THREE POINTS FIRE DISTRICT

FINANCIAL STATEMENTS

JUNE 30, 2021

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THREE POINTS FIRE DISTRICT

FINANCIAL STATEMENTS
JUNE 30, 2021

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SAUNDERS COMPANY, LTD

JAMES H. SAUNDERS, CPA, CFE, CGFM, PI, AUDIT PARTNER
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CERTIFIED FRAUD EXAMINER
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INDEPENDENT AUDITOR'S REPORT

To the Governing Board
Three Points Fire District
Tucson, Arizona

Opinion

We have audited the accompanying Statement of Net Position and Balance Sheet – Governmental Funds of the financial statements, each major fund and the aggregate remaining fund information of the Three Points Fire District, Tucson, Arizona, as of June 30, 2021, and the related notes to the financial statements. We were also engaged to audit the Statement of Activities and Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds along with the related reconciliations and related notes to those statements.

In our opinion, the Statement of Net Position and Balance Sheet – Governmental Funds referred to above presents fairly, in all material respects, the financial position of the Three Points Fire District as of June 30, 2021, in accordance with accounting principles generally accepted in the United States of America.

Disclaimer of Opinion on Results of Operations, Cash Flows, and Consistency

We do not express an opinion on the Statement of Activities and Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds or the results of operations and cash flows for the year ended June 30, 2021, or on the consistency of application of accounting principles with the preceding year. Because of the significance of the matter described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the results of operations and cash flows for the year ended June 30, 2021, or on the consistency of application of accounting principles with the preceding year.

Basis for Opinion

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

Basis for Disclaimer of Opinion on Results of Operations, Cash Flows, and Consistency

Because we were not engaged as auditors until after June 30, 2020, we were unable to obtain sufficient appropriate audit evidence by other auditing procedures about significant aspects of the Statement of Activities and Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds at that date, including classifications and amounts, materially affecting the determination of the results of operations and cash flows for the year ended June 30, 2021, and the consistency of application of accounting principles between 2020 and 2021.

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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 Three Points Fire 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. 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. Because of the matters described in the Basis for Disclaimer of Opinion section, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. 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 will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual non-major fund financial statements are presented for

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purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Legal and Regulatory Requirements

Arizona Revised Statutes require disclosure of certain additional supplementary information required to comply with section 48-251 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by statute as an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained 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 October 9, 2022, 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.

Management is responsible for the other information included in the annual report as required by Arizona Revised Statutes. The other information does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists; we are required to describe it in our report.

Saunders Company, Ltd.

Glendale, Arizona
October 9, 2022

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Three Points Fire District
Management's Discussion and Analysis of
Basic Financial Statements
June 30, 2021

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, 2021. 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 20 wildland incidents during the fiscal year.

The District currently has 16 full-time employees and 2 active reserve firefighters.

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, 2021 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 1,525 requests for service during the fiscal year: 922 rescue/EMS, 145 fire, 24 hazmat and 350 non-emergency calls. Service is currently provided from three fire stations. For FY21, the District responded to all calls within 14 minutes or less 75% of the time.

Personnel

- λ 60% of suppression personnel are Paramedics
- λ 40% of suppression personnel are Firefighter/EMTs
- λ The District has 1 qualified wildland Engine Boss
  During FY21, the District experienced 2 minor injuries with only 1 of those injuries resulting in a workers compensation claim and no days away from work.

Public Safety Personnel Retirement System Changes

- λ Our employer contribution rate for FY21 was (T1) 16.9% (T2) 19.9% and (T3) 18.26%.
- λ Our employer contribution rate for FY22 will increase to (T1) 27.57 % (T2) 30.57% (T3) 25.6%.

Training

- λ An airway lab was conducted in-house
- λ All crews completed wildland refresher training and pack tests
- λ Crews completed refresher courses.

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.

Administration

- λ Entered a management agreement with Avra Valley Fire District

Financial Highlights *

* Prior Year numbers were not available for comparison. See Note 20 in *Notes to the Financial Statements*.

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 S*tatement 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 S*tatement 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, 2021

	BALANCE 06/30/2020	BALANCE 06/30/2021
Net Investment in Capital Assets	$ 0*	$ 5,243,677
Restricted	0*	834,995
Unrestricted	0*	713,223
Total Net Position	$ 0*	$ 6,791,895

* Prior Year numbers were not available. See Note 20 in *Notes to the Financial Statements*

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 $6,791,895 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	
	2020*	**2021**
Assets		
Current and Other Assets	$ 0	$ 2,845,063
Net Pension & OPEB Assets	0	18,224
Capital Assets, Net	0	5,483,677
Total Assets	0	8,346,964
Deferred Outflow of Resources	0	1,470,007
Liabilities		
Current Liabilities	0	318,591
Non-Current Liabilities	0	40,248
Net Pension & OPEB Liabilities	0	1,460,192
Total Liabilities	0	1,819,031
Deferred Inflow of Resources	0	1,206,045
Net Position:		
Net Investment in Capital Assets	0	5,243,677
Restricted	0	834,995
Unrestricted	0	713,223
Total Net Position	$ 0	$ 6,791,895

* Prior Year numbers were not available. See Note 20 in *Notes to the Financial Statements*

The unrestricted net position of $ 713,223 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

	Governmental Activities	
	2020*	**2021**
Expenditures:		
Public Safety:		
Personnel	$ 0	$ 1,759,416
Materials and Supplies	0	559,016
Debt Service Interest	0	7,156
Administration	0	29,585
Depreciation	0	347,221
Total Program Expenditures	0	2,702,394
Program Revenues:		
Operating Grants	0	82,856
Fees for Services	0	749,389
Total Program Revenues	0	832,245
Net Program Expenditures	0	1,870,149
General Revenues:		
Property Taxes	0	1,658,045
Fire District Assistance Tax	0	257,031
Interest Earnings	0	3,117
Miscellaneous	0	28,406
Total General Revenues	0	1,946,599
Increase (Decrease) in Net Position	0	76,450
Net Position, Beginning of the Year	0	6,715,445
Net position, End of the Year	$ 0	$ 6,791,895

* Prior Year numbers were not available. See Note 20 in *Notes to the Financial Statements*

General Fund Budgetary Highlights

General fund revenues were generated from the following sources:

19 %	Ambulance Revenue
65 %	Property Tax Revenue
16 %	Other

General Fund expenditures can be broken into two main categories:

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

The District over-spent one line item. This was the Personnel line item in the amount of $ 17,507. This variance was not material to the overall budget and can be attributed to increased personnel needs 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 $ 364,209 under the Expenditure budget at the Fund Level.

Capital Assets and Non-Current Liabilities

Capital Assets, Net of Depreciation June 30, 2021

	BALANCE 06/30/2020	BALANCE 06/30/2021
Depreciable Assets		
Vehicles	$ 2,602,748	$ 2,602,748
Buildings	5,319,874	5,319,874
Equipment, Fire	975,000	975,000
Total Historical Costs	8,897,622	8,897,622
Less Accumulated Depreciation		
Vehicles	1,993,124	2,121,038
Buildings	1,083,005	1,216,002
Equipment, Fire	670,595	756,905
Less: Total Accumulated Depreciation	3,746,724	4,093,945
Depreciable Capital Assets, Net	5,150,898	4,803,677
Non-Depreciable Assets		
Land	680,000	680,000
Capital Assets, Net	$ 5,830,898	$ 5,483,677

Non-Current Liabilities

At the end of the current fiscal year, the District had non-current liabilities of $48,248. All of the debt is backed by the full faith and credit of the District.

