



# TUBAC FIRE DISTRICT

★ ARIZONA ★

ANNUAL COMPREHENSIVE  
FINANCIAL REPORT  
for the fiscal year ended June 30, 2022



Tubac Fire District



# TUBAC FIRE DISTRICT

SANTA CRUZ COUNTY, ARIZONA



## Annual Comprehensive Financial Report Fiscal Year Ended June 30, 2022

Prepared by:

The James Vincent Group

**TUBAC FIRE DISTRICT**  
**YEAR ENDED JUNE 30, 2022**

**DRAFT**

CONTENTS

	Page
<u>Introductory Section</u>	
Letter of transmittal	1 - 7
List of elected and appointed officials	8
<u>Financial Section</u>	
Independent auditors' report	10 - 12
Management's discussion and analysis	14 - 22
Basic financial statements:	
Government-wide financial statements:	
Statement of net position	24
Statement of activities	25
Fund financial statements - governmental funds:	
Balance sheet	26
Reconciliation of the balance sheet to the statement of net position	27
Statement of revenues, expenditures and changes in fund balances	28
Reconciliation of the statement of revenues, expenditures and changes in fund balances to the statement of activities	29
Notes to financial statements	30 - 57
Required supplementary information:	
Schedule of revenues, expenditures and changes in fund balance - budget to actual - general fund	59
Schedule of changes in the net pension liability and related ratios - agent retirement plan (PSPRS)	60
Schedule of changes in the net OPEB liability (asset) and related ratios - agent retirement plan (PSPRS)	61
Schedule of the District's proportionate share of the net pension liability (asset) - cost-sharing plan (PSPRS - Tier 3 Risk Pool)	62
Schedule of pension/OPEB contributions	63
Notes to required supplementary information	64 - 65

**TUBAC FIRE DISTRICT**  
**YEAR ENDED JUNE 30, 2022**

**DRAFT**

CONTENTS (continued)

Page

Statistical Section

Financial trends:

Net position by component	68
Changes in net position	69
Fund balances of governmental funds	70
Changes in fund balances - governmental funds and debt service ratio	71

Revenue capacity:

Assessed and estimated actual value of taxable property	72
Property tax rates - all direct and overlapping governments	73
Principal property taxpayers	74
Property tax levies and collections	75

Debt capacity:

Ratios of outstanding debt by type	76
Ratios of net general bonded debt outstanding	77
Direct and overlapping governmental activities debt	78
Legal debt margin information	79

Demographic and economic information:

Demographic and economic statistics	80
Principal employers	81

Operating information:

Operating indicators by function	82
Full-time equivalent employees by function	83
Capital asset statistics by function	84

Report on internal control and on compliance

Independent auditors' report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with <i>Government Auditing Standards</i> and report on compliance with State of Arizona Regulatory Requirements	86 - 87
--	---------

# DRAFT



## INTRODUCTORY SECTION

Wednesday, January 25, 2023

To the Honorable Member of the Board and Citizens of Tubac Fire District:

The following is the Annual Comprehensive Financial Report (ACFR) of Tubac Fire District (TFD) for the fiscal year ending June 30, 2022. This ACFR report is intended to meet and exceed all legal reporting requirements that are borne by this jurisdiction. Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of material misstatements. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Arizona Revised Statutes (ARS) 48-253 and 48-805(9) require an annual audit to be performed in accordance to the statutory requirements and in conformance to generally accepted government auditing standards. As such, the fiscal year audit has been performed by an independent certified public accounting firm, BeachFleischman PLLC. The auditors have issued an unmodified (“clean”) opinion on the Tubac Fire District’s financial statements for the year ended June 30, 2022.

The independent auditor’s report is located at the front of the financial section of this report. Management’s discussion and analysis (MD&A) immediately follows the independent auditor’s report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

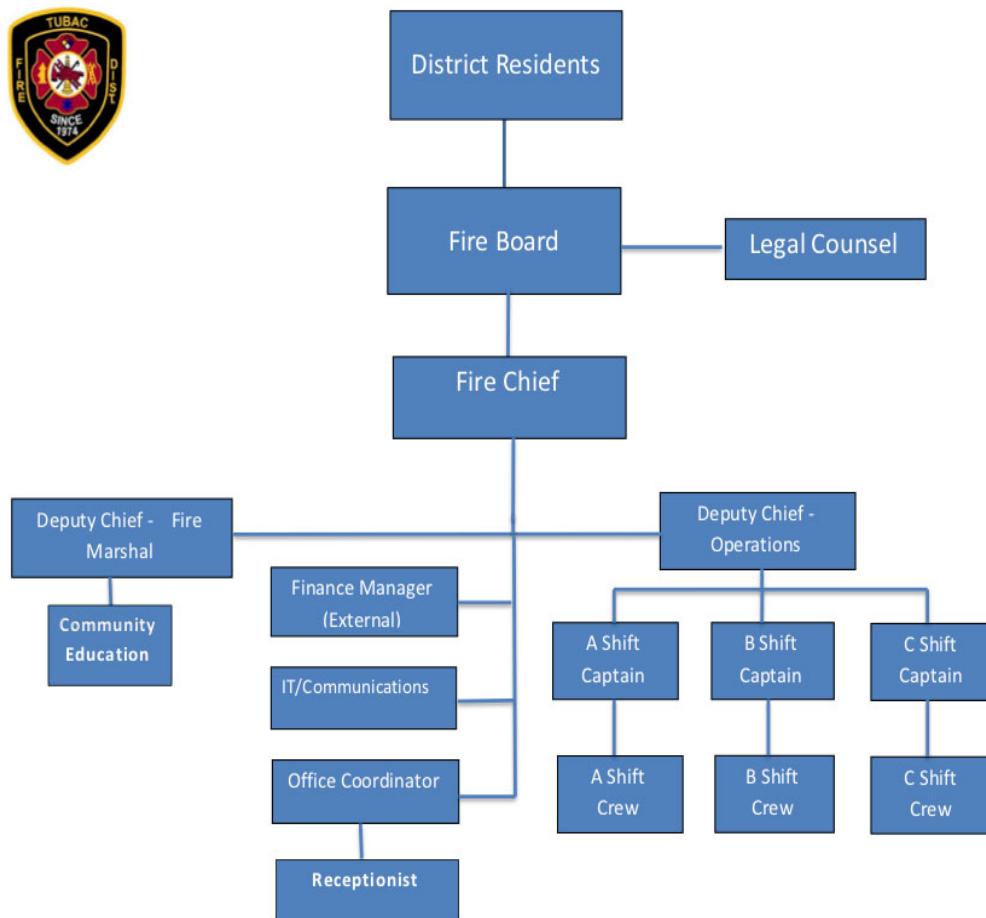
## **District Profile**

The Tubac Fire District was established in 1974. The District provides fire and emergency medical services, which include fire suppression, emergency medical response, rescue, fire prevention, public education, and various other non-emergency services such as venomous creature removal. Tubac Fire District operates from four fire stations, staffed by a minimum of seven operational personnel for twenty-four hours each day of the year. Each station is outfitted with a Type 1 engine, an ALS/BLS ambulance, water tender, and Type 6 brush truck to meet the emergency response needs of the community. All suppression personnel are dual trained in structural/wildland firefighting and certified EMT’s or Paramedics. The district is managed by five administrative staff and a five-person elected fire board.

Covering 595 square miles with an ambulance transport service area and 160 square miles of district response area the district has grown to serve an estimated 10,000 full time residents. The district responds to approximately 1,600 calls per year, providing fire protection and emergency medical services, ambulance transport, technical rescue, public education and fire prevention.

Recognized by the State of Arizona as a special taxing district, TFD operates under Arizona Revised Statutes (ARS) Title 48, Chapter 5. The District is a community service organization funded through limited assessed value property taxes. It is governed by a five-member Board elected by the public, comprised of a Board Chair and four Board Members, including a Board Clerk and Board Treasurer. All board members are elected at large and serve staggered four-year terms. The Board hires and has authority over a Fire Chief who is charged with managing day-to-day operations of the District. The Deputy Fire Chiefs directly report to the Fire Chief with direct supervision of the three shift Captains, along with indirect supervision of all operations personnel fire code compliance, plan review, and community education. The Board is required to adopt an annual budget which serves as the foundation for financial planning and control. The budget is prepared by fund, function, and object. A current organization chart follows:

## TUBAC FIRE DISTRICT-ORGANIZATIONAL CHART



The District responds to any emergency situation that threatens life, safety or property. The fire district through a regional communication center dispatches the closest available unit(s) with appropriate capabilities to control the emergency or provide the service. Timely response and effective management of medical, rescue and fire control situations represent the most immediate priorities of the Fire District.

TFD also respond to various non-emergency situations that are not routinely handled by other agencies or providers. These non-emergency responses would include things such as wellness checks, smoke detector installation, pest removals, and other situations to assist our customers. The TFD community risk reduction strategies are based on the premise that TFD can proactively attempt to safely and effectively address customer's needs and meet the basic goals of the TFD mission before someone must access the 911 system.

