

THREE POINTS FIRE DISTRICT
FINANCIAL STATEMENTS
JUNE 30, 2022

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THREE POINTS FIRE DISTRICT

FINANCIAL STATEMENTS JUNE 30, 2022

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THREE POINTS FIRE DISTRICT

FINANCIAL STATEMENTS

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SAUNDERS COMPANY, LTD

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

TRICIA E. SAUNDERS, PI, AUDITOR

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

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

INDEPENDENT AUDITOR'S REPORT

To the Governing Board

Three Points Fire District

Tucson, Arizona

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Three Points 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 Three Points 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.

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

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

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

Required Supplementary Information

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

Other Legal and Regulatory Requirements

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

Other Information

In accordance with *Government Auditing Standards*, we have also issued our report dated May 9, 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

May 9, 2023

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**Three Points Fire District
Management's Discussion and Analysis of
Basic Financial Statements
June 30, 2022**

The following discussion and analysis of the Three Points 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 Three Points Fire District (TPFD) was established in 1994 and encompasses an area of approximately 270 square miles. The District serves an estimated population of 5,500 residents out of three fire stations.

The District maintains an ISO rating of 4. The District provides a wide range of 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.

Three Points Fire District 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 5 wildland incidents during the fiscal year.

The District currently has 17 full-time employees consisting of 1 admin staff, 9 Paramedics and 7 Firefighter/EMTs, as well as 2 active reserve personnel.

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.

Three Points Fire 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:

Richard Kennedy	Chairman
Wendy Mattias	Clerk
Dan Tankersley	Member
Steve Knode	Member
Lorie Wallace	Member

The District is administered on a day-to-day basis through a Management Agreement with Avra

Valley Fire District. The Fire Chief is Brian Delfs.

Results of Operations

Calls

The District responded to 1,569 requests for service during the fiscal year: 1,033 rescue/EMS, 60 fire calls, 2 hazmat and 356 non-emergency calls. Service is currently provided from three fire stations. For FY22, the District responded to all calls within 14 minutes or less 75% of the time. The District received mutual and auto aid 187 times. The District provided mutual and/or auto aid assistance to other Districts 37 times.

Personnel

- λ 53% of suppression personnel are Paramedics
- λ 41% of suppression personnel are Firefighter/EMTs
- λ The District has 1 qualified wildland Engine Boss
- λ During FY22, the District experienced 2 minor injuries

Public Safety Personnel Retirement System Changes

- λ Our employer contribution rate for FY22 was (T1) 27.57 % (T2) 30.57% (T3) 25.6%.
- λ Our employer contribution rate for FY23 will be (T1) 30.53% (T2) 30.53% (T3) 28.33%

Training

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
- λ disciplines, as well as EMS training to meet standards of the Arizona Department of Health and St. Mary's Hospital
- λ Medical certification and continuing education classes have been brought in-house, saving the District \$20,000 per year
- 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 ACLS and PALS Refresher classes.
- λ 36 classes were given to train all personnel on new EMS Administrative Guidelines and additional EMS skills and procedures. This was a six month process
- λ Two new hire classes were completed
- λ Three Airway labs were completed
- λ TPFD Personnel received training on Rapid Intervention Crew procedures
- λ TPFD Personnel received training on new Scott SCBA airpacks and cylinders
- λ All personnel completed required OSHA training
- λ All personnel received EVO, wildland, and swift water awareness and refresher classes.
- λ In total for FY2021-2022, TPFD completed 7,737.94 training hours

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 The District provided many families with holiday assistance through the annual Adopt-a-Family program.
- λ The District continues to host spay/neuter clinic, provide car seats, and provide/install smoke detectors upon request.

Administration

- λ Entered a management agreement with Avra Valley Fire District
- λ A new agreement has been signed with rescue me Wellness. A new SOP was developed and disseminated to the personnel. NFPA 1482 physicals have been completed for all personnel.
- λ The Reserve Firefighter program has been reviewed and is now following both ASRS and PSPRS standards.
- λ Lock boxes have been placed on all drug boxes.
- λ Required certifications for suppression personnel have been reviewed and certs placed in employee files.
- λ Report writing and documentation procedures have been implemented. A new quality assurance program has been implemented for all medical reporting.
- λ SCBA fill stations have been tested and respirator fit-testing has been conducted for all personnel
- λ RIT bags were built and placed in service
- λ A new auditor has been engaged to perform a full GASB audit for the District
- λ A strategic planning matrix has been developed and goals have been met
- λ Over thirty policies and standard operating procedures have been streamlined, adopted and implemented
- λ Financial policies have been updated and implemented
- λ The in-house network filing system has been updated. Policies are now housed on the internal infonet.
- λ Employee records management has been reviewed and updated
- λ OSHA compliance standards have been reviewed and protocols implemented where necessary
- λ Infectious disease program has been developed, and packets have been created with forms necessary to file both infectious disease and injury claims
- λ New swift water rescue gear, hazardous materials and technical rescue equipment and new SCBA equipment have been obtained, saving the District 330,000
- λ The State Fire Marshal has delegated Chief Delfs as the Three Points Fire Code Authority

FLEET

- λ Preventative maintenance is now being done in-house
- λ Six vehicles were surplused, two ambulances were sold and older wildland vehicles have been sold
- λ A Type 3 brush truck was purchased for wildland purposes.
- λ 2 Type 1 pumpers have been purchased
- λ The District is still struggling with the need for reserve engines and ambulances. Grants have been applied for.
- λ A fleet record keeping system has been implemented

Financial Highlights

- λ District investment in capital assets decreased by \$271,058 or 4.94 %.
- λ The District's net position increased \$215,658 or 3.18% from the previous fiscal year.
- λ Total revenues decreased \$208,075 or 7.49 % over the previous fiscal year.
- λ At the end of the current fiscal year, unrestricted net position for the Governmental Activities was \$ 1,794,934 .

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>06/30/2021</u>	BALANCE <u>06/30/2022</u>
Net Investment in Capital Assets	\$ 5,243,677	\$ 5,212,619
Restricted	834,995	0
Unrestricted	<u>713,223</u>	<u>1,794,934</u>
Total Net Position	<u>\$ 6,791,895</u>	<u>\$ 7,007,553</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 Three Points Fire District, total net position was \$7,007,553 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 page contains a comparative analysis between the current and the prior fiscal year for the government-wide statements.

