



**Hellsgate Fire District
Financial Statements
June 30, 2021**

**Hellsgate Fire District
TABLE OF CONTENTS
June 30, 2021**

Independent Auditor's Report.....1-2

BASIC FINANCIAL STATEMENTS

Government-Wide Financial Statements

Statement of Net Position.....4

Statement of Activities.....5

Fund Financial Statements - Governmental Fund

Balance Sheet.....6

Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position.....7

Statement of Revenues, Expenditures and Changes in Fund Balance.....8

Reconciliation of the Statement of Revenues, Expenditures and Change
in Fund Balance to the Statement of Activities.....9

Notes to the Basic Financial Statements.....10 - 26



INDEPENDENT AUDITOR'S REPORT

To the Governing Board of the
Hellsgate Fire District
Star Valley, Arizona

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Hellsgate Fire District (the District), as of and for the year ended June 30, 2021, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility 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; this includes 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and of each major fund of the Hellsgate Fire District, as of June 30, 2021, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

As described in the notes to the financial statements, the District has adopted the Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements - and Management Discussion and Analysis - For State and Local Governments*, GASB Statement No. 27, *Basic Financial Statements - and Management Discussion and Analysis - For State and Local Governments; Omnibus*, and GASB Statement No. 38, *Certain Financial Statement Note Disclosures*, effective July 1, 2003, as well as GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. However, the Hellsgate Fire District has elected not to present Management's Discussion and Analysis, the Budgetary Comparison Schedule, or other supplementary information that accounting principles generally accepted in the United States have determined is necessary to supplement, although not required to be a part of, the basic financial statements.

Report on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2021 on consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 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.

Restriction on Use

This report is intended solely for the information and use of the Governing Board, Management, Gila County and the State of Arizona and is not intended to be, and should not be, used by anyone other than these specified parties.

ATLAS CPAs & Advisors PLLC

Phoenix, Arizona
December 21, 2021



BASIC FINANCIAL STATEMENTS

Hellsgate Fire District
STATEMENT OF NET POSITION
June 30, 2021

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 702,569
Due from other governments	110,242
Taxes receivable	25,077
Capital assets:	
Non-depreciable, land	133,777
Depreciable, net	<u>1,030,023</u>
Total assets	<u>2,001,688</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources related to pensions	<u>940,521</u>
LIABILITIES	
Accounts payable	28,932
Accrued payroll and related liabilities	25,935
Long-term liabilities:	
Due within one year	66,835
Due in more than one year	<u>2,584,376</u>
Total liabilities	<u>2,706,078</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources related to pensions	173,494
NET POSITION	
Invested in capital assets, net of related debt	48,950
Unrestricted	<u>13,687</u>
Total net position	<u><u>\$ 62,637</u></u>

The notes to the financial statements are an integral part of this statement.

Hellsgate Fire District
STATEMENT OF ACTIVITIES
Year ended June 30, 2021

	<u>Governmental Activities</u>
EXPENSES	
Public safety, fire protection:	
Emergency services	\$ 1,558,063
Administrative and support services	44,066
Depreciation	92,180
Interest on long-term debt	<u>22,552</u>
Total program expenses	<u>1,716,861</u>
PROGRAM REVENUES	
Charges for services	692,904
Operating grants and contributions	<u>249,101</u>
Total program revenues	<u>942,005</u>
Net program expenses	<u>774,856</u>
GENERAL REVENUES	
Property taxes	835,532
Centrally assessed taxes	76,162
Net gain/(loss) on sale of capital assets	27,650
Investment earnings	<u>6,321</u>
Total general revenues	<u>945,665</u>
Increase in net assets	170,809
Net position – beginning	<u>(108,172)</u>
Net position – ending	<u><u>\$ 62,637</u></u>

The notes to the financial statements are an integral part of this statement.

**Hellsgate Fire District
BALANCE SHEET
GOVERNMENTAL FUND
June 30, 2021**

	<u>General Fund</u>
ASSETS	
Cash and cash equivalents	\$ 702,569
Due from other governments	110,242
Taxes receivable	<u>25,077</u>
 Total assets	 <u><u>837,888</u></u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	
Liabilities:	
Accounts payable	28,932
Accrued payroll and related liabilities	<u>25,935</u>
Total liabilities	<u>54,867</u>
Deferred inflows of resources:	
Deferred revenue	<u>13,437</u>
Total deferred inflows of resources	<u>13,437</u>
Fund balance:	
Unassigned	<u>769,584</u>
Total fund balance	<u>769,584</u>
Total liabilities, deferred inflows of resources and fund balance	<u><u>\$ 837,888</u></u>

The notes to the financial statements are an integral part of this statement.