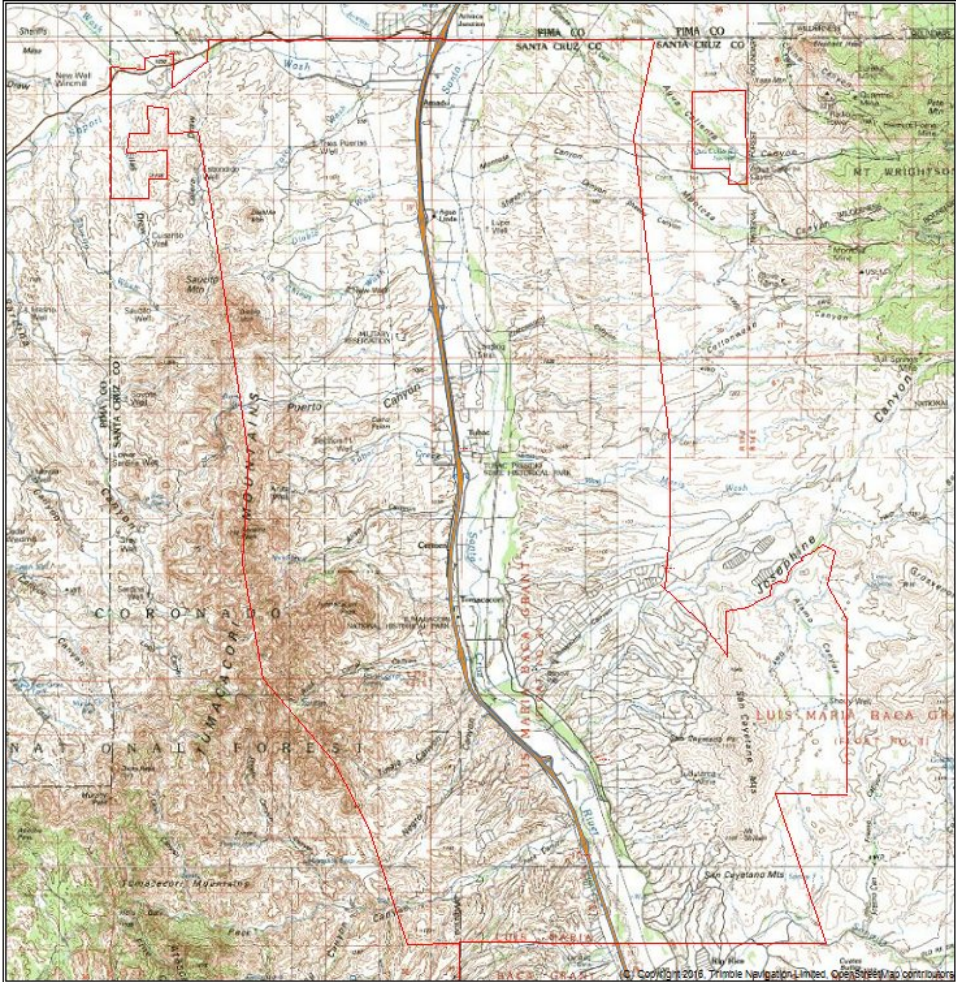
In early 2019, the Arizona Department of Health Services (AZDHS) awarded the Tubac Fire District with Premier EMS Agency Program (PEAP) status. The PEAP certification is awarded to an agency for utilization of electronic patient care reporting and quality assurance programs designed to optimize emergency patient care. Tubac Fire District staff regularly conduct quality assurance assessments on all time-sensitive emergencies related to suspected opioid overdose, cardiac arrest, ST-segment elevation myocardial infarction (STEMI), stroke, major trauma, and pediatric resuscitation. Data from these calls is then used to develop training, education, and policies that enhance patient care and outcomes.

## **About the Area**

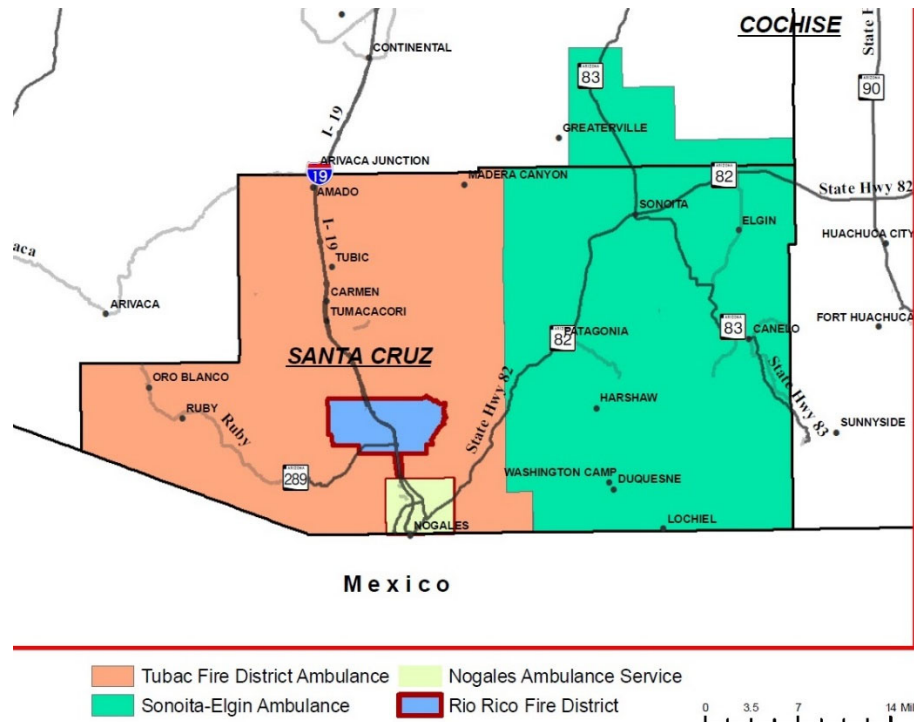
TFD serves residents and visitors of the communities of Tubac, Tumacacori, Carmen, and Rio Rico. The area was originally settled in the 1700's by Spanish soldiers and has become a destination for art and history enthusiasts. At an elevation of approximately 3200' the area has an average daily temperature of 82 degrees, with average annual rain fall of 17 inches. The area is internationally known for resorts, artist community, historic sites, and annual special events, including Festival of Arts, Art Walk, Anza Days, Art Experience, and Luminarias.



## Tubac Fire District Boundary Map



## Tubac Fire District Ambulance Service Map



A snapshot of TFD-Demographics and service levels includes:

District Size	160 square miles
Ambulance Transport Service Area	595 square miles
Full-time Resident Population	10,000
Stations	4
Fire and Rescue Service Staffing	24
Administrative and Support	4
Fire Prevention	1

### Budget Overview

The District budgets all funds in accordance with the requirements of state law. All funds are budgeted on the modified accrual basis of accounting.

The Board adopts the general fund budget prior to the beginning of the fiscal year of the District. Throughout the budget process the Board reviews the budgeted expenses at the fund, function and object level. This is done to allow the Board, and participating community members, to gain a more detailed understanding of the budget and to be in compliance with Arizona Revised Statute 48-

805.02(A) which requires a detailed estimate of expenditures. Although the Board reviews the budget at the fund, function and object level, the budget is approved at the fund level and sets the level by which actual expenditures should not exceed budgeted expenditures. The Board is not required to adopt a formal budget for the Capital fund however transfers between funds require Board authorization, as do any transfers from Contingency.

Budgeted expenditures lapse at year-end and may not be carried over to subsequent years.

## **Local Economy and Outlook**

The area is known for its tourism and recreation and they are therefore major contributors to the local economy. The local area has seen a strong real estate market, caused by a combination of high demand, low inventory, and historically low interest rates, with an increase in median home prices. This is a strong metric as a significant amount of revenue is based on the assessed value of property. However, increasing interest rates may influence real estate values but more time will be needed to understand that effect and potential effect on assessed value of property.

During the period of 2010-2017 the area experienced a population decline of 2.3%, however the area is expected to have population growth of 1.3-1.4% through 2050. District management and staff are working proactively and cooperatively with other governments, surrounding fire districts, and regional planning groups to ensure continued ability to serve this future population.

## **Long-term financial planning and major initiatives**

The district has developed a comprehensive five-year capital improvement plan. The capital improvement plan will sustain and enhance emergency response infrastructure by maintaining and replacing aging facilities and capital assets. This capital improvement plan forecasts the life expectancy and replacement and or maintenance costs for each of the District's long-term assets, as well as define the funding levels needed over each of the five years. The capital improvement plan is reviewed every year to ensure it captures the needs of the organization and is receiving adequate funding.

The district's population is expected to continue and the District management are working proactively to ensure the Districts continued ability to serve this future population while providing financial long-term sustainability.

As trends in net assessed value continue to be positive, management are looking at ways of optimizing other sources of revenue such as ambulance revenue, wildland and grant and therefore reducing the reliance on one source of revenue.

## Relevant Financial Policies

TFD has adopted a comprehensive set of financial policies. The policies are constantly evaluated for their effectiveness and how they keep the Governing Board and staff focused on increased internal controls, reporting and long-term sustainability. The policies implemented have been effective in protecting the District and its focus on maintaining service levels while also providing long term sustainability and success.

## Awards and Acknowledgements

Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Tubac Fire District for its annual comprehensive financial report for the fiscal year ended June 30, 2020. This was the second consecutive year that the government has achieved this prestigious award. Tubac Fire District submitted their annual comprehensive financial report for the fiscal year that ended June 30, 2021 but are still waiting to hear the results of the review. In order to be awarded a Certificate of Achievement, a government must publish easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only and therefore the 2020 certificate has been omitted from this report. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

We would like to express our sincere gratitude to the personnel of the finance department who assisted and contributed to the preparation of this report. Appreciation is also extended to Board Chair Mary Dahl, Members of the Board, the managers, employees and citizens of the District whose continued support is vital to the financial health of Tubac Fire District.

Respectfully submitted,

Cheryl Horvath  
Fire Chief

The James Vincent Group  
Finance Director

## **Tubac Fire District**

List of Elected and Appointed Officials

June 30, 2022

### **Elected Board Members**

	Term Expires
Board Chair Mary Dahl	November 30, 2024
Board Treasurer Bill Kirkpatrick	November 30, 2024
Board Clerk Mike Connelly	November 30, 2022
Board Member Peter Benequista	November 30, 2024
Board Member Herb Wisdom	November 30, 2022

### **Administrative Offices**

2227 E. Frontage Rd., Tubac, AZ 85646

#### **Fire Chief/Administrator**

Chief Cheryl Horvath

#### **Finance Director**

The James Vincent Group

#### **Legal Counsel**

Coppersmith Brockelman PLC

DRAFT



**FINANCIAL SECTION**

## **Independent Auditors' Report**

Governing Board and Management  
Tubac Fire District  
Tubac, Arizona

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Tubac Fire District, as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

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

#### ***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Tubac 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.

