expense as follows:

Year Ending June 30,	Pension	Health
2025	\$ 135,717	\$ (28,608)
2026	(46,564)	(31,302)
2027	190,744	(8,204)
2028	(8,801)	612

Northern Arizona Fire District
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
Year Ended June 30, 2024

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
<i>Taxes:</i>			
Property taxes	\$ 3,683,028	\$ 3,938,846	\$ 255,818
Fire district assistance tax	361,901	361,813	(88)
Firefighter relief and pension	-	24,841	24,841
Charges for service	2,000	16,195	14,195
Intergovernmental	100,000	75,786	(24,214)
Investment income	25,000	95,890	70,890
Other revenue	46,376	166,156	119,780
Total revenues	4,218,305	4,679,527	461,222
Expenditures:			
<i>Public safety-fire protection and emergency medical services:</i>			
Personnel costs	2,961,102	2,497,548	463,554
Professional services	326,450	474,036	(147,586)
Repairs and maintenance	164,500	198,579	(34,079)
Small tools and equipment	186,000	130,677	55,323
Utilities	30,000	20,719	9,281
Training	12,000	6,241	5,759
Mission support	9,500	22,032	(12,532)
Administration	27,000	18,956	8,044
Debt service:			
Principal portion	-	108,651	(108,651)
Interest portion	-	45,305	(45,305)
Capital outlay	65,000	46,120	18,880
Total expenditures	3,781,552	3,568,864	212,688
Excess of revenues over expenditures	436,753	1,110,663	673,910
Other financing sources (uses)			
Transfers out	(268,253)	(299,852)	(31,599)
Total other financing sources (uses)	(268,253)	(299,852)	(31,599)
Net change in fund balances	168,500	810,811	642,311
Fund balance, July 1, 2023	1,721,073	2,077,479	356,406
Fund balance, June 30, 2024	\$ 1,889,573	\$ 2,888,290	\$ 998,717

See accompanying notes to the
budgetary comparison schedule.

**Northern Arizona Fire District
Required Supplementary Information
Notes to Budgetary Comparison Schedule
Year ended June 30, 2024**

Note 1 – Budgeting and Budgetary Control

A.R.S. requires the District to prepare and adopt a balanced budget annually for its fund. The Board of Directors must approve such operating budget on or before the third Monday in July to allow sufficient time for the legal announcements and hearings required for the adoption of the property tax levy on the third Monday in August. A.R.S. prohibits expenditures or liabilities in excess of the amount budgeted.

A.R.S. requires the District to prepare an annual budget that clearly shows salaries payable to the employees of the District, therefore expenditures cannot legally exceed appropriations at certain expenditure classification levels.

Note 2 – Budgetary Requirements and Basis of Accounting

The District's budget is prepared on a basis of accounting consistent with U.S. generally accepted accounting principles. A budgetary comparison schedule for the general fund is included as required supplementary information to provide meaningful comparison of actual results to budget. The Board is responsible for approving the budget on an annual basis.

Note 3 - Expenditures in Excess of Appropriations

For the year ended June 30, 2024, expenditures exceeded final budget amounts in the general fund for the following line items:

Professional services	\$ 147,586
Debt service principal portion	108,651
Debt service interest portion	45,305
Repairs and maintenance	34,079
Mission support	12,532

The excesses for the debt service principal and interest variances resulted primarily from SBITA's, leases, and financed purchase payments was budgeted in other categories, however reported as a reduction of the liabilities for financial reporting. The excesses for the remaining items above expenditures were primarily the result of unexpected expenditures incurred.

Northern Arizona Fire District
Required Supplementary Information
Schedule of the District's Proportionate Share of the Net Pension/OPEB Liability
Cost-Sharing Plans
June 30, 2024

ASRS - Pension

	Reporting Fiscal Year (Measurement Date)								
	2024 (2023)	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)
District's proportion of the net pension liability	0.00041%	0.00050%	0.00051%	0.00038%	0.00013%	0.00032%	0.00035%	0.00035%	0.00035%
District's proportionate share of the net pension liability	\$ 66,344	\$ 81,611	\$ 67,012	\$ 65,841	\$ 18,917	\$ 44,629	\$ 54,523	\$ 56,494	\$ 27,114
District's covered payroll	\$ 55,001	\$ 56,084	\$ 57,471	\$ 41,676	\$ 13,945	\$ 31,330	\$ 27,889	\$ 31,922	\$ 32,315
District's proportionate share of the net pension liability as a percentage of its covered payroll	120.62%	145.52%	116.60%	157.98%	135.66%	142.45%	195.50%	176.98%	83.91%
Plan fiduciary net position as a percentage of the total pension liability	75.47%	74.26%	78.58%	69.33%	73.24%	73.40%	69.92%	67.06%	68.35%

