

AVRA VALLEY FIRE DISTRICT
FINANCIAL STATEMENTS
JUNE 30, 2022

Saunders Company, Ltd
6008 West Cortez Street
Glendale, Arizona 85304
Phone 623-476-8660
Fax 602-926-2431

THIS PAGE

IS

DELIBERATELY LEFT BLANK

AVRA VALLEY FIRE DISTRICT

FINANCIAL STATEMENTS JUNE 30, 2022

TABLE OF CONTENTS

	<u>PAGE</u>	<u>EXHIBIT</u>
TABLE OF CONTENTS	1	
INDEPENDENT AUDITOR'S REPORT	5	
MANAGEMENT'S DISCUSSION AND ANALYSIS	11	
BASIC FINANCIAL STATEMENTS:	21	
Government -Wide Financial Statements		
Statement of Net Position	22	A
Statement of Activities	23	B
Fund Financial Statements		
Balance Sheet - Governmental Funds	24	C
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	25	D
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position	26	E
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities	27	F
Notes to the Financial Statements	29	

**THIS PAGE
IS
DELIBERATELY LEFT BLANK**

AVRA VALLEY FIRE DISTRICT

FINANCIAL STATEMENTS

JUNE 30, 2022

	<u>PAGE</u>	<u>EXHIBIT</u>
REQUIRED SUPPLEMENTARY INFORMATION	57	
Budgetary Comparison Schedule-General Fund	58	G
Notes to Budgetary Comparison Schedule	59	
Schedule of Changes in the District's Net Pension Liability and Related Ratios (PSPRS)	60	
Schedule of Changes in the District's Net OPEB Liability and Related Ratios (PSPRS)	62	
Schedule of Pension Contributions (PSPRS)	64	
Schedule of OPEB Contributions (PSPRS)	65	
Schedule of Pension Contributions (ASRS)	66	
Schedule of OPEB Contributions (ASRS)	67	
Schedule of OPEB Contributions (ASRS-LTD)	68	
Schedule of Proportionate Share of Net Pension Liability (ASRS)	69	
Schedule of Proportionate Share of the Net OPEB Liability (ASRS)	70	
Schedule of Proportionate Share of the Net OPEB Liability (ASRS-LTD)	71	
Notes to Pension Plan Schedules	72	
OTHER SUPPLEMENTARY INFORMATION	73	
Arizona Annual Report Information	74	
GOVERNMENT AUDIT STANDARDS SECTION	75	
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	77	
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH STATE OF ARIZONA FIRE DISTRICT REGULATORY REQUIREMENTS	81	
FEDERAL AWARDS REPORTS IN ACCORDANCE WITH THE UNIFORM GUIDANCE	83	

**THIS PAGE
IS
DELIBERATELY LEFT BLANK**

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
LICENSED PRIVATE INVESTIGATOR S #01534603, # 1003706

6008 W. CORTEZ ST
GLENDALE, ARIZONA 85304
Tel: (623) 476-8660
Fax: (602) 926-2431
E-Mail: JamesH49@AOL.com
Triciaesanders@yahoo.com

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

Arizona Association of Licensed Private Investigators

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

INDEPENDENT AUDITOR'S REPORT

To the Governing Board

Avra Valley Fire District

Marana, Arizona

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Avra Valley Fire District (the District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Avra Valley Fire District, as of June 30, 2022, 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.

**THIS PAGE
IS
DELIBERATELY LEFT BLANK**

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying combining and individual non-major fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

**THIS PAGE
IS
DELIBERATELY LEFT BLANK**

during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 24, 2023, 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 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 24, 2023

**THIS PAGE
IS
DELIBERATELY LEFT BLANK**

Avra Valley Fire District

Management's Discussion and Analysis of Basic Financial Statements June 30, 2022

The following discussion and analysis of the Avra Valley Fire District (the District's) financial performance presents management's overview of the District's financial activities for the year ended June 30, 2022. Please read it in conjunction with the District's basic financial statements which begin immediately following this analysis. This annual financial report consists of two parts, Management's Discussion and Analysis (this section) and the Basic Financial Statements.

Nature of Operations

The Avra Valley Fire District (AVFD) was established in 1977 to provide dedicated and caring professionals who safely serve the community of Avra Valley, Arizona, by protecting life and property through education, prevention, fire suppression and emergency medical services.

Avra Valley Fire District encompasses an area of approximately 325 square miles and provides ambulance coverage for 365 square miles. The District straddles two counties, with two-thirds (65.46%) of the District within Pima County, and one-third (33.74%) in Pinal County. The District serves an estimated population of approximately 11,500 residents.

Our District maintains a high ISO rating of 3. The District provides a wide range of dedicated services to its residential and commercial property owners, as well as services to locations and persons outside the District through automatic and mutual aid agreements. In addition to fire protection, paramedic equipped units located in the District assist with advanced life support on medical calls and transportation services to hospitals. Fire prevention and injury prevention education services are provided to persons residing within the District boundaries.

Avra Valley cooperates with the Arizona Forestry Service to provide fire suppression services through a Cooperative Agreement. We continue to actively participate in wildland fire suppression throughout the Southwestern United States. We deployed crews to 15 wildland incidents during the fiscal year, with three of those deployments responding to multiple fires.

As of July 1, 2021, the Avra Valley Fire District and the Three Points Fire District entered into an intergovernmental agreement for management and resource sharing between the two Districts. Both Districts are organized under Title 48, Arizona Revised Statutes, and each District holds their own Certificate of Necessity with the State of Arizona Department of Health Services. Both Districts continue to be parties to agreements for common dispatch and mutual aid services. Avra Valley Fire District's Fire Chief, Assistant Fire Chief, Finance Manager and Fleet Manager perform the same duties for Three Points Fire District that each of them performs for the Avra Valley Fire District under the direction and control of the Fire Chief.

As of June 30, 2022, the District had 45 full-time employees consisting of 28 EMT's, 13 State certified paramedics and 4 administrative staff.

The District operates under the supervision of a five-member Board of Directors. The members of the Board are elected at large from within the District's boundaries for four year terms and the officer positions are elected by the Board members every year for a 1-year term. The Board members at June 30, 2022 were:

Luis J.G. Castaneda, Jr.	Chairman
Sara Bauer	Vice-Chairwomen
Eric Neilson	Clerk
Thomas Armendarez	Member
James Haffner	Member

The District is administered on a day-to-day basis by a Fire Chief. The current Fire Chief is Brian Delfs.

Results of Operations

Calls

The District responded to 2,882 requests for service during the fiscal year: 1,798 rescue/EMS, 69 fire, 17 hazmat and 353 non-emergency calls. Service is currently provided from four fire stations. For FY22, the District's resources arrived on the scene of all incidents within 14 minutes 89.1% of the time meeting both the District's CON and self-imposed response time standards. Avra Valley Fire District responded to 350 mutual and auto aid calls, and received mutual aid and auto aid assistance from other Districts 20 times.

Call loads increased due to the COVID-19 Pandemic. Significant expenditures were required to ensure the safety of our personnel and residents. The majority of expenses were for personnel protective equipment and decontamination supplies. The majority of these unbudgeted expenditures were offset by COVID relief funds provided through the Pima County Fire Chief's Association in the amount of \$ 59,377.

Personnel

- λ The District managed major challenges to personnel safety, increased call loads, PPE and equipment shortages, as well as mental health issues associated with the COVID-19 Pandemic and supply chain shortages.
- λ The District implemented a 2.5% step increase at the beginning of the fiscal year.
- λ 30% of suppression staff are Paramedics
- λ 70% of suppression staff are Firefighter/EMTs
- λ Majority of the suppression staff are in Tier 3 with the PSPRS
- λ 3 of our personnel are qualified wildland Engine Bosses, with a fourth almost done with required training
- λ 10 suppression staff were hired, 8 personnel resigned
- λ 2 suppression personnel completed Paramedic School, and another member is currently enrolled
- λ During FY22, we experienced 14 injuries.
- λ Our worker's compensation EMod rate is .73.

Public Safety Personnel Retirement System Changes

- λ Our employer contribution rate for FY22 was (T1) 20.05%, (T2) 24.05%, (T3) 19.78%.
- λ Our employer contribution rate for FY23 will be slightly lower at (T1) 18.29% (T2) 21.29% (T3) 18.07%
- § The PSPRS has notified all Districts that certain T1 and T2 employees will require refunds due to employee contribution rates being set too high in previous years. These refunds are due by September 30, 2022.
- § As required by State legislation, our District has prepared and posted to the District website a statement discussing the District's pension funding policy.

Training

- λ Our District continues to certify, train and credential our personnel to higher levels than most other Districts.
- λ Our training program is built to the calendar year, and broken down into trimesters. Each trimester has a minimum required training which needs to be completed, and all members are current.
- λ Our training calendar is based on training necessary to meet NFPA standards in all disciplines, as well as EMS training to meet standards of the Arizona Department of Health and St. Mary's Hospital.
- λ We had several staff attend many outside training opportunities, bringing this education and experience back to the District.
- λ Both ACLS and PEDS certification classes were brought in-house, saving the District both time and money.
- λ Classes offered included a full-scale Airway Lab, drug administration, wound packing, CPAP, START, EPCR and ZOLL, ambulance orientation, and a PEDS Refresher class.
- λ All crews finished the required annual training including all MCS's, fire training, OSHA mandated training, hazmat, TRT and EMS training, including stoke protocols, cardio protocols, trauma protocols, ACLS training, pediatric refresher training. An airway lab was conducted in-house.
- λ All crews completed wildland refresher training and pack tests.
- λ Crews completed refresher courses including multi company drills for fire, hazmat, EMS and TRT.
- λ Swift water training was conducted at the CAP canal.
- λ The training division completed two new hire orientation classes for new employees. These classes were two weeks and covered multiple topics and training drills.
- λ In total for the FY22, AVFD personnel completed a total of 14,259.76 hours of training.

Community Relations

- λ Our personnel continue to stay involved in the community.
- λ Due to the COVID Pandemic, our community activities were significantly impacted.
- λ Several suppression staff participated in "Patriot's Day" at the VFW on September 11, 2021.
- λ Suppression staff participated in the VFW Thanksgiving Dinner.
- λ We participated in both Roadrunner and Red Rock Elementary School Trunk or Treat activities and field days.

- λ Suppression staff observed fire alarm drills at both elementary schools.