Changes in Non-Current Liabilities

	BALANCE 06/30/2020	Additions	Deletions	BALANCE 06/30/2021
Bonds Payable Series 2017	$ 590,000	$ 0	$ 350,000	240,000
Total Bonds Payable	590,000	0	350,000	240,000
Compensated Absences – Due in More than One Year	0	40,248	0	$ 40,248
Total Bonds and Compensated Absences	590,000	40,248	350,000	280,248
Less: Current Capital Liabilities	350,000	0	110,000	240,000
Totals	$ 240,000	$ 40,248	$ 240,000	$ 40,248

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:

- Prop 407 Marijuana Tax Smart & Safe Funds
- Grant applications
- annual State authorized increase in ambulance billing rates
- management agreement with Avra Valley Fire District

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

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BASIC FINANCIAL STATEMENTS

THREE POINTS FIRE DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2021

Exhibit A

		Governmental Activities
ASSETS		
Cash & Cash Equivalents	$	1,664,515
Receivables:		
Ambulance Service Fees, Net of Allowances for doubtful accounts		183,608
Wildland		4,249
Property Taxes		750,723
Pre-Paid Bond Payments:		
Bond Principle		240,000
Bond Interest		1,968
Net OPEB Asset - (ASRS)		227
Net OPEB Asset - (PSPRS)		17,997
Capital Assets, Net		5,483,677
Total Assets		8,346,964
DEFERRED OUTFLOW OF RESOURCES		
Deferred Outflows Related to OPEB (ASRS)		524
Deferred Outflows Related to OPEB (ASRS-LTD)		157
Deferred Outflows Related to OPEB (PSPRS)		23,794
Deferred Outflows Related to Pension (ASRS)		9,995
Deferred Outlflows Related to Pension (PSPRS)		1,435,537
Total Assets and Deferred Outflow of Resources		9,816,971
LIABILITIES		
Current Liabilities		
Accounts Payable		655
Payroll Taxes Payable		30,392
Wages Payable		37,482
Due in less than one year:		
Compensated Absences		10,062
Bonds Payable		240,000
Non-Current Liabilities		
Due in more than one year:		
Compensated Absences		40,248
Net OPEB Liability- (ASRS-LTD)		235
Net Pension Liability - Pension (ASRS)		53,712
Net Pension Liability - Pension (PSPRS)		1,406,245
Total Liabilities		1,819,031
DEFERRED INFLOW OF RESOURCES		
Deferred Inflows Related to OPEB (ASRS)		524
Deferred Inflows Related to OPEB (ASRS-LTD)		157
Deferred Inflows Related to OPEB (PSPRS)		51,222
Deferred Inflows Related to Pension (ASRS)		19
Deferred Inflows Related to Pension (PSPRS)		1,154,123
Total Liabilities and Inflow of Resources		3,025,076
NET POSITION		
Net Investment in Capital Assets		5,243,677
Restricted		834,995
Unrestricted		713,223
Total Net Position	$	6,791,895

-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, 2021

Exhibit B

	Governmental Activities
EXPENDITURES	
Public Safety:	
Personnel	$ 1,759,416
Materials & Supplies	559,016
Debt Service Interest	7,156
Administration	29,585
Depreciation	347,221
Total Program Expenditures	2,702,394
PROGRAM REVENUES	
Operating Grants	82,856
Fees for Service	749,389
Total Program Revenues	832,245
Net Program Expenditures	1,870,149
GENERAL REVENUES	
Property Taxes	1,658,045
Fire District Assistance Tax	257,031
Interest Earnings	3,117
Miscellaneous	28,406
Total General Revenues	1,946,599
Increase (Decrease) in Net Position	76,450
NET POSITION-BEGINNING OF THE YEAR	6,715,445
NET POSITION-END OF THE YEAR	$ 6,791,895

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

THREE POINTS FIRE DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2021

Exhibit C

	General	Bond Debt Service	Capital Bond Expenditures	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	$ 327,425	$ 833,906	$ 503,184	$ 1,664,515
Receivables:				
Ambulance Service Fees, Net of Allowances for Doubtful Accounts	183,608	-	-	183,608
Wildland	4,249	-	-	4,249
Property Taxes	750,723	-	-	750,723
Prepaid Interest	-	1,968	-	1,968
Prepaid Principal	-	240,000	-	240,000
Total Assets	$ 1,266,005	$ 1,075,874	$ 503,184	$ 2,845,063
LIABILITIES				
Accounts Payable	$ 655	$ -	$ -	$ 655
Payroll Taxes Payable	30,392	-	-	30,392
Wages Payable	37,482	-	-	37,482
Total Liabilities	68,529	-	-	68,529
DEFERRED INFLOW OF RESOURCES				
Unavailable Revenues				
Deferred Property Taxes	721,298	-	-	721,298
Total Liabilities and Inflow of Resources	789,827	-	-	789,827
FUND BALANCES				
Restricted	-	1,075,874	1,089	1,076,963
Assigned	-	-	502,095	502,095
Unassigned	476,178	-	-	476,178
Total Fund Balances	476,178	1,075,874	503,184	2,055,236
Total Liabilities, Deferred Inflow of Resources, & Fund Balance	$ 1,266,005	$ 1,075,874	$ 503,184	$ 2,845,063

-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, 2021

Exhibit D

	General	Bond Debt Service	Capital Bond Expenditures	Total Governmental Funds
REVENUE				
PropertyTaxes	$ 1,277,392	$ 353,990	$ 26,663	$ 1,658,045
Fire District Assistance Tax	257,031	-	-	257,031
Fees for Service	749,389	-	-	749,389
Interest Earnings	3,117	-	-	3,117
Operating Grants	82,856	-	-	82,856
Miscellaneous	28,406	-	-	28,406
Total Revenues	2,398,191	353,990	26,663	2,778,844
EXPENDITURES				
Public Safety:				
Personnel	1,668,285	-	-	1,668,285
Materials & Supplies	521,193	-	37,823	559,016
Administration	29,585	350	-	29,935
Debt Service				
Principal	-	350,000	-	350,000
Interest	-	6,806	-	6,806
Miscellaneous	-	-	-	-
Total Expenditures	2,219,063	357,156	37,823	2,614,042
Excess (Deficiency) of Revenues over Expenditures	179,128	(3,166)	(11,160)	164,802
OTHER INCOME/EXPENSE				
Interfund Transfer	(500,500)	-	500,500	-
Total Other Income/Expense	(500,500)	-	500,500	-
Net Change in Fund Balances	(321,372)	(3,166)	489,340	164,802
Fund Balances-Beginning of Year	797,550	1,079,040	13,844	1,890,434
Fund Balances-End of Year	$ 476,178	$ 1,075,874	503,184	$ 2,055,236

-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, 2021

Exhibit E

Reconciliation of Governmental Fund Balance to Net Position (Exhibit A) of governmental activities:		
Fund Balances - Total Governmental Funds (Exhibit C)		$ 2,055,236
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	9,577,622	
Less: Accumulated Depreciation	(4,093,945)	5,483,677
Net Pension Asset:		
Related to OPEB (ASRS)		227
Related to OPEB (PSPRS)		17,997
Deferred Outflows of Resources:		
Related to OPEB (ASRS)		524
Related to OPEB (ASRS-LTD)		157
Related to OPEB (PSPRS)		23,794
Related to Pension (ASRS)		9,995
Related to Pension (PSPRS)		1,435,537
Non-Current liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the funds.		(290,310)
Net Pension Liability		
Related to OPEB (ASRS-LTD)		(235)
Related to Pension (ASRS)		(53,712)
Related to Pension (PSPRS)		(1,406,245)
Deferred Inflows of Resources:		
Related to OPEB (ASRS)		(524)
Related to OPEB (ASRS- LTD)		(157)
Related to OPEB (PSPRS)		(51,222)
Related to Pension (ASRS)		(19)
Related to Pension (PSPRS)		(1,154,123)
Related to Deferred Property Taxes		721,298
Net Position of Governmental Activities (Exhibit A)		$ 6,791,895

-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, 2021

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)	$	164,802
Amounts reported for governmental activities in the statement of activities (Exhibit B) are different because of the following:		
Governmental funds report capital outlays as expeditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital outlay in the current period.		347,221
Net Changes to Deferred Outflows or Inflows of Resources		(135,884)
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.		(299,689)
Change in Net Position of Governmental Activities (Exhibit B)	$	76,450

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

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

The District is a local governmental unit formed as a political subdivision of the local 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 his staff.