Hellsgate Fire District
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE
STATEMENT OF NET POSITION
June 30, 2021

Fund balance - total governmental fund		\$ 769,584
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental fund balance sheet.		1,163,800
Receivables which are not available to pay for current period expenditures and, therefore, are deferred in the governmental fund balance sheet.		13,437
Deferred outflows of resources related to pensions are applicable to future reporting periods and, therefore, are not reported in the governmental fund balance sheet.		940,521
Deferred inflows of resources related to pensions are applicable to future reporting periods and, therefore, are not reported in the governmental fund balance sheet.		(173,494)
Long-term liabilities are not due and payable in the current period and, therefore, they are not reported in the governmental fund balance sheet, specifically:		
Capital leases payable	(511,129)	
Compensated absences	(33,879)	
Pension liabilities	<u>(2,106,203)</u>	
		<u>(2,651,211)</u>
Net position of governmental activities		<u>\$ 62,637</u>

The notes to the financial statements are an integral part of this statement.

Hellsgate Fire District
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN
FUND BALANCE - GOVERNMENTAL FUND
Year Ended June 30, 2021

	<u>General Fund</u>
REVENUES	
Property taxes	\$ 844,662
Fire district assistance taxes	76,162
Intergovernmental	212,647
Charges for services	692,899
Contributions	36,459
Interest income	6,321
	<hr/>
Total revenues	1,869,150
	<hr/>
EXPENDITURES	
Current:	
Public safety, fire protection:	
Emergency services	1,378,970
Administrative and support services	44,066
Debt service:	
Principal	87,233
Interest on long-term debt	22,552
Capital outlay	<u>221,661</u>
	<hr/>
Total expenditures	1,754,482
	<hr/>
Excess of revenues over expenditures	114,668
	<hr/>
OTHER FINANCING SOURCES	
Proceeds from sale of capital assets	<u>27,650</u>
	<hr/>
Total other financing sources	27,650
	<hr/>
Net change in fund balance	142,318
	<hr/>
Fund balance – beginning	627,266
	<hr/>
Fund balance – ending	<u><u>\$ 769,584</u></u>

The notes to the financial statements are an integral part of this statement.

Hellsgate Fire District
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGE IN FUND BALANCE OF THE GOVERNMENTAL FUND
TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2021

Net change in fund balance - total governmental fund	\$	142,318
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense and allocate those costs over the lives of the assets and losses on the disposal of capital assets as expenditures..		221,661
Depreciation expense on capital assets is reported in the statement of activities, but it does not require the use of current financial resources.		(92,180)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental fund. This is the amount by which revenues reported in the statement of activities exceeded those amounts received and reported as current financial resources in the governmental fund.		(9,130)
Repayment of the principal of long-term debt is reported as an expenditure in the governmental fund, but the repayment reduces long-term liabilities in the statement of net assets.		87,233
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental fund, specifically:		
Pension expenses		<u>(179,093)</u>
Change in net position of governmental activities	\$	<u>170,809</u>

The notes to the financial statements are an integral part of this statement.

Hellsgate Fire District
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Hellsgate Fire District (the District) conform to U.S. generally accepted accounting principles applicable to governmental units adopted by the Governmental Accounting Standards Board (GASB). A summary of the District's more significant accounting policies follows:

Reporting Entity

The District, established in 2008 pursuant to Arizona Revised Statute Title 48, is a special purpose local government that is governed by an elected governing body, a legally separate entity, and is fiscally independent of other state and local governments. As required under generally accepted accounting principles, these financial statements present the activities of the District (a special purpose government). Component units are legally separate entities for which the District is considered to be financially accountable. The District does not report any component units.

Government-wide and fund financial statements

The government-wide financial statements (i.e. the statement of net assets and the statement of activities) report the information on all of the nonfiduciary activities of the primary government and its component units. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from the business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment (e.g. special assessments). Taxes and other revenues not included among program revenues are reported instead as general revenues.

Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Special assessments are recognized as revenues in the year for which the related capital projects are substantially complete. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. User fees, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so 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 District.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Hellsgate Fire District
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

The District reports the following major governmental fund:

The *General Fund* is the District's primary operating fund. It accounts for all financial resources of the general government.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Cash and cash equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Arizona Revised Statutes authorize special districts to invest public monies in the Arizona State Treasurer's local government investment pool, interest bearing savings accounts, certificates of deposit and in accounts of any savings and loan associations insured by an agency of the government of the United States, up to the amount of such insurance or pledged collateral. All investments are stated at fair value based on market prices.

Receivables and payables

All program service receivables are shown net of an allowance for uncollectibles, if such estimates are necessary.

The District levies real property taxes on or before the third Monday in August. Such levies, collected by Gila County, become due and payable in two equal installments; the first is due on the first day of October and the second is due on the first day of March in the subsequent year. There is no allowance for uncollectibles on taxes receivable as the District has a subordinated lien on all properties subject to the tax.

Capital assets

The District's capital assets, which include land, buildings and related improvements, furniture, vehicles, equipment, and construction in progress are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost greater than the established threshold and an estimated useful life in excess of one year.

Property, plant, and equipment of the District is depreciated using the straight line method over the following estimated useful lives:

Type of asset	Threshold	Years
Buildings and improvements	\$5,000	2 - 40
Improvements, other than building	\$5,000	2 - 40
Furniture, vehicles and equipment	\$5,000	5 - 20

Hellsgate Fire District
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Deferred outflows and inflows of resources

The statement of net position and balance sheet include separate sections 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 a revenue in future periods.

Pensions

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

Compensated absences

It is the District's policy to permit employees to accumulate earned but unused personal leave, compensatory and vacation. Upon termination such unused time will be paid according to the District's policies, which vary based on employee function and years of service. Compensated absences are accrued and reported as liabilities in the government-wide financial statements. Governmental funds report only the current portion of compensated absences payable as a result of employee termination, resignation or retirement.

Long-term obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net assets and balance sheet.

Fund equity

In the fund financial statements, governmental funds report fund balance as nonspendable, restricted, committed, assigned or unassigned based primarily on the extent to which the District is bound to honor constraints on how specific amounts can be spent.

Nonspendable fund balance - amounts that cannot be spent because they are either (a) not spendable in form (such as prepaid items or inventory) or (b) legally or contractually required to be maintained intact.

Restricted fund balance - amounts with constraints placed on their use that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance - amounts that can only be used for specific purposes determined by formal action of the District's decision making authority (the Governing Board) and that remain binding unless removed in the same manner. The underlying action that imposed the limitation needs to occur no later than the close of the reporting period.

Assigned fund balance - amounts that are constrained by the District's intent to be used for specific purposes. The intent can be established at either the highest level of decision making, or an official designated for that purpose.

Unassigned fund balance - the residual classification for the District's General Fund that includes amounts not contained in other classifications.

Hellsgate Fire District
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Intergovernmental grants and aid

Monies received from other government agencies in the form of grants or aid based on an entitlement period are recorded as intergovernmental receivables and revenues when entitlement occurs. Reimbursement grants are recorded as intergovernmental receivables and revenues when the related expenditures are incurred.

Use of estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates that affect amounts reported in the financial statements during the reporting period. Actual amounts may differ from such estimates.

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 each year. The adopted budget is on the modified accrual basis of accounting, which is the legally mandated basis for budgetary purposes.

All annual appropriations lapse at fiscal year end. The District is subject to expenditure limitations under Arizona Revised Statutes. This law does not permit the District to incur unsecured debt in excess of its tax levy outstanding and to be collected plus available and unencumbered cash. The limitation is applied to the total of the combined funds.

Implementation of new standards

GASB Statement No. 84, Fiduciary Activities ("GASB 84"), establishes criteria for identifying fiduciary activities of all state and local governments. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. It also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. The Statement has no effect on the District's financial statements for June 30, 2021.

Hellsgate Fire District
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 2 - CASH AND INVESTMENTS

Arizona Revised Statutes authorize special districts to invest public monies in the Arizona State Treasurer's local government investment pool, interest bearing savings accounts, certificates of deposit and in accounts of any savings and loan associations insured by an agency of the government of the United States, up to the amount of such insurance or pledged collateral. The District has no investment policy that would further limit its investment choices.