Administration

- λ Procedures manuals for both the administrative division and the finance division, including internal controls, are reviewed regularly to reflect current best practices.
- λ The District implemented the State allowed ambulance billing rate increase of 11.65% in April 2022.
- λ The District has continued to maintain compliance with State retention schedules. Records have been appropriately purged and reported to the State Library & Archives. Also, under the State Library's agreement with Iron Mountain Storage facility in Tucson, our District is now able to store records off site when necessary.
- λ The District has successfully deployed the Document Locator records database on a secure server.
12 years of Fire Board documents have been loaded into the repository. In addition, financial documents such as monthly statements, budgets and audits have been added to the repository. Other documents added include Local Pension Board documents, legal agreements, District Bylaws and Articles of Incorporation, Chief Memos, grants, and a section for COVID-related documents.
- λ District Administrative Orders have been loaded onto a private page on the website for suppression staff to access at when in the field.
- λ The District website is continually updated to provide meeting notices, budget postings, Fire Board documents library, as well as photos & announcements related to current happenings in our District. Residents are able to pay their transport invoices online and also purchase a burn permit online. Website analytics currently report that 70% of users directly access the site to pay medical bills, purchase a burn permit, or to seek general information. Our website has a 4.5 star rating out of 5.

Fleet

- λ The fleet continues to be maintained according to ASE and NFPA standards.
- λ The District has signaled the intent to purchase a new 4-wheel drive ambulance from EVS. Build time for the new ambulance is currently estimated at 18 months.
- λ The large tender is in need of a new turbo charger.

Logistics and Technical

- λ 55 gallons of hazmat waste were picked up and destroyed by Southwest Hazard Control
- λ The District provided new cell phones and EPCR tablets for all apparatus.
- λ New outdoor lights were installed at Stations 191, 192 and 193.
- λ A new A/C and 2 evaporative coolers were installed at ST 194.
- λ New recliners were purchased for all stations.
- λ Repairs were done to the wells at Stations 191 and 193.
- λ A concrete slab was installed at the mechanics' shop at ST 192.
- λ All hydrants in the District have been tested.
- λ Routine fire prevention and pre-planning inspections were conducted in the District.
- λ Routine equipment maintenance such as SCBA testing and ladder inspections were completed.

Financial Highlights

- λ The District has a bond rating of A3 with the Moody's Investor Services.
- λ The District successfully established direct deposits from the majority of insurance providers.
- λ The District experienced an ambulance revenue collection rate of 88% for the fiscal year.
- λ District investment in capital assets decreased by \$259,939 or 10.25%.
- λ The District's net position increased \$348,356 or 36.80% from the previous fiscal year.
- λ Total revenues for the general fund increased \$706,086 or 17.02% over the previous fiscal year.
- λ At the end of the current fiscal year, unrestricted net position for the governmental activities was \$575,058.

Overview of the Financial Statements

This *Discussion and Analysis* is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: (1) government-wide financial statements (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

Government - Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to private-sector business. The *Statement of Net Position* presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

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

Fund Financial Statements

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

Net Position June 30, 2022

	Balance <u>June 30, 2021</u>	Balance <u>June 30, 2022</u>
Net Investment in Capital Assets	\$ 290,824	\$ 220,885
Reserved – Debt Service	462,361	499,114
Unrestricted	<u>193,516</u>	<u>575,058</u>
Total Net Position	<u>\$ 946,701</u>	<u>\$ 1,295,057</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 Avra Valley Fire District, Total Net Position was \$1,295,057 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 chart contains 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>2021</u>	<u>2022</u>
Assets		
Current and other assets	\$ 1,995,602	\$ 2,324,328
Net Pension/OPEB Assets	88,602	164,560
Capital assets, net	<u>2,535,824</u>	<u>2,275,885</u>
Total assets	4,620,028	4,764,773
Deferred outflows of resources	<u>1,411,214</u>	<u>959,539</u>
Liabilities		
Current liabilities	354,351	370,048
Non-Current liabilities	2,184,716	1,996,467
Net Pension/OPEB Liabilities	<u>1,918,218</u>	<u>504,761</u>
Total liabilities	4,457,285	2,871,276
Deferred inflows of resources	<u>627,256</u>	<u>1,557,979</u>
Net position:		
Net investment in capital assets	290,824	220,885
Restricted - Debt Service	462,361	499,114
Unrestricted	<u>193,516</u>	<u>575,058</u>
Total Net Position	<u>\$ 946,701</u>	<u>\$ 1,295,057</u>

The unrestricted net position is \$ 575,058 and is available to meet the Districts' ongoing obligations.

Governmental Activities

Most of the revenues for the District were derived from assessed property taxes and Fire District Assistance Tax from the Counties.

The District is grateful for grant funding provided by:

- λ SAFER Grant – personnel
- λ Pima County Fire Chief's Association – COVID relief
- λ State Forestry – swift water gear and a drone
- λ 100 Club of Arizona – RIC bags
- λ Az Dept of Homeland Security – SCBA equipment
- λ Bayer Grant – Wildland Equipment

Governmental Activities total net position increased by \$ 348,356. Key elements of this increase are reported below:

Statement of Activities

	Governmental Activities	
	2021	2022
	<hr/>	<hr/>
Expenditures:		
Public Safety :		
Personnel	\$ 3,468,077	\$ 3,594,141
Materials & Supplies	560,082	864,591
Debt Service Interest	107,806	101,856
Administration	22,286	26,181
Operating Grants	29,370	0
Depreciation	<u>350,489</u>	<u>347,520</u>
Total Expenditures	<u>4,538,110</u>	<u>4,934,289</u>
 Program Revenues:		
Capital Grants	26,068	128,950
Operating Grants	288,283	712,006
Fees for Service	<u>1,593,534</u>	<u>1,633,576</u>
Total Program Revenues	<u>1,907,885</u>	<u>2,474,532</u>
 Net Program Expenditures	<u>2,630,225</u>	<u>2,459,757</u>
 General Revenues:		
Property Taxes	2,069,375	2,229,174
Fire District Assistance Tax	352,083	382,899
Gain on Investments	0	107,017
Interest Earnings	2,412	1,343
Miscellaneous	<u>148,382</u>	<u>87,680</u>
Total General Revenues	<u>2,572,252</u>	<u>2,808,113</u>
 Increase (Decrease) in net position	(57,973)	348,356
 Net position, Beginning of the Year	<u>1,004,674</u>	<u>946,701</u>
Net position, End of the Year	<u>\$ 946,701</u>	<u>\$ 1,295,057</u>

General Fund Budgetary Highlights

The fiscal year budget is a financial plan designed to advance our organizational mission of providing optimum services to those who live, work, recreate and do business in Avra Valley. Our goal is to have a dynamic organization which provides the highest quality services to our residents and visitors in a cost effective manner. The strategies used to construct and manage the budget focus on maintaining and enhancing frontline services, eliminating non-priority items, paying obligations, preserving employee compensation, and maintaining District assets. The framework was established under guiding principles which place resources in the organization at sustainable levels to assure that the fundamental functions of the District's business are adequately delivered. For the fiscal year ended June 30, 2022, the District received 96% of the anticipated revenue and with coordinated efforts of all personnel, spent 83% of the expenditure budget. Strong teamwork has resulted in preparation of a sustainable five year budget plan.

Avra Valley Fire District is heavily reliant on property tax levies to fund basic services. Property tax revenue has not kept pace with the cost increases in nearly every area. In recent years, assessed property values within the District have continued to decrease resulting in decreased property tax levies, with FY17 incurring the most drastic impact. Fortunately, Proposition 461 successfully passed in November 2017 allowing the statutory tax rate to increase by twenty-five cents to a rate of \$3.50 per one hundred dollars of assessed valuation for five consecutive tax years. FY22 was the fourth fiscal year which benefitted by this statutorily allowed property tax rate increase. Current legislation in the State may allow for a permanent tax rate of \$3.50. Of special note, FY22 will see a small rise in property tax revenue. However, the FY22 property tax revenue will still only equate to the revenues received in FY11.

Prop 407 was adopted in November 2020 which provides for a portion of the monies generated from the sale of medical marijuana to be disbursed to fire districts. The District received \$87,590.03 during the fiscal year. Future disbursements will occur twice per fiscal year.

In addition to the grant revenues/expenditures previously discussed, general fund revenues were generated from the following sources:

32 %	Ambulance Revenue
53 %	Property Tax Revenue
15 %	Other

General Fund expenditures can be broken into two main categories:

80%	Employee Related Expenditures (ERE)
20%	Operating Expenditures.

The District over-spent two line items. They were Personnel in the amount of \$ 799,751 and Materials & Supplies in the amount of \$ 195,179. These variances can be attributed to increased personnel needs due to the ongoing Covid 19 pandemic and grant monies for materials and supplies accounted for in other categories.

The legal compliance of budgeting for Special Districts in Arizona is at the fund level. The District did not overspend the budget at the fund level.

Capital Assets and Non-Current Liabilities

Capital Assets

To continue to provide the best service possible, the District spends a portion of the budget on fixed asset acquisition and capital projects. For fiscal year ended June 30, 2022 the District purchased, had contributed, or constructed the following assets:

Bayer Grant	\$ 5,000	Wildland Equipment
AZ Homeland Security Grant	\$87,581	SCBA Equipment
100 Club of Arizona	\$26,229	RIT Bags
AZ State Forestry	\$13,115	Swift Water Gear
AZ State Forestry	\$ 6,500	Drone

Capital Assets, Net of Depreciation June 30, 2022

Capital asset activity for the year ended.

	<u>BALANCE</u> <u>06/30/2021</u>	<u>BALANCE</u> <u>06/30/2022</u>
<u>Depreciable Assets</u>		
Vehicles	\$3,075,706	\$ 3,075,706
Buildings	2,426,175	2,426,175
Equipment, Admin	74,636	74,636
Equipment, Fire	<u>1,288,586</u>	<u>1,376,167</u>
Total Historical Costs	<u>6,865,103</u>	<u>6,952,684</u>
Less Accumulated Depreciation		
Vehicles	2,638,711	2,837,177
Buildings	699,783	764,396
Equipment, Admin	74,636	74,636
Equipment, Fire	<u>1,024,257</u>	<u>1,108,697</u>
Less: Total Accumulated Depreciation	<u>4,437,387</u>	<u>4,784,907</u>
Depreciable Capital Assets, Net	2,427,716	2,167,777
<u>Non-Depreciable Assets</u>		
Land	<u>108,108</u>	<u>108,108</u>
Capital Assets, Net	<u>\$ 2,535,824</u>	<u>\$ 2,275,885</u>

Non-Current Liabilities

At the end of the current fiscal year, the District had non-current liabilities of \$1,996,467. All of the debt is backed by the full faith and credit of the District.