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

INTRODUCTION

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

BASIC FINANCIAL STATEMENTS

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

GOVERNMENT-WIDE STATEMENTS

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

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

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

Governmental funds

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

The District reports the following major governmental funds:

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

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

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

Financial Statements Amounts

Cash & Cash Equivalents

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

Prepaid Items

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

Capital Assets

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

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

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

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

Deferred Outflows/Inflows of Resources

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

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

Compensated Absences

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

Non-Current Liabilities

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

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

Net Position

Net Position on Government Wide Financial Statements – Exhibit A

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

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

Fund Balances on Government Fund Financial Statements – Exhibit C

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

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

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

Accounting Estimates

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

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

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

Pursuant to ARS 48.805.02(d), all fire districts are required to submit certain information accompanying the budget which has been certified to by the chairman and clerk of the District Board. The budget and the accompanying certification are required to be submitted to the County Board of Supervisors no later than August 1st of each year. Budgets are adopted by the District on basis consistent with Arizona Revised Statutes. Encumbrance accounting is not employed by the District. All appropriations lapse at year-end.

NOTE 3 - DEPOSITS, INVESTMENT RISK & CASH MANAGEMENT

Deposits and Investments

The deposit of public funds is regulated by Arizona Revised Statutes (ARS). ARS 48-807 allows the District to establish bank accounts with any financial institution that is authorized to do business in the State of Arizona for the purpose of operating a payroll account, holding special revenues, ambulance revenues or both as necessary to fulfill the District's fiduciary responsibilities. The District may also establish, through the Pima County 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, 2021:

DEPOSITORY ACCOUNTS:

	General Fund	Capital Bond Expenditure Fund	Debt Service Fund	Total
Insured Deposits (FDIC)	$ 81,213	$ 0	$ 0	$ 81,213
Collateralized	0	0	0	0
Pima County Treasurer's Investment Pool	553,540	503,184	833,906	1,890,630
Total Deposits	634,753	503,184	833,906	1,971,843
In Transit Items	(307,328)	0	0	(307,328)
Total Cash & Investments	$ 327,425	$ 503,184	$ 833,906	$ 1,664,515

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	$ 1,890,630
Total	$ 1,890,630

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, 2021, 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 $219,776 with an allowance for bad debt of $ (36,168) at June 30, 2021. This gave a net of $183,608, 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, 2021.

Wildland receivables were $4,249 with an allowance for bad debt of $0.00 at June 30, 2021. This gave a net of $4,249 which was expected to be collectable.

Prepaid Interest was $1,968 at June 30, 2021.

Prepaid Principal was $240,000 at June 30, 2021.

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.

	BALANCE 06/30/2020	ADDITIONS	DELETIONS	BALANCE 06/30/2021
Depreciable Assets				
Vehicles	$ 2,602,748	$ 0	$ 0	$ 2,602,748
Buildings	5,319,874	0	0	5,319,874
Equipment, Fire	975,000	0	0	975,000
Total Historical Costs	8,897,622	0	0	8,897,622
Less Accumulated Depreciation				
Vehicles	1,993,124	127,914	0	2,121,038
Buildings	1,083,005	132,997	0	1,216,002
Equipment, Fire	670,595	86,310	0	756,905
Less: Total Accumulated Depreciation	3,746,724	347,221	0	4,093,945
Depreciable Capital Assets, Net	5,150,898	(347,221)	0	4,803,677
Non-Depreciable Assets				
Land	680,000	0	0	680,000
Capital Assets, Net	$ 5,830,898	$ (347,221)	$ 0	$ 5,483,677

NOTE 9 - DEFERRED OUTLOWS AND INFLOWS OF RESOURCES

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

	Government-Wide Activities
Government-wide Deferred Outflows:	
Related to OPEB (ASRS)	$ 524
Related to OPEB (ASRS-LTD)	157
Related to OPEB (PSPRS)	23,794
Related to Pension (ASRS)	9,995
Related to Pension (PSRS)	1,435,537
Total Government-wide Activities	$ 9,816,971

Government-wide Deferred Inflows:	
Related to OPEB (ASRS)	$ 524
Related to OPEB (ASRS-LTD)	157
Related to OPEB (PSPRS)	51,222
Related to Pension (ASRS)	19
Related to Pension (PSPRS)	1,154,123
Total Government-wide Activities	$ 3,025,076

	Governmental Activities
Unavailable Revenues	
Deferred Property Taxes	$ 721,298
Total Governmental Activities	$ 721,298

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 $ 10,062 payable in less than one year and $ 40,248 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 June 30, 2020	Additions	Deletions	Balance June 30, 2021
Accounts Payable	$ 0*	$ 655	$ 0	$ 655
Payroll Taxes Payable	0*	30,392	0	30,392
Wages Payable	0*	37,482	0	37,482
Compensated Absences	0*	10,062	0	10,062
Bonds Payable	350,000	0	110,000	240,000
Totals	$ 350,000	$ 78,591	$ 110,000	$ 318,591

* No beginning numbers were available.

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.

Operating Leases

The District does not currently have any operating leases.

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 final payment is scheduled on July 1, 2021.

Description	Interest Rate	Lease Term	Balance 06/30/21
Bond Issue 2017	1.64%	7/1/2021	$ 240,000

The following assets were acquired through bond issues:

	Cost	Accumulated Depreciation	Carrying Value
Bond Issue 2017	$1,745,000	$ 72,854	$1,672,146
Total	$1,745,000	$ 72,854	$1,672,146

Changes in Non-Current Liabilities:

	BALANCE 06/30/2020	Additions	Deletions	BALANCE 06/30/2021
Bonds Payable Series 2017	$ 590,000	$ 0	$ 350,000	240,000
Total Bonds Payable	590,000	0	350,000	240,000
Compensated Absences – Due in More than One Year	0	40,248	0	$ 40,248
Total Bonds and Compensated Absences	590,000	40,248	350,000	280,248
Less: Current Capital Liabilities	350,000	0	110,000	240,000
Totals	$ 240,000	$ 40,248	$ 240,000	$ 40,248

NOTE 16 - FUTURE MINIMUM LEASE/PURCHASE AND BOND OBLIGATIONS

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

Year Ending June 30,	Principal	Interest	Total
2022	$ 240,000	$ 1,968	$ 241,968
Total Obligation	240,000	$ 1,968	241,968
Less Amount Representing Interest			1,968
Less amount due within 1 year	240,000		
Future Minimum Bond Payments			$ 240,000
Amount due after 1 year	$ 0		

NOTE 17 – NET POSITION/ FUND BALANCE

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

The District's Governmental Funds fund balances consist of restricted, committed, assigned, nonspendable and unassigned amounts.

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

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

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

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

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

Net Position:

Net Investment in Capital Assets	$ 5,243,677
Restricted – Debt Service	834,995
Unrestricted	713,223
Total Net Position	$ 6,791,895

Governmental Fund Balances:

Restricted Fund Balance - Debt Service	$ 1,076,963
Assigned-Capital	502,095
Unassigned Fund Balances	476,178
Total Fund Balance	$ 2,055,236

NOTE 18 - PROPERTY TAXES

The District is authorized to levy property taxes in an amount sufficient to operate the District. This levy cannot exceed three dollars and twenty-five cents per one hundred dollars of assessed valuation. It also cannot exceed the amount of the levy in the preceding tax year multiplied by 1.08.

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

The District also levies various personal property taxes during the year, which are due at the same time as real property taxes. A lien assessed against real and personal property attaches on the first day of January preceding assessment and levy.

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

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

NOTE 19 – EMPLOYEE RETIREMENT SYSTEMS AND POST EMPLOYMENT PLANS

The District and employees contribute to two retirement plans. These plans are the Arizona State Retirement System (ASRS) and the Public Safety Personnel Retirement System (PSPRS). Benefits for non-public safety personnel are established based on contributions to the plan. For public safety personnel, state statute regulates retirement, death, long-term disability, and survivor insurance premium benefits.

The cost of postemployment healthcare benefits, from an accrual accounting perspective, should be associated with the periods in which future costs are earned rather than in the future years when they will be paid (similar to the cost of pension benefits), GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* requires the District to recognize the entire OPEB liability and a comprehensive measure of OPEB expense. The comprehensive measures of OPEB expense includes immediate recognition in OPEB expense of the effects of changes of benefit terms, as well as the incorporation of the amortization of deferred inflows of resources and deferred outflows of resources related to OPEB over a defined, closed period.

