

PONDEROSA FIRE DISTRICT
FINANCIAL STATEMENTS
JUNE 30, 2023

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PONDEROSA FIRE DISTRICT

FINANCIAL STATEMENTS

JUNE 30, 2023

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PONDEROSA FIRE DISTRICT

FINANCIAL STATEMENTS

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SAUNDERS COMPANY, LTD

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

TRICIA E. SAUNDERS, PI, AUDITOR

CERTIFIED PUBLIC ACCOUNTANT
CERTIFIED FRAUD EXAMINER
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INDEPENDENT AUDITOR'S REPORT

To the Governing Board

Ponderosa Fire District

Bellemont, Arizona

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Ponderosa Fire District (the District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Ponderosa Fire District, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- λ Exercise professional judgment and maintain professional skepticism throughout the audit.
- λ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- λ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- λ Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- λ Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information and Net Pension and OPEB information as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the *Governmental Accounting Standards Board*, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Legal and Regulatory Requirements

Arizona Revised Statutes require disclosure of certain additional supplementary information required to comply with section 48-251 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by statute as an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

In accordance with *Government Auditing Standards*, we have also issued our report dated February 29, 2024, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Saunders Company, Ltd.

Glendale, Arizona

February 29, 2024

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PONDEROSA FIRE DISTRICT MANAGEMENT’S DISCUSSION AND ANALYSIS OF BASIC FINANCIAL STATEMENTS

June, 30, 2023

The Ponderosa Fire District (PFD) discussion and analysis provides an overview of the financial activities for the fiscal year ended 2023. Since this information is designed to focus on the current year’s activities, resulting changes and currently known facts, it should be read in conjunction with the financial statements which follow this analysis.

NATURE OF OPERATIONS

Ponderosa Fire District (PFD) was organized as a Special Service District pursuant to the provisions of Chapter 5, Title 48 of the Arizona Revised Statutes – Special Taxing Districts, which sets forth the legal framework for a fire district. PFD provides fire protection and emergency medical services (ALS and BLS) for communities of Parks, Bellemont, A-1 Mountain, Saskan Ranch, other small subdivisions, a 21-mile portion of Interstate 40 and a 75 square mile out-of-district response area. Also, several industrial and commercial properties are part of the PFD such as Restoration Forest Products, Schuff Steel, IML Containers and the Pilot Truck Stop. Through mutual aid agreements, PFD provides aid with incidents that require additional first responders and equipment. The district also maintains a cooperative agreement with the Arizona State Department of Forestry and Fire Management to provide personnel and equipment for wildland fires and other all-hazard emergency responses.

FY 2022/2023

- § Holiday events for residents.
- § Public Relations: blood pressure checks, burn permits, etc.
- § Adopt a family through the IAFF for Thanksgiving (6 families) and Christmas (15 children)
- § Community events (pub ed, community wildland safety, community meetings at the stations, movie nights)

FINANCIAL HIGHLIGHTS

The following are some of the financial highlights for the district on a cash basis: PFD ended the year with \$84,036 in capital funds, \$401,780 in the Capital Projects-Station 82 Fund, and \$1,641,367 in the general fund. On the modified cash basis the Bond Capital Expenditure Fund had \$2,181,199 and the Bond Debt Service Fund had \$8,386 at June 30, 2023. The district paid \$11,181 in debt service interest and \$130,000 in debt service principal during FY2023.

Some income highlights were:

- § Awarded additional grants FEMA (AFG EMW-2021-FG-02000) for \$140,256.01.
- § Out-of-district wildland assignment income of \$18,291.
- § Out-of-district response billing of \$55,534.

Other highlights were:

- § District investment in capital assets increased by \$710,651 or 89.12%.
- § The District’s net position increased by \$255,113 or 12.64% from the previous fiscal year.
- § Total revenues increased by \$467,650 or 32.44% over the previous fiscal year.

§ At the end of the current fiscal year, unrestricted net position for the Governmental Activities was \$1,013,226.

GENERAL OBLIGAION BOND

As a result of the November 8th, 2022, General Election, Ponderosa Fire District was approved by its residents for a \$2,500,000 General Obligation Bond. The bond was awarded for an addition and capital improvements to Station 82 in Bellemont. Construction began in July of 2023 and is scheduled for completion in February of 2024. The project includes the remodeling of existing living areas for the duty crews, a community room, two additional dorm rooms, administrative offices, and a Battalion Chief bay.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the PFD's basic financial statements. The PFD's basic financial statements are comprised of three components: 1) government-wide financial statements 2) fund financial statements and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statement themselves.

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

GOVERNMENT -WIDE FINANCIAL STATEMENTS

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

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

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

FUND FINANCIAL STATEMENTS

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

NET POSITION JUNE 30, 2023

	<u>BALANCE</u> <u>June 30, 2022</u>	<u>BALANCE</u> <u>June 30, 2023</u>
Net Investment in Capital Assets	\$ 797,426	\$ 1,308,077
Restricted	0	2,189,585
Unrestricted	<u>1,221,349</u>	<u>(1,223,774)</u>
Total Net Position	<u>\$ 2,018,775</u>	<u>\$ 2,273,888</u>

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 Ponderosa Fire District Total Net Position was \$ 2,273,888 at the close of the most recent fiscal year.

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

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

Condensed Statement of Net Position

	<u>Governmental Activities</u>	
	<u>2022</u>	<u>2023</u>
Assets		
Current and other assets	\$ 1,873,306	\$ 3,047,195
Net Pension/OPEB Assets	460,054	285,813
Capital Assets, not being depreciated	142,100	278,051
Capital Assets, being depreciated, net	<u>655,326</u>	<u>1,230,026</u>
Total Assets	2,333,360	4,841,085
Deferred Outflow of Resources	<u>118,583</u>	<u>240,414</u>
Total Assets and Outflows of Resources	<u>2,451,943</u>	<u>5,081,499</u>
Liabilities		
Current liabilities	85,497	59,259
Non-Current liabilities	<u>15,257</u>	<u>2,510,474</u>
Total liabilities	100,754	2,569,733
Deferred Inflow of Resources	<u>332,414</u>	<u>237,878</u>
Total liabilities and inflow of Resources	<u>433,168</u>	<u>2,807,611</u>
Net position:		
Net investment in capital assets	797,426	1,308,077
Restricted	0	2,189,585
Unrestricted	<u>1,221,349</u>	<u>(1,223,774)</u>
Total Net Position	<u>\$ 2,018,775</u>	<u>\$ 2,273,888</u>

The unrestricted net position of \$ (1,223,774) is available to meet the District's ongoing obligations to citizens and creditors.