Changes in Non-Current Liabilities:

	<u>BALANCE</u> <u>06/30/2021</u>	<u>BALANCE</u> <u>06/30/2022</u>
Bonds Payable Series 2013	<u>2,245,000</u>	<u>2,055,000</u>
Total Lease/Purchases and Bonds	2,245,000	2,055,000
Compensated Absences – Due in More than One Year	<u>\$ 162,145</u>	<u>\$ 141,467</u>
Total Lease/Purchases, Bonds and Compensated Absences	2,407,145	2,196,467
Less: Current Capital Liabilities	<u>190,000</u>	<u>200,000</u>
Totals	<u>\$2,217,145</u>	<u>\$1,996,467</u>

Factors Affecting Future Results

The District is subject to general economic conditions such as increases or declines in property tax value or other types of revenues which vary with economic conditions. The District is currently involved in the following activities which we anticipate will better prepare the District to serve its' residents in the future:

- λ voter-approved \$3.50 tax rate for may remain permanent
- λ Prop 407 Marijuana Tax monies
- λ possible revenue from Prop 310 relating to sales taxes designated for Fire Districts
- λ possible annexations
- λ grant applications
- λ annual State authorized increase in ambulance billing rates
- λ In August 2022, Engine 230 required \$7,800 in expenditures to refurbish the apparatus

Contacting the District

This financial report is designed to provide an overview of the District for anyone with an interest in the government's finances. Any questions regarding this report or requests for additional information may be directed to:

Avra Valley Fire District
15790 W Silverbell Road
Marana, AZ 85653
(520) 682-3255

BASIC FINANCIAL STATEMENTS

**AVRA VALLEY FIRE DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2022**

Exhibit A

	Governmental Activities
ASSETS	
Cash & Cash Equivalents	\$ 1,601,177
Receivables:	
Ambulance Service Fees, Net of Allowances for doubtful accounts	144,998
Wildland	44,442
Property Taxes	284,446
Prepaid Bond Interest	49,265
Prepaid Bond Principal	200,000
Net OPEB Asset - (ASRS)	14,519
Net OPEB Asset - (PSPRS)	150,041
Capital Assets, Net	2,275,885
 Total Assets	 4,764,773
DEFERRED OUTFLOW OF RESOURCES	
Deferred Outflows Related to OPEB (ASRS)	2,002
Deferred Outflows Related to OPEB (ASRS-LTD)	982
Deferred Outflows Related to OPEB (PSPRS)	4,831
Deferred Outflows Related to Pension (ASRS)	98,699
Deferred Outflows Related to Pension (PSPRS)	853,025
 Total Assets and Deferred Outflow of Resources	 5,724,312
LIABILITIES	
Current Liabilities	
Accounts Payable	30,703
Payroll Taxes Payable	41,673
Wages Payable	62,305
Due in less than one year	
Bonds Payable	200,000
Compensated Absences	35,367
Non Current Liabilities	
Due in more than one year	
Bonds Payable	1,855,000
Compensated Absences	141,467
Net OPEB Liability- (ASRS-LTD)	609
Net Pension Liability - Pension (ASRS)	382,361
Net Pension Liability - Pension (PSPRS)	121,791
 Total Liabilities	 2,871,276
DEFERRED INFLOW OF RESOURCES	
Deferred Inflows Related to OPEB (ASRS)	11,026
Deferred Inflows Related to OPEB (ASRS-LTD)	1,318
Deferred Inflows Related to OPEB (PSPRS)	99,669
Deferred Inflows Related to Pension (ASRS)	125,389
Deferred Inflows Related to Pension (PSPRS)	1,320,577
 Total Liabilities and Inflow of Resources	 4,429,255
NET POSITION	
Net Investment in Capital Assets	220,885
Restricted	499,114
Unrestricted	575,058
 Total Net Position	 \$ 1,295,057

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

**AVRA VALLEY FIRE DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022**

Exhibit B

**Governmental
Activities**

EXPENDITURES

Public Safety:		
Personnel		\$ 3,594,141
Materials & Supplies		864,591
Debt Service Interest		101,856
Administration		26,181
Depreciation		<u>347,520</u>
Total Program Expenditures		<u>4,934,289</u>

PROGRAM REVENUES

Capital Grants		128,950
Operating Grants		712,006
Fees for Service		<u>1,633,576</u>
Total Program Revenues		<u>2,474,532</u>
Net Program Expenditures		<u>2,459,757</u>

GENERAL REVENUES

Property Taxes		2,229,174
Fire District Assistance Tax		382,899
Gain on Investments		107,017
Interest Earnings		1,343
Miscellaneous		<u>87,680</u>
Total General Revenues		<u>2,808,113</u>

Increase (Decrease) in Net Position	348,356
-------------------------------------	---------

NET POSITION-BEGINNING OF THE YEAR	<u>946,701</u>
---	----------------

NET POSITION-END OF THE YEAR	<u><u>\$ 1,295,057</u></u>
-------------------------------------	----------------------------

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

**AVRA VALLEY FIRE DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2022**

Exhibit C

	General	Debt Service	Total Governmental Funds
ASSETS			
Cash and Cash Equivalents	\$ 1,351,328	\$ 249,849	\$ 1,601,177
Receivables:			
Ambulance Service Fees, Net of Allowances for Doubtful Accounts	144,998	-	144,998
Wildland	44,442	-	44,442
Property Taxes	284,446	-	284,446
Prepaid Bond Interest	-	49,265	49,265
Prepaid Bond Principal	-	200,000	200,000
	<u>\$ 1,825,214</u>	<u>\$ 499,114</u>	<u>\$ 2,324,328</u>
LIABILITIES			
Accounts Payable	\$ 30,703	\$ -	\$ 30,703
Payroll Taxes Payable	41,673	-	41,673
Wages Payable	62,305	-	62,305
	<u>134,681</u>	<u>-</u>	<u>134,681</u>
DEFERRED INFLOW OF RESOURCES			
Unavailable Revenues			
Deferred Property Taxes	261,366	-	261,366
	<u>396,047</u>	<u>-</u>	<u>396,047</u>
FUND BALANCES			
Restricted	-	499,114	499,114
Assigned	75,000	-	75,000
Unassigned	1,354,167	-	1,354,167
	<u>1,429,167</u>	<u>499,114</u>	<u>1,928,281</u>
Total Liabilities, Deferred Inflow of Resources, & Fund Balance	<u>\$ 1,825,214</u>	<u>\$ 499,114</u>	<u>\$ 2,324,328</u>

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

**AVRA VALLEY FIRE DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED
JUNE 30, 2022**

Exhibit D

	General	Debt Service	Total Governmental Funds
REVENUE			
Property Taxes	\$ 1,908,912	\$ 327,630	\$ 2,236,542
Fire District Assistance Tax	382,899	-	382,899
Fees for Service	1,633,576	-	1,633,576
Interest Earnings	64	1,279	1,343
Capital Grants	128,950	-	128,950
Operating Grants	712,006	-	712,006
Miscellaneous	87,680	-	87,680
	4,854,087	328,909	5,182,996
EXPENDITURES			
Public Safety:			
Personnel	3,579,751	-	3,579,751
Materials & Supplies	864,591	-	864,591
Administration	25,881	300	26,181
Debt Service			
Principal	-	190,000	190,000
Interest	-	101,856	101,856
Capital Outlay	87,581	-	87,581
	4,557,804	292,156	4,849,960
Excess (Deficiency) of Revenues over Expenditures	296,283	36,753	333,036
Net Change in Fund Balances	296,283	36,753	333,036
Fund Balances-Beginning of Year	1,132,884	462,361	1,595,245
Fund Balances-End of Year	\$ 1,429,167	\$ 499,114	\$ 1,928,281

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

**AVRA VALLEY FIRE DISTRICT
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2022**

Exhibit E

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

Fund Balances - Total Governmental Funds (Exhibit C)		\$	1,928,281
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			7,060,792
Less: Accumulated Depreciation			(4,784,907)
			2,275,885
Net Pension/OPEB Asset:			
Related to OPEB (ASRS)			14,519
Related to OPEB (PSPRS)			150,041
Deferred Outflows of Resources:			
Related to OPEB (ASRS)			2,002
Related to OPEB (ASRS-LTD)			982
Related to OPEB (PSPRS)			4,831
Related to Pension (ASRS)			98,699
Related to Pension (PSPRS)			853,025
Non-Current liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the funds.			
			(2,231,834)
Net Pension/OPEB Liability			
Related to OPEB (ASRS-LTD)			(609)
Related to Pension (ASRS)			(382,361)
Related to Pension (PSPRS)			(121,791)
Deferred Inflows of Resources:			
Related to OPEB (ASRS)			(11,026)
Related to OPEB (ASRS- LTD)			(1,318)
Related to OPEB (PSPRS)			(99,669)
Related to Pension (ASRS)			(125,389)
Related to Pension (PSPRS)			(1,320,577)
Related to Deferred Property Taxes			261,366
			1,295,057
Net Position of Governmental Activities (Exhibit A)		\$	1,295,057

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

**AVRA VALLEY 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, 2022**

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)	\$	333,036

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital outlay in the current period.		(259,939)
--	--	-----------

Net Changes to Deferred Outflows or Inflows of Resources		450,569
--	--	---------

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 liability 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.		(175,310)
--	--	-----------

Change in Net Position of Governmental Activities (Exhibit B)	\$	<u>348,356</u>
---	----	----------------

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

**THIS PAGE
IS
DELIBERATELY LEFT BLANK**

AVRA VALLEY FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

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

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

INTRODUCTION

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

BASIC FINANCIAL STATEMENTS

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

GOVERNMENT -WIDE STATEMENTS

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

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

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

Governmental funds

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

The District reports the following major governmental funds:

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

The *Capital Projects Fund* is used to account for the construction of capital projects other than those which are voter approved by a bond issue, therefore, capital projects funded by District operating revenues or Lease/Purchase arrangements.

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.

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

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

Compensated Absences

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

Non-Current Liabilities

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

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

Net Position

Net Position on Government Wide Financial Statements – Exhibit A

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

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

Fund Balances on Government Fund Financial Statements – Exhibit C

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

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

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

Accounting Estimates

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

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

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

Pursuant to ARS 48.805.02(d), all fire districts are required to submit certain information accompanying the budget which has been certified to by the chairman and clerk of the District Board. The budget and the accompanying certification are required to be submitted to the County Board of Supervisors no later than August 1st of each year. Budgets are adopted by the District on basis consistent with Arizona Revised Statutes. 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 Pima County and Pinal County Treasurers, accounts for monies from property taxes, grants, contributions and donations. The Pima County and Pinal County Treasurers 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 Pima County and Pinal County Treasurers 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 Pima County and Pinal County Treasurers Offices are part of an investment pool operated by the Pima County and Pinal County Treasurers Offices. The Pima County and Pinal County Treasurers invest the cash in a pool under policy guidelines established by the Pima County and Pinal County Treasurer’s offices. Pima & Pinal Counties Treasurer’s Offices account for the investment pool in their Fiduciary Investment Trust Fund. Credit risk, concentration of credit risk, and interest rate risk regarding the Pima County and Pinal County Treasurer’s Investment pools are included in the Comprehensive Annual Financial Report of the respective Counties. The fair value of each participant’s position in the Pima County and Pinal 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, 2022:

DEPOSITORY ACCOUNTS:

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
Insured Deposits (FDIC)	\$ 250,000	\$ 0	\$ 250,000
Collateralized	1,086,864	0	1,086,864
Pima County and Pinal County Treasurer's Investment Pools	<u>26,512</u>	<u>249,849</u>	<u>276,361</u>
Total Deposits	1,363,376	249,849	1,613,225
In Transit Items	<u>(12,198)</u>	<u>0</u>	<u>(12,198)</u>
Total Depository Accounts	1,351,178	249,849	1,601,027

NON-DEPOSITORY ACCOUNTS

Cash on Hand	<u>150</u>	<u>0</u>	<u>150</u>
Total Non-Depository Accounts	<u>150</u>	<u>0</u>	<u>150</u>
Total Cash & Investments	<u>\$ 1,351,328</u>	<u>\$ 249,849</u>	<u>\$ 1,601,177</u>

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

These fair value measurement reporting levels are:

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

Level 2 - Significant other observable inputs.