District's Cash and Cash Equivalents Deposits

As of June 30, 2021 the District had \$153,321 on deposit with the Gila County Treasurer's investment pool (GCTIP). The GCTIP is an external investment pool with no regulatory oversight. The investment pool is not required to register (and is not registered) with the Securities and Exchange Commission. The Gila County Treasurer invests the cash in a pool under policy guidelines established by the County. The County accounts for the investment pool in their Fiduciary Investment Trust Fund. Credit risk, concentration of credit risk, and interest rate risk regarding the GCTIP is included in the Comprehensive Annual Financial Report of Gila County. The fair value of each participant's position in the GCTIP approximates the value of the participant's shares in the pool.

Custodial Credit Risk - Deposits. In the case of demand and time deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned. As of June 30, 2021, the District's carrying amount of demand deposits was \$23,868 and the bank balance was \$30,282. The Federal Deposit Insurance Corporation protects the District against loss on the first \$250,000 of demand deposits and \$250,000 of time deposits located within the state. The remaining balance is covered by collateral held by the pledging financial institution's trust department in the District's name.

NOTE 3 - RECEIVABLES

Receivables as of June 30, 2021 for the District's general fund, including the applicable allowances for uncollectible accounts, which as of June 30, 2020 are \$0, are as follows:

	General Fund
Taxes	\$ 25,077
Intergovernmental	110,242
Total receivables	\$ 135,319

NOTE 4 - DEFERRED REVENUE

Governmental funds report *deferred revenues* in connection with receivables for revenues that are not collected within 60 days as these revenues are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. As of June 30, 2021, deferred revenue consisted of the following:

	Unavailable
General Fund Deferred property taxes	\$ 13,437
Total deferred revenues	\$ 13,437

Hellsgate Fire District
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2021 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities:				
Land, not depreciated	\$ 133,777	\$ -	\$ -	\$ 133,777
Buildings and improvements	982,192	-	-	982,192
Vehicles and apparatus	1,586,906	-	(9,228)	1,577,678
Equipment	<u>143,436</u>	<u>221,661</u>	<u>(43,699)</u>	<u>321,398</u>
Total capital assets	<u>2,846,311</u>	<u>221,661</u>	<u>(52,927)</u>	<u>3,015,045</u>
Less accumulated depreciation	<u>(1,811,992)</u>	<u>(92,180)</u>	<u>52,927</u>	<u>(1,851,245)</u>
Total capital assets	<u>\$ 1,034,319</u>	<u>\$ 129,481</u>	<u>\$ -</u>	<u>\$ 1,163,800</u>

Depreciation expense for the period was \$92,180; all depreciation was expensed to the public safety - fire protection function.

NOTE 6 - LONG-TERM DEBT

Long-term debt activity for the year ended June 30, 2021 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Capital leases	\$ 598,362	\$ -	\$ (87,233)	\$ 511,129	\$ 66,835
Compensated absences	57,510	-	(23,631)	33,879	-
PSPRS Pension Obligation	1,569,864	423,690	-	1,993,554	-
ASRS Pension Obligation	<u>102,128</u>	<u>10,521</u>	<u>-</u>	<u>112,649</u>	<u>-</u>
Total governmental liabilities	<u>\$ 2,327,864</u>	<u>\$ 434,211</u>	<u>\$ (110,864)</u>	<u>\$ 2,651,211</u>	<u>\$ 66,835</u>

A. Capital leases

Purchase Lease: The District granted leasehold interests in the underlying assets to the creditors (the Banks). The Banks, in turn, leased the property to the District under a long-term agreement. Under this agreement, the District is obligated to make lease payments to the Banks, subject to receiving Board appropriations, until the obligations to the Banks are satisfied. Once the obligations to the Banks are satisfied, all rights, title, and interest in the property are transferred to the District. However, if the Board appropriations are not received, the District is relieved of any subsequent obligation and the obligations are considered in default. If the default is not cured, the District has agreed that the Bank may terminate the leases, take possession of, and liquidate, the assets pledged under the agreement.

As of June 30, 2021, the assets capitalized and acquired through the capital lease are as follows:

	Governmental Activities
Apparatus and building	\$ 1,200,610
Less accumulated depreciation	<u>(357,049)</u>
Total	<u>\$ 843,561</u>

Hellsgate Fire District
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2021, are as follows:

<u>Year ended June 30,</u>	
2022	\$ 78,014
2023	83,950
2024	64,248
2025	65,242
2026	62,742
2027-2032	<u>229,126</u>
Total minimum lease payments	583,322
Less amount representing interest	<u>(72,193)</u>
Present value of future minimum payments	<u>\$ 511,129</u>

B. Compensated absences

All full-time employees of the District are given paid time off based on the amount stated in policy determined by their years of service. Paid time off is accrued on a bi-weekly basis for full time employees and the maximum accrual can not exceed two times the employee's annual accrual rate. Additionally, part-time employees receive paid time off accrued on a pro-rated basis, calculated by dividing the average number of hours worked per week by forty. Any accrued paid time off hours will be paid at 50% upon termination of employment if the employee has completed six (6) months of employment and 75% upon meeting the requirements of the department pension plan when retiring.