Governmental Activities

Governmental Activities net position increased by \$255,113. Key elements of this increase are reported below:

Statement of Activities

	<u>Governmental Activities</u>	
	<u>2022</u>	<u>2023</u>
Expenditures:		
Public Safety :		
Personnel	\$ 929,556	\$ 1,134,047
Operations	241,649	434,753
Administration	85,407	82,128
Debt Service Interest	0	11,181
Loss on Fixed Asset	134	0
Depreciation	<u>38,338</u>	<u>100,924</u>
Total Program Expenditures	<u>1,295,084</u>	<u>1,763,033</u>
Revenues:		
Fees for Services	123,685	93,810
Capital Grants	<u>27,044</u>	<u>145,434</u>
Total Program Revenues	<u>150,729</u>	<u>239,244</u>
Net Program Expenditures	<u>1,144,355</u>	<u>1,523,789</u>
General Revenues:		
Property Taxes	1,076,762	1,213,313
Fire District Assistance Tax	186,039	218,332
Gain on Pension Investments	60,568	42,126
Interest Earnings	3,484	24,995
Miscellaneous	<u>103,962</u>	<u>280,136</u>
Total General Revenues	<u>1,430,815</u>	<u>1,778,902</u>
Increase (Decrease) in net position	286,460	255,113
Net position, Beginning of the year	<u>1,732,315</u>	<u>2,018,775</u>
Net position, End of the year	<u>\$ 2,018,775</u>	<u>\$ 2,273,888</u>

General Fund Budgetary Highlights

Most revenues for PFD were derived from assessed property taxes and Fire District Assistance Tax from the County. The following are major revenue sources on a cash basis:

Property Tax Revenue	\$1,204,645
FDAT	\$218,332
Grant Income	\$145,434
Out-of-District Billing	\$18,291
Wildland Fire State Assignments	\$55,534
Misc.	\$146,728

The legal compliance of budgeting for Special Districts in Arizona is at the fund level. The District overspent its budget at the fund level by \$79,213. This was due to Bond issue costs. The funds for these

costs were transferred from the Bond Capital Expense Fund to the General fund for payment of the bond issue costs.

The District over-spent two line items. These were Personnel in the amount of \$60,897 and Operations in the amount of \$ 247,303. This was due in large part to the continued effects of the Covid pandemic and need for extra personnel and differences between budget line items and Quick Books line items.

Capital Assets and Non-Current Liabilities

Capital Assets

The capital assets of the Ponderosa Fire District (PFD) are those assets that are used in the performance of PFD functions. Capital Assets include land, buildings and improvements, emergency vehicles, equipment and furniture and fixtures. In order to continue to provide the best service possible, the PFD spends a portion of the budget on fixed asset acquisition and capital projects. During the 2023 FYR the District purchased 2 Ford F-250 Command Vehicles, a Pierce Dash Pumper and a 2022 Dodge Ram.

	BALANCE <u>06/30/2022</u>	BALANCE <u>06/30/2023</u>
<u>Depreciable Assets</u>		
Vehicles	\$ 988,919	\$ 1,253,994
Buildings	855,176	855,176
Improvements	57,793	57,793
Equipment, Fire	<u>510,173</u>	<u>510,173</u>
Total Historical Costs	<u>2,412,061</u>	<u>2,677,136</u>
Less Accumulated Depreciation		
Vehicles	962,126	602,523
Buildings	369,737	391,168
Improvements	54,731	55,354
Equipment, Fire	<u>370,141</u>	<u>398,065</u>
Less: Total Accumulated Depreciation	<u>1,756,735</u>	<u>1,447,110</u>
Depreciable Capital Assets, Net	655,326	1,230,026
<u>Non-Depreciable Assets</u>		
Construction in Progress	92,100	228,051
Land	<u>50,000</u>	<u>50,000</u>
Capital Assets, Net	<u>\$ 797,426</u>	<u>\$ 1,508,077</u>

Non-Current Liabilities

At year end, the Ponderosa FD (PFD) had Non-Current Liabilities of \$2,510,474 . This consisted of notes payable, bonds payable, bond premiums and compensated absences due in more than one year. All of the debt is backed by the full faith and credit of the PFD.

Changes in Non-Current Liabilities:

	BALANCE <u>06/30/2022</u>	BALANCE <u>06/30/2023</u>
2008 Pierce Pumper	\$ 0	\$ 0
2-F250 Command Vehicles	0	200,000
Total Notes Payable	0	200,000
Bond Premium Amortization	0	67,200
Bonds Payable Series 2023	0	2,237,000
Total Notes and Bonds Payable	0	2,504,200
Compensated Absences – Due in More than One Year	15,257	20,591
Total Notes and Bonds Payable and Compensated Absences	15,257	2,524,791
Less: Current Notes and Bonds Payable	0	14,317
Totals	\$ 15,257	\$ 2,510,474

FACTORS AFFECTING FUTURE RESULTS

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

- § PFD has a Strategic Plan in place and will continue development of the multi-year plan that will address financial planning for the acquisition and replacement of capital assets.
- § Residential and commercial development continues to expand in the Bellemont and Parks communities, leading to a potential increase in property tax revenue.

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 **Ponderosa Fire District, 11951 W. Shadow Mountain Drive Bellemont, AZ 86015.**

BASIC FINANCIAL STATEMENTS

**PONDEROSA FIRE DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2023**

Exhibit A

**Governmental
Activities**

ASSETS

Cash & Cash Equivalents	\$	3,015,407
Receivables		
Property Taxes		31,788
Net OPEB Asset (PSPRS)		10,785
Net Pension Asset (PSPRS)		275,028
Capital Assets, not being depreciated		278,051
Capital Assets, being depreciated, net		<u>1,230,026</u>
 Total Assets		 4,841,085

DEFERRED OUTFLOW OF RESOURCES

Deferred Outflows:		
Related to OPEB (PSPRS)		4,883
Related to Pension (PSPRS)		<u>235,531</u>
 Total Assets and Outflow of Resources		 <u>5,081,499</u>

LIABILITIES

Current Liabilities		
Accounts Payable		12,097
Payroll Taxes/Withholding Payable		7,771
Pension Payable		6,697
Wages Payable		13,229
Due in Less than One Year:		
Compensated Absences		5,148
Bond Premium Amortization		3,360
Notes Payable		10,957
Non-Current Liabilities		
Due in More than One Year:		
Compensated Absences		20,591
Bonds Payable		2,237,000
Bonds Premium Amortization		63,840
Notes Payable		189,043
 Total Liabilities		 2,569,733

DEFERRED INFLOW OF RESOURCES

Deferred Inflows:		
Related to OPEB (PSPRS)		10,673
Related to Pension (PSPRS)		<u>227,205</u>
 Total Liabilities and Inflow of Resources		 <u>2,807,611</u>

NET POSITION

Net Investment in Capital Assets		1,308,077
Restricted		2,189,585
Unrestricted		<u>(1,223,774)</u>
 Total Net Position		 <u>\$ 2,273,888</u>

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

**PONDEROSA FIRE DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023**

Exhibit B

**Governmental
Activities**

EXPENDITURES

Public Safety :	
Personnel	\$ 1,134,047
Operations	434,753
Administration	82,128
Debt Service, Interest	11,181
Depreciation	<u>100,924</u>
Total Program Expenditures	<u>1,763,033</u>

PROGRAM REVENUES

Fees for Service	93,810
Capital Grants	<u>145,434</u>
Total Program Revenues	<u>239,244</u>
Net Program Expenditures	<u>1,523,789</u>

GENERAL REVENUES

Property Taxes	1,213,313
Fire District Assistance Tax	218,332
Gain on Pension Investments	42,126
Interest Earnings	24,995
Miscellaneous	<u>280,136</u>
Total General Revenues	<u>1,778,902</u>

Increase (Decrease) in Net Position	255,113
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NET POSITION-BEGINNING OF THE YEAR	<u>2,018,775</u>
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NET POSITION-END OF THE YEAR	<u><u>\$ 2,273,888</u></u>
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-The Notes to the Financial Statements are an Integral Part of This Statement-