Level 3 - Significant unobservable inputs.

Pima County and Pinal County Treasurers Investment Pools: Level Two

Breakdown of investments measured at fair value:

Pima County and Pinal County Treasurers Investment Pools	<u>\$ 276,361</u>
Total	<u>\$ 276,361</u>

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

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

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

Credit Risk – Credit Risk is the risk that an issuer or other counterparty to an investment in a debt security will not fulfill its obligations. The District has no investment policy that would further limit its investment choices other than what is in the Arizona Revised Statutes (ARS). The Pima County Treasurer’s Investment Pool (Pima CTIP) and the Pinal County Treasurer’s Investment Pool (Pinal CTIP) are external investment pools with no regulatory oversight. Both Pima CTIP and Pinal CTIP are not required to register (and are not registered) with the Securities and Exchange Commission. As of June 30, 2022, Pima CTIP and Pinal CTIP have not received a credit quality rating from a national rating agency.

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

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

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

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

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

The Pima County and Pinal County Treasurer's Offices invest the cash in a pool under policy guidelines established by the Pima County and Pinal County Treasurer's offices. Pima and Pinal Counties account for the investment pool in their Fiduciary Investment Trust Fund. Credit risk, concentration of credit risk, and interest rate risk regarding Pima County's Treasurer's Investment Pool (Pima CTIP) and the Pinal County's Treasurer's Investment Pool (Pinal CTIP) are included in the Comprehensive Annual Report of each of the Counties. The fair value of each participant's position in the Pima CTIP and the Pinal CTIP 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. The District also conducts regular drivers license checks on all employees authorized to operate District vehicles.

NOTE 5 - INVENTORIES

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

NOTE 6 - RECEIVABLES

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

Ambulance receivables were \$241,183 with an allowance for bad debt of \$ 96,185 at June 30, 2022. This gave a net of \$144,998, before write off allowances and contractual adjustments, which was expected to be collectable. The allowance for bad debt is the amount over 150 days in the accounts receivable aging report as of June 30, 2022.

Wildland receivables were \$44,442 with an allowance for bad debt of \$0.00 at June 30, 2022. This gave a net of \$44,442 which was expected to be collectable.

Prepaid Bond Interest was \$49,265 and Prepaid Bond Principal was \$200,000 at June 30, 2022.

NOTE 7 - PROPERTY TAX REVENUE RECEIVABLES

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

NOTE 8 - CAPITAL ASSETS

Capital asset activity for the year ended.

	<u>BALANCE</u> <u>06/30/2021</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE</u> <u>06/30/2022</u>
<u>Depreciable Assets</u>				
Vehicles	\$3,075,706	\$ 0	\$ 0	\$ 3,075,706
Buildings	2,426,175	0	0	2,426,175
Equipment, Admin	74,636	0	0	74,636
Equipment, Fire	<u>1,288,586</u>	<u>87,581</u>	<u>0</u>	<u>1,376,167</u>
Total Historical Costs	<u>6,865,103</u>	<u>87,581</u>	<u>0</u>	<u>6,952,684</u>
<u>Less Accumulated Depreciation</u>				
Vehicles	2,638,711	198,466	0	2,837,177
Buildings	699,783	64,613	0	764,396
Equipment, Admin	74,636	0	0	74,636
Equipment, Fire	<u>1,024,257</u>	<u>84,441</u>	<u>0</u>	<u>1,108,697</u>
Less: Total Accumulated Depreciation	<u>4,437,387</u>	<u>347,520</u>	<u>0</u>	<u>4,784,907</u>
Depreciable Capital Assets, Net	2,427,716	(259,939)	0	2,167,777
<u>Non-Depreciable Assets</u>				
Land	<u>108,108</u>	<u>0</u>	<u>0</u>	<u>108,108</u>
Capital Assets, Net	<u>\$ 2,535,824</u>	<u>\$ (259,939)</u>	<u>\$ 0</u>	<u>\$ 2,275,885</u>

NOTE 9 - DEFERRED OUTFLOWS 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:

	Government -Wide <u>Activities</u>
Government -wide Deferred Outflows :	
Related to OPEB (ASRS)	\$ 2,002
Related to OPEB (ASRS-LTD)	982
Related to OPEB (PSPRS)	4,831
Related to Pension (ASRS)	98,699
Related to Pension (PSRS)	<u>853,025</u>
Total Government -wide Activities	<u>\$ 959,539</u>
 Government -wide Deferred Inflows :	
Related to OPEB (ASRS)	\$ 11,026
Related to OPEB (ASRS-LTD)	1,318
Related to OPEB (PSPRS)	99,669
Related to Pension (ASRS)	125,389
Related to Pension (PSPRS)	<u>1,320,577</u>
Total Government -wide Activities	<u>\$ 1,557,979</u>
	 <u>Governmental Activities</u>
Unavailable Revenues	
Deferred Property Taxes	<u>\$ 261,366</u>
Total Governmental Activities	<u>\$ 261,366</u>

NOTE 10 - CONTINGENT LIABILITIES

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

NOTE 11 – ACCUMULATED COMPENSATED ABSENCES

Accumulated unpaid compensated absences are accrued in the Government Wide Statement of Net Position. The accrual at year end consisted of \$ 35,367 payable in less than one year and \$ 141,467 payable in future years.

NOTE 12 – CURRENT LIABILITIES

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

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

Changes in Current Liabilities:

	<u>Balance</u> <u>June 30, 2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2022</u>
Accounts Payable	\$ 31,326	\$ 0	\$ 623	\$ 30,703
Payroll Taxes Payable	41,345	328	0	41,673
Wages Payable	59,251	3,054	0	62,305
Compensated Absences	32,429	2,938	0	35,367
Bonds Payable	<u>190,000</u>	<u>10,000</u>	<u>0</u>	<u>200,000</u>
Totals	<u>\$ 354,351</u>	<u>\$ 16,320</u>	<u>\$ 623</u>	<u>\$ 370,048</u>

NOTE 13 – LINE OF CREDIT

The District does not utilize a line of credit for day to day operations.

NOTE 14- COMMITMENTS

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

NOTE 15 – NON-CURRENT LIABILITIES

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

Notes Payable

The District does not currently have any Notes Payable.

General Obligation Bonds

Bond Issue 2013: On August 1st 2013 the District issued voter approved bonds in the amount of \$2,935,000 for the financing of two ambulances, various related equipment and the construction and remodel of fire stations. The bonds were for 18 years at an interest rate of 4.25% 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, 2031.

<u>Description</u>	<u>Interest Rate</u>	<u>Lease Term</u>	<u>Balance 06/30/22</u>
Bond Issue 2013	4.25%	7/1/2031	\$ 2,055,000

The following assets were acquired through notes payable or bond issues :

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Carrying Value</u>
Bond Issue 2013	<u>\$2,376,358</u>	<u>\$ 1,407,475</u>	<u>\$968,883</u>
Total	<u>\$2,376,358</u>	<u>\$ 1,407,475</u>	<u>\$968,883</u>

Changes in Non-Current Liabilities :

	<u>BALANCE 06/30/2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>BALANCE 06/30/2022</u>
Bonds Payable Series 2013	<u>2,245,000</u>	<u>0</u>	<u>190,000</u>	<u>2,055,000</u>
Total Lease/Purchases and Bonds	2,245,000	0	190,000	2,055,000
Compensated Absences – Due in More than One Year	<u>\$ 162,145</u>	<u>\$ 76,691</u>	<u>\$ 97,369</u>	<u>\$ 141,467</u>
Total Lease/Purchases, Bonds and Compensated Absences	2,407,145	76,691	287,369	2,196,467
Less: Current Capital Liabilities	<u>190,000</u>	<u>10,000</u>	<u>0</u>	<u>200,000</u>
Totals	<u>\$2,217,145</u>	<u>\$ 66,691</u>	<u>\$287,369</u>	<u>\$1,996,467</u>

NOTE 16 - FUTURE MINIMUM LEASE/PURCHASE AND BOND OBLIGATIONS

The future minimum bond obligations and the net present value of these minimum bond payments as of June 30, 2022, were as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 200,000	\$ 94,531	\$ 294,531
2024	145,000	87,631	232,631
2025	155,000	81,438	236,438
2026	170,000	74,318	244,318
2027	185,000	66,216	251,216
2028/2032	<u>1,200,000</u>	<u>165,869</u>	<u>1,365,869</u>
Total Obligation	2,055,000	<u>\$ 570,003</u>	2,625,003
Less Amount Representing Interest			<u>570,003</u>
Less amount due within 1 year	<u>200,000</u>		
Future Minimum Bond Payments			<u>\$ 2,055,000</u>
Amount due after 1 year	<u>\$ 1,855,000</u>		

NOTE 17 – NET POSITION/FUND BALANCE

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

The District’s Governmental Funds fund balances consist of restricted, committed, assigned, nonspendable 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.

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

Assigned fund balances are 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 balances are amounts that are available for any purpose. Positive amounts are reported only in the general fund.

Net Position :

Net Investment in Capital Assets	\$ 220,885
Restricted – Debt Service	499,114
Unrestricted	<u>575,058</u>
Total Net Position	<u>\$ 1,295,057</u>

Governmental Fund Balances:

Restricted Fund Balance - Debt Service	\$ 499,114
Assigned -PTO	75,000
Unassigned Fund Balances	<u>1,354,167</u>
Total Fund Balance	<u>\$ 1,928,281</u>

NOTE 18 - PROPERTY TAXES

The District is authorized to levy property taxes in an amount sufficient to operate the District. The board, based on the budget submitted by the district, shall levy, in addition to any tax levied as provided in section 48-806, a tax not to exceed \$3.25 per \$100 of assessed valuation through tax year 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 19 – DEFERRED COMPENSATION PLAN

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code (IRC) Section 457. This plan, available to all District employees, permits employees to defer a portion of their current salary until future years. Assets held in IRC Section 457 plans are generally not subject to claims of creditors.