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

In performing an audit in accordance with generally accepted auditing standards and *Government 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 Tubac Fire 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 Tubac Fire District's ability to continue as a going concern for a reasonable period of time.

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

## ***Required Supplementary Information***

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



## ***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' 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.

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated , on our consideration of Tubac Fire 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Tubac Fire District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Tubac Fire District's internal control over financial reporting and compliance.

Tucson, Arizona

**DRAFT**

**Management's Discussion and Analysis (MD&A)**

**(Required Supplementary Information)**

# MANAGEMENT'S DISCUSSION AND ANALYSIS

# DRAFT

FISCAL YEAR ENDED JUNE 30, 2022

## INTRODUCTION

The management of Tubac Fire District (the District) presents these financial statements with a narrative overview and analysis of financial activities for the fiscal year ended June 30, 2022. We encourage readers to consider the information presented here in conjunction with the accompanying basic financial statements and the accompanying notes to those statements in their understanding of the District's financial position.

## FINANCIAL HIGHLIGHTS FOR THE YEAR

- The total assets and deferred outflows of the Tubac Fire District were \$13,536,925 at the close of the fiscal year. The total assets and deferred outflows exceeded liabilities and deferred inflows by \$6,538,424. Of this amount \$3,809,083 represents the balance of the unrestricted net position.
- The District realized a \$40,951 decrease in fund balances during the fiscal year. The decrease consists of excess revenues over expenditures of \$755,700, before capital expenditures of \$273,106, debt service payments and expenditures of \$523,545.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$980,969. The change in fund balance for the general fund was a decrease of \$65,319 for the fiscal year. The District Board and Administration are working diligently to enhance the financial position of the organization while still providing a high level of service to the community it serves.
- Cash and investments decreased by \$5,387.
- The long-term liabilities decreased by a net amount of \$1,455,374. This decrease is primarily due to decreases in the net pension liability and scheduled debt payments.

## OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the basic financial statements of the District. These 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.

# Government-Wide Financial Statements

# DRAFT

The *Government-wide financial statements* present the financial picture of the District from the economic measurement resources focus using the accrual basis of accounting. These statements include all assets of the District (including capital assets) as well as all liabilities (including long-term debt and direct placement obligation). They are intended to provide a broad overview in a manner similar to a private sector business. Additionally, certain eliminations have occurred as prescribed by Statement No. 34 in regards to interfund activity, payables and receivables.

**Statement of Net Position** - The *Statement of Net Position (page 24)* presents information of all District's assets plus deferred outflows of resources, less liabilities, less deferred inflows of resources, with the difference 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.

**Statement of Activities** - The *Statement of Activities (page 25)* presents information showing how the net position of the District 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 (e.g., uncollected taxes and earned but unused vacation leave).

## Fund Financial Statements

The Fund Financial Statements provide detailed information about the most significant funds not the District as a whole. Some funds are required to be established by State law and by bond covenants. However, management establishes other funds to help it control and manage resources for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. All the funds of the District are considered governmental funds.

**Governmental Funds** - Governmental Funds are used to account for essentially the same functions reported as governmental activities in the Government-wide financial statements. All of the basic services of the District are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the operations and basic services provided to residents. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance programs of the District. Because the focus of governmental funds is narrower than that of the Government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the Government-wide financial statements. By doing so, readers may better understand the long-term impact of the near-term financing decisions of the District. The reconciliation of differences between the governmental fund financial statements and the government-wide financial statements is explained in a section following each governmental fund financial statement.

The District adopts an annual appropriated budget to levy taxes and provide for its general fund. A budgetary comparison statement has been provided for the fund to demonstrate compliance with the budget and is presented on page 59.

**Notes to the Financial Statements** - The Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the Government-wide and Governmental fund financial statements.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the financial position of a government entity. In the case of the Tubac Fire District, assets and deferred outflows exceeded liabilities and deferred inflows by \$6,538,424 at the close of the 2022 fiscal year.

A large portion of net position of the District, \$2,459,444, reflects the District's investment in capital assets (land, buildings and improvements, fire equipment and vehicles), less any related debt still outstanding that was issued to acquire those items. 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 capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be liquidated to service these liabilities.

The restricted portion of net position \$269,897 must be used to pay interest and principal payments on the outstanding bonds.

The remaining balance of unrestricted net position, \$3,809,083, reflects its cash and current account receivable less any current liabilities (e.g. accounts payable, accrued payroll, and compensated absences) and long-term liabilities not associated with capital assets. The District uses the cash balances to pay current and ongoing financial obligations in order to provide services to residents.

At the end of fiscal year 2022, the District is able to report positive balances in net position.

The following table reflects the condensed Statement of Net Position:

Tubac Fire District  
Condensed Statement of Net Position  
As of June 30, 2022 and 2021

	Governmental Activities		Increase (decrease)
	2022	2021	
Cash and investments	\$ 5,604,362	\$ 5,634,117	\$ (29,755)
Cash and investments, restricted	269,897	245,529	24,368
Other assets	949,035	643,564	305,471
Capital assets	<u>5,280,331</u>	<u>5,432,661</u>	<u>(152,330)</u>
Total assets	<u>12,103,625</u>	<u>11,955,871</u>	<u>147,754</u>
Total deferred outflows	<u>1,433,300</u>	<u>1,803,224</u>	<u>(369,924)</u>
Other liabilities	125,527	161,844	(36,317)
Long-term liabilities	<u>5,347,091</u>	<u>6,802,465</u>	<u>(1,455,374)</u>
Total liabilities	<u>5,472,618</u>	<u>6,964,309</u>	<u>(1,491,691)</u>
Total deferred inflows	<u>1,525,883</u>	<u>532,837</u>	<u>993,046</u>
Net investment in capital assets	2,459,444	2,171,690	287,754
Restricted	269,897	245,529	24,368
Unrestricted	<u>3,809,083</u>	<u>3,844,730</u>	<u>(35,647)</u>
Total net position	<u>\$ 6,538,424</u>	<u>\$ 6,261,949</u>	<u>\$ 276,475</u>

## Governmental Activities

The Net Position of the District from governmental activities increased from \$6,261,949 to \$6,538,424, a change of 4%. Key elements of these activities are as follows:

- Unrestricted net position decreased by \$35,647 primarily due to a decrease in wildland deployments outside of the District.
- Net investment in capital assets increased by \$287,754 primarily due to repayments on long-term debt.
- Restricted net position increased by \$24,368 due to the timing of the District's debt service revenue.
- Charges for services decreased by \$336,585 due to a decrease in wildland deployments during the fiscal year.
- Miscellaneous income decreased by \$3,952,489. This is due to the sale of the communications tower in 2021 that was not repeated in fiscal year 2022.
- Expenses for public safety decreased by \$457,951 due to a decrease in pension expenses.

The following table reflects the Condensed Statement of Activities:

Tubac Fire District  
Condensed Statement of Activities  
For the Years Ended June 30, 2022 and 2021

	Governmental Activities		Increase (decrease)
	2022	2021	
Program revenues:			
Charges for services	\$ 724,338	\$ 1,060,923	\$ (336,585)
Operating grants and contributions	-	24,680	(24,680)
General revenues:			
Property taxes	3,286,836	3,084,921	201,915
Fire District Assistance Tax	146,266	140,984	5,282
State shared tax revenues	63,935	-	63,935
Miscellaneous	<u>55,872</u>	<u>4,008,361</u>	<u>(3,952,489)</u>
Total revenues	<u>4,277,247</u>	<u>8,319,869</u>	<u>(4,042,622)</u>
Expenses:			
Public safety	3,917,311	4,375,262	(457,951)
Interest	<u>83,461</u>	<u>93,528</u>	<u>(10,067)</u>
Total expenses	<u>4,000,772</u>	<u>4,468,790</u>	<u>(468,018)</u>
Change in net position	276,475	3,851,079	(3,574,604)
Beginning net position	<u>6,261,949</u>	<u>2,410,870</u>	<u>3,851,079</u>
Ending net position	<u>\$ 6,538,424</u>	<u>\$ 6,261,949</u>	<u>\$ 276,475</u>

The increase in net position is due to property tax income increased \$201,915 due to a 5.24% increase in assessed value and lower personnel retirement costs, offset by a less active wildland season in 2022 in comparison to 2021.

## DISTRICT FUNDS FINANCIAL ANALYSIS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds** - The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balances may serve as a useful measure of the District's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the District itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the District's Governing Board.

At June 30, 2022, the governmental funds of the District reported a combined fund balance of \$5,941,266.

**General Fund** - The general fund accounts for all of the financial resources of the District, which are not accounted for in any other fund. As of June 30, 2022, total fund balance was \$5,671,369, of which \$46,699 was nonspendable because of prepaid items, \$2,643,701 was assigned by management for future capital outlay, \$2,000,000 was assigned by management for operational reserves, and \$980,969 was unassigned for financial reporting purposes. Total general fund balance decreased by \$65,319 due to the sale of capital assets.

**Debt service Fund** - The Debt Service Fund accounts for the property tax levy dedicated to the payment of principal and interest on the general obligation bonds. As of June 30, 2022, the ending fund balance in the Debt Service Fund was \$269,897. Due to the timing of debt service tax revenue, the balance increased by \$24,368.

The following statement provides the detail of the District fund balances:

Tubac Fire District Governmental Funds – Fund Balances As of June 30, 2022 and 2021				
Major funds	June 30, 2022		June 30, 2021	
	Amount	%	Amount	%
General				
Nonspendable	\$ 46,699	0.8 %	\$ 35,122	0.6 %
Assigned	4,643,701	78.2 %	4,643,701	77.6 %
Unassigned	980,969	16.5 %	1,057,865	17.7 %
Debt Service:				
Restricted	269,897	4.5 %	245,529	4.1 %
Total fund balance	\$ 5,941,266	100.0 %	\$ 5,982,217	100.0 %

## BUDGETARY HIGHLIGHTS

There were some variances of note for the fiscal year.