Condensed Statement of Net Position

	Governmental Activities	
	2021	2022
Assets		
Current and Other Assets	\$ 2,845,063	\$ 2,947,657
Net Pension & OPEB Assets	18,224	55,517
Capital Assets, not being depreciated	680,000	680,000
Capital Assets, being depreciated, net	<u>4,803,677</u>	<u>4,532,619</u>
Total Assets	8,346,964	8,215,793
Deferred Outflow of Resources	1,470,007	1,434,160
Liabilities		
Current Liabilities	318,591	27,510
Non-Current Liabilities	40,248	40,430
Net Pension & OPEB Liabilities	<u>1,460,192</u>	<u>1,043,466</u>
Total Liabilities	1,819,031	1,111,406
Deferred Inflow of Resources	<u>1,206,045</u>	<u>1,530,994</u>
Net Position:		
Net Investment in Capital Assets	5,243,677	5,212,619
Restricted	834,995	0
Unrestricted	<u>713,223</u>	<u>1,794,934</u>
Total Net Position	<u>\$ 6,791,895</u>	<u>\$ 7,007,553</u>

The unrestricted net position of \$ 1,794,934 is available to meet the District's ongoing obligations to citizens and creditors.

Governmental Activities

Most of the revenues for the District were derived from assessed property taxes and Fire District Assistance Tax from the Counties. Additional revenue came from “Fees for Service” including Wildland Response and Emergency Medical Services.

Statement of Activities

	<u>Governmental Activities</u>	
	<u>2021</u>	<u>2022</u>
Expenditures:		
Public Safety:		
Personnel	\$ 1,759,416	\$ 1,442,582
Materials and Supplies	559,016	634,921
Debt Service Interest	7,156	1,968
Administration	29,585	19,432
Depreciation	347,221	324,985
Total Program Expenditures	<u>2,702,394</u>	<u>2,423,888</u>
Program Revenues:		
Operating Grants	82,856	48,500
Fees for Services	749,389	701,534
Total Program Revenues	<u>832,245</u>	<u>750,034</u>
Net Program Expenditures	1,870,149	1,673,854
General Revenues:		
Property Taxes	1,658,045	1,391,587
Fire District Assistance Tax	257,031	279,550
Smart and Safe Funds	0	36,813
Gain on Pension Investments	0	93,223
Interest Earnings	3,117	4,163
Miscellaneous	28,406	84,176
Total General Revenues	<u>1,946,599</u>	<u>1,889,512</u>
Increase (Decrease) in Net Position	76,450	215,658
Net Position, Beginning of the Year	<u>6,715,445</u>	<u>6,791,895</u>
Net position, End of the Year	<u>\$ 6,791,895</u>	<u>\$ 7,007,553</u>

General Fund Budgetary Highlights

General fund revenues were generated from the following sources:

14 % Ambulance Revenue

- 60 % Property Tax Revenue
- 26 % Other

General Fund expenditures can be broken into two main categories:

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

The District is thankful for the following grants which were received during FY22:

1. AZ ERF Grant for HazMat Spill Containment Equipment (25,000)
2. 100 Club of AZ for SCBA masks (18,500)

The District over-spent one line item. This was the Materials & Supplies (Operations) line item in the amount of \$ 36,644. This variance was not material to the overall budget and can be attributed to increased costs due to the ongoing Covid 19 pandemic as well as responses to Wildland assignments.

The legal compliance of budgeting for Special Districts in Arizona is at the fund level. The District was \$ 510,761 under the Expenditure budget at the Fund Level.

Capital Assets and Non-Current Liabilities

Capital Assets, Net of Depreciation June 30, 2022

	<u>BALANCE</u> <u>06/30/2021</u>	<u>BALANCE</u> <u>06/30/2022</u>
<u>Depreciable Assets</u>		
Vehicles	\$ 2,602,748	\$ 2,536,183
Buildings	5,319,874	5,319,874
Equipment, Fire	<u>975,000</u>	<u>1,023,501</u>
Total Historical Costs	<u>8,897,622</u>	<u>8,879,558</u>
Less Accumulated Depreciation		
Vehicles	2,121,038	2,168,775
Buildings	1,216,002	1,348,999
Equipment, Fire	<u>756,905</u>	<u>829,165</u>
Less: Total Accumulated Depreciation	<u>4,093,945</u>	<u>4,346,939</u>
Depreciable Capital Assets, Net	4,803,677	4,532,619
<u>Non-Depreciable Assets</u>		
Land	<u>680,000</u>	<u>680,000</u>
Capital Assets, Net	<u>\$ 5,483,677</u>	<u>\$ 5,212,619</u>

Non-Current Liabilities

At the end of the current fiscal year, the District had non-current liabilities of \$40,430. All of the debt is backed by the full faith and credit of the District.

Changes in Non-Current Liabilities :

	BALANCE <u>06/30/2021</u>	BALANCE <u>06/30/2022</u>
Bonds Payable Series 2017	\$ 240,000	0
Total Bonds Payable	240,000	0
Compensated Absences – Due in More than One Year	<u>40,248</u>	\$ 40,430
Total Bonds and Compensated Absences	280,248	40,430
Less: Current Capital Liabilities	<u>240,000</u>	0
Totals	<u>\$ 40,248</u>	<u>\$ 40,430</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 continued receipt of Prop 407 Marijuana Tax Smart & Safe Funds
- λ grant applications
- λ annual State authorized increase in ambulance billing rates
- λ rates associated with the workers compensation pool may continue to increase, but may be offset by relief funds managed by the Industrial Commission of Arizona
- λ PFFA/AFCA Tax Proposition 310 regarding a distribution of sales tax revenue
- λ During the first quarter of FY23, the PSPRS is requiring refunds to certain T1b and T2 employees. The districts will be reimbursed through credits toward their future employer contributions.
- λ During the first quarter of FY23, both air conditioning units will have to be replaced at Station 301.
- λ The District anticipates IT upgrades in FY23.

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: **Three Points Fire District**