NOTE 20 – EMPLOYEE RETIREMENT SYSTEMS AND POST EMPLOYMENT PLANS

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

At June 30, 2022, 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	\$ 164,560
Net pension and OPEB liability	504,761
Deferred outflows of resources related to pensions and OPEB	959,539
Deferred inflows of resources related to pensions and OPEB	1,557,979
Pension and OPEB expense	387,488

The District’s accrued payroll and employee benefits includes \$ 17,512 of outstanding pension and OPEB contribution amounts payable to all plans for the year ended June 30, 2022. Also, the District reported \$ 331,717 of pension and OPEB contributions as expenditures in the governmental funds related to all plans to which it contributes.

A. Arizona State Retirement System

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

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

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

*With actuarially reduced benefits.

Retirement benefits for members who joined the ASRS prior to September 13, 2013, are subject to automatic cost-of-living adjustments based on excess investment earnings. Members with a membership date on or after September 13, 2013, are not eligible for cost-of-living adjustments. Survivor benefits are payable upon a member's death. For retired members, the retirement benefit option chosen determines the survivor benefit. For all other members, the beneficiary is entitled to the member's account balance that includes the member's contributions and employer's contributions, plus interest earned.

Health insurance premium benefits are available to retired or disabled members with 5 years of credited service. The benefits are payable only with respect to allowable health insurance premiums for which the member is responsible. For members with 10 or more years of service, benefits range from \$100 per month to \$260 per month depending on the age of the member and dependents. For members with 5 to 9 years of service, the benefits are the same dollar amounts as above multiplied by a vesting fraction based on completed years of service.

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

Contributions —In accordance with State statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2022, statute required active ASRS members to contribute at the actuarially determined rate of 12.41 percent (12.22 percent for retirement and 0.19 percent for long-term disability) of the members' annual covered payroll, and statute required the District to contribute at the actuarially determined rate of 12.41 percent (12.01 percent for retirement, 0.21 percent for health insurance premium benefit, and 0.19 percent for long-term disability) of the active members' annual covered payroll. During fiscal year 2022, the District paid for ASRS pension and OPEB contributions from the General Fund.

Liability —At June 30, 2022, the District reported the following asset and liabilities for its proportionate share of the ASRS' net pension/ OPEB asset or liability.

ASRS	Net pension/OPEB (asset) liability
Pension	382,361
Health insurance premium benefit	(14,519)
Long-term disability	609

The net asset and net liabilities were measured as of June 30, 2021. The total liability used to calculate the net asset or net liability was determined using update procedures to roll forward the total liability from an actuarial valuation as of June 30, 2020, to the measurement date of June 30, 2021. The total liabilities as of June 30, 2021, reflect changes in actuarial assumptions based on the results of an actuarial experience study for the 5-year period ended June 30, 2020, including decreasing the discount rate from 7.5 percent to 7.0 percent and changing the projected salary increases from 2.7–7.2 percent to 2.9–8.4 percent.

The District's proportion of the net asset or net liability was based on the District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2021. The District's proportions measured as of June 30, 2021, and the change from its proportions measured as of June 30, 2020, were:

ASRS	Proportion June 30, 2021	Increase (decrease) from June 30, 2020
Pension	0.00291%	0.00005%
Health insurance premium benefit	0.00298%	0.00005%
Long-term disability	0.00295%	0.00005%

Expense —For the year ended June 30, 2022, the District recognized the following pension and OPEB expense.

ASRS	Pension/OPEB expense
Pension	29,733
Health insurance premium benefit	(1,680)
Long-term disability	488

Deferred outflows/inflows of resources —At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions and OPEB:

ASRS

	Pension		Health insurance premium benefit		Long-term disability	
	Deferred outflows of resources	Deferred inflows of resources	Deferred outflows of resources	Deferred inflows of resources	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	\$ 5,829	\$	\$	\$ 5,035	\$ 176	\$ 50
Changes of assumptions or other inputs	49,767		720	587	195	767
Net difference between projected and actual earnings on plan investments		121,145		5,386		422
Changes in proportion and differences between District contributions and proportionate share of contributions	5,033	4,244	7	18	22	79
District contributions subsequent to the measurement date	38,038		1,275		589	
Total	<u>\$ 98,699</u>	<u>\$ 125,389</u>	<u>\$ 2,002</u>	<u>\$ 11,026</u>	<u>\$ 982</u>	<u>\$ 1,318</u>

The amounts reported as deferred outflows of resources related to ASRS pensions and OPEB resulting from District contributions subsequent to the measurement date will be recognized as an increase of the net asset or a reduction of the net liability in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and OPEB will be recognized as expenses as follows:

Year ending June 30	Pension	Health insurance premium benefit	Long-term disability
2023	(67)	2,416	(133)
2024	3,751	(2,315)	(126)
2025	(26,706)	(2,538)	(140)
2026	(41,748)	(2,804)	(199)
2027	0	(226)	(?74)
Thereafter	0	0	(253)

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

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

Actuarial assumptions used in the June 30, 2020, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2020.

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

ASRS	Asset class	Target allocation	Long-term expected geometric real rate of return
	Equity	50%	4.90%
	Fixed income - credit	20%	5.20%
	Fixed income - interest rate sensitive	10%	0.70%
	Real estate	<u>20%</u>	5.70%
	Total	<u>100%</u>	

Discount rate— At June 30, 2021, the discount rate used to measure the ASRS total pension/OPEB liability was 7.0 percent, which was a decrease of 0.5 from the discount rate used as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board’s funding policy, which establishes the contractually required rate under Arizona statute. Based on those assumptions, the plans’ fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension/OPEB liability.

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

ASRS

District’s proportionate share of the:	1% Decrease (6.0%)	Current discount rate (7.0%)	1% Increase (8.0%)
Net pension liability	\$ 601,422	\$ 382,361	\$ 199,725
Net insurance premium benefit liability (asset)	(6,613)	(14,519)	(18,690)
Net long-term disability liability	793	609	431

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

B. Public Safety Personnel Retirement System Plan

Plan descriptions —District firefighters 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 plan. The report is available on the PSPRS website at www.psprs.com.

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

PSPRS

	Initial membership date:		
	Before January 1, 2012	On or after January 1, 2012 and before July 1, 2017	On or after 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	15 years of credited service, age 52.5 15 or more years of service, age 55
Final average salary is based on	Highest 36 consecutive months of last 20 years	Highest 60 consecutive months of last 20 years	Highest 60 consecutive months of last 15 years
Benefit percent			
Normal retirement	50% less 2.0% for each year of credited service less than 20 years OR plus 2.0% to 2.5% for each year of credited service over 20 years, not to exceed 80%	1.5% to 2.5% per year of credited service, not to exceed 80%	
Accidental disability retirement	50% or normal retirement, whichever is greater		
Catastrophic disability retirement	90% for the first 60 months then reduced to either 62.5% or normal retirement, whichever is greater		
Ordinary disability retirement	Normal retirement calculated with actual years of credited service or 20 years of credited service, whichever is greater, multiplied by years of credited service (not to exceed 20 years) divided by 20		
Survivor benefit			
Retired members	80% to 100% of retired member's pension benefit		

PSPRS

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

Active members 80% to 100% of accidental disability retirement benefit or 100% of average monthly compensation if death was the result of injuries received on the job

Retirement and survivor benefits are subject to automatic cost-of-living adjustments based on 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, 2022, the following employees were covered by the agent plans’ benefit terms:

	PSPRS Firefighters	
	Pension	Health
Inactive employees or beneficiaries currently receiving benefits	7	7
Inactive employees entitled to but not yet receiving benefits	10	10
Active employees	22	22
Total	39	39

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, 2022, are indicated below. Rates are a percentage of active members’ annual covered payroll.

	Active member— pension	District—pension	District—health insurance premium benefit
PSPRS Firefighters	7.65%	18.27%	0.02%

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

	Pension	Health insurance premium benefit
PSPRS Firefighters	9.00%	0.12%

The District’s contributions to the plans for the year ended June 30, 2022, were:

	Pension	Health insurance premium benefit
PSPRS Firefighters	\$ 289,326	\$ 2,444

During fiscal year 2022, the District paid for PSPRS and OPEB contributions from the General Fund.

Liability—At June 30, 2022, the District reported the following assets and liabilities.

	Net pension (asset) liability	Net OPEB (asset) liability
PSPRS Firefighters	121,791	(150,041)

The net assets and net liabilities were measured as of June 30, 2021, and the total liability used to calculate the net asset or liability was determined by an actuarial valuation as of that date.

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

PSPRS

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

Actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2017.

The long-term expected rate of return on PSPRS plan investments was determined to be 7.3 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expenses and inflation) are developed for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

PSPRS Asset class	Target allocation	Long-term expected geometric real rate of return
U.S. public equity	24%	4.08%
International public equity	16%	5.20%
Global private equity	20%	7.67%
Other assets (capital appreciation)	7%	5.43%
Core bonds	2%	0.42%
Private credit	20%	5.74%
Diversifying strategies	10%	3.99%
Cash - Mellon	1%	-0.31%
Total	<u>100%</u>	

Discount rate—At June 30, 2021, the discount rate used to measure the PSPRS total pension/OPEB liabilities was 7.3 percent. 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 PSPRS 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 (a)	Plan fiduciary net position (b)	Net pension (asset) liability (a) – (b)	Total OPEB liability (a)	Plan fiduciary net position (b)	Net OPEB (asset) liability (a) – (b)
Balances at June 30, 2021	7,110,951	5,690,471	1,420,480	115,715	202,243	(86,528)
Changes for the year:						
Service cost	349,800		349,800	9,197		9,197
Interest on the total liability	534,821		534,821	9,087		9,087
Changes of benefit terms						
Differences between expected and actual experience in the measurement of the liability	(146,592)		(146,592)	(23,791)		(23,791)
Changes of assumptions or other inputs						
Contributions —employer		289,326	(289,326)		2,444	(2,444)
Contributions — employee		146,712	(146,712)			
Net investment income		1,608,171	(1,608,171)		55,791	(55,791)
Benefit payments, including refunds of employee contributions	(268,862)	(268,862)		(857)	(857)	
Administrative expense		(7,461)	7,461		(229)	229
Other changes						
Net changes	469,167	1,767,886	(1,298,719)	(6,364)	57,149	(63,513)
Balances at June 30, 2022	7,580,118	7,458,357	121,761	109,351	259,392	(150,041)

Sensitivity of the District's net pension/OPEB (asset) liability to changes in the discount rate— The following table presents the District's net pension/OPEB (assets) liabilities calculated using the discount rate of 7.3 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 (6.3 percent) or 1 percentage point higher (8.3 percent) than the current rate:

	1% Decrease rate (6.3%)	Current discount rate (7.3%)	1% Increase rate (8.3%)
PSPRS Firefighters Net pension (asset) liability	\$ 1,475,661	\$ 121,791	\$ (948,575)

	1% Decrease rate (6.3%)	Current discount rate (7.3%)	1% Increase rate (8.3%)
Net OPEB (asset) liability	(133,000)	(150,041)	(164,167)

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, 2022, the District recognized the following pension and OPEB expense:

	Pension expense	OPEB expense
PSPRS Firefighters	349,800	9,197

Deferred outflows/inflows of resources—At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions and OPEB:

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	\$ 215,950	\$ 614,131	\$	\$ 71,068
Changes of assumptions or other inputs	347,749		2,387	4,612
Net difference between projected and actual earnings on plan investments		706,446		23,989
Changes in proportion and differences between District contributions and proportionate share of contributions				
District contributions subsequent to the measurement date	289,326		2,444	
Total	<u>\$ 853,025</u>	<u>\$ 1,320,577</u>	<u>\$ 4,831</u>	<u>\$ 99,669</u>

The amounts reported as deferred outflows of resources related to pensions and OPEB resulting from District contributions subsequent to the measurement date will be recognized as an increase in the net asset or a reduction of the net liability in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and OPEB will be recognized as expenses as follows:

Year ending June 30	PSPRS Firefighters	
	Pension	Health
2023	(91,394)	(12,209)
2024	(149,682)	(12,352)
2025	(178,928)	(13,081)
2026	(254,896)	(15,479)
2027	(33,242)	(7,283)
Thereafter	(48,636)	(36,878)

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.