ASRS - Health insurance premium benefit

	Reporting Fiscal Year (Measurement Date)							2017 through 2015
	2024 (2023)	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	
District's proportion of the net OPEB liability (asset)	0.00042%	0.00051%	0.00052%	0.00038%	0.00014%	0.00032%	0.00035%	Information not available
District's proportionate share of the net OPEB liability (asset)	\$ (2,268)	\$ (2,846)	\$ (2,533)	\$ (269)	\$ (39)	\$ (115)	\$ (191)	
District's covered payroll	\$ 55,001	\$ 56,084	\$ 57,471	\$ 41,676	\$ 13,945	\$ 31,330	\$ 27,889	
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	-4.12%	-5.07%	-4.41%	-0.65%	-0.28%	-0.37%	-0.68%	
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	134.37%	137.79%	130.24%	104.33%	101.62%	102.20%	103.57%	

ASRS - Long-term disability

	Reporting Fiscal Year (Measurement Date)							2017 through 2015
	2024 (2023)	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	
District's proportion of the net OPEB liability (asset)	0.00042%	0.00050%	0.00051%	0.00038%	0.00013%	0.00032%	0.00035%	Information not available
District's proportionate share of the net OPEB liability (asset)	\$ 55	\$ 46	\$ 105	\$ 288	\$ 85	\$ 167	\$ 127	
District's covered payroll	\$ 55,001	\$ 56,084	\$ 57,471	\$ 41,676	\$ 13,945	\$ 31,330	\$ 27,889	
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	0.10%	0.08%	0.18%	0.69%	0.61%	0.53%	0.46%	
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	93.70%	95.40%	90.38%	68.01%	77.85%	77.83%	84.44%	

* Fiscal year 2014 was the first year of implementation of the Plan; therefore, reporting begins in 2014.

Northern Arizona Fire District
Required Supplementary Information
Schedule of Changes in the District's Net Pension/OPEB Liability and Related Ratios
Agent Pension/OPEB Plans
June 30, 2024