- Revenues were under budget by \$580,889, primarily due to the capital related Assistance to Firefighter Grant not being awarded.
- Expenses were under budget by \$44,244 mainly due to a decrease in personnel costs.
- Amounts budgeted for other financing uses consisted of amounts to be transferred for capital purposes. The budgeted amount was used for current year capital outlays in the general fund, in lieu of transferring to a capital projects fund to then make purchases out of.



Tubac Fire District  
Condensed Budget to Actual - General Fund  
As of June 30, 2022

DRAFT

	Budget	Actual	Variance with budget
Total revenues	\$ 4,315,942	\$ 3,735,053	\$ (580,889)
Total expenditures	3,844,616	3,800,372	(44,244)
Revenue over (under) expenditures	471,326	(65,319)	(536,645)
Total other financing sources (uses)	(471,326)	-	471,326
Net change in fund balance	\$ -	\$ (65,319)	\$ (65,319)

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

The District's investment in capital assets for its governmental type activities as of June 30, 2022 totaled \$5,280,331 (net of accumulated depreciation). These assets include land, buildings and improvements, fire equipment, and vehicles.

During the year, the District purchased capital assets of \$273,106, which included operating equipment, building improvements and a new ambulance.

The District depreciates capital assets, except for land and construction in progress, consistent with generally accepted accounting principles, utilizing the straight-line depreciation method. The cost of the asset is divided by its expected useful life in years and the result is charged to expense each year until the asset is fully depreciated. Major outlays for capital assets and improvements are capitalized as projects are completed and placed into service. Additional information on the District's capital assets can be found in the notes to the basic financial statements.

Tubac Fire District  
Capital Assets (net of depreciation)  
As of June 30, 2022 and 2021

DRAFT

	Governmental Activities		Increase
	2022	2021	(decrease)
Land and buildings	\$ 6,397,348	\$ 6,381,433	\$ 15,915
Fire equipment	1,987,715	1,917,942	69,773
Vehicles	3,060,712	2,873,294	187,418
Right-to-use assets	59,506	59,506	-
Accumulated depreciation/ amortization	<u>(6,224,950)</u>	<u>(5,799,514)</u>	<u>(425,436)</u>
	<u>\$ 5,280,331</u>	<u>\$ 5,432,661</u>	<u>\$ (152,330)</u>

Additional information regarding the capital assets of the District can be found in the notes to the financial statements at page 41 of this report.

## Long-Term Liabilities

At the end of the current fiscal year, the District had \$5,347,091 in long-term liabilities outstanding, a net decrease of \$1,455,374, or 21.4% from the prior year. The increase is attributed to and increase in net pension expense.

The District continues to retire and manage debt to fund various capital projects which support program services. As of June 30, 2022, the District had total general obligation bonds, direct placement obligation, financed purchases, and leases payable outstanding of \$2,820,887. This debt currently requires annual debt service payments that consist of principal and interest of approximately \$537,000. All debt is backed by the full faith and credit of the District.

In accordance with GASB Statements No. 68 and 75, the District is required to include the net pension/OPEB liability (asset) on the financial statements. The net pension/OPEB liability is measured as the total pension/OPEB liability, less the plan's fiduciary net position. Relating to the District's participation in the Public Safety Personnel Retirement System (PSPRS), a net pension liability is recorded at June 30, 2022 of \$2,382,923.

The following table shows the District’s Long-term Liabilities:

Tubac Fire District  
Long-term Liabilities  
As of June 30, 2022 and 2021

	Governmental Activities		Increase (decrease)
	2022	2021	
Compensated absences	\$ 143,281	\$ 113,297	\$ 29,984
Direct placement refunding bonds	2,666,561	3,075,821	(409,260)
Financed purchases	116,322	143,146	(26,824)
Leases payable	38,004	42,004	(4,000)
Net pension/OPEB liability	<u>2,382,923</u>	<u>3,428,197</u>	<u>(1,045,274)</u>
Total noncurrent liabilities	<u>\$ 5,347,091</u>	<u>\$ 6,802,465</u>	<u>\$ (1,455,374)</u>

Additional information regarding the long-term debt of the District can be found in the notes to the financial statements at pages 42 - 44 of this report.

## ECONOMIC FACTORS AND FY 2023 BUDGET/TAX RATE

The District has continued to pursue every feasible method of reducing operational costs while providing the highest level of service to the community. Despite aggressive management of expenditures, costs continue to rise, such as employee benefits and required pension contribution rates. While the District realized a 6.61% increase in property values, the assessed value of the District remains significantly below (130,131,315) its peak in fiscal year 2010. The district’s tax rate is currently at \$3.0455, which includes a rate of \$0.1955 to support capital needs of the District in the future.

In addition, the District has identified significant capital assets that will need to be purchased over the next 5 years. As noted previously, the District experienced an increase in fund balance due to the sale of capital assets. The District board and management are working diligently to ensure that the capital projects plan is followed and proceeds are spent efficiently.

## FINANCIAL CONTACT

The financial statements of the District are designed to present users (citizens, taxpayers, customers, investors and creditors) with a general overview of the finances of the District and to demonstrate accountability. If you have questions regarding the report or need additional financial information, please contact the Fire Chief of the District at Tubac Fire District at 2227 E. Frontage Rd., Tubac, AZ 85646 or at 520-761-1066.

# DRAFT

## **Basic Financial Statements**

TUBAC FIRE DISTRICT

DRAFT

STATEMENT OF NET POSITION

JUNE 30, 2022

	<u>Governmental activities</u>
Assets:	
Cash and investments	\$ 5,604,362
Receivables:	
Property taxes	276,237
Ambulance, net	110,108
Other	53,200
Prepaid items	46,699
Lease receivables	232,881
Cash and investments, restricted	269,897
Capital assets, not depreciated	257,352
Capital assets, net of accumulated depreciation	5,022,979
Net OPEB assets	<u>229,910</u>
Total assets	<u>12,103,625</u>
Deferred outflows of resources:	
Deferred outflows related to pensions/OPEB	<u>1,433,300</u>
Total deferred outflows of resources	<u>1,433,300</u>
Liabilities:	
Accounts payable	61,806
Accrued payroll and related benefits	61,905
Accrued interest	1,816
Noncurrent liabilities:	
Due within one year	539,821
Due in more than one year	<u>4,807,270</u>
Total liabilities	<u>5,472,618</u>
Deferred inflows of resources:	
Deferred inflows related to pensions/OPEB	1,297,403
Deferred inflows related to leases	<u>228,480</u>
Total deferred inflows of resources	<u>1,525,883</u>
Net position:	
Net investment in capital assets	2,459,444
Restricted - debt service	269,897
Unrestricted	<u>3,809,083</u>
Total net position	<u>\$ 6,538,424</u>

See notes to financial statements.

**TUBAC FIRE DISTRICT**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2022**

DRAFT

	<u>Governmental activities</u>
Program expenses:	
Public safety, fire protection and emergency services:	
Administration	\$ 215,149
Communications	88,714
Depreciation/amortization	425,436
Payroll taxes and employee benefits	753,902
Salaries and wages	1,954,888
Training and related	49,354
Utilities and station	193,537
Vehicles and equipment	236,331
Interest	<u>83,461</u>
Total program expenses	<u>4,000,772</u>
Program revenues:	
Charges for services	<u>724,338</u>
Total program revenues	<u>724,338</u>
Net program expenses	<u>3,276,434</u>
General revenues:	
Property taxes	3,286,836
Fire district assistance tax	146,266
State shared tax revenues	63,935
Investment earnings	2,102
Other	<u>53,770</u>
Total general revenues	<u>3,552,909</u>
Change in net position	276,475
Net position, beginning of year	<u>6,261,949</u>
Net position, end of year	<u><u>\$ 6,538,424</u></u>

TUBAC FIRE DISTRICT

**DRAFT**

**BALANCE SHEET - GOVERNMENTAL FUNDS**

**JUNE 30, 2022**

	General	Debt service	Total governmental funds
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Assets:</b>			
Cash and investments	\$ 5,604,362	\$ -	\$ 5,604,362
Receivables:			
Property taxes	276,237	-	276,237
Ambulance, net	110,108	-	110,108
Other	53,200	-	53,200
Prepaid items	46,699	-	46,699
Lease receivables	232,881	-	232,881
Cash and investments, restricted	<u>-</u>	<u>269,897</u>	<u>269,897</u>
Total assets	<u>\$ 6,323,487</u>	<u>\$ 269,897</u>	<u>\$ 6,593,384</u>
<b>Liabilities:</b>			
Accounts payable	\$ 61,806	\$ -	\$ 61,806
Accrued payroll and related benefits	61,905	-	61,905
Accrued interest	<u>1,816</u>	<u>-</u>	<u>1,816</u>
Total liabilities	<u>125,527</u>	<u>-</u>	<u>125,527</u>
<b>Deferred inflows of resources:</b>			
Unavailable revenue - property taxes	233,392	-	233,392
Unavailable revenue - ambulance	64,719	-	64,719
Deferred inflows related to leases	<u>228,480</u>	<u>-</u>	<u>228,480</u>
Total deferred inflows of resources	<u>526,591</u>	<u>-</u>	<u>526,591</u>
<b>Fund balances:</b>			
Nonspendable:			
Prepaid items	46,699	-	46,699
Restricted:			
Debt service	-	269,897	269,897
Assigned:			
Capital projects	2,643,701	-	2,643,701
Operating reserves	2,000,000	-	2,000,000
Unassigned	<u>980,969</u>	<u>-</u>	<u>980,969</u>
Total fund balances	<u>5,671,369</u>	<u>269,897</u>	<u>5,941,266</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 6,323,487</u>	<u>\$ 269,897</u>	<u>\$ 6,593,384</u>

**RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION**

**JUNE 30, 2022**

Total fund balances - governmental funds	\$ 5,941,266
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 funds.	5,280,331
Net pensions/OPEB assets held in trust for future benefits are not available for District operations and, therefore, are not reported in the funds.	229,910
Some receivables are not available to pay for current period expenditures and, therefore, are reported as deferred inflows in the funds.	298,111
Noncurrent liabilities are not due and payable in the current period and, therefore, are not reported in the funds:	
Accrued compensated absences	(143,281)
Direct placement obligation	(2,666,561)
Financed purchases	(116,322)
Leases payable	(38,004)
Net pension liability	(2,382,923)
Deferred outflows and inflows of resources related to pensions/OPEB are applicable to future reporting periods and, therefore, are not reported in the funds:	
Deferred outflows of resources related to pensions/OPEB	1,433,300
Deferred inflows of resources related to pensions/OPEB	<u>(1,297,403)</u>
Net position of governmental activities	<u>\$ 6,538,424</u>



TUBAC FIRE DISTRICT

**DRAFT**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2022

	<u>General</u>	<u>Debt service</u>	<u>Total governmental funds</u>
Revenues:			
Property taxes	\$ 2,760,328	\$ 506,168	\$ 3,266,496
Fire district assistance tax	146,266	-	146,266
State shared tax revenues	63,935	-	63,935
Charges for services	708,702	-	708,702
Investment earnings	2,052	50	2,102
Other	<u>53,770</u>	<u>-</u>	<u>53,770</u>
Total revenues	<u>3,735,053</u>	<u>506,218</u>	<u>4,241,271</u>
Expenditures:			
Public safety:			
Fire protection and emergency services	2,884,591	-	2,884,591
Administration and support	600,980	-	600,980
Capital outlay:			
Buildings and improvements	15,915	-	15,915
Fire equipment	69,773	-	69,773
Vehicles	187,418	-	187,418
Debt service:			
Principal	30,824	409,260	440,084
Interest	<u>10,871</u>	<u>72,590</u>	<u>83,461</u>
Total expenditures	<u>3,800,372</u>	<u>481,850</u>	<u>4,282,222</u>
Net change in fund balances	(65,319)	24,368	(40,951)
Fund balances, beginning of year	<u>5,736,688</u>	<u>245,529</u>	<u>5,982,217</u>
Fund balances, end of year	<u>\$ 5,671,369</u>	<u>\$ 269,897</u>	<u>\$ 5,941,266</u>

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

**YEAR ENDED JUNE 30, 2022**

Net change in fund balances - governmental funds	\$ (40,951)
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:	
Capital outlay	273,106
Depreciation/amortization expense	(425,436)
Certain revenues relating to property taxes and charges for services in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
	35,976
District pension/OPEB contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the statement of net position because the reported net pension/OPEB liability is measured a year before the District's report date. Pension/OPEB expense, which is the change in the net pension/OPEB liability adjusted for changes in deferred outflows and inflows of resources related to pensions/OPEB, is reported in the statement of activities:	
Pension/OPEB contributions	378,680
Pension/OPEB expense	(355,000)
Certain expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:	
Change in compensated absences	(29,984)
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces noncurrent liabilities in the statement of net position. In the current year, the amount consists of:	
Principal paid	<u>440,084</u>
Change in net position of governmental activities	<u>\$ 276,475</u>

**TUBAC FIRE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2022**

**DRAFT**

1. Description of organization and summary of significant accounting policies:

The accounting policies of Tubac Fire District (the District) conform to accounting principles generally accepted in the United States of America (GAAP) applicable to governmental units as promulgated by the Governmental Accounting Standards Board (GASB).

For the year ended June 30, 2022, the District implemented the provisions of GASB Statement No. 87, Leases, as amended, which establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. As a result, the District's financial statements have been modified to reflect the recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows or outflows of resources based on the contract payment provisions. Implementation of this standard had no impact on beginning net position or fund balances.

Reporting entity:

The District, established in 1974 pursuant to Arizona Revised Statute Title 48, is a special-purpose local government organized to provide fire protection and other emergency services to residents within the District's boundaries.

In accordance with GAAP, the financial reporting entity consists of a primary government and its component units. The District is a primary government because it is a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. Furthermore, there are no component units combined with the District for financial statement presentation purposes and it is not included in any other governmental reporting entity.

Government-wide and fund financial statements:

The basic financial statements include both government-wide financial statements and fund financial statements. The government-wide financial statements focus on the District as a whole, while the fund financial statements focus on major funds. Each presentation provides valuable information that can be analyzed and compared between years and between entities to enhance the usefulness of the information.

The government-wide financial statements include a statement of net position and a statement of activities. These statements report the financial activities of the overall government.

A statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include:

- charges to customers for services provided
- grants and contributions

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)****YEAR ENDED JUNE 30, 2022****1. Description of organization and summary of significant accounting policies (continued):****Government-wide and fund financial statements (continued):**

Revenues that are not classified as program revenues, including all taxes and internally dedicated resources, are reported as general revenues.

Fund financial statements provide information about the District's funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

**Measurement focus, basis of accounting and financial statement presentation:**

The government-wide financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Property taxes are recognized as revenue in the year for which they are levied. Grants are recognized as revenue as soon as all eligibility requirements the provider imposed have been met.

Governmental funds in the fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after year-end. The District's major revenue sources that are susceptible to accrual are tax revenues, charges for services, and investment earnings. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they are due and payable. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under lease contracts are reported as other financing sources.

Real and personal property taxes are levied 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. A lien assessed against real and personal property attaches on the first day of January preceding assessment and levy. All property taxes are billed and collected by Santa Cruz County and remitted to the District. In the governmental fund financial statements, property taxes are reflected as revenues in the fiscal period for which they were levied, provided they are due, or past due and receivable within the current period, and collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period (60 days). Otherwise, they are reported as deferred inflows of resources.

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2022

## 1. Description of organization and summary of significant accounting policies (continued):

Measurement focus, basis of accounting and financial statement presentation (continued):

The District reports the following major governmental funds:

The *general fund* accounts for all financial resources except those required to be accounted for in another fund.

The *debt service fund* is used to account for legally restricted tax levies of the District which are used to meet the ongoing debt service requirements.

## Estimates:

The preparation of the basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the basic financial statements and the reported amounts of revenues and expenses during the reporting period. Management evaluates its estimates and assumptions on an ongoing basis. Actual results could differ from those estimates and assumptions.

## Cash and investments:

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, investments in the County Treasurer's local government investment pool and highly liquid investments. Investments are stated at fair value. Investment earnings are comprised primarily of interest earnings.

## Cash and investments, restricted:

Certain proceeds of the District's long-term debt, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited by applicable debt covenants.

## Fair value measurements:

Fair value is defined as the price to sell an asset between market participants in an orderly exchange in the principal or most advantageous market for that asset. Mutual funds are valued at quoted market prices. The fair value for the commingled funds and qualifying alternative investments is determined based on the investment's net asset value as a practical expedient. Considerable judgment is required in interpreting market data used to develop the estimates of fair value. Accordingly, the estimates presented in the financial statements are not necessarily indicative of the amounts that could be realized in a current market exchange. The use of different market assumptions and estimation methodologies may have a material effect on the estimated fair value.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)****YEAR ENDED JUNE 30, 2022****1. Description of organization and summary of significant accounting policies (continued):****Receivables, unearned revenue and deferred inflows of resources:**

All accounts and property tax receivables are shown net of any allowance for doubtful accounts. Accounts and property taxes receivables, which have been remitted within 60 days subsequent to June 30, are considered measurable and available and recognized as revenues in the fund financial statements. All other receivables are offset by unavailable revenues and, accordingly, have not been recorded as revenue. Real and personal property taxes are levied upon all taxable property within the District and become liens against the property on the first day of January preceding assessment and levy.

Revenue from emergency medical transportation services are recognized as charges for services. These charges for services are reported at their estimated net realizable amounts from patients, third-party payers, and others for services rendered, including estimated retroactive adjustments under reimbursement allowances with third-party payers, provisions for bad debt and uncompensated care. The allowance for doubtful accounts, including contractual adjustments, at June 30, 2022 is approximately \$178,000. Amounts not collected by the District within 60 days subsequent to June 30 are recorded as deferred inflows of resources in the fund financial statements.

Federal and state grants and contracts are recorded as receivables and revenues when the related expenditures are incurred. The portion of reimbursement in excess of expenditures are recorded as unearned revenues and amounts not remitted within 60 days subsequent to June 30 are recorded as deferred inflows of resources in the fund financial statements.

**Prepaid items:**

Payments made to vendors for services that will benefit future accounting periods are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year in which the services are consumed.

**Capital assets:**

Capital assets, which include land, buildings and improvements, fire equipment and vehicles, are reported in the government-wide financial statements. Capital assets are defined as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if actual cost is not available. Donated capital assets are recorded at acquisition value.

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2022

1. Description of organization and summary of significant accounting policies (continued):

Capital assets (continued):

Capital assets are depreciated/amortized using the straight-line method over the following estimated useful lives:

Land	Not depreciated
Buildings and improvements	15 - 40 years
Fire equipment	5 - 10 years
Vehicles	5 - 10 years
Right-to-use leased assets:	
Vehicles	5 years

Intangible right-to-use leased assets are amortized over the shorter of the lease term or the useful life of the underlying asset.

Compensated absences:

It is the District's policy to permit employees to accumulate earned but unused paid time off. A liability is reported for paid time off that the District will pay upon termination or retirement. None of the liability for compensated absences is expected to be liquidated with expendable available financial resources. Accordingly, compensated absences are accrued as a liability only in the government-wide financial statements. The general fund has typically been used to liquidate the liability for compensated absences in prior years.