At June 30, 2021, the District reported the following aggregate amounts related to pensions and other post-employment benefits (OPEB) for which it contributes:

	ASRS PENSION	PSPRS PENSION	OPEB (COMBINED)
Net asset	$ 0	$ 0	$ 18,224
Net liability	53,712	1,406,245	235
Deferred outflows of resources	9,995	1,435,537	24,475
Deferred inflows of resources	19	1,154,123	51,903
Pension & OPEB expense	10,236	155,278	5,401

A. Arizona State Retirement System

Plan Description: The District contributes to a cost-sharing multiple-employer defined benefit pension plan, a cost-sharing multiple employer defined benefit health insurance premium benefit (OPEB) plan; and a cost-sharing, multiple-employer defined benefit long-term disability (OPEB) plan. The Arizona State Retirement System Board governs the ASRS according to the provisions of A.R.S. Title 38, Chapters 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, by writing or calling: Arizona State Retirement System, 3300 N. Central Avenue, Phoenix, Arizona 85012, (602) 240-2000.

Benefits Provided – Benefits are established by State Statute and generally provide retirement, long-term disability, and health insurance premium benefits, including death and survivor benefits. The retirement benefits are generally paid at a percentage, based on years of service, of the retiree's average compensation. Long-term disability benefits vary by circumstance, but generally pay a percentage of the employee's monthly compensation. The health insurance premium benefit is paid as a fixed dollar amount per month toward the retiree's health care insurance premiums, in amount based on whether the benefit is for the retiree or for the retiree and his or her dependents. State statute establishes benefit terms. Retirement benefits are calculated on the basis of age, average monthly compensation, and service credit as follows:

	Retirement initial membership date	
	Before July 1, 2011	After July 1, 2011
Years of service and receive benefits	Sum of years and age equals 80 10 years age 62 5 years, age 50* any years age 65	30 years age 55 25 years age 60 10 years, age62 5 years age 50* Any years age 65
Final average salary is based on	Highest 36 months of last 120 months	Highest 60 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 member who joined the ASRS prior to September 13, 2013 are subject to automatic cost-of-living adjustments based on excess investment earning. 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 survivor benefit is determined by the retirement benefit option chosen. For all other members, the beneficiary is entitled to the member's account balance that includes the member's contribution and employer's contributions, plus interest earned.

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

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

Contributions – In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements. The Arizona State Legislature establishes and may amend active plan members' and the District's contribution rates. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability.

For the year ended June 30, 2021 active ASRS members were required by statute to contribute at the actuarially determined rate of 12.22 percent (12.04 percent retirement, and .18 percent for long-term disability) of the active members' annual covered payroll. In addition, the District was required by statute to contribute at the actuarially determined rate of 12.22 percent (11.65 percent for retirement, 0.39 percent for health insurance benefit, and 0.18 percent for long-term disability) of covered annual payroll of retired members who worked in positions that would typically be filled by an employee who contributes to ASRS. The District's contributions to ASRS for the year ended June 30, 2021 was $ 3,859.

The District's combined contributions for pension and OPEB for the current and two preceding years, all of which were equal to the required contributions, were as follows:

Years ended June 30	Total Contribution
2021	$ 3,859
2020	3,690
2019	3,245

During fiscal year 2021, the District paid for ASRS from the general fund.

Liability – At June 30, 2021, the District reported a liability of $ 53,712 for its proportionate share of the ASRS net pension liability, a liability of $ 524 for the Health Insurance Premium and $ 157 for the Long-Term Disability.

The net pension assets and liability were measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined using updated procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2019, to the measurement date of June 30, 2020. The District's proportion of the net pension liability was based on the District's actual contributions to the plan relative to the total of all employers' contribution for the year ended June 30, 2020. The District's proportion measure as of June 30, 2020, was 0.00031 percent, which was consistent to its proportion measured as of June 30, 2019.

The District proportion of the 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, 2019. The District's proportions measured as of June 30, 2020, and the change from its proportions measured as of June 30, 2019, were:

ASRS	Proportion June 30, 2020	Proportion June 30, 2019
Pension	0.00031%	0.00031%
Health insurance premium benefit	0.00032%	0.00032%
Long-term disability	0.00032%	0.00031%

The net assets and net liabilities measured as of June 30, 2020, will reflect changes of actuarial assumptions based on the results of an actuarial experience study for the 5-year period ended June 30, 2016. The change in the District net assets and net liabilities as a result of these changes is not known.

Expense and Deferred Outflows/Inflows of Resources – For the year ended June 30, 2021; the District recognized pension expense for ASRS of $ 10,236. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to ASRS from the following sources:

	Pension		OPEB		LTD	
	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	$ 486	$ 0	$ 0	$ 446	$ 20	$ 6
Changes in assumptions or other inputs	0	0	126	0	25	0
Net difference between projected and actual earnings	5,181	0	232	0	26	0
Changes in propor tion and differences between contributions and proportionate share of contributions	469	19	1	4	29	2
Contributions subsequent to the measurement date	3,859	0	165	0	57	0
Total	$ 9,995	$ 19	$ 524	$ 450	$ 157	$ 8

The amount reported as deferred outflows of resources relates to ASRS pensions and OPEB resulting from the District's contributions subsequent to the measurement recognized as an increase of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ASRS pensions will be recognized in pension expense as follows:

Year ending June 30	Pension	Health Insurance Premium Benefit	Long-Term Disability
2022	$ 1,060	$ (48)	$ 15
2023	1,581	0	20
2024	1,874	11	22
2025	1,602	(13)	20
2026	0	(41)	11
Future	0	0	4

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

Actuarial valuation date	June 30, 2019
Actuarial roll forward date	June 30, 2020
Actuarial cost method	Entry age normal
Investment rate of return	7.5%
Projected Salary increases	2.7-7.2% for Pensions *
Inflation	2.3%
Permanent benefit increase	Included for pensions *
Mortality rates	2017 SRA Scale U -MP for pensions & health insurance premium benefit
Recovery rates	2012 GLDT for long term disability
Healthcare cost trend rate	Not Applicable
	* Not applicable for OPEB

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

The long-term expected rate of return on ASRS pension plan investments was determined to be 7.50 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension 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 arithmetic real rates of return for each major asset class of ASRS are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity	50%	6.09%
Credit	20%	5.36%
Real Estate	20%	5.85%
Interest rate sensitive bonds	10%	1.62%
Total	100%	18.92%

Discount Rate – The discount rate used to measure the ASRS total pensions liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board's funding policy, which establishes the contractually required rate under Arizona Statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future payment of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension/OPEB liability.

Sensitivity of the District's Proportionate Share of the ASRS Net Pension Liability in the Discount Rate – The following table presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percent point lower (6.5 percent) or 1 percent point higher (8.5 percent) than the current rate.

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
Net Insurance Premium Benefit Liability	$ 297	$ (227)	$ (672)
Net Long-Term Disability Benefit	$ 257	$ 235	$ 214
The district's proportionate share of the net pension liability	$ 73,451	$ 53,712	$ 37,212

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

B. Public Safety Personnel Retirement System

Plan Description – The District entered into a Joinder Agreement with the Arizona State Public Safety Personnel Retirement System (PSPRS), an agent multiple-employer defined benefit pension plan, and an agent multiple-employer defined benefit health insurance premium plan to all full-time personnel engage in fire suppression or hazardous duty activities and/or fire support. A nine-member board known as the Board of Trustees and the participating local boards govern the PSPRS according to the provisions of A.R.S. Title 38, Chapter 5, Article 4.

District public safety employees who became PSPRS members before July 1, 2017 participate in the agent plans, and those who became members on or after July 1, 2017, participate in the cost-sharing plans (PSPRS Tier 3 Risk Pool). A defined contribution plan is only available to those members who became a member on or after January 1, 2012.

The PSPRS issues a publicly available financial report that includes their financial statements and required supplementary information of PSPRS. The reports are available on the PSPRS Web site at www.psprs.com or may be obtained by writing to Public Safety Personnel, 3010 E. Camelback Road. Suite 200, Phoenix, Arizona 85016 or calling (602) 255-5575

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

TIER 1 – Members prior to December 31, 2011

1. 20 years of credited service: 50% of the average monthly benefit compensation for the first 20 years of service.