NOTE 7 - COMMITMENTS AND CONTINGENCIES

A. Inter-governmental agreements and indemnifications

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

B. Risk management

The District is contingently liable for claims and judgments resulting from lawsuits incidental to normal operations. In the opinion of the District's management, adverse decisions that might result, to the extent not covered by insurance, would not have a material effect on the financial statements. The District has not incurred claims in excess of insurance coverage in any of the last three fiscal years. No provision has been made in the financial statements for possible losses of this nature.

NOTE 8 - EMPLOYEE RETIREMENT SYSTEMS AND POST EMPLOYMENT PLANS

The District contributes to multiple plans as described below. Benefits for non-public safety personnel and for public safety personnel are established by state statutes which regulate retirement, death, long-term disability, and survivor insurance premium benefits.

As of June 30, 2021, the District reported \$235,695 of pension and other postemployment benefits (OPEB)

Hellsgate Fire District
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

expenditures in the governmental funds for all plans to which it contributes.

Arizona State Retirement System (ASRS)

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

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

*With actuarially reduced benefits

Retirement benefits for members who joined the ASRS prior to September 13, 2013, are subject to automatic cost-of-living adjustments based on excess investment earnings. Members with an initial 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 survivor benefit is determined by the retirement benefit option chosen. For all other members, the beneficiary is entitled to the member's account balance that includes the member's contributions and employer's contributions, plus interest earned.

Health insurance premium benefits are available to retired or disabled members with 5 years of credited service. The benefits are payable only with respect to allowable health insurance premiums for which the member is responsible. For members with 10 or more years of service, benefits range from \$150 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.

Hellsgate Fire District
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Contributions: In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2021, active ASRS members were required by statute to contribute at the actuarially determined rate of 12.11 percent (11.94 percent for retirement and 0.17 percent for long-term disability) of the members' annual covered payroll, and the District was required by statute to contribute at the actuarially determined rate of 12.11 percent (11.45 percent for retirement, 0.49 percent for health insurance premium benefit, and 0.17 percent for long-term disability) of the members' annual covered payroll.

The District's contributions to ASRS for the years ended June 30, 2021, 2020 and 2019 were \$8,514, \$8,986, and \$8,632, respectively, which were equal to the required contributions for the years then ended. During fiscal year 2021 100% of all contributions were paid from the General Fund.

Pension Liability: As of June 30, 2021, the District reported a liability of \$112,649 for its proportionate share of the ASRS net pension/OPEB liability. The net pension/OPEB liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2019, to the measurement date of June 30, 2020. The District's proportion of the net pension liability was based on the District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2020 was:

ASRS	Proportion June 30, 2020
Pension	0.00065%
Health insurance premium benefit	0.00067%
Long-term disability	0.00066%

The net assets and net liabilities measured as of June 30, 2019, will reflect changes of actuarial assumptions based on the results of an actuarial experience study for the 5-year period ended June 30, 2016. The change in the District's net asset and net liabilities as a result of these changes is not known.

Deferred outflows/inflows of resources: As of June 30, 2021, the district reported deferred outflows of resources and deferred inflows of resources related to ASRS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual earnings/experiences	\$ 1,063	\$ 948
Changes in assumptions	317	-
Difference between projected and actual investment earnings	11,403	-
Changes in proportion and differences between contributions and proportionate share of contributions	214	5,440
District contributions subsequent to measurement date	8,514	-
 Total	 \$ 21,511	 \$ 6,388

The \$8,514 reported as deferred outflows of resources relates to ASRS pensions resulting from the District's contributions subsequent to the measurement date are recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Hellsgate Fire District
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

<u>Year ending June 30,</u>	
2022	\$ (1,839)
2023	1,060
2024	4,024
2025	3,398
Thereafter	<u>(34)</u>
Total	<u>6,609</u>