**10351 S Sasabe Road
Tucson, AZ 85736**

BASIC FINANCIAL STATEMENTS

**THREE POINTS FIRE DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2022**

Exhibit A

	Governmental Activities
ASSETS	
Cash & Cash Equivalents	\$ 1,902,334
Receivables:	
Ambulance Service Fees, Net of Allowances for doubtful accounts	253,914
Wildland	19,483
Property Taxes	771,926
Net OPEB Asset - (ASRS)	1,462
Net OPEB Asset - (PSPRS)	54,055
Capital Assets, not being depreciated	680,000
Capital Assets, being depreciated, net	4,532,619
 Total Assets	 8,215,793
DEFERRED OUTFLOW OF RESOURCES	
Deferred Outflows Related to OPEB (ASRS)	211
Deferred Outflows Related to OPEB (ASRS-LTD)	121
Deferred Outflows Related to OPEB (PSPRS)	14,789
Deferred Outflows Related to Pension (ASRS)	9,615
Deferred Outflows Related to Pension (PSPRS)	1,409,424
 Total Assets and Deferred Outflow of Resources	 9,649,953
LIABILITIES	
Current Liabilities	
Payroll Taxes Payable	9,411
Wages Payable	7,992
Due in less than one year:	
Compensated Absences	10,107
Non-Current Liabilities	
Due in more than one year:	
Compensated Absences	40,430
Net OPEB Liability- (ASRS-LTD)	62
Net Pension Liability - (ASRS)	39,419
Net Pension Liability - (PSPRS)	1,003,985
Total Liabilities	1,111,406
DEFERRED INFLOW OF RESOURCES	
Deferred Inflows Related to OPEB (ASRS)	1,111
Deferred Inflows Related to OPEB (ASRS-LTD)	132
Deferred Inflows Related to OPEB (PSPRS)	67,936
Deferred Inflows Related to Pension (ASRS)	13,545
Deferred Inflows Related to Pension (PSPRS)	1,448,270
 Total Liabilities and Inflow of Resources	 2,642,400
NET POSITION	
Net Investment in Capital Assets	5,212,619
Unrestricted	1,794,934
 Total Net Position	 \$ 7,007,553

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

**THREE POINTS FIRE DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022**

Exhibit B

**Governmental
Activities**

EXPENDITURES

Public Safety:		
Personnel	\$	1,442,582
Materials & Supplies		634,921
Debt Service Interest		1,968
Administration		19,432
Depreciation		324,985
		<hr/>
Total Program Expenditures		2,423,888
		<hr/>

PROGRAM REVENUES

Capital Grants		48,500
Fees for Service		701,534
		<hr/>
Total Program Revenues		750,034
		<hr/>
Net Program Expenditures		1,673,854
		<hr/>

GENERAL REVENUES

Property Taxes		1,391,587
Fire District Assistance Tax		279,550
Smart and Safe Funds		36,813
Gain on Pension Investments		93,223
Interest Earnings		4,163
Miscellaneous		84,176
		<hr/>
Total General Revenues		1,889,512
		<hr/>

Increase (Decrease) in Net Position		215,658
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NET POSITION-BEGINNING OF THE YEAR		<hr/> 6,791,895
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NET POSITION-END OF THE YEAR		<hr/> \$ 7,007,553 <hr/>
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-The Notes to the Financial Statements are an Integral Part of This Statement-

**THREE POINTS FIRE DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2022**

Exhibit C

	General	Bond Debt Service	Capital Bond Expenditures	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 1,899,675	\$ 1,565	\$ 1,094	\$ 1,902,334
Receivables:				
Ambulance Service Fees, Net of Allowances for Doubtful Accounts	253,914	-	-	253,914
Wildland	19,483	-	-	19,483
Property Taxes	771,926	-	-	771,926
Total Assets	\$ 2,944,998	\$ 1,565	\$ 1,094	\$ 2,947,657
LIABILITIES				
Payroll Taxes Payable	\$ 9,411	\$ -	\$ -	\$ 9,411
Wages Payable	7,992	-	-	7,992
Total Liabilities	17,403	-	-	17,403
DEFERRED INFLOW OF RESOURCES				
Unavailable Revenues				
Deferred Property Taxes	730,862	-	-	730,862
Total Liabilities and Inflow of Resources	748,265	-	-	748,265
FUND BALANCES				
Assigned	499,708	-	1,094	500,802
Unassigned	1,697,025	1,565	-	1,698,590
Total Fund Balances	2,196,733	1,565	1,094	2,199,392
Total Liabilities, Deferred Inflow of Resources, & Fund Balance	\$ 2,944,998	\$ 1,565	\$ 1,094	\$ 2,947,657

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

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

Exhibit D

	<u>General</u>	<u>Bond Debt Service</u>	<u>Capital Bond Expenditures</u>	<u>Total Governmental Funds</u>
REVENUE				
Property Taxes	\$ 1,366,573	\$ 25,009	\$ 5	\$ 1,391,587
Fire District Assistance Tax	279,550	-	-	279,550
Smart and Safe Funds	36,813	-	-	36,813
Fees for Service	691,970	-	-	691,970
Interest Earnings	4,163	-	-	4,163
Capital Grants	48,500	-	-	48,500
Miscellaneous	118,186	-	-	118,186
	<u>2,545,755</u>	<u>25,009</u>	<u>5</u>	<u>2,570,769</u>
EXPENDITURES				
Public Safety:				
Personnel	1,442,357	-	-	1,442,357
Materials & Supplies	634,921	-	-	634,921
Administration	19,432	-	-	19,432
Debt Service				
Principal	-	240,000	-	240,000
Interest	-	1,968	-	1,968
Capital Outlay	87,935	-	-	87,935
Miscellaneous	-	-	-	-
	<u>2,184,645</u>	<u>241,968</u>	<u>-</u>	<u>2,426,613</u>
Excess (Deficiency) of Revenues over Expenditures	<u>361,110</u>	<u>(216,959)</u>	<u>5</u>	<u>144,156</u>
OTHER INCOME/EXPENSE				
Interfund Transfer	<u>1,359,445</u>	<u>(857,350)</u>	<u>(502,095)</u>	<u>-</u>
Total Other Income/Expense	<u>1,359,445</u>	<u>(857,350)</u>	<u>(502,095)</u>	<u>-</u>
Net Change in Fund Balances	1,720,555	(1,074,309)	(502,090)	144,156
Fund Balances-Beginning of Year	<u>476,178</u>	<u>1,075,874</u>	<u>503,184</u>	<u>2,055,236</u>
Fund Balances-End of Year	<u>\$ 2,196,733</u>	<u>\$ 1,565</u>	<u>1,094</u>	<u>\$ 2,199,392</u>

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

**THREE POINTS 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)		\$ 2,199,392
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	9,559,558	
Less: Accumulated Depreciation	<u>(4,346,939)</u>	5,212,619
Net Pension/OPEB Asset:		
Related to OPEB (ASRS)		1,462
Related to OPEB (PSPRS)		54,055
Deferred Outflows of Resources:		
Related to OPEB (ASRS)		211
Related to OPEB (ASRS-LTD)		121
Related to OPEB (PSPRS)		14,789
Related to Pension (ASRS)		9,615
Related to Pension (PSPRS)		1,409,424
Non-Current liabilities are not due and payable in the current period and therefore are not reported in the funds.		
		(50,537)
Net Pension /OPEB Liability:		
Related to OPEB (ASRS-LTD)		(62)
Related to Pension (ASRS)		(39,419)
Related to Pension (PSPRS)		(1,003,985)
Deferred Inflows of Resources:		
Related to OPEB (ASRS)		(1,111)
Related to OPEB (ASRS- LTD)		(132)
Related to OPEB (PSPRS)		(67,936)
Related to Pension (ASRS)		(13,545)
Related to Pension (PSPRS)		(1,448,270)
Related to Deferred Property Taxes		<u>730,862</u>
Net Position of Governmental Activities (Exhibit A)		<u>\$ 7,007,553</u>

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

**THREE POINTS 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)	\$	144,156
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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 and loss on disposal of a fixed asset exceeded capital outlay in the current period.		(271,059)
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Net Changes to Deferred Outflows or Inflows of Resources		102,788
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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.		239,773
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Change in Net Position of Governmental Activities (Exhibit B)	\$	215,658
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THREE POINTS 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.