Leases:

Lessee:

The District is a lessee for noncancelable leases of vehicles. The District recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The District recognizes lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)****YEAR ENDED JUNE 30, 2022**

## 1. Description of organization and summary of significant accounting policies (continued):

## Leases (continued):

## Lessee (continued):

Key estimates and judgments related to leases include how the District determines the discount rate it uses to discount the expected lease payments to present value, the lease term, and the lease payments. The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancelable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability. Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

## Lessor:

The District is a lessor for a noncancelable lease of building space and a cell tower. The District recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the District determines the discount rate it uses to discount the expected lease receipts to present value, the lease term, and the lease receipts. The District uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancelable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The District monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.



**NOTES TO FINANCIAL STATEMENTS (CONTINUED)****YEAR ENDED JUNE 30, 2022**

## 1. Description of organization and summary of significant accounting policies (continued):

## Long-term obligations:

In the government-wide financial statements, long-term debt, lease liabilities, and other long-term obligations are reported as noncurrent liabilities on the statement of net position.

In the fund financial statements, proceeds from debt issued are reported as other financing sources and principal and interest payments are recognized as expenditures in the statement of revenues, expenditures and changes in fund balances. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

## Deferred outflows and inflows of resources:

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has deferred outflows related to pension and OPEB. The deferred amounts related to pension and OPEB relate differences between estimated and actual investment earnings, changes in actuarial assumptions, and other pension and OPEB related changes.

In addition to liabilities, the statement of net position includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. In the government-wide financial statements, the District reports deferred amounts related to leases and deferred amounts related to pension and OPEB. In the governmental funds balance sheet, the District reports unavailable revenue. The governmental funds report unavailable revenues primarily from the following sources: property taxes and ambulance charges. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

## Postemployment benefits:

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

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)****YEAR ENDED JUNE 30, 2022**

## 1. Description of organization and summary of significant accounting policies (continued):

## Fund balance:

In the fund financial statements, fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources. The classifications are as follows:

- Nonspendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
- Restricted – includes fund balance amounts that are constrained for specific purposes, which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
- Committed – includes fund balance amounts that can only be used for the specific purposes imposed by formal action (resolution) of the Governing Board. Those committed amounts cannot be used for any other purpose unless the Governing Board removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts.
- Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance may be assigned by the Governing Board or District officials delegated the authority by the Governing Board.
- Unassigned – includes those fund balances within the general fund, which have not been classified within the above mentioned categories. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

## Net position:

Net position represents the difference between assets, liabilities and deferred outflows/inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2022

1. Description of organization and summary of significant accounting policies (continued):

Budgetary information:

The District is required, under Arizona Revised Statutes, to adopt a budget each fiscal year and to submit it to the County Treasurer and the County Board of Supervisors no later than the first day of August each year; under statute only the general fund must legally adopt an annual budget. The adopted budget is on the modified accrual basis of accounting, which is a legally allowable basis for budgetary purposes. All annual appropriations lapse at fiscal year-end.

2. Cash and investments:

Deposits:

Operating accounts	\$ 5,573,309
--------------------	--------------

Investments:

Santa Cruz County Treasurer's investment pool	31,053
Santa Cruz County Treasurer's investment pool - segregated for debt service	<u>269,897</u>

\$ 5,874,259

The Arizona Revised Statutes authorize the District to invest public monies in the State or County Treasurer's investment pool; interest-bearing savings accounts, certificates of deposit and repurchase agreements in eligible depositories; bonds or other obligations of the United States government that are guaranteed as to principal and interest by the United States government; and bonds of the State of Arizona's counties, cities, towns, school districts and special districts as specified by statute.

Deposits:

Custodial credit risk - Custodial credit risk is the risk that in the event of bank failure, the District's deposits may not be returned. The Arizona Revised Statutes require collateral for demand deposits, certificates of deposit and repurchase agreements at 101 percent of all deposits not covered by federal depository insurance.

At June 30, 2022, deposits with financial institutions have a carrying value of \$5,573,309 and a bank balance of \$5,585,510. The difference represents deposits in transit, outstanding checks and other reconciling items at June 30, 2022.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2022

2. Cash and investments (continued):

Investments:

Monies levied by the District are invested with the Santa Cruz County Treasurer's Office and pooled with other local governments for investment. The District's investment in the County's investment pool represents a proportionate interest in the pool's portfolio; however, the District's portion is not identified with specific investments. No oversight is provided for the Santa Cruz County investment pool, nor does the structure of the pool provide for shares. Participation in the pool is involuntary. The fair value of the investment pool is discussed in note 3.

The District's investments at June 30, 2022 were as follows:

	<u>Rating</u>	<u>Rating Agency</u>	<u>Amount</u>
Santa Cruz County Treasurer's investment pool	Unrated	Not applicable	\$ 300,950

The District does not have a formal investment policy with respect to credit risk, custodial credit risk, concentration of credit risk, interest rate risk or foreign currency risk for investments.

Credit risk - The Arizona Revised Statutes have the following requirements for credit risk:

- Commercial paper must be of prime quality and be rated within the top two ratings by a nationally recognized rating agency.
- Specified bonds, debentures and notes must be rated A or better by at least two nationally recognized rating agencies at the time of purchase.
- Fixed income securities must carry one of the two highest ratings by Moody's Investors Service and Standard and Poor's rating service. If only one of these services rates the security, it must carry the highest rating of that service.

Custodial credit risk - the District's investment in the County Treasurer's investment pool represents a proportionate interest in the pool's portfolio; however, the District's portion is not identified with specific investments and is not subject to custodial credit risk.

Concentration of credit risk - The Arizona Revised Statutes do not include any requirements for concentration of credit risk.

Interest rate risk - Interest rate risk is the risk that changes in interest rates will adversely affect an investment's fair value. The Arizona Revised Statutes require that public monies invested in securities and deposits have a maximum maturity of 5 years. Investments in repurchase agreements must have a maximum maturity of 180 days. The weighted average maturity of the County Treasurer's investment varies by type of investment, and averages between 1 and 2 years.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2022

2. Cash and investments (continued):

Investments (continued):

Foreign currency risk - The Arizona Revised Statutes do not allow foreign investments unless the investment is denominated in the United States dollars.

3. Fair value:

The District measures and categorizes its investments using fair value measurement guidelines established by GAAP. These guidelines establish a three-tier hierarchy of inputs to valuation techniques used to measure fair value, as follows:

Level 1 - Inputs are unadjusted quoted prices for identical assets or liabilities in active markets that the District has the ability to access.

Level 2 - Inputs, other than quoted market prices included within Level 1, are observable, either directly or indirectly.

Level 3 - Inputs are unobservable and significant to the fair value measurement.

Other investments at fair value - Investments for which fair value is measured at net asset value per share (or its equivalent). Due to the inherent uncertainty of these estimates, these values may differ materially from the values that would have been used had a ready market for these investments existed.

At June 30, 2022, the fair value of investments measured on a recurring basis is as follows:

	<u>Fair value</u>	<u>Other investments at fair value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
External investment pools:					
Santa Cruz County					
Treasurer	<u>\$ 300,950</u>	<u>\$ 300,950</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The fair value of a participant's portion in the Santa Cruz County Treasurer's investment pool approximates the value of that participant's pool shares and the participant's shares are not identified with specific investments. The investment pool is not registered with the Securities and Exchange Commission as an investment company and there is no regulatory oversight of its operations. There are no unfunded commitments or redemption restrictions related to these investments.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2022

3. Fair value (continued):

The Santa Cruz County Treasurer's investment pool invests primarily in the State Treasurer's Local Government Investment Pool, corporate bonds, U. S. Treasury notes, and agency bonds.

4. Receivables:

Property taxes	\$ 276,237
Ambulance receivables	287,977
Other	<u>53,200</u>
	617,414
Less allowance for doubtful accounts and contractual adjustments	<u>177,869</u>
	<u>\$ 439,545</u>

5. Lease receivables:

The District leases an antenna site and building space to third parties under the provisions of various lease agreements. The antenna site has a five-year term with annual renewal options through December 2029. The building space has a three-year term with one option to renew for three years through September 2026. During the fiscal year ended June 30, 2022, the District recognized total lease-related revenues of \$52,082.

6. Capital assets:

Capital asset activity for the year ended June 30, 2022 was as follows:

	<u>Beginning balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending balance</u>
Capital assets, not depreciated:				
Land	<u>\$ 257,352</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 257,352</u>
Total capital assets, not depreciated	<u>257,352</u>	<u>-</u>	<u>-</u>	<u>257,352</u>
Capital assets, depreciated:				
Buildings and improvements	6,124,081	15,915	-	6,139,996
Fire equipment	1,917,942	69,773	-	1,987,715
Vehicles	2,873,294	187,418	-	3,060,712
Right-to-use leased vehicles	<u>59,506</u>	<u>-</u>	<u>-</u>	<u>59,506</u>
Total capital assets, depreciated	<u>10,974,823</u>	<u>273,106</u>	<u>-</u>	<u>11,247,929</u>

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)****YEAR ENDED JUNE 30, 2022**

## 6. Capital assets (continued):

	Beginning balance	Increases	Decreases	Ending balance
Less accumulated depreciation for:				
Buildings and improvements	\$ (1,906,332)	\$ (153,781)	\$ -	\$ (2,060,113)
Fire equipment	(1,463,959)	(114,870)	-	(1,578,829)
Vehicles	(2,429,223)	(139,746)	-	(2,568,969)
Less accumulated amortization for leased assets		(17,039)		(17,039)
Total accumulated depreciation and amortization	<u>(5,799,514)</u>	<u>(425,436)</u>	<u>-</u>	<u>(6,224,950)</u>
Total capital assets, depreciated, net	<u>5,175,309</u>	<u>(152,330)</u>	<u>-</u>	<u>5,022,979</u>
Total capital assets, net	<u>\$ 5,432,661</u>	<u>\$ (152,330)</u>	<u>\$ -</u>	<u>\$ 5,280,331</u>

## 7. Changes in noncurrent liabilities:

A summary of the changes in noncurrent liabilities for the year ended June 30, 2022 was as follows:

	Beginning balance	Additions	Reductions	Ending balance	Due within one year
Compensated absences	\$ 113,297	\$ 80,319	\$ (50,335)	\$ 143,281	\$ 72,000
Direct placement obligation refunding - Series 2019	3,075,821	-	(409,260)	2,666,561	418,919
Financed purchases	143,146	-	(26,824)	116,322	27,777
Leases payable	42,004	-	(4,000)	38,004	21,125
Net pension liability	<u>3,428,197</u>	<u>1,399,736</u>	<u>(2,445,010)</u>	<u>2,382,923</u>	<u>-</u>
	<u>\$ 6,802,465</u>	<u>\$ 1,480,055</u>	<u>\$ (2,935,429)</u>	<u>\$ 5,347,091</u>	<u>\$ 539,821</u>

The general fund has typically been used to liquidate the liability for pensions and OPEB in prior years.