**PONDEROSA FIRE DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2023**

Exhibit C

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Capital Projects- Station 82 Fund</u>	<u>Bond Capital Expense Fund</u>	<u>Bond Debt Service Fund</u>	<u>Total</u>
ASSETS						
Cash and Cash Equivalents	\$ 346,094	\$ 84,036	\$ 395,692	\$ 2,181,199	\$ 8,386	\$ 3,015,407
Receivables:						
Due from Other Funds	-	-	6,088	-	-	6,088
Property Taxes	31,788	-	-	-	-	31,788
Total Assets	<u>\$ 377,882</u>	<u>\$ 84,036</u>	<u>\$ 401,780</u>	<u>\$ 2,181,199</u>	<u>\$ 8,386</u>	<u>\$ 3,053,283</u>
LIABILITIES						
Accounts Payable	\$ 12,097	\$ -	\$ -	\$ -	\$ -	\$ 12,097
Payroll Taxes / Withholding Payable	7,771	-	-	-	-	7,771
Pension Payable	6,697	-	-	-	-	6,697
Due to Other Funds	6,088	-	-	-	-	6,088
Wages Payable	13,229	-	-	-	-	13,229
Total Liabilities	45,882	-	-	-	-	45,882
DEFERRED INFLOW OF RESOURCES						
Unavailable Revenues						
Deferred Property Taxes	25,274	-	-	-	-	25,274
Total Liabilities and Inflow of Resources	<u>71,156</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>71,156</u>
FUND BALANCES						
Restricted	-	-	-	2,181,199	8,386	2,189,585
Assigned	-	84,036	401,780	-	-	485,816
Unassigned	306,726	-	-	-	-	306,726
Total Fund Balances	<u>306,726</u>	<u>84,036</u>	<u>401,780</u>	<u>2,181,199</u>	<u>8,386</u>	<u>2,982,127</u>
Total Liabilities, Deferred Inflow of Resources and Fund Balances	<u>\$ 377,882</u>	<u>\$ 84,036</u>	<u>\$ 401,780</u>	<u>\$ 2,181,199</u>	<u>\$ 8,386</u>	<u>\$ 3,053,283</u>

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

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

Exhibit D

	General Fund	Capital Projects Fund	Capital Projects- Station 82 Fund	Bond Capital Expense Fund	Bond Debt Service Fund	Total
REVENUES						
Property Taxes	\$ 1,204,689	\$ -	\$ -	\$ -	\$ -	\$ 1,204,689
Fire District Assistance Tax	218,332	-	-	-	-	218,332
Fees for Service	93,810	-	-	-	-	93,810
Capital Grants	145,434	-	-	-	-	145,434
Interest Earnings	9,324	1,633	5,652	-	8,386	24,995
Miscellaneous	107,528	-	42,608	-	-	150,136
Total Revenues	1,779,117	1,633	48,260	-	8,386	1,837,396
EXPENDITURES						
Public Safety:						
Personnel	1,127,380	-	-	-	-	1,127,380
Operations	434,753	-	-	-	-	434,753
Administration	82,128	-	-	-	-	82,128
Debt Service:						
Principal	-	-	-	-	-	-
Interest	-	11,181	-	-	-	11,181
Capital Outlay	811,575	-	-	-	-	811,575
Total Expenditures	2,455,836	11,181	-	-	-	2,467,017
Excess (Deficiency) of Revenues over Expenditures	(676,719)	(9,548)	48,260	-	8,386	(629,621)
OTHER FINANCING SOURCES						
Note Payable Proceeds	330,000	-	-	-	-	330,000
Bond Proceeds	-	-	-	2,237,000	-	2,237,000
Bond Premium Amortization	-	-	-	67,199	-	67,199
Transfers in from Other Funds	221,252	-	-	-	-	221,252
Transfers out from Other Funds	-	(87,863)	(10,389)	(123,000)	-	(221,252)
Net Change in Fund Balances	(125,467)	(97,411)	37,871	2,181,199	8,386	2,004,578
Fund Balances-Beginning of Year	432,193	181,447	363,909	-	-	977,549
Fund Balances-End of Year	\$ 306,726	\$ 84,036	\$ 401,780	\$ 2,181,199	\$ 8,386	\$ 2,982,127

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

**PONDEROSA FIRE DISTRICT
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2023**

Exhibit E

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

Fund Balances - Total Governmental Funds (Exhibit C) \$ 2,982,127

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 other funds.

Governmental Capital Assets	2,955,187	
Less: Accumulated Depreciation	<u>(1,447,110)</u>	
		1,508,077

Deferred Outflows of Resources:

Related to OPEB (PSPRS)		4,883
Related to Pension (PSPRS)		235,531

Net Pension/OPEB Asset

Related to OPEB (PSPRS)		10,785
Related to Pension (PSPRS)		275,028

Non-Current liabilities including bond payable are not due
and payable in the current period and therefore are not
reported in the funds.

(2,529,939)

Deferred Inflows of Resources

Related to OPEB (PSPRS)		(10,673)
Related to Pension (PSPRS)		(227,205)
Related to Deferred Property Taxes		<u>25,274</u>

Net Position of Governmental Activities (Exhibit A) \$ 2,273,888

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

Exhibit F

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

Net Change in Fund Balances -	
Total Governmental Funds (Exhibit D)	\$ 2,004,578

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense in the current period.	574,700
--	---------

Net Changes to Deferred Outflows or Inflows of Resources	186,702
--	---------

The issuance of non-current liabilities (e.g., bonds, leases, leave) provides current financial resources to governmental funds, while the repayment of the principal of non-current liabilities consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of non-current liabilities and related items.	<u>(2,510,867)</u>
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Change in Net Position of Governmental Activities (Exhibit B)	<u><u>\$ 255,113</u></u>
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-The Notes to the Financial Statements are an Integral Part of This Statement-

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PONDEROSA FIRE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

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

Introduction

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

Basic Financial Statements

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

Government -Wide Statements

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

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

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

Governmental funds

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

The District reports the following major governmental funds:

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

The *Capital Projects Funds* are used to account for the construction of capital projects other than those which are voter approved by a bond issue, funded by operating funds or thru lease/purchase agreements.

The *Debt Service Fund* is used to account for the proceeds of tax revenues received from a voter approved bond issue for capital improvements to the District. The fund is administered and held by the Pima County and Pinal County Treasurers. The proceeds of the fund may only be used to repay the bond issue.

The *Bond Capital Expense Fund* is used to account for those expenditures attributable to revenue derived from voter approved bonds.

Financial Statements Amounts

Cash & Cash Equivalents

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

Prepaid Items

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

Capital Assets

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

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

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

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

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position and the Balance Sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then.

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

Compensated Absences

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

Non-Current Liabilities

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

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

Net Position

Net Position on Government Wide Financial Statements – Exhibit A

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

- § Restricted—amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- § Unrestricted – this balance is the amount of equity which is not included in the restricted fund balance and the Investments in Capital Asset balances.
- § Net Investment in Capital Assets – This consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

Fund Balances on Government Fund Financial Statements – Exhibit C

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

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

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

Accounting Estimates

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

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

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

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

NOTE 3 - DEPOSITS, INVESTMENT RISK & CASH MANAGEMENT

Deposits and Investments

The deposit of public funds is regulated by Arizona Revised Statutes (ARS). ARS 48-807 allows the District to establish bank accounts with any financial institution that is authorized to do business in the State of Arizona for the purpose of operating a payroll account, holding special revenues, ambulance revenues, or both as necessary to fulfill the District's fiduciary responsibilities. The District may also establish, through the Coconino County Treasurer, accounts for monies from property taxes, grants, contributions and donations. The Coconino 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 Coconino County Treasurer for each governmental fund of the District. Warrants may only be registered on the maintenance and operation account, the unrestricted capital outlay account and the special revenue accounts, and only if the total cash balance of all three accounts is insufficient to pay the warrants and only after any revolving line of credit has been expended. Registered warrants may not exceed ninety per cent of the taxes levied by the County for the District’s current fiscal year. Registered warrants bear interest as prescribed by statute and are redeemed as provided for by law for County warrants.