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, of 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.

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

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 Treasurer, accounts for monies from property taxes, grants, contributions and donations. The Pima County Treasurer is required to establish a fund known as the "fire district general fund" for the receipt of all taxes levied on behalf of the District.

The District may register warrants only if separate accounts are maintained by the Pima County Treasurer for each governmental fund of the District. Warrants may only be registered on the maintenance and operation account, the unrestricted capital outlay account and the special revenue accounts, and only if the total cash balance of all three accounts is insufficient to pay the warrants and only after any revolving line of credit has been expended. Registered warrants may not exceed ninety per cent of the taxes levied by the County for the District's current fiscal year. Registered warrants bear interest as prescribed by statute and are redeemed as provided for by law for County warrants.

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

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

The District accounts with the Pima County Treasurer's Office are part of an investment pool operated by the Pima County Treasurer's Office. The Pima County Treasurer invests the cash in a pool under policy guidelines established by the Pima County Treasurer's office. The Pima County Treasurer accounts for the investment pool in their Fiduciary Investment Trust Fund. Credit risk, concentration of credit risk, and interest rate risk regarding the Pima County Treasurer's Investment Pool is included in the Comprehensive Annual Financial Report of Pima County. The fair value of each participant's position in the Pima 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>Capital Bond Expenditure Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
Insured Deposits (FDIC)	\$ 250,000	\$ 0	\$ 0	\$ 250,000
Collateralized	1,146,624	0	0	1,146,624
Pima County Treasurer’s Investment Pool	517,127	1,565	1,094	519,786
	<hr/>			
Total Deposits	1,913,751	1,565	1,094	1,916,410
In Transit Items	(14,076)	0	0	(14,076)
	<hr/>			
Total Cash & Investments	<u>\$ 1,899,675</u>	<u>\$ 1,565</u>	<u>\$ 1,094</u>	<u>\$ 1,902,334</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 Treasurer’s Investment Pool: Level Two

Breakdown of investments measured at fair value:

Pima County Treasurer’s Investment Pool	<u>\$ 519,786</u>
Total	<u>\$ 519,786</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 risks 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) is an external investment pool with no regulatory oversight. Pima CTIP is not required to register (and is not registered) with the Securities and Exchange Commission. As of June 30, 2022, Pima CTIP has 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 Treasurer’s Office invests the cash in a pool under policy

guidelines established by the Pima County Treasurer's Office. Pima County accounts for the investment pool in their Fiduciary Investment Trust Fund. Credit risk, concentration of credit risk, and interest rate risk regarding the Pima County Treasurer's Investment Pool (Pima CTIP) is included in the Comprehensive Annual Report of the County. The fair value of each participant's position in the Pima 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 \$289,210 with an allowance for bad debt of \$ 35,296 at June 30, 2022. This gave a net of \$253,914, 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 \$19,483 with an allowance for bad debt of \$0.00 at June 30, 2022. This gave a net of \$19,483 which was expected to be collectable.

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	\$ 2,602,748	\$ 39,435	\$ 106,000	\$ 2,536,183
Buildings	5,319,874	0	0	5,319,874
Equipment, Fire	<u>975,000</u>	<u>48,501</u>	<u>0</u>	<u>1,023,501</u>
Total Historical Costs	<u>8,897,622</u>	<u>87,936</u>	<u>106,000</u>	<u>8,879,558</u>
Less Accumulated Depreciation				
Vehicles	2,121,038	119,728	71,991	2,168,775
Buildings	1,216,002	132,997	0	1,348,999
Equipment, Fire	<u>756,905</u>	<u>72,260</u>	<u>0</u>	<u>829,165</u>
Less: Total Accumulated Depreciation	<u>4,093,945</u>	<u>324,985</u>	<u>71,991</u>	<u>4,346,939</u>
Depreciable Capital Assets, Net	4,803,677	(237,049)	34,009	4,532,619
<u>Non-Depreciable Assets</u>				
Land	<u>680,000</u>	<u>0</u>	<u>0</u>	<u>680,000</u>
Capital Assets, Net	<u>\$ 5,483,677</u>	<u>\$ (237,049)</u>	<u>\$ 34,009</u>	<u>\$ 5,212,619</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:

	<u>Government-Wide Activities</u>
Government-wide Deferred Outflows :	
Related to OPEB (ASRS)	\$ 211
Related to OPEB (ASRS-LTD)	121
Related to OPEB (PSPRS)	14,789
Related to Pension (ASRS)	9,615
Related to Pension (PSRS)	<u>1,409,424</u>
Total Government-wide Activities	<u>\$ 1,434,160</u>
 Government-wide Deferred Inflows :	
Related to OPEB (ASRS)	\$ 1,111
Related to OPEB (ASRS-LTD)	132
Related to OPEB (PSPRS)	67,936
Related to Pension (ASRS)	13,545
Related to Pension (PSPRS)	<u>1,448,270</u>
Total Government-wide Activities	<u>\$ 1,530,994</u>
	 <u>Governmental Activities</u>
Unavailable Revenues	
Deferred Property Taxes	\$ <u>730,862</u>
Total Governmental Activities	<u>\$ 730,862</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 \$ 10,107 payable in less than one year and \$ 40,430 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:

	Balance <u>June 30, 2021</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2022</u>
Accounts Payable	\$ 655	\$ 0	\$ 655	\$ 0
Payroll Taxes Payable	30,392	0	20,981	9,411
Wages Payable	37,482	0	29,490	7,992
Compensated Absences	10,062	45	0	10,107
Bonds Payable	<u>240,000</u>	<u>0</u>	<u>240,000</u>	<u>0</u>
Totals	<u>\$ 318,591</u>	<u>\$ 45</u>	<u>\$ 291,126</u>	<u>\$ 27,510</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 2017: On September 14, 2017 the District issued voter approved bonds in the amount of \$1,745,000 for the financing, construction and furnishing of a new fire station. The bonds were for 4 years at an interest rate of 1.64% with semi-annual interest payments due on January 1st and July 1st each year and an annual principal payment due on July 1st each year. The amounts of the principal and interest payments vary over the life of the bonds. The bonds were paid off during the fiscal year.