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

Actuarial valuation date	June 30, 2019
Actuarial roll forward date	June 30, 2020
Actuarial cost method	Entry age normal
Asset valuation	Fair value
Discount rate	7.5%
Projected salary increases	2.7% - 7.2%
Inflation	2.3%
Permanent benefit increases	Included
Mortality rates	2017 SRA Scale U-MP

Actuarial assumptions related to funding were selected on the basis of an experience study which was performed for the 5-year period ended June 30, 2016. The long-term expected rate of return on ASRS pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of 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 and real rates of return by the target asset allocation percentage. The ASRS' estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation Effective July 1, 2018</u>	<u>Real Return Geometric Basis</u>	<u>Long-Term Contribution to Expected Real Rate of Return</u>
Equity	50 %	6.39 %	3.20 %
Credit	20 %	5.44 %	1.09 %
Interest rate sensitive bonds	10 %	0.22 %	0.02 %
Real estate	<u>20 %</u>	5.85 %	1.17 %
Total	<u>100 %</u>		

Discount Rate: The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that the 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 Retirement Fund's fiduciary net position was projected to be available to make all the projected future benefit payments of current 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 liability.

Hellsgate Fire District
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Sensitivity of the net pension liability to changes in the discount rate: The following table presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.5 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 (6.5 percent) or 1 percentage point higher (8.5 percent) than the current rate as of June 30, 2021.

	<u>1% Decrease (6.5%)</u>	<u>Current Discount Rate (7.5%)</u>	<u>1% Increase (8.5%)</u>
The District's proportionate share of the net pension liability	\$ 155,179	\$ 112,649	\$ 77,073

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

Public Safety Personnel Retirement System

Plan Description: The *Public Safety Personnel Retirement System* (PSPRS) is an agent multiple-employer defined benefit pension plan that covers public safety personnel who are regularly assigned hazardous duty as employees of the State of Arizona or one of its political subdivisions. The PSPRS administers agent and cost-sharing multiple-employer defined benefit pension plans and agent and cost-sharing multiple-employer defined benefit health insurance premium benefit (OPEB) plans. A nine-member board known as the Board of Trustees and the participating local boards govern the PSPRS according to the provisions of A.R.S. Title 38, Chapter 5, Article 4. District public safety employees participate in the agent plans. County attorney investigators who were PSPRS members before July 1, 2017, participate in the agent plans, and those who became PSPRS members on or after July 1, 2017, participate in the cost-sharing plans (PSPRS Tier 3 Risk Pool).

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

Benefits Provided: The *Public Safety Personnel Retirement System* 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.

Hellsgate Fire District
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

	Initial Membership Date:	
Retirement and Disability	Before January 1, 2012	On or after Jan. 1, 2012 and before July 1, 2017
Years of service and age required to receive benefit	20 years any age 15 years 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 of 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	

Retirement and survivor benefits are subject to automatic cost-of-living adjustments based on excess investment earnings. PSPRS also provides temporary disability benefits of fifty percent (50%) of the member's compensation up to twelve (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 \$150 per month to \$260 per month depending on the age of the member and dependents.

Employees covered by benefit terms: At June 30, 2021, the following employees were covered by the agent pension plans' benefit terms:

Active employees	5
Retirees & Beneficiaries	3
DROP	<u>2</u>
Total	10

Hellsgate Fire District
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Contributions and Annual OPEB Cost: 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 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. Contribution rates for the year ended June 30, 2021 are indicated below. Rates are a percentage of active members' annual covered payroll.

	Active Member Pension	District Pension	Health Insurance Premium Benefit
Active members -pension	7.65% - 11.65%		
District:			
Pension	7.65% - 11.65%	37.69%	0.78%
Tier 3 Risk Pool	9.94%	9.94%	0.14%

For this agent plan, the District's contributions to the pension plan and annual OPEB cost and contributions for the health insurance premium benefit for the year ended June 30, 2021 were:

Pension

Contributions made \$ 199,527

Health Insurance Premium Benefit

Annual OPEB cost Contributions made \$ 15,956

During the year ended June 30, 2021 the District paid all PSPRS pension and OPEB contributions from the General Fund.

Pension Liability: At June 30, 2021, the District had a net pension/OPEB liability of \$1,993,554.

The net assets and net liabilities were measured as of June 30, 2020, and the total liability used to calculate the net asset or liability was determined by an actuarial valuation as of that date.