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

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

The District accounts with the Coconino County Treasurer are part of an investment pool operated by the Coconino County Treasurer. The Coconino County Treasurer invests the cash in a pool under policy guidelines established by the Coconino County Treasurer’s office. 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 Coconino County Treasurer’s Investment pool is included in the Comprehensive Annual Financial Report of the County. The fair value of each participant’s position in the Coconino County Treasurer’s Investment Pool approximates the value of the participant’s shares in the pool.

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

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

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

DEPOSITORY ACCOUNTS:

	General Fund	Capital Projects Fund	Capital Projects Station 82 Fund	Bond Capital Expense Fund	Bond Debt Service Fund	Total
Coconino County Treasurer Investment Pool	\$ 388,340	\$ 84,036	\$ 395,692	\$ 2,181,199	\$ 8,386	\$ 3,057,653
Total Deposits	388,340	84,036	395,692	2,181,199	8,386	3,057,653
In Transit Items	(42,246)	0	0	0	0	(42,246)
Total Cash & Cash Equivalents	\$ 346,094	\$ 84,036	\$ 395,692	\$ 2,181,199	\$ 8,386	\$ 3,015,407

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

These fair value measurement reporting levels are:

Level 1 - Quoted prices in active markets for identical assets.

Level 2 - Significant other observable inputs.

Level 3 - Significant unobservable inputs.

Investments by fair value level:

Coconino County Treasurer Investment Pool Level Two

External investment pools measured at fair value:

Coconino County Treasurer Investment Pool \$ 3,057,653

Total \$ 3,057,653

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

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

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

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

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

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

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

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

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

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

NOTE 4 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and the public; and natural or manmade disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have never exceeded commercial insurance coverage for the District.

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

NOTE 5 - INVENTORIES

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

NOTE 6 - RECEIVABLES

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

NOTE 7 – PROPERTY TAX REVENUE RECEIVABLE

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

NOTE 8 - INTERFUND TRANSFERS

The following Interfund transfers were made in order to repay the General fund for capital purchases.

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Capital Projects Station 82 Fund</u>	<u>Bond Capital Expense Fund</u>	<u>Total</u>
Transfers in from Other Funds	\$221,252	\$ 0	\$ 0	\$ 0	\$ 221,252
Transfers out from Other Funds	<u>0</u>	<u>(87,863)</u>	<u>(10,389)</u>	<u>(123,000)</u>	<u>(221,252)</u>
Totals	<u>\$221,252</u>	<u>\$ (87,863)</u>	<u>\$ (10,389)</u>	<u>\$ 123,000)</u>	<u>\$ 0</u>

NOTE 9 - CAPITAL ASSETS

Capital asset activity for the year ended.

	<u>BALANCE</u> <u>06/30/2022</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE</u> <u>06/30/2023</u>
<u>Depreciable Assets</u>				
Vehicles	\$ 988,919	\$ 675,624	\$ 410,549	\$ 1,253,994
Buildings	855,176	0	0	855,176
Improvements	57,793	0	0	57,793
Equipment, Fire	<u>510,173</u>	<u>0</u>	<u>0</u>	<u>510,173</u>
Total Historical Costs	<u>2,412,061</u>	<u>675,624</u>	<u>410,549</u>	<u>2,677,136</u>
Less Accumulated Depreciation				
Vehicles	962,126	50,946	410,549	602,523
Buildings	369,737	21,431	0	391,168
Improvements	54,731	623	0	55,354
Equipment, Fire	<u>370,141</u>	<u>27,924</u>	<u>0</u>	<u>398,065</u>
Less: Total Accumulated Depreciation	<u>1,756,735</u>	<u>100,924</u>	<u>410,549</u>	<u>1,447,110</u>
Depreciable Capital Assets, Net	655,326	574,700	0	1,230,026
<u>Non-Depreciable Assets</u>				
Construction in Progress	92,100	135,951	0	228,051
Land	<u>50,000</u>	<u>0</u>	<u>0</u>	<u>50,000</u>
Capital Assets, Net	<u>\$ 797,426</u>	<u>\$ 710,651</u>	<u>\$ 0</u>	<u>\$ 1,508,077</u>

NOTE 10 - DEFERRED OUTLOWS AND INFLOWS OF RESOURCES

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

	<u>Governmentwide Activities</u>
Government -Wide Deferred Outflows :	
Related to OPEB (PSPRS)	\$ 4,883
Related to Pensions (PSPRS)	235,531
Total Government -Wide Activities	<u>\$ 240,414</u>
Government-Wide Deferred Inflows :	
Related to OPEB (PSPRS)	\$ 10,673
Related to Pension (Pension)	227,205
Total Government -wide Activities	<u>\$ 237,878</u>
	<u>Governmental Activities</u>
Unavailable Revenues	
Deferred Property Taxes	\$ 25,274
Total Governmental Activities	<u>\$ 25,274</u>

NOTE 11 - CONTINGENT LIABILITIES

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

NOTE 12 – ACCUMULATED COMPENSATED ABSENCES

Accumulated unpaid compensated absences are accrued in the Government -Wide Statement of Net Position. The accrual at year end consisted of \$ 5,148 payable in less than one year and \$ 20,591 payable in future years.

Sick time at June 30, 2023 was \$ 127,555. Sick time is not payable upon termination and is not accrued in the Financial Statements.

NOTE 13 – CURRENT LIABILITIES

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

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

Changes in Current Liabilities:

	<u>Balance</u> <u>June 30, 2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2023</u>
Accounts Payable	\$ 13,539	\$ 0	\$ 1,442	\$ 12,097
Payroll Taxes/ Withholding	23,129	0	15,358	7,771
Pension Payable	4,856	1,841	0	6,697
Wages Payable	40,159	0	26,930	13,229
Compensated Absences	3,814	1,334	0	5,148
Bond Premium Amortization	0	3,360	0	3,360
Notes Payable	0	10,957	0	10,957
	<hr/>	<hr/>	<hr/>	<hr/>
Totals	\$ 85,497	\$ 17,492	\$ 43,730	\$ 59,259

NOTE 14 - LINE OF CREDIT

The District has an available revolving line of credit with the County totaling \$100,000. The line of credit expires at the end of each fiscal year. At that time, per statute, the money borrowed is expected to be paid back in full.

The interest rate is determined by the County and is usually a percentage of the prime interest rate at the time of the repayment of the line of credit. The repayment occurs at various times during the year as money becomes available to the District.

The District did not this line of credit as of June 30, 2023 and at that time no interest rate had been established .

NOTE 15 - COMMITMENTS

A commitment is an obligation arising from an existing contract, agreement or legislative enactment or regulation that will become an actual liability upon the fulfillment of specified conditions. At the close of the Fiscal Year, the District had committed funds in the amount of \$ 228,051 for construction in progress.

NOTE 16 – NON-CURRENT LIABILITIES

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

General Obligation Bonds

Bond Issue 2013: On April 26, 2023 the District issued voter approved bonds in the amount of \$2,237,000 to provide funds to construct, renovate, improve, equip and furnish existing fire stations. The bonds were for 20 years at an interest rate of 4.700% with semi-annual interest payments due on July 1st and January 1st each year and annual principal payments due each July 1st. The amounts of the

principal and interest payments vary over the life of the bonds. The final payment is scheduled on July 1, 2043.