<u>Description</u>	<u>Interest Rate</u>	<u>Lease Term</u>	<u>Balance</u> <u>06/30/22</u>
Bond Issue 2017	1.64%	7/1/2022	\$ 0

The following assets were acquired through bond issues:

	<u>Cost</u>	<u>Accumulated</u> <u>Depreciation</u>	<u>Carrying</u> <u>Value</u>
Bond Issue 2017	<u>\$1,745,000</u>	<u>\$ 834,896</u>	<u>\$910,104</u>
Total	<u>\$1,745,000</u>	<u>\$ 834,896</u>	<u>\$910,104</u>

Changes in Non-Current Liabilities :

	<u>BALANCE</u> <u>06/30/2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>BALANCE</u> <u>06/30/2022</u>
Bonds Payable Series 2017	<u>\$ 240,000</u>	<u>\$ 0</u>	<u>\$ 240,000</u>	<u>0</u>
Total Bonds Payable	240,000	0	240,000	0
Compensated Absences – Due in More than One Year	<u>40,248</u>	<u>182</u>	<u>0</u>	<u>\$ 40,430</u>
Total Bonds and Compensated Absences	280,248	182	240,000	40,430
Less: Current Capital Liabilities	<u>240,000</u>	<u>0</u>	<u>(240,000)</u>	<u>0</u>
Totals	<u>\$ 40,248</u>	<u>\$ 182</u>	<u>\$ 0</u>	<u>\$ 40,430</u>

NOTE 16 – 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	\$ 5,212,619
Unrestricted	<u>1,794,934</u>
Total Net Position	<u>\$ 7,007,553</u>
Governmental Fund Balances:	
Assigned -Capital Outlay	500,802
Unassigned Fund Balances	<u>1,698,590</u>
Total Fund Balance	<u>\$ 2,199,392</u>

NOTE 17 - PROPERTY TAXES

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

in addition to any tax levied as provided in section 48-806, a tax not to exceed \$3.25 per \$100 of assessed valuation through tax year 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 18 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

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	\$ 55,517
Net pension and OPEB liability	1,043,466
Deferred outflows of resources related to pensions and OPEB	1,434,160
Deferred inflows of resources related to pensions and OPEB	1,530,994
Pension and OPEB expense	186,446

The District’s accrued payroll and employee benefits includes \$14,829 of outstanding pension and OPEB contribution amounts payable to all plans for the year ended June 30, 2022. Also, the District reported \$153,940 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	\$ 39,419
Health insurance premium benefit	(1,462)
Long-term disability	62

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	0.00030%	0.00031%
Health insurance premium benefit	0.00030%^	0.00032%
Long-term disability	0.00030%	0.00031%

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

ASRS	Pension/OPEB expense
Pension	\$ 14,293
Health insurance premium benefit	(166)
Long-term disability	50

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	\$ 601	\$	\$	\$ 507	\$ 18
Changes of assumptions or other inputs	5,131		72	59	20	78
Net difference between projected and actual earnings on plan investments		12,489		542		43
Changes in proportion and differences between District contributions and proportionate share of contributions		1,056	9	3	23	6
District contributions subsequent to the measurement date	3,883		130		60	
Total	\$ 9,615	\$ 13,545	\$ 211	\$ 1,111	\$ 121	\$ 132

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	\$ (403)	\$ (241)	\$ (8)
2024	(353)	(231)	(6)
2025	(2,753)	(253)	(8)
2026	(4,304)	(282)	(16)
2027	0	(23)	(7)
Thereafter	0	0	(26)

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

ASRS	
Actuarial valuation date	June 30, 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	\$ 62,002	\$ 39,419	\$ 20,590
Net insurance premium benefit liability (asset)	(968)	(1,462)	(1,882)
Net long-term disability liability	81	62	44

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

PSPRS

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

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	3	3
Inactive employees entitled to but not yet receiving benefits	4	0
Active employees	11	11
Total	18	14

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%	30.38%	0.15%

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	\$ 145,768	\$ 4,099

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	\$ 1,003,985	\$ (54,055)

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:

<u>PSPRS</u>	
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 Increase (decrease)			Health insurance premium benefit Increase (decrease)		
	Total pension liability (a)	Plan fiduciary net position (b)	Net pension (asset) liability (a) - (b)	Total OPEB liability (a)	Plan fiduciary net position (b)	Net OPEB (asset) liability (a) - (b)
Balances at June 30, 2021	5,412,931	4,006,686	1,406,245	116,819	134,816	(17,997)
Changes for the year:						
Service cost	177,829		177,829	5,213		5,213
Interest on the total liability	403,335		403,335	8,865		8,865

PSPRS	Pension Increase (decrease)			Health insurance premium benefit Increase (decrease)		
	Total pension liability	Plan fiduciary net position	Net pension (asset) liability	Total OPEB liability	Plan fiduciary net position	Net OPEB (asset) liability
	(a)	(b)	(a) – (b)	(a)	(b)	(a) – (b)
Changes of benefit terms						
Differences between expected and actual experience in the measurement of the liability	530,720		530,720	(9,024)		(9,024)
Changes of assumptions or other inputs						
Contributions —employer		145,768	(145,768)		4,099	(4,099)
Contributions — employee		246,423	(246,423)			
Net investment income		1,127,185	(1,127,185)		37,166	(37,166)
Benefit payments, including refunds of employee contributions	(131,254)	(131,254)		(1,200)	(1,200)	
Administrative expense		(5,232)	5,232		(153)	153
Other changes						
Net changes	980,630	1,382,890	(402,260)	3,854	39,912	(36,058)
Balances at June 30, 2022	6,393,561	5,389,576	1,003,985	120,673	174,728	(54,055)

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	\$ 1,930,344	\$ 1,003,985	\$ 244,249
Net OPEB (asset) liability	(38,983)	(54,055)	(66,807)

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	\$ 177,829	\$ (166)

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	\$ 1,078,771	\$ 958,237	\$ 9,976	\$ 49,462

PSPRS

	Pension		Health insurance premium benefit	
	Deferred outflows of resources	Deferred inflows of resources	Deferred outflows of resources	Deferred inflows of resources
Changes of assumptions or other inputs	184,885		714	2,522
Net difference between projected and actual earnings on plan investments		490,033		15,952
Changes in proportion and differences between District contributions and proportionate share of contributions				
District contributions subsequent to the measurement date	145,768		4,099	
Total	\$ 1,409,424	\$ 1,448,270	\$ 14,789	\$ 67,936

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	(33,675)	(9,425)
2024	(41,498)	(9,519)
2025	(61,293)	(9,992)
2026	(121,568)	(11,588)
2027	(13,326)	(6,224)
Thereafter	86,746	(10,498)

NOTE 19 - 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. Implementation of *GASB Statement No. 87, Leases* had no effect on beginning Net Position or Fund Balances. The District recognizes lease liabilities with an initial, individual value of \$10,000 or more.