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

Actuarial valuation date	June 30, 2020
Actuarial cost method	Entry Age Normal
Asset valuation method	Fair Value of Assets
Payroll growth	3.5% for pensions/not applicable for OPEB
Price inflation	2.5% for pensions/not applicable for OPEB
Salary increases	3.5% to 7.5% including inflation
Investment rate of return	7.4%, net of investment and administrative expenses
Retirement age	Experienced-based table of rates that is specific to the type of eligible condition. Last updated for the 2017 valuation pursuant to an experience study the period July 1, 2011 - June 30, 2016.
Mortality	PubS-2010 tables
Healthcare cost trend rate	Not applicable

Actuarial assumptions used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2016.

Hellsgate Fire District
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

The long-term expected rate of return on PSPRS pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of plan investment expenses and inflation) are developed for each major asset class. These real rates of return recombined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. For each major asset class that is included in the pension plan's target asset allocation as of June 30, 2020, these best estimates are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash - Mellon	1 %	(0.60)%
Core bonds	2 %	0.22%
Other assets (Capital appreciation)	7 %	5.61%
Diversifying strategies	12 %	3.22%
International public equity	15 %	6.09%
Global private equity	18 %	8.42%
Private credit	22 %	5.31%
U.S. equity	<u>23 %</u>	4.93%
Total	<u>100 %</u>	

Single Discount Rate: A Single Discount Rate of 7.3% was used to measure the pension liability. This Single Discount Rate was based on the expected rate of return on pension plan investments of 7.4%. The projection of cash flows used to determine this Single 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 rates 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.

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

Hellsgate Fire District
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Changes in the Net Pension Liability/OPEB Liability:

	Increase Total Pension Liability	(Decrease) Plan Fiduciary Net Position	Net Pension/OPEB Liability
	(a)	(b)	(a) - (b)
Balances at June 30, 2020	\$ 3,961,035	\$ 2,391,171	\$ 1,569,864
Changes for the current year:			
Service cost	90,517	-	90,517
Interest on the total pension liability	290,109	-	290,109
Changes in OPEB	(11,534)	(204)	(11,330)
Differences between expected and actual experience of the total pension liability	279,017	-	279,017
Changes of assumptions	-	-	-
Contributions - Employer	-	160,980	(160,980)
Contributions - Employee	-	35,228	(35,228)
Net investment income	-	30,938	(30,938)
Benefit payments, including refunds of employee contributions	(132,248)	(132,248)	-
Administrative expense and other changes	-	(2,523)	2,523
Net Changes	515,861	92,171	423,690
Balances at June 30, 2021	<u>\$ 4,476,896</u>	<u>\$ 2,483,342</u>	<u>\$ 1,993,554</u>

Sensitivity of the District's Net pension liability to the Single Discount Rate Assumption: The following table presents the District's net pension liability calculated using the single discount rate of 7.3%, as well as what the District's net pension liability would be if it were calculated using a single discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate.

	1% Decrease (6.30%)	Current Single Discount Rate Assumption (7.30%)	1% Increase (8.30%)
The District's net pension liability	\$ 2,651,611	\$ 1,993,554	\$ 1,464,549

Pension plan fiduciary net position: Detailed information about the pension plans' fiduciary net position is available in the separately issued PSPRS financial reports.

Deferred outflows/inflows of resources: For the year ended June 30, 2021 the District reported deferred outflows of resources and deferred inflows of resources related to PSPRS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 432,153	\$ 165,808
Changes of assumptions or other inputs	158,588	1,298
Net difference between projected and actual earnings on pension plan investments	136,465	-
District contributions subsequent to measurement date	199,527	-
Total	<u>\$ 926,733</u>	<u>\$ 167,106</u>

Hellsgate Fire District
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

The \$199,527 reported as deferred outflows of resources relates to PSPRS pensions resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year ending June 30,	
2022	\$ 157,283
2023	152,226
2024	118,851
2025	84,359
2026	45,099
Thereafter	<u>2,282</u>
Total	<u><u>560,100</u></u>

Pension funding status: The information for the analysis of funding progress was obtained from the three most recent actuarial valuations.