2. Age 62 with 15 years of service, or 20 years of service with less than 20 years of credited service: 50% of the average monthly benefit compensation for the first 20 years of credited service. The pension is reduced by 4% per year for each year of credited service under 20 years.

3. 20 to 24.99 years of credited service: 50% of the average monthly benefit compensation for the first 20 years of credited service plus 2% of the average monthly benefit compensation for each year of credited service between 20 and 24.99 years.

4. 25 or more years of credited service: 50% of the average monthly benefit compensation for the first 20 years of credited service plus 2.5% of the average monthly benefit compensation for each year of credited service above 20 years – up to a maximum of 80% of the average monthly benefit.

TIER 2 – Members joining between January 1, 2012 and June 30, 2017

1. Age 52.5 with 15 years of credited service but less than 25 years: average monthly benefit compensation times a multiplier that varies by years of service, from 1.5% to 2.5% per year of service, times the number of years of service.

2. Age 52.5 with 25 years of credited service: 62.5% of the average monthly benefit compensation. Benefits will be reduced by 4% for each year of credited service under 25 years.

3. 25 or more years of credited service: 62.5% of the average monthly benefit compensation for the first 25 years of credited service plus 2.5% of the average monthly benefit compensation for each year of credited service above 25 years – up to a maximum of 80% of the average monthly benefit compensation. The pension is reduced by 4% for each year of credited service under 25 years with a pro-rata reduction for any fractional years.

TIER 3 – Members joining July 1, 2017 or after

1. Age 55 with 15 or more years of credited service: average monthly benefit compensation times a multiplier that varies by years of service from 1.5% to 2.5% per year of service, times the number of years of service – up to a maximum of 80% of the average monthly benefit compensation.

2. An individual who became a member on or after July 1, 2017, and reaches age 52,5 with at least 15 years of credited service may take an early retirement; however, the amount of his or her retirement benefit is actuarially reduced.

This group of members will enroll in a hybrid plan, which has elements of both a defined benefit and defined contribution plan. Employees who are part of this group may also elect to participate in a defined contribution plan in lieu of the hybrid plan. If enrolling in the hybrid plan, benefits (defined benefit portion only) commence on the first day of the month following termination of employment.

"Average Monthly Benefit Compensation" is defined differently for each tier above. The definitions are as follows:

Tier 1- is the 36 consecutive months of highest compensation within the last 20 years of service.
Tier 2- is the 60 consecutive months of highest compensation within the last 20 years of service.
Tier 3- is the 60 consecutive months of highest compensation within the last 15 years of service.

Disability benefits are calculated as follows:

Accidental Disability Retirement:	50% of average monthly compensation, or normal pension, whichever is greater.
Catastrophic Disability Retirement:	90% of average monthly compensation for the first 60 months. Thereafter, the benefit is the greater of 62.5% of the average monthly compensation or the members accrued normal pension.
Ordinary Disability Retirement:	A percentage of normal pension on employee's credited service (maximum 20 years divided by 20).

Survivor benefits are paid on behalf of an active member in the amount of 80% of the pension based on the calculation for an accidental disability retirement. If the member was killed in the line of duty, the benefit is 100% of the member's average monthly compensation. The benefit amount is allocated to the surviving spouse and, if applicable, eligible children. If there is no surviving spouse, and there is at least one eligible child, the guardian of the eligible child(ren) are the recipients of the benefit. If there is no surviving spouse or eligible child(ren), the member's named beneficiary on file will receive the member's accumulated contributions. Benefits are paid on behalf of inactive, non-retired member to the member's named beneficiary in the mount of member's accumulated contributions. Death benefits are paid on behalf of a retired member in a manner similar to an active member. The surviving spouse (if married for at least two consecutive years at the time of the member's death) will receive 80% of the members pension benefit for lifetime. The surviving children and guardian provisions are the same as those regarding active members, with the exception that the percentages received are based upon the pension amount as opposed to the amounts referenced above for active members. If there is no surviving spouse or eligible child(ren), the member's named beneficiary on file will receive the member's accumulated contributions less the pension payment made to the member.

Health insurance premium benefits are available to retired or disabled members with 5 years of credited service. The benefits are payable only with respect to allowable health insurance premiums for which the member is responsible. Benefits range from $150 per month to $260 per month depending on the age of the member and dependents.

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

	PSPRS	
	Pension	OPEB
Inactive employees or beneficiaries currently receiving benefits	3	3
Inactive employees entitled to but not yet receiving benefits	3	0
DROP	0	0
Active employees	13	13
Total	19	16

Contributions – State statues 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 members and employer contribution rates are expected to finance costs of benefits employees earn during the year, with an additional amount to finance any unfunded liability. Contribution rates for the year ended June 30, 2021, are indicated below. Rates are a percentage of active members' annual covered payroll.

	Active member Pension	District Pension	Health insurance Premium benefit
Active members - pension	7.65%		
District:			
Pension		30.38%	0.15%
Tier 3 Risk Pool	9.00%	9.00%	0.12%

District contributions to the plans for the year ended June 30, 2021, were:

	Net pension	Net OPEB
PSPRS	$ 226,589	$ 3,812

Pension Liability – The net assets and net liabilities were measured as of June 30, 2020, and the total liability used to calculate the net asset or liability was determined by an actuarial valuation assumptions based on the results of an actuarial experience study for the 5-year period ended June 30, 2016, including decreasing the investment rate of return from 7.5% to 7.4%, decreasing the wage inflation from 4% to 3.5%, and updating mortality, withdrawal, disability, and retirement assumptions. The total pension liabilities for PSPRS also reflect changes of benefit terms for legislation that changed benefit eligibility and multipliers for employees who became members between January 1, 2012 and June 30, 2017, and a court decision that decreased the contribution rates for the employees who became members before July 20, 2011.

At June 30, 2021 the District reported the following assets and liabilities:

	Net pension (asset) liability	Net OPEB (asset) liability
PSPRS	$ 1,406,245	$ (17,997)

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

Actuarial valuation date	June 30, 2020
Actuarial cost method	Entry Age Normal
Actuarial Assumptions:	
Investment rate of return	7.30%
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
Permanent benefit increase	Included for pensions/not applicable for OPEB
Mortality rates	PUB-S-2010 tables
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, 2017.

The long-term expected rate of return on PSPRS pension plan investments was determined to be 7.30 using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class.

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

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

Discount Rates – At June 30, 2020, the discount rate used to measure the PSPRS total pension/OPEB liabilities was 7.3%, which was unchanged from the discount rate used as of June 30, 2019. 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 plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension/OPEB liability.

Pension/OPEB

Changes in the Net Pension/OPEB Liability

	Pension			Health insurance premium benefit		
	Total Pension Liability	Increase (Decrease) Plan Fiduciary Net Position	Net Pension Liability	Total OPEB Liability	Increase (Decrease) Plan Fiduciary Net Position	Net OPEB Liability
Balances At June 30, 2020	$ 4,504,398	$ 3,786,672	$ 717,726	$ 119,348	$ 130,686	$ (11,338)
Changes for the current year:						
Service Cost	155,278	0	155,278	5,250	0	5,250
Interest on the total pension liability	335,808	0	335,808	9,176	0	9,176
Changes of benefit terms	0	0	0	0	0	0
Differences between expected and actual experience in the measurement of the total liability	536,577	0	536,577	(15,755)	0	(15,755)
Change of assumptions or other inputs	0	0	0	0	0	0
Contributions – Employer	0	226,589	(226,589)	0	3,812	(3,812)
Contributions – Employee	0	67,232	(67,232)	0	0	0
Net investment income	0	49,345	(49,345)	0	1,652	(1,652)
Benefit payments, including refunds of employee contributions	(119,130)	(119,130)	0	(1,200)	(1,200)	0
Hall/Parker Settlement	0	0	0	0	0	0
Other changes	0	(4,022)	4,022	0	(134)	134
Net Changes	908,533	220,014	688,519	(2,529)	4,130	(6,659)
Balances at June 30, 2021	$ 5,412,931	$ 4,006,686	$ 1,406,245	$ 116,819	$ 134,816	$ (17,997)

Sensitivity of the District's net pension liability to changes in the discount rate – The following table presents the District's net pension/OPEB liability calculated using the discount rates noted above, as well as what the District's net pension/OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease 6.30%	Discount Rate 7.30%	1% Increase 8.30%
Net OPEB liability	$ (3,520)	$ (17,997)	$ (30,236)
Net pension liability	$ 2,191,789	$ 1,406,245	$ 762,977

Pension plan fiduciary net position – Detailed information about the pension plan's fiduciary net position is available in the separately issued PSPRS financial report. The report is available on the PSPRS website at www.psprs.com .