NOTE 20- TRANSFER OF FUNDS

During the fiscal year the District, with the permission of Pima County, transferred the remaining debt service monies to the General Fund to use for purposes within the covenants of the bond.

NOTE 20 - SUBSEQUENT EVENTS

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

**REQUIRED SUPPLEMENTARY
INFORMATION**

**THREE POINTS 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	\$ 1,368,792	\$ 1,368,792	\$ 1,366,573	\$ (2,219)
Fire District Assistance Tax	277,070	277,070	279,550	2,480
Smart and Safe Funds	-	-	36,813	36,813
Fees for Service	648,264	648,264	691,970	43,706
Gain on Investments	53,030	53,030	-	(53,030)
Interest Earnings	7,000	7,000	4,163	(2,837)
Capital Grants	75,000	75,000	48,500	(26,500)
Miscellaneous	266,250	266,250	118,186	(148,064)
Total Revenues	<u>2,695,406</u>	<u>2,695,406</u>	<u>2,545,755</u>	<u>(149,651)</u>
Expenditures:				
Public Safety:				
Personnel	1,882,129	1,882,129	1,442,357	439,772
Materials and Supplies	598,277	598,277	634,921	(36,644)
Administration	40,000	40,000	19,432	20,568
Capital	175,000	175,000	87,935	87,065
Total Expenditures	<u>2,695,406</u>	<u>2,695,406</u>	<u>2,184,645</u>	<u>510,761</u>
Excess (Deficiency) of Revenues over Expenditures	<u>-</u>	<u>-</u>	<u>361,110</u>	<u>361,110</u>
Other Income/Expense				
Interfund Transfer	-	-	1,359,445	(1,359,445)
Total Other Income/Expense	-	-	1,359,445	(1,359,445)
Net Change in Fund Balances	-	-	1,720,555	(1,720,555)
Fund Balances at Beginning of Year	<u>-</u>	<u>-</u>	<u>476,178</u>	<u>476,178</u>
Fund Balances at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,196,733</u>	<u>\$ 2,196,733</u>

See Accompanying Notes To The Budgetary Comparison Schedule

**THREE POINTS 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 one line item. This was the Materials and Supplies (Operations) line item in the amount of \$ 36,644. This variance can be attributed to increased costs due to the ongoing Covid 19 pandemic as well as responses to Wildland assignments.

The legal compliance of budgeting for Special Districts in Arizona is at the fund level. The District was \$ 510,761 under the Expenditure budget at the Fund Level.

THREE POINTS 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 2012
	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	
Total Pension Liability									Information not available
Service Cost	\$ 177,829	\$ 155,278	\$ 233,936	\$ 235,024	\$ 224,291	\$ 170,152	\$ 173,626	\$ 164,293	
Interest on total pension liability	403,335	335,808	415,014	363,865	303,184	256,249	239,726	206,832	
Changes of benefit terms	-	-	-	-	68,911	295,830	-	18,926	
Difference between expected and actual experience in the measurement of the pension liability	530,720	536,577	(1,503,613)	161,103	302,115	36,231	(62,277)	(13,095)	
Changes of assumptions or other inputs	-	-	43,752	-	177,377	149,311	-	154,101	
Benefit payments including refund of employee contributions	(131,254)	(119,130)	(118,105)	(252,317)	(160,904)	(152,500)	(125,198)	(108,190)	
Net change in pension liability	980,630	908,533	(929,016)	507,675	914,974	755,273	225,877	422,867	
Total pension liability - beginning	5,412,931	4,504,398	5,433,414	4,925,739	4,010,765	3,255,492	3,029,615	2,606,748	
Total pension liability - ending (a)	<u>\$ 6,393,561</u>	<u>\$ 5,412,931</u>	<u>\$ 4,504,398</u>	<u>\$ 5,433,414</u>	<u>\$ 4,925,739</u>	<u>\$ 4,010,765</u>	<u>\$ 3,255,492</u>	<u>\$ 3,029,615</u>	<u>\$ -</u>
Plan Fiduciary net position									
Contributions - employer	\$ 145,768	\$ 226,589	\$ 272,135	\$ 288,924	\$ 184,489	\$ 165,781	\$ 159,822	\$ 153,738	
Contributions - employee	246,423	67,232	86,591	105,017	110,740	207,683	98,126	88,238	
Net investment income	1,127,185	49,345	187,994	218,080	310,967	14,315	81,630	250,786	
Benefit payments, including refunds of employee contributions	(131,254)	(119,130)	(118,105)	(252,317)	(160,904)	(152,500)	(125,198)	(108,190)	
Hall/Parker Settlement	-	-	-	(131,053)	-	-	-	-	
Pension plan administrative expense	(5,232)	(4,023)	(4,262)	(4,019)	(3,152)	(2,460)	(2,376)	-	
Other changes	-	1	9,475	32	81,765	14	(1,653)	(69,013)	
Net change in plan fiduciary net position	1,382,890	220,014	433,828	224,664	523,905	232,833	210,351	315,559	
Plan fiduciary net position - beginning	4,006,686	3,786,672	3,352,844	3,128,180	2,604,275	2,371,442	2,161,091	1,845,532	
Plan fiduciary net position - ending (b)	<u>\$ 5,389,576</u>	<u>\$ 4,006,686</u>	<u>\$ 3,786,672</u>	<u>\$ 3,352,844</u>	<u>\$ 3,128,180</u>	<u>\$ 2,604,275</u>	<u>\$ 2,371,442</u>	<u>\$ 2,161,091</u>	<u>\$ -</u>

See accompanying notes to the Pension/OPEB Plan Schedules

THREE POINTS 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

Reporting Year Measurement Date	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	2014 THROUGH 2012
District's net pension liability - ending (a) - (b)	\$ 1,003,985	\$ 1,406,245	\$ 717,726	\$ 2,080,570	\$ 1,797,559	\$ 1,406,490	\$ 884,050	\$ 868,524	\$ -
Plan fiduciary net position as a percentage of the total pension liability	84.30%	74.02%	84.07%	61.71%	63.51%	64.93%	72.84%	71.33%	
Covered-employee payroll	\$ 717,859	\$ 770,149	\$ 828,367	\$ 1,069,261	\$ 978,583	\$ 855,466	\$ 888,369	\$ 853,941	
District's net pension liability as a percentage of covered-employee payroll	139.86%	182.59%	86.64%	194.58%	183.69%	164.41%	99.51%	101.71%	