<u>Description</u>	<u>Interest Rate</u>	<u>Bond Term</u>	<u>Balance 06/30/23</u>
Bond Issue 2023	4.700%	7/1/2043	\$ 2,237,000

Bond funds were received during the year and have not been expended as of June 30, 2023.

Bond Premium Amortization : On April 26, 2023 the District issued voter approved bonds in the amount of \$2,237,000 to provide funds to construct, renovate, improve, equip and furnish existing fire stations. Upon sale of the bonds a premium of \$ 67,200 was received. This amount will be amortized over the life of the bond.

Notes Payable

2008 Pumper: The District entered into a note payable agreement with First Government Lease Co. on March 2, 2023 for the financing of a 2008 Pierce Dash pumper. The purchase price was \$ 300,000. The District paid \$170,000 down and financed \$130,000 thru a note payable agreement . The District paid this note in full March 30, 2023.

2 F250 Command Vehicles: The District entered into a note payable agreement with First Government Lease Co. on May 17, 2023 for the financing of 2 Ford F-250 command vehicles. The purchase price was \$ 200,000. The District financed \$200,000 thru a note payable agreement. The note payable has semi-annual payments of \$15,250 starting December 1, 2023 with a final payment due June 1, 2033.

<u>Description</u>	<u>Interest Rate</u>	<u>Note Payable Term</u>	<u>Balance 06/30/23</u>
2 Ford F-250 Command Vehicles	8.519 %	6/1/2033	\$ 200,000

The following assets were acquired thru notes payable:

<u>Description</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Carrying Value</u>
2 Ford F-250 Command Vehicles	<u>\$ 200,000</u>	<u>\$ 0</u>	<u>\$ 200,000</u>
Total	<u>\$ 200,000</u>	<u>\$ 0</u>	<u>\$ 200,000</u>

Changes in Non-Current Liabilities :

	<u>BALANCE</u> <u>06/30/2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>BALANCE</u> <u>06/30/2023</u>
2008 Pierce Pumper	\$ 0	\$ 130,000	\$ 130,000	\$ 0
2-F250 Command Vehicles	0	200,000	0	200,000
Total Notes Payable	0	330,000	130,000	200,000
Bond Premium Amortization	0	67,200	0	67,200
Bonds Payable Series 2023	0	2,237,000	0	2,237,000
Total Notes and Bonds Payable	0	2,634,200	130,000	2,504,200
Compensated Absences – Due in More than One Year	15,257	29,168	23,834	20,591
Total Notes and Bonds Payable and Compensated Absences	15,257	2,663,368	153,834	2,524,791
Less: Current Notes and Bonds Payable	0	14,317	0	14,317
Totals	<u>\$ 15,257</u>	<u>\$ 2,649,051</u>	<u>153,834</u>	<u>\$ 2,510,474</u>

NOTE 17 - FUTURE MINIMUM BOND OBLIGATIONS

The future minimum bond obligations and the net present value of these minimum bond payments as of June 30, 2023, were as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 0	\$ 71,553	\$ 71,553
2025	52,000	103,917	155,917
2026	74,000	100,956	174,956
2027	77,000	97,408	174,408
2028	81,000	93,694	174,694
2029/2033	463,000	406,574	869,574
2034/2038	583,000	284,233	867,233
2039/2043	<u>907,000</u>	<u>129,930</u>	<u>1,036,930</u>
Total Obligation	2,237,000	<u>\$ 1,288,265</u>	3,525,265
Less Amount Representing Interest			<u>1,288,265</u>
Less amount due within 1 year	<u>0</u>		
Future Minimum Bond Payments			<u>\$ 2,237,000</u>
Amount due after 1 year	<u>\$ 2,237,000</u>		

NOTE 17 - FUTURE MINIMUM BOND PREMIUM AMORTIZATION OBLIGATIONS

The future minimum bond premium amortization obligations and the net present value of these minimum bond amounts as of June 30, 2023, were as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Total</u>
2024	\$ 3,360	\$ 3,360
2025	3,360	3,360
2026	3,360	3,360
2027	3,360	3,360
2028	3,360	3,360
2029/2033	16,800	16,800
2034/2038	16,800	16,800
2039/2043	<u>16,800</u>	<u>16,800</u>
Total Obligation	67,200	67,200
Less amount due within 1 year	<u>3,360</u>	
Future Minimum Bond Premium Amortization Payments		<u>\$ 67,200</u>
Amount due after 1 year	<u>\$ 63,840</u>	

NOTE 18 - FUTURE MINIMUM NOTES PAYABLE OBLIGATIONS

The future minimum notes payable obligations and the net present value of these minimum notes payable payments as of June 30, 2023, were as follows:

<u>Year Ending June 30,</u>	<u>Princi pal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 10,957	\$ 19,543	\$ 30,500
2025	14,701	15,799	30,500
2026	15,981	14,519	30,500
2027	17,371	13,129	30,500
2028	18,882	11,618	30,500
2029/2033	<u>122,108</u>	<u>30,392</u>	<u>152,500</u>
Total Obligation	200,000	<u>\$ 105,000</u>	305,000
Less Amount Representing Interest			<u>105,000</u>
Less amount due within 1 year	<u>10,957</u>		
Future Minimum Notes Payable Payments			<u>\$ 200,000</u>
Amount due after 1 year	<u>\$ 189,043</u>		

NOTE 19 – NET POSITION/FUND BALANCE

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

The District’s Governmental Funds fund balances consist of restricted, committed, assigned, non-spendable and unassigned amounts.

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

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

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

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

Nonspendable balances are amounts that are not in a spendable form such as inventories or pre-paid expenses.

Net Position :

Net Investment in Capital Assets	\$ 1,308,077
Restricted -Debt Service	2,189,585
Unrestricted	<u>(1,223,774)</u>
Total Net Position	<u>\$ 2,273,888</u>

Governmental Fund Balances :

Restricted Fund Balance-Debt Service	\$ 2,189,585
Assigned – Capital Reserve	485,816
Unassigned Fund Balances	<u>306,726</u>
Total Fund Balance	<u>\$ 2,982,127</u>

NOTE 20 - PROPERTY TAXES

Per ARS 48-807.F the District is authorized to levy property taxes in an amount sufficient to operate the District. The board, based on the budget submitted by the district, shall levy, in addition to any tax levied as provided in section 48-806, a tax not to exceed \$3.25 per \$100 of assessed valuation through tax year 2021, \$3.375 per \$100 of assessed valuation for tax year 2022, \$3.50 per \$100 of assessed valuation for tax year 2023 and \$3.75 per \$100 of assessed valuation for tax year 2024 and each tax year thereafter, or the amount of the levy in the preceding tax year multiplied by 1.08, whichever levy is less, and minus any amounts required to reduce the levy pursuant to subsection I of this section, against all property situated within the district boundaries and appearing on the last assessment roll. The levy shall be made and the taxes collected in the manner, at the time and by the officers provided by law for the collection of general county taxes.

The District levies real property taxes on or before the third Monday in August that become due and payable in two equal installments. The first installment is due on the first day of October and becomes delinquent after the first business day of November. The second installment is due on the first day of March of the next year and becomes delinquent after the first business day of May.