PSPRS - Pension	Reporting fiscal year (measurement date)									
	2024 (2023)	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
Total pension liability										
Service cost	\$ 110,346	\$ 137,401	\$ 176,277	\$ 195,854	\$ 249,890	\$ 235,229	\$ 314,666	\$ 238,984	\$ 263,987	\$ 259,300
Interest on total pension liability	749,987	720,882	714,700	709,132	662,935	659,417	589,929	550,371	542,515	479,057
Changes of benefit terms	-	-	-	-	-	-	33,183	478,288	-	56,871
Difference between expected and actual experience in the measurement of the pension liability	230,641	18,763	(303,996)	(441,083)	64,213	(590,860)	327,839	(203,320)	(146,858)	(257,010)
Changes of assumptions or other inputs	-	272,494	-	-	194,284	-	220,555	318,661	-	541,058
Benefit payments, including refunds of employee contributions	(615,117)	(547,053)	(381,852)	(352,341)	(371,123)	(405,914)	(396,346)	(736,064)	(358,051)	(188,438)
Net change in pension liability	475,857	602,487	205,129	111,562	800,199	(102,128)	1,089,826	646,920	301,593	890,838
Total pension liability - beginning	10,613,704	10,011,217	9,806,018	9,694,456	8,894,257	8,996,385	7,906,559	7,259,639	6,958,046	6,067,208
Total pension liability - ending (a)	<u>\$ 11,089,561</u>	<u>\$ 10,613,704</u>	<u>\$ 10,011,147</u>	<u>\$ 9,806,018</u>	<u>\$ 9,694,456</u>	<u>\$ 8,894,257</u>	<u>\$ 8,996,385</u>	<u>\$ 7,906,559</u>	<u>\$ 7,259,639</u>	<u>\$ 6,958,046</u>
Plan fiduciary net position										
Contributions - employer	\$ 93,179	\$ 3,499,867	\$ 374,049	\$ 427,825	\$ 480,341	\$ 503,419	\$ 346,086	\$ 321,853	\$ 262,897	\$ 243,554
Contributions - employee	38,120	38,294	101,155	19,716	78,263	111,536	139,063	144,970	139,297	140,061
Net investment income (loss)	745,784	(351,548)	1,603,576	70,680	276,917	324,463	494,019	23,739	158,727	501,319
Benefit payments, including refunds of employee contributions	(615,117)	(547,053)	(381,852)	(352,341)	(371,123)	(405,914)	(396,346)	(736,064)	(358,051)	(188,438)
Administrative expenses	(7,449)	(6,328)	(7,494)	(5,763)	(5,800)	(5,638)	(4,771)	(3,816)	(4,260)	-
Other changes	(219)	-	-	-	(5,372)	(200,930)	12,260	(70,374)	(3,288)	(178,524)
Net change in plan fiduciary net position	254,298	2,633,232	1,689,434	160,117	453,226	326,936	590,311	(319,692)	195,322	517,972
Plan fiduciary net position - beginning	9,992,554	7,359,322	5,669,888	5,509,771	5,056,545	4,729,495	4,139,184	4,458,876	4,263,584	3,745,612
Plan fiduciary net position - ending (b)	<u>\$ 10,246,852</u>	<u>\$ 9,992,554</u>	<u>\$ 7,359,322</u>	<u>\$ 5,669,888</u>	<u>\$ 5,509,771</u>	<u>\$ 5,056,431</u>	<u>\$ 4,729,495</u>	<u>\$ 4,139,184</u>	<u>\$ 4,458,906</u>	<u>\$ 4,263,584</u>
District's net pension liability - ending (a) - (b)	<u>\$ 842,709</u>	<u>\$ 621,150</u>	<u>\$ 2,651,825</u>	<u>\$ 4,136,130</u>	<u>\$ 4,184,685</u>	<u>\$ 3,837,826</u>	<u>\$ 4,266,890</u>	<u>\$ 3,767,375</u>	<u>\$ 2,800,733</u>	<u>\$ 2,694,462</u>
Plan fiduciary net position as a percentage of the total pension liability	92.40%	94.15%	73.51%	57.82%	56.83%	56.85%	52.57%	52.35%	61.42%	61.28%
Covered-employee payroll	\$ 1,490,723	\$ 944,712	\$ 964,316	\$ 1,224,503	\$ 1,299,527	\$ 1,060,547	\$ 1,310,017	\$ 1,186,026	\$ 1,184,882	\$ 1,309,783
District's net pension liability as a percentage of covered-employee payroll	56.53%	65.75%	275.00%	337.78%	322.02%	361.87%	325.71%	317.65%	236.37%	205.72%

See accompanying notes to pension plan/OPEB schedules.

Northern Arizona Fire District
Required Supplementary Information
Schedule of Changes in the District's Net Pension/OPEB Liability and Related Ratios
Agent Pension/OPEB Plans - Continued
June 30, 2024