## 8. Direct placement obligation:

On June 13, 2019, the District issued \$3,800,000 in private placement Series 2019 general obligation refunding bonds, with an interest rate of 2.36% to advance refund \$3,800,000 of outstanding 2009 Series A general obligation bonds with interest rates ranging from 3% to 5.5%.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2022

8. Direct placement obligation (continued):

Future principal and interest payments are as follows:

Year ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 418,919	\$ 62,931	\$ 481,850
2024	428,805	53,044	481,849
2025	438,925	42,925	481,850
2026	449,284	32,566	481,850
2027	459,887	21,963	481,850
2028 - 2032	<u>470,741</u>	<u>11,109</u>	<u>481,850</u>
	<u>\$ 2,666,561</u>	<u>\$ 224,538</u>	<u>\$ 2,891,099</u>

9. Financed purchases:

The District has acquired an ambulance and related equipment under a contract agreement at a total purchase price of \$197,810. The following schedule details debt service requirements to maturity of the District's financed purchases at June 30, 2022.

Year ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 27,777	\$ 4,357	\$ 32,134
2024	28,808	3,327	32,135
2025	29,877	2,258	32,135
2026	<u>29,860</u>	<u>1,150</u>	<u>31,010</u>
	<u>\$ 116,322</u>	<u>\$ 11,092</u>	<u>\$ 127,414</u>



NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2022

10. Lease payable:

The District has acquired various vehicles under the provisions of various lease agreements. The total amount of lease assets and the related accumulated amortization are as follows:

Total right-to-use lease assets	\$ 59,506
Less accumulated amortization	<u>17,039</u>
Carrying value	<u><u>\$ 42,467</u></u>

The following schedule details minimum lease payments to maturity for the District's lease payable at June 30, 2022.

Year ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 21,125	\$ 1,730	\$ 22,855
2024	<u>16,879</u>	<u>622</u>	<u>17,501</u>
	<u><u>\$ 38,004</u></u>	<u><u>\$ 2,352</u></u>	<u><u>\$ 40,356</u></u>

11. 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 natural disasters. The District carries commercial insurance for all such risks of loss, including workers' compensation and employees' health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

12. Commitments and contingencies:

Intergovernmental agreements:

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

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2022

## 12. Commitments and contingencies (continued):

## Legal:

From time to time, the District may be party to certain pending or threatened lawsuits arising out of or incident to the ordinary course of business for which it carries general liability and other insurance coverages. In the opinion of management and based upon consultation with legal counsel, resolution of any pending or threatened lawsuits will not have a material adverse effect on the District's financial statements.

## 13. Public Safety Personnel Retirement System (PSPRS):

The District contributes to the Public Safety Personnel Retirement System (PSPRS). This plan is a component unit of the State of Arizona.

At June 30, 2022, the District reported on the Statement Net Position and Statement of Activities the following aggregate amounts related to pensions and other postemployment benefits (OPEB) for all plans to which it contributes:

	<u>Net pension/ OPEB liability</u>	<u>Net pension/ OPEB asset</u>	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>	<u>Pension/ OPEB expense</u>
Pension plans:					
PSPRS - Tier 1 & 2	\$ 2,382,923	\$ -	\$ 1,338,630	\$ 1,151,232	\$ 384,336
PSPRS - Tier 3 Risk Pool	-	(30,542)	93,368	22,681	(198)
OPEB plans:					
PSPRS - Tier 1 & 2	-	(196,597)	1,130	122,692	(28,082)
PSPRS - Tier 3 Risk Pool	-	(2,771)	172	798	(1,056)
	<u>\$ 2,382,923</u>	<u>\$ (229,910)</u>	<u>\$ 1,433,300</u>	<u>\$ 1,297,403</u>	<u>\$ 355,000</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2022

13. Public Safety Personnel Retirement System (PSPRS) (continued):

The District’s accrued payroll and related benefits includes \$25,552 of outstanding pension and OPEB contribution amounts payable to all plans for the year ended June 30, 2022.

The District reported \$378,680 of pension and OPEB contributions as expenditures in the governmental funds related to all plans in which it contributes.

Plan descriptions - District employees who are regularly assigned hazardous duty participate in the Public Safety Personnel Retirement System (PSPRS) or employees who became members on or after July 1, 2017, may participate in the Public Safety Personnel Defined Contribution Retirement Plan (PSPDCRP). The PSPRS administers agent and cost-sharing multiple-employer defined benefit pension plans and agent and cost-sharing multiple-employer defined benefit health insurance premium benefit (OPEB) plans. A 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.

Employees who were PSPRS members before July 1, 2017, participate in the agent plans, and those who became PSPRS members on or after July 1, 2017, participate in the cost-sharing plans (PSPRS Tier 3 Risk Pool).

The PSPRS issues a publicly available financial report that include financial statements and required supplementary information. The reports are available on the PSPRS website at [www.psprs.com](http://www.psprs.com).

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

	Initial membership date:		
	Tier 1: <u>Before January 1, 2012</u>	Tier 2: <u>On or after January 1, 2012 and before July 1, 2017</u>	Tier 3: <u>On or after July 1, 2017</u>
Years of service and age required to receive benefit	20 years of service, any age 15 years of service, age 62	25 years of service or 15 years of credited service, age 52.5	15 years of credited service, age 52.5*, 15 or more years of service, age 55
Final average salary is based on	Highest 36 consecutive months of last 20 years	Highest 60 consecutive months of last 20 years	Highest 60 consecutive months of last 15 years

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2022

13. Public Safety Personnel Retirement System (PSPRS) (continued):

	Initial membership date:		
	Tier 1:	Tier 2:	Tier 3:
	Before January 1, 2012	On or after January 1, 2012 and before July 1, 2017	On or after July 1, 2017
Benefit percent:			
Normal retirement	50% less 2.0% for each year of credited service less than 20 years OR plus 2.0% to 2.5% for each year of credited service over 20 years, not to exceed 80%	1.5% to 2.5% per year of credited service, not to exceed 80%	
Accidental disability retirement	50% or normal retirement, whichever is greater		
Catastrophic disability retirement	90% for the first 60 months then reduced to either 62.5% or normal retirement, whichever is greater		
Ordinary disability retirement	Normal retirement calculated with actual years of credited service or 20 years of credited service, whichever is greater, multiplied by years of credited service (not to exceed 20 years) divided by 20		
Survivor benefit:			
Retired members	80% to 100% of retired member's pension benefit		
Active member	80% to 100% of accidental disability retirement benefit or 100% of average monthly compensation if death was the result of injuries received on the job		

\* with actuarially reduced benefits

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2022

13. Public Safety Personnel Retirement System (PSPRS) (continued):

Employees covered by benefit terms - At June 30, 2022, the following employees were covered by the agent plans' benefit terms:

	<u>Pension</u>	<u>Health</u>
Inactive employees or beneficiaries currently receiving benefits	10	10
Inactive employees entitled to but not yet receiving benefits	2	1
Active employees	<u>19</u>	<u>19</u>
	<u>31</u>	<u>30</u>

Contributions - State statutes establish the pension contribution requirements for active PSPRS employees. In accordance with State statutes, annual actuarial valuations determine employer contribution requirements for PSPRS pension and health insurance premium benefits. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. Contribution rates are a percentage of active members' annual covered payroll. Contribution rates for the year ended June 30, 2022 are indicated below:

	<u>Tier 1 &amp; 2</u>	<u>Tier 3</u>
Active members - pension	7.65% - 11.65%	9.94 %
District:		
Pension	26.16 %	9.83 %
Health insurance	- %	0.13 %
Legacy cost - Tiers 1 & 2 unfunded liabilities	- %	11.06 %

In addition, the District is required to contribute at the actuarially determined rate of 11.06% of annual covered payroll of retired members who worked for the District in positions that an employee who contributes to the PSPRS would typically fill and of employees participating in the PSPRS Tier 3 Risk Pool and PSPDCRP members in addition to the District's required contributions to the PSPRS Tier 3 Risk Pool and PSPDCRP.

The District's contributions to the pension and OPEB plans for the year ended June 30, 2022 were:

	<u>Tier 1 &amp; 2</u>	<u>Tier 3</u>
Pension	\$ 344,284	\$ 34,396
Health insurance	-	-

The District's pension and OPEB contributions are paid by the same funds as the employee's salary, with the largest component coming from the general fund.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2022

13. Public Safety Personnel Retirement System (PSPRS) (continued):

PSPRS agent multiple employer plans (Tier 1 & 2):

Liability (asset) - At June 30, 2022, the District reported net pension liability of \$2,382,923 and a net OPEB (asset) of \$(196,597). The net liabilities (assets) were measured as of June 30, 2021, and the total liability used to calculate the net liability was determined by an actuarial valuation as of that date.