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

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

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

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

NOTE 21 – EMPLOYEE RETIREMENT SYSTEMS AND POST EMPLOYMENT PLANS

The District contributes to the plan described below. The plan is a component unit of the State of Arizona.

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

Statement of net position and statement of activities	Governmental activities
Net pension and OPEB asset	\$ 285,813
Net pension and OPEB liability	0
Deferred outflows of resources related to pensions and OPEB	240,414
Deferred inflows of resources related to pensions and OPEB	237,878
Pension and OPEB expense	54,238

The District's accrued payroll and employee benefits includes \$ 3,221 of outstanding pension and OPEB contribution amounts payable to all plans for the year ended June 30, 2023. Also, the District reported \$ 38,392 of pension and OPEB contributions as expenditures in the governmental funds related to all plans to which it contributes.

Public Safety Personnel Retirement System

Plan descriptions—employees who are regularly assigned hazardous duty participate in the Public Safety Personnel Retirement System (PSPRS) or employees who became members on or after July 1, 2017, may participate in the Public Safety Personnel Defined Contribution Retirement Plan (PSPDCRP). The PSPRS administers agent and cost-sharing multiple-employer defined benefit pension plans and agent and cost-sharing multiple-employer defined benefit health insurance premium benefit (OPEB) plans. A 9-member board known as the Board of Trustees and the participating local boards govern the PSPRS according to the provisions of A.R.S. Title 38, Chapter 5, Article 4. Employees who were PSPRS members before July 1, 2017, participate in the agent plans, and those who became PSPRS members on or after July 1, 2017, participate in the cost-sharing plans (PSPRS Tier 3 Risk Pool) which are not further disclosed because of their relative insignificance to the District's financial statements.

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

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

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

PSPRS

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

Before January 1, 2012

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

*With actuarially reduced benefits.

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

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

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

	<u>PSPRS</u>	
	<u>Pension</u>	<u>Health</u>
Inactive employees or beneficiaries currently receiving benefits	0	0
Inactive employees entitled to but not yet receiving benefits	1	0
Active employees	3	3
Total	<u>4</u>	<u>3</u>

Contributions —State statutes establish the pension contribution requirements for active PSPRS employees. In accordance with State statutes, annual actuarial valuations determine employer contribution requirements for PSPRS pension and health insurance premium benefits. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. Contribution rates for the year ended June 30, 2023, are indicated below. Rates are a percentage of active members’ annual covered payroll.

	Active member— pension	District—pension	District—health insurance premium benefit
PSPRS	7.65%	9.42%	0.25%

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

PSPRS	Pension 9.00 %	Health insurance premium benefit 0.12%
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The District's contributions to the plans for the year ended June 30, 2023, were:

PSPRS	Pension \$ 37,602	Health insurance premium benefit \$ 790
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During fiscal year 2023, the District paid for PSPRS OPEB contributions as follows: 100 percent from the General Fund.

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

PSPRS	Net pension (asset) liability (275,028)	Net OPEB (asset) liability (10,875)
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The net assets and net liabilities were measured as of June 30, 2022, and the total liability used to calculate the net asset or liability was determined by an actuarial valuation as of that date. The total liabilities as of June 30, 2022, reflect changes of actuarial assumptions, including decreasing the investment rate of return from 7.3 percent to 7.2 percent, changing the wage inflation from 3.5 percent to a range of 3.0 – 6.25 percent, and increasing the cost-of-living adjustment from 1.75 percent to 1.85 percent.

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

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

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

The long-term expected rate of return on PSPRS plan investments was determined to be 7.2 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expenses and inflation) are developed for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

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

Discount rate—At June 30, 2022, the discount rate used to measure the PSPRS OPEB liabilities was 7.2 percent, which was a decrease of 0.1 from the discount rate used as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the actuarially determined contribution rate and the member rate. Based on those assumptions, the plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension/OPEB liability.

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

Changes in the net pension/OPEB liability

PSPRS	Pension			Health insurance premium benefit		
	Increase (decrease)			Increase (decrease)		
	Total pension liability	Plan fiduciary net position	Net pension (asset) liability	Total OPEB liability	Plan fiduciary net position	Net OPEB (asset) liability
	(a)	(b)	(a) – (b)	(a)	(b)	(a) – (b)
Balances at June 30, 2022	<u>248,577</u>	<u>693,686</u>	<u>(445,109)</u>	<u>3,105</u>	<u>18,050</u>	<u>(14,945)</u>
Changes for the year:						
Service cost	53,095		53,095	1,143		1,143
Interest on the total liability	22,022		22,022	310		310
Changes of benefit terms						
Differences between expected and actual experience in the measurement of the liability	115,796		115,796	2,568		2,568
Changes of assumptions or other inputs	14,446		14,446	243		243
Contributions —employer		37,602	(37,602)		790	(790)
Contributions —employee		26,302	(26,302)			
Net investment income		(28,120)	28,120		(674)	674
Benefit payments, including refunds of employee contributions						
Administrative expense		(506)	506		(12)	12
Other changes						
Net changes	<u>205,359</u>	<u>35,278</u>	<u>170,081</u>	<u>4,264</u>	<u>104</u>	<u>4,160</u>
Balances at June 30, 2023	<u>453,936</u>	<u>728,964</u>	<u>(275,028)</u>	<u>7,369</u>	<u>18,154</u>	<u>(10,785)</u>

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

	1% Decrease (6.2%)	Current discount rate (7.2%)	1% Increase (8.2%)
PSPRS			
Net pension (asset) liability	\$ (169,074)	\$ (275,028)	\$ (354,331)
Net OPEB (asset) liability	(9,447)	(10,785)	(11,885)

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

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

	Pension Expense	OPEB Expense
PSPRS	53,095	1,143

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

PSPRS	Pension		Health insurance premium benefit	
	Deferred outflows of resources	Deferred inflows of resources	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	\$ 148,036	\$ 227,205	\$ 3,125	\$ 10,673
Changes of assumptions or other inputs	36,425		524	
Net difference between projected and actual earnings on plan investments	13,468		444	
Changes in proportion and differences between District contributions and proportionate share of contributions				
District contributions subsequent to the measurement date	37,602		790	
Total	<u>\$ 235,531</u>	<u>\$ 227,205</u>	<u>\$ 4,883</u>	<u>\$ 10,673</u>

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

Year ending June 30	PSPRS	
	Pension	Health
2024	(4,326)	(471)
2025	(6,151)	(517)
2026	(12,436)	(676)
2027	9,493	(164)
2028	(6,722)	(568)
Thereafter	(9,134)	(4,184)

NOTE 22 - SUBSEQUENT EVENTS

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

**REQUIRED SUPPLEMENTARY
INFORMATION**

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

Exhibit G

	Budgeted Amounts		Actual	Variance with Final
	Original	Final		Budget Positive (Negative)
Revenues:				
Property Taxes	\$ 1,212,494	\$ 1,212,494	\$ 1,204,689	\$ (7,805)
Fire District Assistance Tax	242,499	242,499	218,332	(24,167)
Fees for Service	10,000	10,000	93,810	83,810
Capital Grants	289,497	289,497	145,434	(144,063)
Interest Earnings	-	-	9,324	9,324
Miscellaneous	18,000	18,000	107,528	89,528
Total Revenues	1,772,490	1,772,490	1,779,117	6,627
Expenditures:				
Public Safety				
Personnel	1,066,483	1,066,483	1,127,380	(60,897)
Operations	187,450	187,450	434,753	(247,303)
Administration	221,133	221,133	82,128	139,005
Capital Outlay	901,557	901,557	811,575	89,982
Total Expenditures	2,376,623	2,376,623	2,455,836	(79,213)
Excess (Deficiency) of Revenues over Expenditures	(604,133)	(604,133)	(676,719)	(72,586)
Other Financing Sources				
Note Payable Agreement	-	-	330,000	330,000
Transfers in from Other Funds	-	-	221,252	221,252
Net Change in Fund Balances	(604,133)	(604,133)	(125,467)	478,666
Fund Balances at Beginning of Year	604,133	604,133	432,193	(171,940)
Fund Balances at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 306,726</u>	<u>\$ 306,726</u>