Valuation date June 30,	Actuarial Value of Plan Assets	Actuarial Accrued Liability	Funding Liability (Excess)	Funded Ratio	Annual Covered Payroll	Unfunded Liability as Percentage of Covered Payroll
2021	\$ 2,486,896	\$ 4,477,096	\$ 1,990,200	56 %	\$ 345,378	576 %
2020	2,394,521	3,949,701	1,555,180	61 %	441,795	352 %
2019	2,169,355	3,650,202	1,480,847	59 %	461,853	321 %

Agent plan OPEB funded status: The health insurance premium benefit plans' funded status as of the most recent valuation date, June 30, 2020, are as follows:

Valuation date June 30,	Actuarial Value of Plan Assets	Actuarial Accrued Liability	Funding Liability (AL)	Funded Ratio	Annual Covered Payroll	AL as % of Covered Payroll
2021	\$ 72,512	\$ 75,866	\$ 3,354	96 %	\$ 345,378	1 %
2020	72,716	87,400	14,684	83 %	441,795	3 %
2019	68,668	76,066	7,398	90 %	461,853	2 %

Deferred Compensation Plan

The District has established a defined contribution deferred compensation plan for all fulltime employees in order to provide for supplementary retirement benefits. Contributions to the plan are administered by a third-party, Nationwide Retirement Solutions. Employer contributions to the plan for the year ended June 30, 2021 totaled \$15,956. The District provides neither administrative services nor investment advice. Accordingly, no fiduciary relationship exists between the District and the compensation plan.

Hellsgate Fire District
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 9 – SUBSEQUENT EVENTS

In preparing the financial statements, the District has evaluated events and transactions for potential disclosure from July 1, 2021 through December 21, 2021; the date the financial statements were available to be issued. No events have occurred subsequent to June 30, 2021 that would require disclosure except as noted below.

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 11, 2020, declared it to be a pandemic. On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was enacted to amongst other provisions, provide emergency assistance for individuals, families and businesses affected by the coronavirus pandemic. The District may be adversely affected through governmental and business closures resulting in a reduction of labor demand. The District continues to monitor the situation surrounding COVID-19. Management will continue to evaluate the impact it will have on future operations.



INDEPENDENT ACCOUNTANTS' REPORT ON STATE LEGAL COMPLIANCE

To the Governing Board of the
Hellsgate Fire District
Star Valley, Arizona

Arizona Revised Statute, Title 48 § 805.02 relates to the budgetary and financial requirements for fire districts. This statute concerns the specific compliance requirements regarding budget adoption, issuance of warrants, expenditure limitation, line of credit, and debt and liability limits. The governing board and management are responsible for the District's compliance with such requirements.

Our responsibility, under A.R.S. § 805.02, is to attest to the District's compliance based on our examination. Accordingly, we have examined management's assertions included in its representation letter dated December 21, 2021, Hellsgate Fire District (the District) complied with those requirements. The following is our opinion, based on the relevant attestation standards, as to the Districts' compliance.

Opinion, Compliance and Other Matters

Our examination was made in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States of America, attestation standards established by the American Institute of Certified Public Accountants, and Arizona Revised Statute, Title 48 § 805.02. Our examination of evidence relating to the compliance of the District with the statutory provisions, cited below, was based on the aforementioned standards and was conducted on a test basis. We have performed such actions, using such procedures as we considered necessary under the circumstances so that our examination provides a reasonable basis for our opinion. We hereby attest as follows:

1. That, based on the information obtained during our engagement, and to extent that we have information relating to such matters, we are not aware of anything to indicate that the District has not incurred any debts or liability in excess of taxes levied and to be collected and that the monies were actually available and unencumbered at the time in the district general fund except for those liabilities as prescribed in A.R.S. § 48-805(B)(2), and A.R.S. §§ 48-806 & 48-807.
2. That, based on the information obtained during our engagement, and to extent that we have information relating to such matters, we are not aware of anything to indicate that the District has failed to comply with A.R.S. § 48-805(F).
3. And that, based on the information obtained during our engagement, and to extent that we have information relating to such matters, that there is no information to contradict the certification made by the Chairman and Clerk, under A.R.S. § 48-805(D)(1).



Our opinion is not based on a thorough or exhaustive investigation, and to the extent that we may have formed an opinion on these matters, our opinion does not constitute a legal determination of the District's compliance with the specified requirements.

Our opinion is based only on the evidence that was obtained during the course of our audit engagement; and, in our opinion, Hellsgate Fire District has complied, in all material aspects, with the aforementioned requirements for the year ended June 30, 2021.

Purpose of this Report

This report is intended solely for the information of and use of management, the Governing Board, Gila County and the State of Arizona, and is not intended to be and should not be used by anyone other than these specified parties.

ATLAS CPAs & Advisors PLLC

Phoenix, Arizona
December 21, 2021