See accompanying notes to the Pension/OPEB Plan Schedules

THREE POINTS 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

Reporting Year Measurement Date	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	2014 THROUGH 2012
Total OPEB Liability									
Service Cost	\$ 5,213	\$ 5,250	\$ 4,277	\$ 4,812	\$ 4,306	Information not available	Information not available	Information not available	Information not available
Interest on total OPEB liability	8,865	9,176	10,089	10,255	8,448				
Changes of benefit terms	-	-	-	-	611				
Difference between expected and actual experience in the measurement of the OPEB liability	(9,024)	(15,755)	(27,475)	(17,662)	20,056				
Changes of assumptions or other inputs	-	-	1,024	-	(5,067)				
Benefit payments including refund of employee contributions	(1,200)	(1,200)	(1,267)	(1,748)	(3,600)				
Net change in OPEB liability	3,854	(2,529)	(13,352)	(4,343)	24,754	-	-	-	-
Total pension liability - beginning	116,819	119,348	132,700	137,043	112,289				
Total pension liability - ending (a)	<u>\$ 120,673</u>	<u>\$ 116,819</u>	<u>\$ 119,348</u>	<u>\$ 132,700</u>	<u>\$ 137,043</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Plan Fiduciary net position									
Contributions - employer	\$ 4,099	\$ 3,812	\$ 6,373	\$ 3,363	\$ 5,310				
Contributions - employee	-	-	-	-	-				
Net investment income	37,166	1,652	6,479	7,574	11,272				
Benefit payments, including refunds of employee contributions	(1,200)	(1,200)	(1,267)	(1,748)	(3,600)				
OPEB plan administrative expense	(153)	(134)	(112)	(115)	(100)				
Other changes	-	-	2,182	-	-				
Net change in plan fiduciary net position	39,912	4,130	13,655	9,074	12,882	-	-	-	-
Plan fiduciary net position - beginning	134,816	130,686	117,031	107,957	95,075				
Plan fiduciary net position - ending (b)	<u>\$ 174,728</u>	<u>\$ 134,816</u>	<u>\$ 130,686</u>	<u>\$ 117,031</u>	<u>\$ 107,957</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to the Pension/OPEB Plan Schedules

THREE POINTS 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

Reporting Year Measurement Date	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	2014 THROUGH 2012
District's net OPEB liability - ending (a) - (b)	\$ (54,055)	\$ (17,997)	\$ (11,338)	\$ 15,669	\$ 29,086	\$ -	\$ -	\$ -	\$ -
Plan fiduciary net position as a percentage of the total OPEB liability	144.79%	115.41%	109.50%	88.19%	78.78%				
Covered-employee payroll	\$ 717,859	\$ 770,149	\$ 828,367	\$ 1,069,261	\$ 978,583				
District's net OPEB liability as a percentage of covered-employee payroll	-7.53%	-2.34%	-1.37%	1.47%	2.97%				

See accompanying notes to the Pension/OPEB Plan Schedules

THREE POINTS FIRE DISTRICT
Schedule of Pension Contributions (PSPRS)
Year Ended June 30, 2022

RSI-3

PSPRS - Pension

Reporting Year Measurement Year	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	2014 through 2012
Actuarially determined contribution	\$ 143,616	\$ 226,589	\$ 272,135	\$ 288,924	\$ 184,489	\$ 165,781	\$ 159,822	\$ 153,738	Information not available
District's contributions in relation to the actuarially determined contribution	145,768	226,589	272,135	288,924	184,489	165,781	159,822	153,738	
District's contribution deficiency (excess)	<u>\$ (2,152)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
District's covered-employee payroll	<u>\$ 717,859</u>	<u>\$ 770,149</u>	<u>\$ 828,367</u>	<u>\$ 1,069,261</u>	<u>\$ 978,583</u>	<u>\$ 855,466</u>	<u>\$ 888,369</u>	<u>\$ 853,941</u>	
District's contributions as a percentage of covered-employee payroll	<u>20.01%</u>	<u>29.42%</u>	<u>32.85%</u>	<u>27.02%</u>	<u>18.85%</u>	<u>19.38%</u>	<u>17.99%</u>	<u>18.00%</u>	

See accompanying notes to the Pension/OPEB Plan Schedules

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

RSI-4

PSPRS - OPEB

Reporting Year Measurement Year	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	2014 through 2011
Actuarially determined contribution	\$ 4,099	\$ 3,812	\$ 6,373	\$ 3,363	\$ 5,310	Information	Information	Information	Information
District's contributions in relation to the actuarially determined contribution	4,099	3,812	6,373	3,363	5,310	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>\$ 717,859</u>	<u>\$ 770,149</u>	<u>\$ 828,367</u>	<u>\$ 1,069,261</u>	<u>\$ 978,583</u>				
District's contributions as a percentage of covered-employee payroll	<u>0.57%</u>	<u>0.49%</u>	<u>0.77%</u>	<u>0.31%</u>	<u>0.54%</u>				

See accompanying notes to the Pension/OPEB Plan Schedules

THREE POINTS FIRE DISTRICT
Schedule of Pension Contributions (ASRS)
Year Ended June 30, 2022

RSI-5

ASRS - Pension

Reporting Year Measurement Year	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	2014 through 2011
Actuarially determined contribution	\$ 3,883	\$ 3,859	\$ 3,690	\$ 3,245	\$ 2,210	\$ 2,114	\$ 1,856	\$ 234	Information not available
District's contributions in relation to the actuarially determined contribution	3,883	3,859	3,690	3,245	2,210	2,114	1,856	234	
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>\$ 35,424</u>	<u>\$ 33,334</u>	<u>\$ 33,706</u>	<u>\$ 33,002</u>	<u>\$ 29,767</u>	<u>\$ 24,270</u>	<u>\$ 14,978</u>	<u>\$ 21,222</u>	
District's contributions as a percentage of covered-employee payroll	<u>10.96%</u>	<u>11.58%</u>	<u>10.95%</u>	<u>9.83%</u>	<u>7.42%</u>	<u>8.71%</u>	<u>12.39%</u>	<u>1.10%</u>	

See accompanying notes to the Pension/OPEB Plan Schedules

THREE POINTS FIRE DISTRICT
Schedule of OPEB Contributions (ASRS)
Year Ended June 30, 2022

RSI-6

ASRS - Health Insurance Premium Benefit

Reporting Year	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Measurement Year	(2021)	(2020)	(2019)	(2018)	(2017)	(2016)	(2015)	(2014)	(2013)	(2012)
Actuarially determined contribution	\$ 130	\$ 165	\$ 152	\$ 131	\$ 96					
District's contributions in relation to the actuarially determined contribution	130	165	152	131	96					
District's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -					
District's covered-employee payroll	\$ 35,424	\$ 33,334	\$ 33,706	\$ 33,002	\$ 29,767					
District's contributions as a percentage of covered-employee payroll	0.37%	0.49%	0.45%	0.40%	0.32%					