Pension expense and deferred outflows/inflows of resources – For the year ended June 30, 2021; the District recognized pension expense for PSPRS of $ 155,278 and $ 10,236 as OPEB expense.

At June 30, 2021, the District reported deferred outflow and inflows of resources related pensions and OPEB from the following sources:

	Pension		Health Insurance Premium Benefit	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 754,850	$ 1,154,123	$ 11,992	$ 48,191
Changes of assumption or other inputs	242,208	0	816	3,031
Net difference between project and actual earnings on pension plan investments	211,890	0	7,174	0
Contributions subsequent to the measurement date	226,589	0	3,812	0
Total	$ 1,435,537	$ 1,154,123	$ 23,794	$ 51,222

The amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	Pension Net Deferred Outflows of Resources	OPEB Net Deferred Inflows of Resources
Year Ending June 30:		
2022	$ 34,049	$ (3,508)
2023	55,581	(2,691)
2024	47,758	(2,785)
2025	27,963	(3,258)
2026	(32,312)	(4,854)
Thereafter	(78,214)	(14,144)
	$ 54,825	$ (31,240)

NOTE 20 – BEGINNING BALANCE INFORMATION

Beginning balance information was not available from the prior period Audit Report for all beginning balances required for full disclosure in the *Notes to the Financial Statements* and in the *Management's Discussion and Analysis* as required by the *Government Accounting Standards Board* (GASB).

NOTE 21 - 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 COMPARISION SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED
JUNE 30, 2021

Exhibit G

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues:				
Property Taxes	$ 1,377,018	$ 1,377,018	$ 1,277,392	$ (99,626)
Fire District Assistance Tax	259,404	259,404	257,031	(2,373)
Fees for Service	579,600	579,600	749,389	169,789
Interest Earnings	7,000	7,000	3,117	(3,883)
Operating Grants	40,000	40,000	82,856	42,856
Miscellaneous	320,250	320,250	28,406	(291,844)
Total Revenues	2,583,272	2,583,272	2,398,191	(185,081)
Expenditures:				
Public Safety:				
Personnel	1,650,778	1,650,778	1,668,285	(17,507)
Materials and Supplies	694,496	694,496	521,193	173,303
Administration	60,498	60,498	29,585	30,913
Capital	177,500	177,500	-	177,500
Total Expenditures	2,583,272	2,583,272	2,219,063	364,209
Excess (Deficiency) of Revenues over Expenditures	-	-	179,128	179,128
Other Income/Expense				
Interfund Transfer	-	-	(500,500)	500,500
Total Other Income/Expense	-	-	(500,500)	500,500
Net Change in Fund Balances	-	-	(321,372)	321,372
Fund Balances at Beginning of Year	0	0	797,550	797,550
Fund Balances at End of Year	$ 0	$ 0	$ 476,178	$ 476,178

See Accompanying Notes To The Budgetary Comparison Schedule

THREE POINTS FIRE DISTRICT
NOTES TO BUDGETARY COMPARISON SCHEDULE
FISCAL YEAR ENDED JUNE 30, 2021

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 Personnel line item in the amount of $ 17,507. This variance can be attributed to increased personnel needs 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 $ 364,209 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, 2021

RSI-1

PSPRS

	FISCAL YEAR							
Reporting Year	2021	2020	2019	2018	2017	2016	2015	2014 THROUGH
Measurement Date	(2020)	(2019)	(2018)	(2017)	(2016)	(2015)	(2014)	2011
Total Pension Liability								Information
Service Cost	$ 155,278	$ 233,936	$ 235,024	$ 224,291	$ 170,152	$ 173,626	$ 164,293	not available
Interest on total pension liability	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	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	(119,130)	(118,105)	(252,317)	(160,904)	(152,500)	(125,198)	(108,190)	
Net change in pension liability	908,533	(929,016)	507,675	914,974	755,273	225,877	422,867	
Total pension liability - beginning	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)	$ 5,412,931	$ 4,504,398	$ 5,433,414	$ 4,925,739	$ 4,010,765	$ 3,255,492	$ 3,029,615	
Plan Fiduciary net position								
Contributions - employer	$ 226,589	$ 272,135	$ 288,924	$ 184,489	$ 165,781	$ 159,822	$ 153,738	
Contributions - employee	67,232	86,591	105,017	110,740	207,683	98,126	88,238	
Net investment income	49,345	187,994	218,080	310,967	14,315	81,630	250,786	
Benefit payments, including refunds of employee contributions	(119,130)	(118,105)	(252,317)	(160,904)	(152,500)	(125,198)	(108,190)	
Hall/Parker Settlement	-	-	(131,053)	-	-	-	-	
Pension plan administrative expense	(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	220,014	433,828	224,664	523,905	232,833	210,351	315,559	
Plan fiduciary net position - beginning	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)	$ 4,006,686	$ 3,786,672	$ 3,352,844	$ 3,128,180	$ 2,604,275	$ 2,371,442	$ 2,161,091	

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, 2021

RSI-1

PSPRS

	FISCAL YEAR							
Reporting Year Mesurement Date	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	2014 THROUGH 2011
District's net pension liability - ending (a) - (b)	$ 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	74.02%	84.07%	61.71%	63.51%	64.93%	72.84%	71.33%	
Covered-employee payroll	$ 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	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, 2021

RSI-2

PSPRS-OPEB

FISCAL YEAR

Reporting Year Measurement Date	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	2014 THROUGH 2011
Total OPEB Liability					Information	Information	Information	Information
Service Cost	$ 5,250	$ 4,277	$ 4,812	$ 4,306	not available	not available	not available	not available
Interest on total OPEB liability	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	(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)	(1,267)	(1,748)	(3,600)				
Net change in OPEB liability	(2,529)	(13,352)	(4,343)	24,754		-	-	
Total pension liability - beginning	119,348	132,700	137,043	112,289				
Total pension liability - ending (a)	$ 116,819	$ 119,348	$ 132,700	$ 137,043	$ -	$ -	$ -	
Plan Fiduciary net position								
Contributions - employer	$ 3,812	$ 6,373	$ 3,363	$ 5,310				
Contributions - employee	-	-	-	-				
Net investment income	1,652	6,479	7,574	11,272				
Benefit payments, including refunds of employee contributions	(1,200)	(1,267)	(1,748)	(3,600)				
OPEB plan administrative expense	(134)	(112)	(115)	(100)				
Other changes	-	2,182	-	-				
Net change in plan fiduciary net position	4,130	13,655	9,074	12,882	-	-	-	
Plan fiduciary net position - beginning	130,686	117,031	107,957	95,075				
Plan fiduciary net position - ending (b)	$ 134,816	$ 130,686	$ 117,031	$ 107,957	$ -	$ -	$ -	

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, 2021

RSI-2

PSPRS- OPEB

FISCAL YEAR

Reporting Year Mesurement Date	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	2014 THROUGH 2011
District's net OPEB liability - ending (a) - (b)	$ (17,997)	$ (11,338)	$ 15,669	$ 29,086	$ -	$ -	$ -	
Plan fiduciary net position as a percentage of the total OPEB liability	115.41%	109.50%	88.19%	78.78%				
Covered-employee payroll	$ 770,149	$ 828,367	$ 1,069,261	$ 978,583				
District's net OPEB liability as a percentage of covered-employee payroll	-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, 2021