See Accompanying Notes to the Budgetary Comparison Schedule

PONDEROSA FIRE DISTRICT
NOTES TO BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2023

NOTE 1 – BUDGETARY REQUIREMENTS AND BASIS OF ACCOUNTING

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

NOTE 2 - OVER-EXPENDITURE OF BUDGET LINE ITEMS

The legal compliance of budgeting for Special Districts in Arizona is at the fund level. The District overspent its budget at the fund level by \$79,213. This was due to Bond issue costs. The funds for these costs were transferred from the Bond Capital Expense Fund to the General Fund for payment of the bond issue costs.

The District over-spent two line items. These were Personnel in the amount of \$60,897 and Operations in the amount of \$ 247,303. This was due in large part to the continued effects of the Covid pandemic and need for extra personnel and differences between budget line items and Quick Books line items.

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

RSI-1

PSPRS - PENSION

Reporting Year Measurement Date	FISCAL YEAR									
	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	2014 (2013)
Total Pension Liability										Information
Service Cost	\$ 53,095	\$ 56,815	\$ 54,771	\$ 85,685	\$ 72,117	\$ 61,445	\$ 49,936	\$ 29,536	\$ -	not available
Interest on total pension liability	22,022	27,610	23,646	25,693	22,757	17,559	6,940	3,228	-	
Changes of benefit terms	-	-	-	-	-	(21,456)	23,115	-	(183)	
Difference between expected and actual experience in the measurement of the pension liability	115,796	(112,701)	18,403	(107,639)	(98,938)	(5,704)	53,621	8,763	26,568	
Changes of assumptions or other inputs	14,446	-	-	5,235	-	22,337	12,346	-	(30)	
Benefit payments including refund of employee contributions	-	(89,110)	-	(2,702)	(9,077)	(3,125)	(8,884)	-	-	
Net change in pension liability	205,359	(117,386)	96,820	6,272	(13,141)	71,056	137,074	41,527	26,355	
Total pension liability - beginning	248,577	365,963	269,143	262,871	276,012	204,956	67,882	26,355	-	
Total pension liability - ending (a)	<u>\$ 453,936</u>	<u>\$ 248,577</u>	<u>\$ 365,963</u>	<u>\$ 269,143</u>	<u>\$ 262,871</u>	<u>\$ 276,012</u>	<u>\$ 204,956</u>	<u>\$ 67,882</u>	<u>\$ 26,355</u>	
Plan Fiduciary net position										
Contributions - employer	\$ 37,602	\$ 41,626	\$ 43,660	\$ 42,843	\$ 60,514	\$ 44,114	\$ 34,468	\$ 17,732	\$ 19,186	
Contributions - employee	26,302	29,788	28,000	37,721	44,746	40,966	32,504	19,516	17,192	
Net investment income	(28,120)	150,006	6,532	22,470	21,961	24,662	758	1,916	2,429	
Benefit payments, including refunds of employee contributions	-	(89,110)	-	(2,702)	(9,077)	(3,125)	(8,884)	-	-	
Hall/Parker Settlement	-	-	-	-	(8,875)					
Pension plan administrative expense	(506)	(685)	-	(1,390)	(1,034)	(618)	(509)	(421)	-	
Other changes	-	-	(3,764)	(53)	2	2	41,104	(23)	-	
Net change in plan fiduciary net position	35,278	131,625	74,428	98,889	108,237	106,001	99,441	38,720	38,807	
Plan fiduciary net position - beginning	693,686	562,061	487,633	388,744	280,507	174,506	75,065	36,345	-	
Plan fiduciary net position - ending (b)	<u>\$ 728,964</u>	<u>\$ 693,686</u>	<u>\$ 562,061</u>	<u>\$ 487,633</u>	<u>\$ 388,744</u>	<u>\$ 280,507</u>	<u>\$ 174,506</u>	<u>\$ 75,065</u>	<u>\$ 38,807</u>	

See accompanying notes to the Pension/OPEB Plan Schedules

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

RSI-1

PSPRS - PENSION

FISCAL YEAR

Reporting Year Measurement Date	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	2014 (2013)
District's net pension liability - ending (a) - (b)	<u>\$ (275,028)</u>	<u>\$ (445,109)</u>	<u>\$ (196,098)</u>	<u>\$ (218,490)</u>	<u>\$ (125,873)</u>	<u>\$ (4,495)</u>	<u>\$ 30,450</u>	<u>\$ (7,183)</u>	<u>\$ (12,452)</u>	Information not available
Plan fiduciary net position as a percentage of the total pension liability	160.59%	279.06%	153.58%	181.18%	147.88%	101.63%	85.14%	110.58%	147.25%	
Covered-employee payroll	\$ 214,614	\$ 211,488	\$ 256,182	\$ 264,553	\$ 380,366	\$ 317,545	\$ 289,484	\$ 224,189	\$ 166,109	
District's net pension liability as a percentage of covered-employee payroll	-128.15%	-210.47%	-76.55%	-82.59%	-33.09%	-1.42%	10.52%	-3.20%	-7.50%	

See accompanying notes to the Pension/OPEB Plan Schedules

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

RSI-2

OPEB - PSPRS

FISCAL YEAR

Reporting Year Measurement Date	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	2014 (2013)
Total OPEB Liability							Information not available	Information not available	Information not available	Information not available
Service Cost	\$ 1,143	\$ 1,502	\$ 1,440	\$ 1,521	\$ 1,141	\$ 889				
Interest on total OPEB liability	310	689	527	602	633	367				
Changes of benefit terms	-	-	-	-	-	1,202				
Difference between expected and actual experience in the measurement of the OPEB liability	2,568	(7,023)	290	(3,148)	(3,152)	731				
Changes of assumptions or other inputs	243	-	-	97	-	342				
Benefit payments including refund of employee contributions	-	-	-	-	-	-				
Net change in OPEB liability	4,264	(4,832)	2,257	(928)	(1,378)	3,531	-	-	-	-
Total OPEB liability - beginning	3,105	7,937	5,680	6,608	7,986	4,455				
Total OPEB liability - ending (a)	<u>\$ 7,369</u>	<u>\$ 3,105</u>	<u>\$ 7,937</u>	<u>\$ 5,680</u>	<u>\$ 6,608</u>	<u>\$ 7,986</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Plan Fiduciary net position										
Contributions - employer	\$ 790	\$ 937	\$ 793	\$ 849	\$ 785	\$ 1,502				
Contributions - employee	-	-	-	-	-	-				
Net investment income	(674)	3,584	156	622	678	921				
Benefit payments, including refunds of employee contributions	-	-	-	-	-	-				
OPEB plan administrative expense	(12)	(15)	(13)	42	(10)	(8)				
Other changes	-	-	-	-	(1)					
Net change in plan fiduciary net position	104	4,506	936	1,513	1,452	2,415	-	-	-	-
Plan fiduciary net position - beginning	18,050	13,544	12,608	11,095	9,643	7,228				
Plan fiduciary net position - ending (b)	<u>\$ 18,154</u>	<u>\$ 18,050</u>	<u>\$ 13,544</u>	<u>\$ 12,608</u>	<u>\$ 11,095</u>	<u>\$ 9,643</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See Accompanying notes to the Pension/OPERB Plan schedules