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

See accompanying notes to the Pension/OPEB Plan Schedules

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

RSI-7

ASRS - Long-Term Disability

Reporting Year Measurement Year	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	2014 (2013)	2013 (2012)
Actuarially determined contribution	\$ 81	\$ 57	\$ 53	\$ 48	\$ 39					
District's contributions in relation to the actuarially determined contribution	81	57	53	48	39					
District's contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>					
District's covered-employee payroll	<u>\$ 35,424</u>	<u>\$ 33,334</u>	<u>\$ 33,706</u>	<u>\$ 33,002</u>	<u>\$ 29,767</u>					
District's contributions as a percentage of covered-employee payroll	<u>0.23%</u>	<u>0.17%</u>	<u>0.16%</u>	<u>0.15%</u>	<u>0.13%</u>					

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

See accompanying notes to the Pension/OPEB Plan Schedules

THREE POINTS FIRE DISTRICT
Schedule of Proportionate Share of the Net Pension Liability (ASRS)
Last Ten Fiscal years
Year Ended June 30, 2022

RSI-8

ASRS - Pension

Reporting Year Measurement Year	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	2014 (2013)	2013 (2012)
District's proportion of net pension liability (asset)	0.00030%	0.00031%	0.03100%	0.00030%	0.00021%	0.00021%	0.00018%	0.00002%		
District's proportionate share of the net pension liability (asset)	\$ 3,883	\$ 3,859	\$ 3,690	\$ 3,245	\$ 2,210	\$ 2,114	\$ 1,856	\$ 234		
District's covered-employee payroll	\$ 35,424	\$ 33,334	\$ 33,706	\$ 33,002	\$ 29,797	\$ 24,270	\$ 14,998	\$ 21,222		
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	10.96%	11.58%	10.95%	9.83%	7.42%	8.71%	12.37%	1.10%		
Plan fiduciary net position as a percentage of the total pension liability	74.26%	78.58%	73.24%	73.40%	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

THREE POINTS 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

Reporting Year	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Measurement Year	(2021)	(2020)	(2019)	(2018)	(2017)	(2016)	(2015)	(2014)	(2013)	(2012)
District's proportion of net OPEB liability (asset)	0.00030%	0.00032%	0.00032%	0.00031%	0.00031%					
District's proportionate share of the net OPEB liability (asset)	130	165	152	131	128					
District's covered-employee payroll	35,424	33,334	33,706	33,002	29,797					
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	0.37%	0.49%	0.45%	0.40%	0.43%					
Plan fiduciary net position as a percentage of the total OPEB liability	137.79%	130.24%	101.62%	102.20%	103.57%					

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

See accompanying notes to the Pension/OPEB Plan Schedules

THREE POINTS 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	2014	2013
	(2021)	(2020)	(2019)	(2018)	(2017)	(2016)	(2015)	(2014)	(2013)	(2012)
District's proportion of net OPEB liability (asset)	0.00030%	0.00031%	0.00032%	0.00030%	0.00030%					
District's proportionate share of the net OPEB liability (asset)	\$ 60	\$ 57	\$ 53	\$ 48	\$ 44					
District's covered-employee payroll	\$ 35,424	\$ 33,334	\$ 33,706	\$ 33,002	\$ 29,797					
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	0.17%	0.17%	0.16%	0.15%	0.15%					
Plan fiduciary net position as a percentage of the total OPEB liability	95.40%	90.38%	72.85%	77.83%	84.44%					

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

See accompanying notes to the Pension/OPEB Plan Schedules

**THREE POINTS 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

**THREE POINTS 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 12, 2021	6:00 P.M.	10351 S. Sasabe Hwy & Zoom
August 09, 2021	6:00 P.M.	10351 S. Sasabe Hwy & Zoom
Sept. 13, 2021	6:00 P.M.	10351 S. Sasabe Hwy & Zoom
October 12, 2021	6:00 P.M.	10351 S. Sasabe Hwy & Zoom
November 15, 2021	6:00 P.M.	10351 S. Sasabe Hwy & Zoom
December 13, 2021	6:00 P.M.	10351 S. Sasabe Hwy & Zoom
January 10, 2022	6:00 P.M.	10351 S. Sasabe Hwy & Zoom
February 14, 2022	6:00 P.M.	10351 S. Sasabe Hwy & Zoom
March 14, 2022	6:00 P.M.	10351 S. Sasabe Hwy & Zoom
April 11, 2022	6:00 P.M.	10351 S. Sasabe Hwy & Zoom
May 10, 2022	6:00 P.M.	10351 S. Sasabe Hwy & Zoom
June 14, 2022	6:00 P.M.	10351 S. Sasabe Hwy & Zoom

BOARD MEMBERS:

<u>Name</u>	<u>Business Phone Number</u>	<u>Occupation</u>	<u>Position</u>
Richard Kennedy	520-822-1086	Retired	Chairman
Wendy Mattias	520-822-1086	Teacher	Clerk
Lorie Wallace	520-822-1086	Teacher	Director
Steve Knode	520-822-1086	Retired	Director
Dan Tankersley	520-822-1086	School Director of OPS	Director

LOCATION OF POSTING OF MEETING NOTICES (all meetings):

Three Points Fire District:
 Station 301-14055 W. Hunt Rd.
 Station 302- 7400 S. Sandario
 Station 303- 10351 S. Sasabe Hwy.
 Station 304- 11777 W. Camino Lucido

Range Market 11200 S. Sierrita Mt. Rd.
 Kestrel Kafe 10390 S. Sierrita Mt. Rd.
 Website: Threepointsfire.org

LEGAL DESCRIPTION OF BOUNDARY CHANGES:

None

**THREE POINTS FIRE DISTRICT
GOVERNMENT AUDIT STANDARDS**

June 30, 2022

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SAUNDERS COMPANY, LTD

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

CERTIFIED PUBLIC ACCOUNTANT
CERTIFIED FRAUD EXAMINER
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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
Three Points Fire District
Tucson, Arizona

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Three Points 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 Three Points District 's basic financial statements, and have issued our report thereon dated May 9, 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*.

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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

May 9, 2023

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SAUNDERS COMPANY, LTD

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

TRICIA E. SAUNDERS, PI, AUDITOR

CERTIFIED PUBLIC ACCOUNTANT
CERTIFIED FRAUD EXAMINER
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Arizona Association of Licensed Private Investigators

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

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

To the Governing Board
Three Points Fire District
Tucson, Arizona

Report on Compliance

We have audited the Three Points 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 May 9, 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
May 9, 2023

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