RSI-3

PSPRS - Pension

	2021 Measurement Date (2020)	2020 Measurement Date (2019)	2019 Measurement Date (2018)	2018 Measurement Date (2017)	2017 Measurement Date (2016)	2016 Measurement Date (2015)	2015 Measurement Date (2014)	2014 through 2011
Actuarially determined contribution	$ 226,589	$ 272,135	$ 288,924	$ 184,489	$ 165,781	$ 159,822	$ 153,738	Information
District's contributions in relation to the								not
actuarially determined contribution	226,589	272,135	288,924	184,489	165,781	159,822	153,738	available
District's contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
District's covered-employee payroll	$ 770,149	$ 828,367	$ 1,069,261	$ 978,583	$ 855,466	$ 888,369	$ 853,941	
District's contributions as a percentage of covered-employee payroll	29.42%	32.85%	27.02%	18.85%	19.38%	17.99%	18.00%	

See accompanying notes to the Pension/OPEB Plan Schedules

THREE POINTS FIRE DISTRICT
Schedule of OPEB Contributions (PSPRS-OPEB)
Year Ended June 30, 2021

RSI-4

PSPRS - OPEB

	2021 Measurement Date (2020)	2020 Measurement Date (2019)	2019 Measurement Date (2018)	2018 Measurement Date (2017)	2017 Measurement Date (2016)	2016 Measurement Date (2015)	2015 Measurement Date (2014)	2014 through 2011
Actuarially determined contribution	$ 3,812	$ 6,373	$ 3,363	$ 5,310	Information	Information	Information	Information
District's contributions in relation to the actuarially determined contribution	3,812	6,373	3,363	5,310	not available	not available	not available	not available
District's contribution deficiency (excess)	$ -	$ -	$ -	$ -				
District's covered-employee payroll	$ 770,149	$ 828,367	$ 1,069,261	$ 978,583				
District's contributions as a percentage of covered-employee payroll	0.49%	0.77%	0.31%	0.54%				

See accompanying notes to the Pension/OPEB Plan Schedules

THREE POINTS FIRE DISTRICT
Schedule of Pension Contributions (ASRS)
Year Ended June 30, 2021

RSI-5

ASRS - Pension

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

See accompanying notes to the Pension/OPEB Plan Schedules

THREE POINTS FIRE DISTRICT
Schedule of OPEB Contributions (ASRS)
Year Ended June 30, 2021

RSI-6

ASRS - Health Insurance Premium Benefit

	2020 Measurement Date (2019)	2020 Measurement Date (2019)	2019 Measurement Date (2018)	2018 Measurement Date (2017)	2017 Measurement Date (2016)	2016 Measurement Date (2015)	2015 Measurement Date (2014)	2014 through 2011
Actuarially determined contribution	$ 165	$ 152	$ 131	$ 96				
District's contributions in relation to the actuarially determined contribution	165	152	131	96				
District's contribution deficiency (excess)	$ -	$ -	$ -	$ -				
District's covered-employee payroll	$ 33,334	$ 33,706	$ 33,002	$ 29,767				
District's contributions as a percentage of covered-employee payroll	0.49%	0.45%	0.40%	0.32%				

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

THREE POINTS FIRE DISTRICT
Schedule of OPEB Contributions (ASRS-LTD)
Year Ended June 30, 2021

RSI-7

ASRS - Long-Term Disability	**2021 Measurement Date (2020)**	**2020 Measurement Date (2019)**	**2019 Measurement Date (2018)**	**2018 Measurement Date (2017)**	**2017 Measurement Date (2016)**	**2016 Measurement Date (2015)**	**2015 Measurement Date (2014)**	**2014 through 2011**
Actuarially determined contribution	$ 57	$ 53	$ 48	$ 39				Information not available
District's contributions in relation to the actuarially determined contribution	57	53	48	-				
District's contribution deficiency (excess)	$ -	$ -	$ -	$ 39				
District's covered-employee payroll	$ 33,334	$ 33,706	$ 33,002	$ 29,767				
District's contributions as a percentage of covered-employee payroll	0.17%	0.16%	0.15%	0.13%				

*-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, 2021

RSI-8

ASRS - Pension **Reporting Year** Measurement Year	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
District's proportion of net pension liability (asset)	0.00031%	0.03100%	0.00030%	0.00021%	0.00021%	0.00018%	0.00002%
District's proportionate share of the net pension liability (asset)	$ 3,859	$ 3,690	$ 3,245	$ 2,210	$ 2,114	$ 1,856	$ 234
District's covered-employee payroll	$ 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	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	69.33%	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, 2021

RSI-9

ASRS - OPEB	2021 Measurement Date (2020)	2020 Measurement Date (2019)	2019 Measurement Date (2018)	2018 Measurement Date (2017)	2017 Measurement Date (2016)	2016 Measurement Date (2015)	2015 Measurement Date (2014)
District's proportion of net OPEB liability (asset)	0.00032%	0.00032%	0.00031%	0.00031%			
District's proportionate share of the net OPEB liability (asset)	165	152	131	128			
District's covered-employee payroll	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	0.49%	0.45%	0.40%	0.43%			
Plan fiduciary net position as a percentage of the total OPEB liability	104.93%	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-LTD)
Last Ten Fiscal Years
Year Ended June 30, 2021

RSI-10

ASRS - LTD

	2021 Measurement Date (2020)	2020 Measurement Date (2019)	2019 Measurement Date (2018)	2018 Measurement Date (2017)	2017 Measurement Date (2016)	2016 Measurement Date (2015)	2015 Measurement Date (2014)
District's proportion of net OPEB liability (asset)	0.00031%	0.00032%	0.00030%	0.00030%			
District's proportionate share of the net OPEB liability (asset)	$ 57	$ 53	$ 48	$ 44			
District's covered-employee payroll	$ 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%	0.16%	0.15%	0.15%			
Plan fiduciary net position as a percentage of the total OPEB liability	68.01%	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, 2021

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 assumptins 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 otherwises 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, projecvted 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 behefit increases for those members and revised actuarial assumptions to explicity 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 effectTheseive date. 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.

<u>OTHER SUPPLEMENTARY INFORMATION</u>

THREE POINTS FIRE DISTRICT
ANNUAL REPORT INFORMATION
FISCAL YEAR ENDED JUNE 30, 2021

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:

Date	Time	Location
July 13, 2020	6:00 P.M.	10351 S. Sasabe Hwy & Zoom
August 10, 2020	6:00 P.M.	10351 S. Sasabe Hwy & Zoom
Sept. 14, 2020	6:00 P.M.	10351 S. Sasabe Hwy & Zoom
October 05, 2020	6:00 P.M.	10351 S. Sasabe Hwy & Zoom
November 09, 2020	6:00 P.M.	10351 S. Sasabe Hwy & Zoom
December 14, 2020	6:00 P.M.	10351 S. Sasabe Hwy & Zoom
January 11, 2021	6:00 P.M.	10351 S. Sasabe Hwy & Zoom
February 08, 2021	6:00 P.M.	10351 S. Sasabe Hwy & Zoom
March 08, 2021	6:00 P.M.	10351 S. Sasabe Hwy & Zoom
April 12, 2021	6:00 P.M.	10351 S. Sasabe Hwy & Zoom
May 10, 2021	6:00 P.M.	10351 S. Sasabe Hwy & Zoom
June 14, 2021	6:00 P.M.	10351 S. Sasabe Hwy & Zoom

BOARD MEMBERS:

Name	Business Phone Number	Occupation	Position
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, 2021

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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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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 the accompanying Statement of Net Position and Balance Sheet – Governmental Funds of the financial statements, each major fund and the aggregate remaining fund information of the Three Points Fire District (the District), Tucson, Arizona, as of June 30, 2021, and the related notes to the financial statements. We were also engaged to audit the Statement of Activities and Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds along with the related reconciliations and related notes to those statements and have issued our report thereon dated October 9, 2022. Our report disclaims an opinion on such financial statements because we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the results of operations and cash flows for the year ended June 30, 2021, or on the consistency of application of accounting principles with the preceding year.

Report on Internal Control over Financial Reporting

In connection with our engagement to audit the financial statements of the Three Points Fire District (the District), we considered the District's internal control over financial reporting (internal control) as a basis for designing the 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2021-004, 2021-005, 2021-006 and 2021-008 to be significant deficiencies.