NOTE 23- IMPLEMENTATION OF NEW ACCOUNTING PRINCIPLES

For the year ended June 30, 2022, the District implemented the provisions of GASB Statement No. 87, Leases, as amended, which establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The District recognizes lease liabilities with an initial, individual value of \$10,000 or more.

**THIS PAGE WAS
DELBERATELY LEFT BLANK**

**REQUIRED SUPPLEMENTARY
INFORMATION**

**AVRA VALLEY FIRE DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED
JUNE 30, 2022**

Exhibit G

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Taxes	\$ 1,910,731	\$ 1,910,731	\$ 1,908,912	\$ (1,819)
Fire District Assistance Tax	382,146	382,146	382,899	753
Fees for Service	1,487,260	1,487,260	1,633,576	146,316
Interest Earnings	-	-	64	64
Capital Grants	-	-	128,950	128,950
Operating Grants	3,000,000	3,000,000	712,006	(2,287,994)
Miscellaneous	-	-	87,680	87,680
Total Revenues	6,780,137	6,780,137	4,854,087	(1,926,050)
Expenditures:				
Public Safety:				
Personnel	2,780,000	2,780,000	3,579,751	(799,751)
Materials and Supplies	669,412	669,412	864,591	(195,179)
Administration	26,000	26,000	25,881	119
Operating Grants	3,000,000	3,000,000	-	3,000,000
Capital Outlay	1,004,725	1,004,725	87,581	917,144
Total Expenditures	7,480,137	7,480,137	4,557,804	2,922,333
Excess (Deficiency) of Revenues over Expenditures	(700,000)	(700,000)	296,283	996,283
Net Change in Fund Balances	(700,000)	(700,000)	296,283	996,283
Fund Balances at Beginning of Year	700,000	700,000	1,132,884	432,884
Fund Balances at End of Year	\$ 0	\$ 0	\$ 1,429,167	\$ 1,429,167

See Accompanying Notes To The Budgetary Comparison Schedule

**AVRA VALLEY FIRE DISTRICT
NOTES TO BUDGETARY COMPARISON SCHEDULE
FISCAL YEAR ENDED JUNE 30, 2022**

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 District over-spent two line items. They were Personnel in the amount of \$ 799,751 and Materials & Supplies in the amount of \$ 195,179. These variances can be attributed to increased personnel needs due to the ongoing Covid 19 pandemic and grant monies for materials and supplies accounted for in other categories.

The legal compliance of budgeting for Special Districts in Arizona is at the fund level. The District did not overspend the budget at the fund level.

AVRA VALLEY 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, 2022

RSI-1

PSPRS

Reporting Year Measurement Date	FISCAL YEAR								2014 THROUGH 2013
	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	
Total Pension Liability									Information not available
Service Cost	\$ 349,800	\$ 416,925	\$ 454,054	\$ 407,974	\$ 418,910	\$ 361,166	\$ 243,114	\$ 236,448	
Interest on total pension liability	534,821	488,040	456,229	380,303	357,117	291,033	251,945	187,814	
Changes of benefit terms	-	-	-	-	40,845	303,456	-	21,731	
Difference between expected and actual experience in the measurement of the pension liability	(146,592)	64,496	(400,800)	163,885	(345,958)	4,069	66,867	333,382	
Changes of assumptions or other inputs	-	-	266,791	-	77,781	212,077	-	207,504	
Benefit payments including refund of employee contributions	(268,862)	(254,119)	(183,731)	(168,671)	(162,463)	(130,615)	(115,408)	(231,106)	
Net change in pension liability	469,167	715,342	592,543	783,491	386,232	1,041,186	446,518	755,773	
Total pension liability - beginning	7,110,951	6,395,609	5,803,066	5,019,575	4,633,343	3,592,157	3,145,639	2,389,866	
Total pension liability - ending (a)	<u>\$ 7,580,118</u>	<u>\$ 7,110,951</u>	<u>\$ 6,395,609</u>	<u>\$ 5,803,066</u>	<u>\$ 5,019,575</u>	<u>\$ 4,633,343</u>	<u>\$ 3,592,157</u>	<u>\$ 3,145,639</u>	
Plan Fiduciary net position									
Contributions - employer	\$ 289,326	\$ 297,667	\$ 313,926	\$ 355,853	\$ 237,565	\$ 239,062	\$ 174,206	\$ 173,189	
Contributions - employee	146,712	172,761	198,246	207,540	225,134	213,270	176,956	139,769	
Net investment income	1,608,171	70,370	269,919	304,272	452,781	20,638	116,873	355,692	
Benefit payments, including refunds of employee contributions	(268,862)	(254,119)	(183,731)	(168,671)	(162,463)	(130,615)	(115,408)	(231,106)	
Hall/Parker Settlement	-	-	-	(136,447)	-	-	-	-	
Pension plan administrative expense	(7,461)	-	(5,690)	(5,331)	(4,406)	(3,369)	(3,235)	-	
Other changes	-	(5,738)	(807)	(39,352)	(155,265)	(60,473)	(2,591)	42,118	
Net change in plan fiduciary net position	1,767,886	280,941	591,863	517,864	593,346	278,513	346,801	479,662	
Plan fiduciary net position - beginning	5,690,471	5,409,530	4,817,667	4,299,803	3,706,457	3,427,944	3,081,143	2,601,481	
Plan fiduciary net position - ending (b)	<u>\$ 7,458,357</u>	<u>\$ 5,690,471</u>	<u>\$ 5,409,530</u>	<u>\$ 4,817,667</u>	<u>\$ 4,299,803</u>	<u>\$ 3,706,457</u>	<u>\$ 3,427,944</u>	<u>\$ 3,081,143</u>	

See accompanying notes to the Pension/OPEB Plan Schedules

AVRA VALLEY 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, 2022

RSI-1

PSPRS

	FISCAL YEAR								
	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	2014 THROUGH 2013
District's net pension liability - ending (a) - (b)	\$ 121,761	\$ 1,420,480	\$ 986,079	\$ 985,399	\$ 719,772	\$ 926,886	\$ 164,213	\$ 64,496	
Plan fiduciary net position as a percentage of the total pension liability	98.39%	80.02%	84.58%	83.02%	85.66%	80.00%	95.43%	97.95%	
Covered-employee payroll	\$ 1,372,177	\$ 1,603,219	\$ 1,889,199	\$ 1,940,884	\$ 1,933,133	\$ 1,924,165	\$ 1,622,093	\$ 1,240,324	
District's net pension liability as a percentage of covered-employee payroll	8.87%	88.60%	52.20%	50.77%	37.23%	48.17%	10.12%	5.20%	

See accompanying notes to the Pension/OPEB Plan Schedules

AVRA VALLEY 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, 2022

RSI-2

OPEB

Reporting Year Measurement Date	FISCAL YEAR								
	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	2014 THROUGH 2013
Total OPEB Liability						Information not available	Information not available	Information not available	Information not available
Service Cost	\$ 9,197	\$ 10,471	\$ 7,958	\$ 8,540	\$ 7,733				
Interest on total OPEB liability	9,087	8,233	9,801	9,454	8,932				
Changes of benefit terms	-	-	-	-	3,575				
Difference between expected and actual experience in the measurement of the OPEB liability	(23,791)	(3,345)	(43,635)	(15,198)	(2,485)				
Changes of assumptions or other inputs	-	-	3,037	-	(7,142)				
Benefit payments including refund of employee contributions	(857)	(858)	(858)	(2,743)	(1,972)				
Net change in OPEB liability	(6,364)	14,501	(23,697)	53	8,641	-	-	-	-
Total pension liability - beginning	115,715	101,214	124,911	124,858	116,217				
Total pension liability - ending (a)	<u>\$ 109,351</u>	<u>\$ 115,715</u>	<u>\$ 101,214</u>	<u>\$ 124,911</u>	<u>\$ 124,858</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>
Plan Fiduciary net position									
Contributions - employer	\$ 2,444	\$ 3,242	\$ 4,899	\$ 4,246	\$ 2,378				
Contributions - employee	-	-	-	-	-				
Net investment income	55,791	2,511	10,028	11,884	17,899				
Benefit payments, including refunds of employee contributions	(857)	(858)	(858)	(2,743)	(1,972)				
OPEB plan administrative expense	(229)	(204)	(173)	(181)	(159)				
Other changes	-	-	806	-	-				
Net change in plan fiduciary net position	57,149	4,691	14,702	13,206	18,146	-	-	-	-
Plan fiduciary net position - beginning	202,243	197,552	182,850	169,644	151,498				
Plan fiduciary net position - ending (b)	<u>\$ 259,392</u>	<u>\$ 202,243</u>	<u>\$ 197,552</u>	<u>\$ 182,850</u>	<u>\$ 169,644</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>

See accompanying notes to the Pension/OPEB Plan Schedules

AVRA VALLEY 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, 2022

RSI-2

OPEB

	FISCAL YEAR								
	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	2014 THROUGH 2013
District's net OPEB liability - ending (a) - (b)	<u>\$ (150,041)</u>	<u>\$ (86,528)</u>	<u>\$ (96,338)</u>	<u>\$ (57,939)</u>	<u>\$ (44,786)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
Plan fiduciary net position as a percentage of the total OPEB liability	237.21%	174.78%	195.18%	146.38%	135.87%				
Covered-employee payroll	\$ 1,372,177	\$ 1,603,219	\$ 1,889,199	\$ 1,940,884	\$ 1,933,133				
District's net OPEB liability as a percentage of covered-employee payroll	-10.93%	-5.40%	-5.10%	-2.99%	-2.32%				