PSPRS - OPEB

	Reporting fiscal year (measurement date)							
	2024 (2023)	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 through 2015
Total OPEB liability								
Service cost	\$ 1,454	\$ 2,878	\$ 5,651	\$ 5,792	\$ 5,303	\$ 5,409	\$ 6,943	
Interest on total OPEB liability	6,956	8,372	12,099	11,903	15,722	17,431	16,070	Information not available
Changes of benefit terms	-	-	-	-	-	-	2,123	
Difference between expected and actual experience in the measurement of the OPEB liability	3,916	(18,631)	(58,742)	(6,269)	(68,565)	(41,961)	9,025	
Changes of assumptions or other inputs	-	(1,444)	-	-	1,467	-	(5,618)	
Benefit payments, including refunds of employee contributions	(7,821)	(7,821)	(6,772)	(6,024)	(6,024)	(7,127)	(5,833)	
Net change in OPEB liability	4,505	(16,646)	(47,764)	5,402	(52,097)	(26,248)	22,710	
Total OPEB liability - beginning	99,065	115,711	163,475	158,073	210,170	236,418	213,708	
Total OPEB liability - ending (a)	<u>\$ 103,570</u>	<u>\$ 99,065</u>	<u>\$ 115,711</u>	<u>\$ 163,475</u>	<u>\$ 158,073</u>	<u>\$ 210,170</u>	<u>\$ 236,418</u>	
Plan fiduciary net position								
Contributions - employer	\$ -	\$ 1,028	\$ 2,350	\$ 5,202	\$ 8,184	\$ 4,123	\$ 9,579	
Net investment income	18,696	(10,909)	58,510	1,770	10,712	12,967	19,628	
Benefit payments, including refunds of employee contributions	(7,821)	(7,821)	(6,772)	(6,024)	(6,024)	(7,127)	(5,833)	
Administrative expenses	(199)	(186)	(241)	(218)	(185)	(197)	(173)	
Other changes	-	-	-	-	4,794	(1)	-	
Net change in plan fiduciary net position	10,676	(17,888)	53,847	730	17,481	9,765	23,201	
Plan fiduciary net position - beginning	251,805	269,693	215,846	215,116	197,635	187,870	164,669	
Plan fiduciary net position - ending (b)	<u>\$ 262,481</u>	<u>\$ 251,805</u>	<u>\$ 269,693</u>	<u>\$ 215,846</u>	<u>\$ 215,116</u>	<u>\$ 197,635</u>	<u>\$ 187,870</u>	
District's net OPEB liability - ending (a) - (b)	<u>\$ (158,911)</u>	<u>\$ (152,740)</u>	<u>\$ (153,982)</u>	<u>\$ (52,371)</u>	<u>\$ (57,043)</u>	<u>\$ 12,535</u>	<u>\$ 48,548</u>	
Plan fiduciary net position as a percentage of the total OPEB liability	253.43%	254.18%	233.07%	132.04%	136.09%	94.04%	79.47%	
Covered-employee payroll	\$ 1,490,723	\$ 944,712	\$ 964,316	\$ 1,224,503	\$ 1,299,527	\$ 1,060,547	\$ 1,310,017	
District's net OPEB liability as a percentage of covered-employee payroll	-10.66%	-16.17%	-15.97%	-4.28%	-4.39%	1.18%	3.71%	

See accompanying notes to pension plan/OPEB schedules.

Northern Arizona Fire District
Required Supplementary Information
Schedule of District Pension/OPEB Contributions
Year Ended June 30, 2024

ASRS - Pension

	Reporting Fiscal Year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution	\$ 8,703	\$ 6,556	\$ 6,736	\$ 6,695	\$ 4,772	\$ 1,559	\$ 3,415	\$ 3,631	\$ 4,168	\$ 3,846
District's contributions in relation to the statutorily required contribution	8,703	6,556	6,736	6,695	4,772	1,559	3,415	3,631	4,168	3,846
District's contribution deficiency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 72,344	\$ 55,001	\$ 56,084	\$ 57,471	\$ 41,676	\$ 13,945	\$ 31,330	\$ 27,889	\$ 31,922	\$ 32,315
District's contributions as a percentage of covered payroll	12.03%	11.92%	12.01%	11.65%	11.45%	11.18%	10.90%	13.02%	13.06%	11.90%

**ASRS - Health insurance
premium benefit**

	Reporting Fiscal Year								2016 through 2015
	2024	2023	2022	2021	2020	2019	2018	2017	
Statutorily required contribution	\$ 80	\$ 61	\$ 118	\$ 224	\$ 204	\$ 64	\$ 138	\$ 189	Information not available
District's contributions in relation to the statutorily required contribution	80	61	118	224	204	64	138	189	
District's contribution deficiency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
District's covered payroll	\$ 72,344	\$ 55,001	\$ 56,084	\$ 57,471	\$ 41,676	\$ 13,945	\$ 31,330	\$ 27,889	
District's contributions as a percentage of covered payroll	0.11%	0.11%	0.21%	0.39%	0.49%	0.46%	0.44%	0.68%	

ASRS - Long-term disability

	Reporting Fiscal Year								2016 through 2015
	2024	2023	2022	2021	2020	2019	2018	2017	
Statutorily required contribution	\$ 108	\$ 77	\$ 106	\$ 104	\$ 71	\$ 22	\$ 51	\$ 47	Information not available
District's contributions in relation to the statutorily required contribution	108	77	106	104	71	22	51	47	
District's contribution deficiency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
District's covered payroll	\$ 72,344	\$ 55,001	\$ 56,084	\$ 57,471	\$ 41,676	\$ 13,945	\$ 31,330	\$ 27,889	
District's contributions as a percentage of covered payroll	0.15%	0.14%	0.19%	0.18%	0.17%	0.16%	0.16%	0.17%	

See accompanying notes to pension plan/OPEB schedules.