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

RSI-2

OPEB - PSPRS

	FISCAL YEAR									
Reporting Year Measurement Date	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	2014 (2013)
District's net OPEB liability - ending (a) - (b)	<u>\$ (10,785)</u>	<u>\$ (14,945)</u>	<u>\$ (5,607)</u>	<u>\$ (6,928)</u>	<u>\$ (4,487)</u>	<u>\$ (1,657)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>_____</u>
Plan fiduciary net position as a percentage of the total OPEB liability	246.36%	581.32%	170.64%	221.97%	167.90%	120.75%				
Covered-employee payroll	\$ 214,614	\$ 211,488	\$ 256,182	\$ 246,553	\$ 380,366	\$ 317,545				
District's net OPEB liability as a percentage of covered-employee payroll	-5.03%	-7.07%	-2.19%	-2.81%	-1.18%	-0.52%				

See Accompanying notes to the Pension/OPERB Plan schedules

PONDEROSA FIRE DISTRICT
Schedule of Pension Contributions (PSPRS)
Year Ended June 30, 2023

RSI-3

PSPRS - Pension

Reporting Year Measurement Year	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	2014 (2013)
Actuarially determined contribution	\$ 37,326	\$ 41,626	\$ 43,660	\$ 42,843	\$ 60,514	\$ 44,114	\$ 34,468	\$ 17,732	\$ 19,186	Information
District's contributions in relation to the actuarially determined contribution	37,602	41,626	43,660	42,843	60,514	44,114	34,468	17,732	19,186	not available
District's contribution deficiency (excess)	\$ (276)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
District's covered-employee payroll	\$ 214,614	\$ 211,488	\$ 256,182	\$ 246,553	\$ 380,366	\$ 317,545	\$ 289,484	\$ 224,189	\$ 166,109	
District's contributions as a percentage of covered-employee payroll	17.52%	19.68%	17.04%	17.38%	15.91%	13.89%	11.91%	7.91%	11.55%	

See accompanying notes to the Pension/OPEB Plan Schedules

PONDEROSA FIRE DISTRICT
Schedule of OPEB Contributions (PSPRS)
Year Ended June 30, 2023

RSI-4

PSPRS - OPEB

Reporting Date Measurement Date	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	2014 (2013)
Actuarially determined contribution	\$ 790	\$ 937	\$ 793	\$ 849	\$ 785	\$ 1,502	Information not available	Information not available	Information not available	Information not available
District's contributions in relation to the actuarially determined contribution	790	937	793	849	785	1,502	available	available	available	available
District's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -				
District's covered-employee payroll	\$ 214,614	\$ 211,488	\$ 256,182	\$ 246,553	\$ 380,366	\$ 317,545				
District's contributions as a percentage of covered-employee payroll	0.37%	0.44%	0.31%	0.34%	0.21%	0.47%				

See accompanying notes to the Pension/OPEB Plan Schedules

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OTHER SUPPLEMENTARY INFORMATION

**PONDEROSA FIRE DISTRICT
ANNUAL REPORT INFORMATION
FISCAL YEAR ENDED JUNE 30, 2023**

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

REGULAR FIRE BOARD MEETINGS:

<u>Date</u>	<u>Time</u>	<u>Location -- ALL MEETINGS ALSO ON ZOOM</u>
July 17, 2022	6:00 p.m.	Fire Station, 11851 Shadow Mountain Drive, Bellemont, AZ
August 18, 2022	6:00 p.m.	Fire Station, 11851 Shadow Mountain Drive, Bellemont, AZ
Sept 15, 2022	6:00 p.m.	Fire Station, 11851 Shadow Mountain Drive, Bellemont, AZ
October 20, 2022	6:00 p.m.	Fire Station, 11851 Shadow Mountain Drive, Bellemont, AZ
Nov 17, 2022	6:00 p.m.	Fire Station, 11851 Shadow Mountain Drive, Bellemont, AZ
Dec 15, 2022	6:00 p.m.	Fire Station, 11851 Shadow Mountain Drive, Bellemont, AZ
January 19, 2023	6:00 p.m.	Fire Station, 11851 Shadow Mountain Drive, Bellemont, AZ
Feb 16, 2023	6:00 p.m.	Fire Station, 11851 Shadow Mountain Drive, Bellemont, AZ
March 16, 2023	6:00 p.m.	Fire Station, 11851 Shadow Mountain Drive, Bellemont, AZ
April 20, 2023	6:00 p.m.	Fire Station, 11851 Shadow Mountain Drive, Bellemont, AZ
May 11, 2023	6:00 p.m.	Fire Station, 11851 Shadow Mountain Drive, Bellemont, AZ
June 15, 2023	6:00 p.m.	Fire Station, 11851 Shadow Mountain Drive, Bellemont, AZ

BOARD MEMBERS:

<u>Name</u>	<u>Business Phone Number</u>	<u>Position</u>
Mark Christian	928-773-8933	Chairman
Tom Humphrey	928-773-8933	Clerk
Deanna Hueston	928-773-8933	Member
Kurt Wildermuth	928-773-8933	Vice-Chairperson
Rick Tomjack	925-773-8933	Member

LOCATION OF POSTING OF MEETING NOTICES (all meetings):

Bellemont Fire Station	11951 Shadow Mtn Road	Bellemont, Arizona
Park's Fire Station	1511 Spring Valley Rd	Parks, Arizona
District Website	WWW.Ponderosafire.org	

LEGAL DESCRIPTION OF BOUNDARY CHANGES:

NONE

PONDEROSA FIRE DISTRICT
GOVERNMENT AUDIT STANDARDS SECTION
JUNE 30, 2023

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SAUNDERS COMPANY, LTD

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

CERTIFIED PUBLIC ACCOUNTANT
CERTIFIED FRAUD EXAMINER
CERTIFIED GOVERNMENT FINANCIAL MANAGER
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Arizona Association of Licensed Private Investigators

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

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Governing Board
Ponderosa Fire District
Bellemont, Arizona

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Ponderosa Fire District (the District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Ponderosa Fire District's basic financial statements, and have issued our report thereon dated February 29, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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Independent Auditor's Report on Internal Control...

June 30, 2023

Page 2

Report on Compliance with State of Arizona Regulatory Requirements

In conjunction with our Audit, nothing came to our attention causing us to believe the Ponderosa Fire District incurred any debt or liability in excess of taxes levied and to be collected and the monies actually available and unencumbered at that time in the District's General Fund, except those liabilities as prescribed in Arizona Revised Statutes (A.R.S.) section 48-805, subsection B, paragraph 2 and sections 48-806 and 48-807, or that the District failed to comply with A.R.S. section 48-805.02, subsection F. However, our Audit was not directed primarily toward obtaining knowledge of such non-compliance. This report is supplemental reporting as required by Arizona Revised Statutes intended solely for the information and use of management and to meet the requirements of A.R.S. 48-805. Accordingly, this report is not suitable for any other purpose and is not intended to be and should not be used by anyone other than the specified parties.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Saunders Company, Ltd.

Glendale, Arizona

February 29, 2024

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