See accompanying notes to the Pension/OPEB Plan Schedules

AVRA VALLEY FIRE DISTRICT
Schedule of Pension Contributions (PSPRS)
Year Ended June 30, 2022

RSI-3

PSPRS - Pension

	2022	2021	2020	2019	2018	2017	2016	2015	2014
	Measurement	Measurement	Measurement	Measurement	Measurement	Measurement	Measurement	Measurement	through
	Date (2021)	Date (2020)	Date (2019)	Date (2018)	Date (2017)	Date (2016)	Date (2015)	Date (2014)	2013
Actuarially determined contribution	\$ 289,326	\$ 297,667	\$ 313,926	\$ 355,853	\$ 237,565	\$ 239,062	\$ 174,206	\$ 173,189	Information not available
District's contributions in relation to the actuarially determined contribution	289,326	297,667	313,926	355,853	237,565	239,062	174,206	173,189	
District's contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
District's covered-employee payroll	<u>\$ 1,372,177</u>	<u>\$ 1,603,219</u>	<u>\$ 1,889,199</u>	<u>\$ 1,940,884</u>	<u>\$ 1,933,133</u>	<u>\$ 1,924,165</u>	<u>\$ 1,622,093</u>	<u>\$ 1,240,324</u>	
District's contributions as a percentage of covered-employee payroll	<u>21.09%</u>	<u>18.57%</u>	<u>16.62%</u>	<u>18.33%</u>	<u>12.29%</u>	<u>12.42%</u>	<u>10.74%</u>	<u>13.96%</u>	

See accompanying notes to the Pension/OPEB Plan Schedules

AVRA VALLEY FIRE DISTRICT
Schedule of OPEB Contributions (PSPRS-OPEB)
Year Ended June 30, 2022

RSI-4

PSPRS - OPEB

	2022	2021	2020	2019	2018	2017	2016	2015	2014
	Measurement	Measurement	Measurement	Measurement	Measurement	Measurement	Measurement	Measurement	through
	Date (2021)	Date (2020)	Date (2019)	Date (2018)	Date (2017)	Date (2016)	Date (2015)	Date (2014)	2013
Actuarially determined contribution	\$ 2,444	\$ 3,242	\$ 4,899	\$ 4,246	\$ 2,378	Information	Information	Information	Information
District's contributions in relation to the actuarially determined contribution	2,444	3,242	4,899	4,246	2,378	not available	not available	not available	not available
District's contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>				
District's covered-employee payroll	<u>\$ 1,372,177</u>	<u>\$ 1,603,219</u>	<u>\$ 1,889,199</u>	<u>\$ 1,940,884</u>	<u>\$ 1,933,133</u>				
District's contributions as a percentage of covered-employee payroll	<u>0.18%</u>	<u>0.20%</u>	<u>0.26%</u>	<u>0.22%</u>	<u>0.12%</u>				

See accompanying notes to the Pension/OPEB Plan Schedules

AVRA VALLEY FIRE DISTRICT
Schedule of Pension Contributions
Year Ended June 30, 2022

RSI-5

ASRS - Pension

	2022	2021	2020	2019	2018	2017	2016	2015	2014
	Measurement	Measurement	Measurement	Measurement	Measurement	Measurement	Measurement	Measurement	Measurement
	Date (2021)	Date (2020)	Date (2019)	Date (2018)	Date (2017)	Date (2016)	Date (2015)	Date (2014)	through 2013
Actuarially determined contribution	\$ 38,038	\$ 37,465	\$ 35,607	\$ 32,683	\$ 33,620	\$ 33,935	\$ 22,358	\$ 22,963	Information not available
District's contributions in relation to the actuarially determined contribution	38,038	37,465	35,607	32,683	33,620	33,935	22,358	22,963	
District's contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
District's covered-employee payroll	<u>\$ 227,554</u>	<u>\$ 298,220</u>	<u>\$ 300,654</u>	<u>\$ 303,088</u>	<u>\$ 280,176</u>	<u>\$ 294,538</u>	<u>\$ 192,080</u>	<u>\$ 198,115</u>	
District's contributions as a percentage of covered-employee payroll	<u>16.72%</u>	<u>12.56%</u>	<u>11.84%</u>	<u>10.78%</u>	<u>12.00%</u>	<u>11.52%</u>	<u>11.64%</u>	<u>11.59%</u>	

See accompanying notes to the Pension/OPEB Plan Schedules

AVRA VALLEY FIRE DISTRICT
Schedule of OPEB Contributions (ASRS)
Year Ended June 30, 2022

RSI-6

ASRS - Health Insurance Premium Benefit

	2022	2021	2020	2019	2018	2017	2016	2015	2014
	Measurement	Measurement	Measurement	Measurement	Measurement	Measurement	Measurement	Measurement	through
	Date (2021)	Date (2020)	Date (2019)	Date (2018)	Date (2017)	Date (2016)	Date (2015)	Date (2014)	2013
Actuarially determined contribution	\$ 1,275	\$ 3,242	\$ 1,429	\$ 1,319	\$ 1,746				
District's contributions in relation to the actuarially determined contribution	1,275	3,242	1,429	1,319	1,746				
District's contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>				
District's covered-employee payroll	<u>\$ 227,554</u>	<u>\$ 298,220</u>	<u>\$ 300,654</u>	<u>\$ 303,088</u>	<u>\$ 280,176</u>				
District's contributions as a percentage of covered-employee payroll	<u>0.56%</u>	<u>1.09%</u>	<u>0.48%</u>	<u>0.44%</u>	<u>0.62%</u>				

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

See accompanying notes to the Pension/OPEB Plan Schedules

AVRA VALLEY FIRE DISTRICT
Schedule of OPEB Contributions (ASRS-LTD)
Year Ended June 30, 2022

RSI-7

ASRS - Long-Term Disability

	2022	2021	2020	2019	2018	2017	2016	2015	2014
	Measurement	Measurement	Measurement	Measurement	Measurement	Measurement	Measurement	Measurement	through
	Date (2021)	Date (2020)	Date (2019)	Date (2018)	Date (2017)	Date (2016)	Date (2015)	Date (2014)	2013
Actuarially determined contribution	\$ 589	\$ 497	\$ 498	\$ 480	\$ 437				
District's contributions in relation to the actuarially determined contribution	<u>589</u>	<u>497</u>	<u>498</u>	<u>480</u>	<u>437</u>				
District's contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>				
District's covered-employee payroll	<u>\$ 227,554</u>	<u>\$ 298,220</u>	<u>\$ 300,654</u>	<u>\$ 303,088</u>	<u>\$ 280,176</u>				
District's contributions as a percentage of covered-employee payroll	<u>0.26%</u>	<u>0.17%</u>	<u>0.17%</u>	<u>0.16%</u>	<u>0.16%</u>				

Information
not
available

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

See accompanying notes to the Pension/OPEB Plan Schedules

AVRA VALLEY FIRE DISTRICT
Schedule of Proportionate Share of the Net Pension Liability (ASRS)
Last Ten Fiscal years
Year Ended June 30, 2021

RSI-8

ASRS - Pension

Reporting Year	2022	2021	2020	2019	2018	2017	2016	2015
Measurement Year	(2021)	(2020)	(2019)	(2018)	(2017)	(2016)	(2015)	(2014)
District's proportion of net pension liability (asset)	0.00291%	0.00286%	0.00295%	0.00302%	0.00320%	0.00334%	0.00235%	0.00232%
District's proportionate share of the net pension liability (asset)	\$ 382,361	\$ 495,538	\$ 429,259	\$ 421,184	\$ 497,498	\$ 539,110	\$ 365,996	\$ 342,490
District's covered-employee payroll	\$ 227,554	\$ 298,220	\$ 300,654	\$ 303,088	\$ 280,176	\$ 294,538	\$ 192,080	\$ 198,115
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	168.03%	166.17%	142.78%	138.96%	177.57%	183.04%	190.54%	172.87%
Plan fiduciary net position as a percentage of the total pension liability	74.26%	78.58%	69.33%	73.00%	69.92%	67.06%	68.35%	69.49%

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

See accompanying notes to the Pension/OPEB Plan Schedules

AVRA VALLEY FIRE DISTRICT
Schedule of Proportionate Share of the Net OPEB Liability (ASRS)
Last Ten Fiscal Years
Year Ended June 30, 2022

RSI-9

ASRS - OPEB	2022	2021	2020	2019	2018	2017	2016	2015
	Measurement	Measurement	Measurement	Measurement	Measurement	Measurement	Measurement	Measurement
	Date (2021)	Date (2020)	Date (2019)	Date (2018)	Date (2017)	Date (2016)	Date (2015)	Date (2014)
District's proportion of net OPEB liability (asset)	0.00298%	0.00293%	0.00302%	0.00307%	0.00324%			
District's proportionate share of the net OPEB liability (asset)	(14,519)	(2,074)	(835)	(1,105)	(1,764)			
District's covered-employee payroll	227,554	298,220	300,654	303,088	280,176			
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	-6.38%	-0.70%	-0.28%	-0.36%	-0.63%			
Plan fiduciary net position as a percentage of the total OPEB liability	137.79%	130.24%	104.33%	102.00%	69.92%			

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

See accompanying notes to the Pension/OPEB Plan Schedules

AVRA VALLEY FIRE DISTRICT
Schedule of Proportionate Share of the Net OPEB Liability (ASRS)
Last Ten Fiscal Years
Year Ended June 30, 2022

RSI-10

ASRS - LTD

	2022	2021	2020	2019	2018	2017	2016	2015
	Measurement	Measurement	Measurement	Measurement	Measurement	Measurement	Measurement	Measurement
	Date (2021)	Date (2020)	Date (2019)	Date (2018)	Date (2017)	Date (2016)	Date (2015)	Date (2014)
District's proportion of net OPEB liability (asset)	0.00295%	0.00290%	0.00299%	0.00307%	0.00321%			
District's proportionate share of the net OPEB liability (asset)	\$ 609	\$ 2,200	\$ 1,948	\$ 1,583	\$ 1,164			
District's covered-employee payroll	\$ 227,554	\$ 298,220	\$ 300,654	\$ 303,088	\$ 280,176			
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	0.27%	0.74%	0.65%	0.52%	0.42%			
Plan fiduciary net position as a percentage of the total OPEB liability	95.40%	90.38%	68.01%	78.00%	69.92%			