Northern Arizona Fire District
Required Supplementary Information
Schedule of District Pension/OPEB Contributions - Continued
Year Ended June 30, 2024

PSPRS - Pension	Reporting Fiscal Year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 233,681	\$ 191,331	\$ 368,523	\$ 374,049	\$ 427,825	\$ 480,341	\$ 503,419	\$ 346,086	\$ 321,853	\$ 262,897
District's contributions in relation to the actuarially determined contribution	233,681	191,331	3,532,941	374,049	427,825	480,341	503,419	346,086	321,853	262,897
District's contribution deficiency	\$ -	\$ -	\$ (3,164,418)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 2,004,409	\$ 1,490,723	\$ 944,712	\$ 964,316	\$ 1,224,503	\$ 1,299,527	\$ 1,060,547	\$ 1,310,017	\$ 1,186,026	\$ 1,184,882
District's contributions as a percentage of covered payroll	11.66%	12.83%	373.97%	38.79%	34.94%	36.96%	47.47%	26.42%	27.14%	22.19%
PSPRS - OPEB										
	Reporting Fiscal Year								2016 through 2015	
	2024	2023	2022	2021	2020	2019	2018	2017		
Actuarially determined contribution	\$ 1,881	\$ 1,609	\$ 1,028	\$ 2,350	\$ 5,202	\$ 8,184	\$ 4,123	\$ 9,579	Information not available	
District's contributions in relation to the actuarially determined contribution	1,881	1,609	1,028	2,350	5,202	8,184	4,123	9,579		
District's contribution deficiency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
District's covered payroll	\$ 2,004,409	\$ 1,490,723	\$ 944,712	\$ 964,316	\$ 1,224,503	\$ 1,299,527	\$ 1,060,547	\$ 1,310,017		
District's contributions as a percentage of covered payroll	0.09%	0.11%	0.11%	0.24%	0.42%	0.63%	0.39%	0.73%		

See accompanying notes to pension plan/OPEB schedules.

**Northern Arizona Fire District
Required Supplementary Information
Notes to Pension/OPEB Plan Schedules
Year ended June 30, 2024**

Note 1 – Actuarially Determined Contribution Rates

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

Actuarial cost method	Entry age normal
Amortization method	Level percent of payroll, closed
Remaining amortization period as of the 2022 actuarial valuation	15 years
Asset valuation method	7-year smoothed market value; 80%/120% market corridor
Actuarial assumptions:	
Investment rate of return	In the 2022 actuarial valuation, the investment rate of return was decreased from 7.3% to 7.2%. In the 2019 actuarial valuation, the investment rate of return was decreased from 7.4% to 7.3%. In the 2017 actuarial valuation, the investment rate of return was decreased from 7.5% to 7.4%. In the 2016 actuarial valuation, the investment rate of return was decreased from 7.85% to 7.5%. In the 2013 actuarial valuation, the investment rate of return was decreased from 8.0% to 7.85%.
Projected salary increases	In the 2017 actuarial valuation, projected salary increases were decreased from 4.0%-8.0% to 3.5%-7.5%. In the 2014 actuarial valuation, projected salary increases were decreased from 4.5% - 8.5% to 4.0% - 8.0%. In the 2013 actuarial valuation, projected salary increases were decreased from 5.0% - 9.0% to 4.5% - 8.5%.
Wage growth	In the 2022 actuarial valuation, wage growth was changed from 3.5% to a range of 3.0 – 6.25%. In the 2017 actuarial valuation, wage growth was decreased from 4% to 3.5%. In the 2014 actuarial valuation, wage growth was decreased from 4.5% to 4.0%. In the 2013 actuarial valuation, wage growth was decreased from 5.0% to 4.5%.
Retirement age	Experience-based table of rates that is specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period July 1, 2006 - June 30, 2011.

Note 1 – Actuarially Determined Contribution Rates - Continued

Mortality

In the 2019 actuarial valuation, changed to PubS-2010 tables. In the 2017 actuarial valuation, changed to RP-2014 tables with 75% of MP-2016 fully generational projection scales. RP-2000 mortality table (adjusted by 105% for both males and females)

Note 2 – Factors That Affect the Identification of Trends

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

Also, the District refunded excess employee contributions to PSPRS members. PSPRS allowed the District to reduce its actual employer contributions for the refund amounts. As a result, the District's pension contributions were less than the actuarially or statutorily determined contributions for 2018 and 2019.

During 2022, the District issued certificates of participation to fund its net pension liability. The additional contribution during 2022 totaled \$3,164,418.