Report on Compliance and Other Matters

In connection with our engagement to audit the financial statements of the Three Points Fire District (the District), 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2021-001, 2021-002, 2021-003, 2021-004, 2021-005, 2021-006 and 2021-007.. Additionally, if the scope of our work had been sufficient to

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enable us to express opinions on the basic financial statements, other instances of noncompliance or other matters may have been identified and reported herein.

Three Points Fire District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the findings identified in our engagement and described in the accompanying schedule of findings and questioned costs. Three Points Fire District's response was not subjected to the other auditing procedures applied in the engagement to audit the financial statements and, accordingly, we express no opinion on the response.

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 engagement to perform an audit 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
October 9, 2022

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THREE POINTS FIRE DISTRICT
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

Finding 2021-001

Compliance Deficiency over basis of accounting

Condition: The District is issuing its annual financial reports on a modified cash basis of accounting for its fund accounting system. Generally Accepted Accounting (GAAP) for governmental entities requires a modified accrual basis of accounting. The District financial accounting records and reporting are not being maintained in accordance with required standards.

Criteria: ARS 48-807(N) references a requirement that districts keep their funds in accordance with Governmental Accounting Standards Board (GASB) requirements. GASB codification 1600.102 defines cash and accrual basis of accounting. GASB 1600.105 requires the modified accrual basis of accounting for governmental fund accounting.

Cause: District accounting personnel were unaware of the required accounting standards.

Effect: The District accounting and financial reports have not been in compliance with required accounting standards for several years.

Questioned Costs: Undetermined

Recommendations: The District should convert its financial accounting to a modified accrual basis.

District Response: The District has entered into a management agreement with an adjacent fire district which will handle this type of problem. Efforts are currently underway to correct this issue.

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THREE POINTS FIRE DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2021

Finding 2021-002

Compliance Finding – Over Collateralization

Condition: The District has not required their commercial servicing bank to report the deposited public funds to the Arizona State Treasurer for compliance with collateralization regulations.

Criteria: ARS 35-1207(A) requires all public funds to be collateralized.

Cause: The bank accounts of the district are classified as commercial accounts with the servicing commercial bank. All the District accounts should be classified as governmental accounts by the bank.

Effect: The District is potentially at risk of loss of any funds not covered by FDIC insurance from the bank.

Questioned Costs: None at June 30, 2021

Recommendations: The District should contact the commercial bank and make the necessary arrangements to comply with collateralization requirements.

District Response: The District has entered into a management agreement with an adjacent fire district which will handle this type of problem. Efforts are currently underway to correct this issue.

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THREE POINTS FIRE DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2021

Finding 2021-003

Compliance Finding – Over Use of Taxpayer Identification Number (TIN)

Condition: The local firefighters union is using the District's Federal Taxpayer Identification Number for the union business.

Criteria: IRS Regulations require a single TIN for each business. The union is not a governmental entity and therefore not a part of the District.

Cause: District administration was unaware of the IRS regulations concerning the proper usage if TIN numbers.

Effect: Possible misreporting of information to the IRS and the resultant issues to correct the misreporting along with relevant fines and penalties.

Questioned Costs: Undetermined

Recommendations: The District should notify the union to discontinue use of the District's TIN number and to obtain their own TIN number.

District Response: The District has entered into a management agreement with an adjacent fire district which will handle this type of problem. Efforts are currently underway to correct this issue.

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THREE POINTS FIRE DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2021

Finding 2021-004

Internal Control Finding – Compliance Finding - Over Bank Reconciliations

Condition: We were unable to locate, in the Quick Books software, bank reconciliations for bank accounts prior to July 2020.

Criteria: ARS 48-807(O) states "A fire district *shall reconcile* *all* balance sheet accounts for accounts for each calendar month of the fiscal year within thirty days after the end of that calendar month. The fire district board shall review the reconciled balance sheet accounts monthly…"

Cause: Failure to adhere with legal requirements.

Effect: Deficiencies in internal control & exposure to financial losses not being detected in a timely manner.

Questioned Costs: None

Recommendations: The District should reconcile all bank accounts on a monthly basis, as required by statute. The District Board should monitor that the reconciliations are being completed timely.

District Response: The District has entered into a management agreement with an adjacent fire district which will handle this type of problem. Efforts are currently underway to correct this issue.

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THREE POINTS FIRE DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2021

Finding 2021-005

Internal Control Finding – Compliance Finding – Over Federal Unemployment

Condition: The District is paying Federal Unemployment on some employees. The outside payroll service has not correctly coded all employees as governmental employees and exempt from Federal Unemployment taxes (FUTA).

Criteria: IRS Publication 15 page 41 contains a chart which specifies that all local government al employees are exempt from paying Federal Unemployment taxes.

Cause: The outside payroll service failed to properly classify all of the Districts employees as exempt from FUTA taxes.

Effect: Overpayment of payroll taxes paid by the District.

Question ed Costs: Undetermined

Recommendations: The District should review all employees files to determine which employees are misclassified and the notify the payroll service to reclassify those employees. The payroll service should also file for refunds of the overpaid taxes.

District Response: The District has entered into a management agreement with an adjacent fire district which will handle this type of problem. Efforts are currently underway to correct this issue.

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THREE POINTS FIRE DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2021

Finding 2021-006

Internal Control Finding – Compliance Finding – Over Expense Reporting

Condition: The District's Quickbooks general ledger is unnecessarily long and difficult to understand. For example, the general ledger contains between 90 and 108 individual accounts for wage expense. There should be no more than five accounts. Wildland revenue has a separate general ledger account for each of 19 wildfires. These should all be contained in a single account.

Criteria: Governmental Accounting Standards Board (GASB) 1800.139(a) requires activities within governmental funds to be accounted for by function. GASB 1800.140 requires data to be reported in sufficient detail to be useful to the reader *without reducing the reader's ability to understand the statements.*

Cause: Insufficient understanding of the operation of the Quickbooks software and the goal of financial statement presentation.

Effect: Difficulty for the reader of the District's statements to understand the financial information presented.

Questioned Costs: None

Recommendations: The District should revise its chart of accounts to better comply with simplicity for the reader and reduce the large number of accounts.

District Response: The District has entered into a management agreement with an adjacent fire district which will handle this type of problem. Efforts are currently underway to correct this issue.

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THREE POINTS FIRE DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2021

Finding 2021-007

Compliance Finding – Over Public Information Posting

Condition: The District has not posted copies of prior audits on their website as required by statute.

Criteria: ARS 48-805.02(G) states "the audit, report or review shall be posted in a prominent location on the district's website."

Cause: Lack of understanding of rules and regulations regarding posting of public information.

Effect: Non-Compliance with state laws regarding public posting of financial information.

Questioned Costs: None

Recommendations: The District should locate copies of the past few years audits and post them on the District website.

District Response: The District has entered into a management agreement with an adjacent fire district which will handle this type of problem. Efforts are currently underway to correct this issue.

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THREE POINTS FIRE DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2021

Finding 2021-008

Internal Control Finding – Over Year End Transfers

Condition: The District posted an interfund deposit in the capital fund in the year ended 6-30-2021 but posted the interfund expense in the general fund in the next fiscal year, ending 6-30-2022. The amount of $250,000 was significant in relation to both funds.

Criteria: Accounting principles require a matching of revenues and expenditures within appropriate periods. Interfund transfers must be accomplished within the same financial period.

Cause: Lack of understanding of the importance of fiscal year end closing items and how such issues affect the financial statements.

Effect: This caused the financial reports in QuickBooks and the bank reconciliations for June 30, 2021 to be inaccurate for both the capital and general funds.

Questioned Costs: None

Recommendations: More closely monitoring of posting period end revenues, expenses and interfund transfers.

District Response: The District has entered into a management agreement with an adjacent fire district which will handle this type of problem. Efforts are currently underway to correct this issue.

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SAUNDERS COMPANY, LTD

JAMES H. SAUNDERS, CPA, CFE, CGFM, PI.
TRICIA E. SAUNDERS, PI.

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

To the Governing Board
Three Points Fire District
Marana, 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, 2021, and have issued our report thereon dated October 9, 2022. 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, 2021.

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
October 9, 2022

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