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

See accompanying notes to the Pension/OPEB Plan Schedules

**AVRA VALLEY FIRE DISTRICT
NOTES TO PENSION PLAN SCHEDULES
FISCAL YEAR ENDED JUNE 30, 2022**

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

Actuarial cost method:	Entry age Normal
Amortization method:	Level percent-of-pay, closed
Remaining amortization period:	20 years; if the actuarial value of assets exceeded the actuarial accrued liability, the excess was amortized over an open period of 20 years and applied as a credit to reduce the normal cost which otherwise would be payable.
Asset valuation method:	7-year smoothed market value; 80%/120% market corridor
Wage growth:	In the 2014 actuarial valuation, wage growth was decreased from 4.5% to 4.0 - 8.0%. In the 2014 actuarial valuation, wage growth was decreased from 4.5% to 4.0%. In the 2013 actuarial valuation, wage growth was decreased from 5.0% to 4.5%
Projected Salary Increases:	In the 2017 actuarial valuation, projected salary increases were decreased from 4.0%-8.0% to 3.75%-7.5%. In the 2014 actuarial valuation, projected salary increases were decreased from 4.5%-8.5% to 4.0%-8.0%. In the 2013 actuarial valuation, projected salary increases were decreased from 5.0%-9.0% to 4.5%-8.5%
Investment Rate of Return	In the 2017 actuarial valuation, the investment rate of return was decreased from 7.5% to 7.4%. In the 2016 actuarial valuation the investment rate of return was decreased from 7.85% to 7.5%. In the 2013 actuarial valuation, the investment rate of return was decreased from 8.0% to 7.85%.
Retirement age:	Experience-based table of rates that is specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period July 1, 2006 - June 30, 2011.
Mortality:	In the 2017 actuarial valuation, changed to RP-2014 tables, with 75% of MP-2016 fully generational projection scales RP-2000 mortality table (adjusted by 105% for both males and females)
Assumed future permanent benefit increases:	Members retiring on or before July 1, 2011: 2% of overall average benefit compounded annually. All members receive the same dollar amount of increase. Members retired on or after August 1, 2011: 0.5% of overall average benefit compounded annually. All members receive the same dollar amount of increase.

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

See accompanying notes to the Pension Schedules

OTHER SUPPLEMENTARY INFORMATION

**AVRA VALLEY FIRE DISTRICT
ANNUAL REPORT INFORMATION
FISCAL YEAR ENDED JUNE 30, 2022**

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</u>
July 22, 2021	5:00 P.M.	Station 194, 21021 E Homestead Dr, Red Rock, AZ
August 26, 2021	5:00 P.M.	Station 194, 21021 E Homestead Dr, Red Rock, AZ
Sept. 23, 2021	5:00 P.M.	Station 194, 21021 E Homestead Dr, Red Rock, AZ
October 28, 2021	5:00 P.M.	Station 194, 21021 E Homestead Dr, Red Rock, AZ
November 18, 2021	5:00 P.M.	Station 194, 21021 E Homestead Dr, Red Rock, AZ
December 16, 2021	5:00 P.M.	Station 194, 21021 E Homestead Dr, Red Rock, AZ
January 27, 2022	5:00 P.M.	Station 194, 21021 E Homestead Dr, Red Rock, AZ
February 24, 2022	5:00 P.M.	Station 194, 21021 E Homestead Dr, Red Rock, AZ
March 24, 2022	5:00 P.M.	Station 194, 21021 E Homestead Dr, Red Rock, AZ
April 21, 2022	5:00 P.M.	Station 194, 21021 E Homestead Dr, Red Rock, AZ
May 26, 2022	5:00 P.M.	Station 194, 21021 E Homestead Dr, Red Rock, AZ
June 22, 2022	5:00 P.M.	Station 194, 21021 E Homestead Dr, Red Rock, AZ

BOARD MEMBERS:

<u>Name</u>	<u>Business Phone Number</u>	<u>Occupation</u>	<u>Position</u>
Luis Castaneda , Jr	520-682-3255	Retired	Chairman
Sara Bauer	520-682-3255	Education	Vice-Chairman
Eric Neilson	520-682-3255	Pharmacy Tech	Clerk
James Haffner	520-682-3255	Retired	Director
Thomas Armendarez	520-682-3255	Medical Equip. Sales	Director

LOCATION OF POSTING OF MEETING NOTICES (all meetings):

District Website

LEGAL DESCRIPTION OF BOUNDARY CHANGES:

None

**AVRA VALLEY FIRE DISTRICT
GOVERNMENT AUDIT STANDARDS
June 30, 2022**

**THIS PAGE
IS
DELIBERATELY LEFT BLANK**

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
LICENSED PRIVATE INVESTIGATORS #01534603, # 1003706

6008 W. CORTEZ ST
GLENDALE, ARIZONA 85304
Tel: (623) 476-8660
Fax: (602) 926-2431
E-Mail: JamesH49@AOL.com
Triciaesanders@yahoo.com

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

Arizona Association of Licensed Private Investigators

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

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
Avra Valley Fire District
Marana, Arizona

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Avra Valley Fire District (the District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Avra Valley District's basic financial statements, and have issued our report thereon dated February 24, 2023.

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*.

**THIS PAGE
IS DELIBERATLY LEFT BLANK**

Independent Auditor's Report on Internal Control...

June 30, 2022

Page 2

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 24, 2023

**THIS PAGE
IS
DELIBERATELY LEFT BLANK**

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
LICENSED PRIVATE INVESTIGATORS #01534603, # 1003706

6008 W. CORTEZ ST
GLENDALE, ARIZONA 85304
Tel: (623) 476-8660
Fax: (602) 926-2431
E-Mail: JamesH49@AOL.com
Triciaesaunders@yahoo.com

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

Arizona Association of Licensed Private Investigators

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

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH STATE OF ARIZONA FIRE DISTRICT REGULATORY REQUIREMENTS

To the Governing Board
Avra Valley Fire District
Marana, Arizona

Report on Compliance

We have audited the Avra Valley Fire District's (the District) compliance with the requirements of Arizona Revised Statutes Title 48-805 for the year ended June 30, 2022, and have issued our report thereon dated February 24, 2023. Our audit included test work on the District's compliance with the selected requirements identified in the State of Arizona Revised Statutes and the Arizona State Constitution including, but not limited to, Title 48, Chapter 5, Article 1 and ARS 48-805.

Management's Responsibility

The management of the District is responsible for compliance with all requirements identified above.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance with those requirements based on our audit; specifically, the following statements:

1. That the District has not 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 general fund except for those liabilities as prescribed in section 48-805, subsection B, paragraph 2 and sections 48-806 and 48-807.
2. That the District complies with subsection F of section 48-805.
3. Whether the audit or report disclosed any information contrary to the certification made as prescribed by subsection D, paragraph 1 of section 48-805.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

Opinion

In our opinion, the District complied with the requirements identified above for the year ended June 30, 2022.

The purpose of this report is solely to describe the scope of our testing of the applicable compliance requirements identified in the Arizona Revised Statutes as noted above and the results of that testing based on the state requirements. Accordingly, this report is not suitable for any other purpose.

Saunders Company, Ltd.

Glendale, Arizona
February 24, 2023

**THIS PAGE WAS
DELBERATELY LEFT BLANK**

AVRA VALLEY FIRE DISTRICT

Federal Awards Reports in Accordance with the Uniform Guidance

June 30, 2022

**THIS PAGE WAS
DELBERATELY LEFT BLANK**

AVRA VALLEY FIRE DISTRICT

Federal Awards Reports In Accordance with the Uniform Guidance

Table of Contents

Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance	87
Schedule Of Expenditures of Federal Awards	91
Notes to the Schedule of Expenditures of Federal Awards	93
Schedule of Findings and Questioned Costs:	
Section I - Summary of Auditor's Results	95
Section II - Financial Statement Findings	96
Section III - Federal Award Findings and Questioned Costs	97
Summary Schedule of Prior Audit Findings	98

**THIS PAGE
IS
DELIBERATELY LEFT BLANK**

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
LICENSED PRIVATE INVESTIGATOR S #01534603, # 1003706

6008 W. CORTEZ ST
GLENDALE, ARIZONA 85304
Tel: (623) 476-8660
Fax: (602) 926-2431
E-Mail: JamesH49@AOL.com
Triciaesaunders@yahoo.com

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

Arizona Association of Licensed Private Investigators

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

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Governing Board
Avra Valley Fire District
Marana, AZ

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Avra Valley Fire District's (the District) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Avra Valley Fire District's major federal programs for the year ended June 30, 2022. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Avra Valley Fire District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Avra Valley Fire District and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment

**THIS PAGE
IS
DELIBERATELY LEFT BLANK**

made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

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

- λ Exercise professional judgment and maintain professional skepticism throughout the audit.
- λ Identify and assess the risks of material noncompliance, 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 District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- λ Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Saunders Company, Ltd.

Glendale, Arizona

February 24, 2023

**THIS PAGE WAS
DELBERATELY LEFT BLANK**

**AVRA VALLEY FIRE DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

FOR THE YEAR ENDED 6/30/2022

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number (ALN)	Federal Grant Number	Pass-Through Entity's Identifying Number	Passed Through to Subrecipient	Total Federal Expenditures
U.S. Department of Homeland Security Passed through : ARIZONA Dept of Homeland Security	ALN 97.067	N-A	19-AZDOHS-HSGP-1904433-01	\$ -	\$ 87,581.23
Total Homeland Security				\$ -	\$ 87,581.23
FEMA SAFER GRANT	ALN 97.083	EMW-2019-FF-002447	N/A	-	712,006.32
Total SAFER				\$ -	\$ 712,006.32
Total Expenditures of FEDERAL AWARDS				\$ -	\$ 799,587.55

**THIS PAGE WAS
DELBERATELY LEFT BLANK**

Avra Valley Fire District
Notes to the Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

Note 1- Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal award activity of the Avra Valley Fire District (the District) under programs of the federal government for the year ended June 30, 2022. The information is presented in accordance with the requirements of Title 2 U.S. Code of the Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position of the District.

Note 2- Summary of Significant Accounting Policies

Expenditures reported in the schedule are reported on the modified accrual basis of accounting. When applicable, such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3- Indirect Cost Rate

The Avra Valley Fire District has not elected to use the 10% de minimis cost rate.

**THIS PAGE WAS
DELBERATELY LEFT BLANK**

Avra Valley Fire District
 Schedule of Findings and Questions Costs
 Year Ended June 30, 2022

Section 1- Summary of Auditor's Results

FINANCIAL STATEMENTS

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weakness identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Non-compliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major program:	
Material weakness identified	No
Significant deficiencies identified not considered to be material weaknesses	No
Type of auditor's report issued on compliance for major program	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516	No

Identification of major programs:

<u>Name of Federal Program or Cluster</u>	<u>Assistance Listing Number</u>
FEMA - SAFER Grant	97.083
Dollar threshold used to distinguish between Type A And Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No

Avra Valley Fire District
Schedule of Findings and Questions Costs
Year Ended June 30, 2022

Section II- Financial Statement Findings

None reported

AVRA VALLEY FIRE DISTRICT
Schedule of Findings and Questions Costs
Year Ended June 30, 2022

Section III- Federal Award Findings and Questioned Costs

None reported

AVRA VALLEY FIRE DISTRICT
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2022

None reported