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

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

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2022

13. Public Safety Personnel Retirement System (PSPRS) (continued):

PSPRS agent multiple employer plans (Tier 1 & 2) (continued):

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

Discount rate - At June 30, 2021, the discount rate used to measure the total pension/OPEB liability was 7.30%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the actuarially determined contribution rate and the member rate. Based on those assumptions, the plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension/OPEB liability.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2022

13. Public Safety Personnel Retirement System (PSPRS) (continued):

PSPRS agent multiple employer plans (Tier 1 & 2) (continued):

Changes in the net pension liability -

	Total pension liability (a)	Plan fiduciary net position (b)	Net pension liability (a) - (b)
	<u>(a)</u>	<u>(b)</u>	<u>(a) - (b)</u>
Balances at June 30, 2021	\$ 10,218,438	\$ 6,791,193	\$ 3,427,245
Changes for the year:			
Service cost	298,240	-	298,240
Interest on the total pension liability	754,831	-	754,831
Differences between expected and actual experience in the measurement of the pension liability	338,647	-	338,647
Contributions - employer	-	410,220	(410,220)
Contributions - employee	-	117,463	(117,463)
Net investment income	-	1,917,327	(1,917,327)
Benefit payments, including refunds of employee contributions	(353,051)	(353,051)	-
Administrative expense	-	(8,970)	8,970
Net changes	<u>1,038,667</u>	<u>2,082,989</u>	<u>(1,044,322)</u>
Balances at June 30, 2022	<u>\$ 11,257,105</u>	<u>\$ 8,874,182</u>	<u>\$ 2,382,923</u>



**NOTES TO FINANCIAL STATEMENTS (CONTINUED)****YEAR ENDED JUNE 30, 2022**

## 13. Public Safety Personnel Retirement System (PSPRS) (continued):

PSPRS agent multiple employer plans (Tier 1 &amp; 2) (continued):

Changes in the net OPEB liability -

	Total OPEB liability (a)	Plan fiduciary net position (b)	Net OPEB liability (asset) (a) - (b)
Balances at June 30, 2021	\$ 146,907	\$ 262,954	\$ (116,047)
Changes for the year:			
Service cost	7,327	-	7,327
Interest on the total OPEB liability	11,206	-	11,206
Differences between expected and actual experience in the measurement of the OPEB liability	(26,975)	-	(26,975)
Net investment income	-	72,406	(72,406)
Benefit payments, including refunds of employee contributions	(1,450)	(1,450)	-
Administrative expense	-	(298)	298
Net changes	(9,892)	70,658	(80,550)
Balances at June 30, 2022	\$ 137,015	\$ 333,612	\$ (196,597)

Sensitivity of the District's net pension/OPEB (asset) liability to changes in the discount rate - The following table presents the District's net pension/OPEB (assets) liabilities calculated using the discount rate of 7.3%, as well as what the District's net pension/OPEB (asset) liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.3%) or 1 percentage point higher (8.3%) than the current rate:

	1% decrease (6.3%)	Current discount rate (7.3%)	1% increase (8.3%)
District's net pension liability	\$ 4,059,434	\$ 2,382,923	\$ 1,028,275
District's net OPEB (asset)	\$ (177,430)	\$ (196,597)	\$ (212,630)

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

Expense - For the year ended June 30, 2022, the District recognized pension expense (income) for PSPRS of \$384,336, and OPEB expense (income) of \$(28,082).

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2022

13. Public Safety Personnel Retirement System (PSPRS) (continued):

PSPRS agent multiple employer plans (Tier 1 & 2) (continued):

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

	Pension		Health	
	Deferred outflows of resources	Deferred inflows of resources	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	\$ 632,961	\$ 322,725	\$ -	\$ 87,433
Changes in assumptions	361,385	-	1,130	4,186
Net difference between projected and actual earnings on plan investments	-	828,507	-	31,073
Contributions subsequent to the measurement date	<u>344,284</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,338,630</u>	<u>\$ 1,151,232</u>	<u>\$ 1,130</u>	<u>\$ 122,692</u>

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

Year ending <u>June 30,</u>	Pension	Health
2023	\$ 5,415	\$ (26,042)
2024	723	(26,233)
2025	(44,306)	(27,210)
2026	(175,159)	(26,381)
2027	56,441	(11,842)
Thereafter	<u>-</u>	<u>(3,854)</u>
	<u>\$ (156,886)</u>	<u>\$ (121,562)</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2022

13. Public Safety Personnel Retirement System (PSPRS) (continued):  
 PSPRS cost-sharing multiple-employer plans (Tier 3 Risk Pool):

Pension and OPEB assets/liabilities - At June 30, 2022, the District reported the following asset and liabilities for its proportionate share of the PSPRS Tier 3 Risk Pool net pension/OPEB asset or liability.

	<u>Net pension/OPEB (asset) liability</u>
Pension	\$ (30,542)
Health insurance premium benefit	(2,771)

The net asset and net liabilities were measured as of June 30, 2021. The total liability used to calculate the net asset or net liability was determined using update procedures to roll forward the total liability from an actuarial valuation as of June 30, 2020, to the measurement date of June 30, 2021. The District's proportion of the net asset or net liability was based on the District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2021. The District's proportion measured as of June 30, 2021, and the change in proportions measured as of June 30, 2020, were:

	<u>Proportion</u>	<u>Increase (decrease)</u>
Pension	0.32987 %	0.01203
Health insurance premium benefit	0.28563 %	0.00908

Pension/OPEB expense - For the year ended June 30, 2022, the District recognized pension and OPEB expense (income) for PSPRS Tier 3 Risk Pool as follows:

	<u>Expense (income)</u>
Pension	\$ (198)
Health insurance premium benefit	(1,056)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2022

13. Public Safety Personnel Retirement System (PSPRS) (continued):

PSPRS cost-sharing multiple-employer plans (Tier 3 Risk Pool) (continued):

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

	Pension		Health	
	Deferred outflows of resources	Deferred inflows of resources	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	\$ 55,809	\$ -	\$ 85	\$ 123
Net difference between projected and actual earnings on pension plan investments	-	20,472	-	630
Changes in assumptions	237	-	-	1
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,926	2,209	87	44
Contributions subsequent to the measurement date	34,396	-	-	-
	<u>\$ 93,368</u>	<u>\$ 22,681</u>	<u>\$ 172</u>	<u>\$ 798</u>

The amounts reported as deferred outflows of resources related to PSPRS Tier 3 Risk Pool pensions and OPEB resulting from District contributions subsequent to the measurement date will be recognized as an increase of the net asset and a reduction of the net liability in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and OPEB will be recognized as expenses as follows:

Year ending <u>June 30,</u>	Pension	Health
2023	\$ (36)	\$ (153)
2024	(37)	(153)
2025	-	(151)
2026	(467)	(166)
2027	4,983	2
Thereafter	31,848	(5)
	<u>\$ 36,291</u>	<u>\$ (626)</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2022

13. Public Safety Personnel Retirement System (PSPRS) (continued):

PSPRS cost-sharing multiple-employer plans (Tier 3 Risk Pool) (continued):

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

Valuation (measurement) date	June 30, 2021
Actuarial cost method	Entry age normal
Investment rate of return	7.0%
Projected salary increases	3.5% - 7.5% for pensions/not applicable for OPEB
Price inflation	2.5% for pensions/not applicable for OPEB
Future benefit increases	1.75% for pensions/not applicable for OPEB
Mortality rates	PubS-2010 tables

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

The long-term expected rate of return on PSPRS Tier 3 Risk Pool pension plan investments was determined to be 7% using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of geometric real rates of return for each major asset class are consistent with the allocations disclosed for the PSPRS agent multiple-employer plans (Tier 1 & 2).

Discount rate - The discount rate used to measure the PSPRS Tier 3 Risk Pool total pension/OPEB liability was 7%. 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 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.

Sensitivity of the District's proportionate share of the PSPRS Tier 3 Risk Pool net pension/OPEB (asset) liability to changes in the discount rate - The following table presents the District's proportionate share of the net pension/OPEB (asset) liability calculated using the discount rate of 7.0%, as well as what the District's proportionate share of the net pension/OPEB (asset) liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.0%) or 1 percentage point higher (8.0%) than the current rate:

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2022

13. Public Safety Personnel Retirement System (PSPRS) (continued):

PSPRS cost-sharing multiple-employer plans (Tier 3 Risk Pool) (continued):

	1% decrease (6.0%)	Current discount rate (7.0%)	1% increase (8.0%)
Net pension liability (asset)	\$ 8,600	\$ (30,542)	\$ (59,673)
Net health insurance premium liability (asset)	\$ (2,300)	\$ (2,771)	\$ (3,141)

14. Deferred compensation plan:

The District sponsors two 457(b) deferred compensation plans for all full-time employees that elect to participate in a plan. The District can make discretionary contributions to the plans. Employees are immediately vested in employer contributions to the plans. During the year ended June 30, 2022, the District did not make any contributions to the plans.

# DRAFT

**Required Supplementary Information**

TUBAC FIRE DISTRICT

**DRAFT**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET TO ACTUAL - GENERAL FUND**

**YEAR ENDED JUNE 30, 2022**

	Budgeted amounts		Actual	Variance with final budget
	Original	Final		
Revenues:				
Property taxes	\$ 2,734,176	\$ 2,734,176	\$ 2,760,328	\$ 26,152
Fire district assistance tax	146,266	146,266	146,266	-
State shared tax revenues	-	-	63,935	63,935
Charges for services	871,000	871,000	708,702	(162,298)
Grants and contributions	532,500	532,500	-	(532,500)
Investment earnings	2,000	2,000	2,052	52
Other	30,000	30,000	53,770	23,770
Total revenues	<u>4,315,942</u>	<u>4,315,942</u>	<u>3,735,053</u>	<u>(580,889)</u>
Expenditures:				
Public safety:				
Fire protection and emergency services	3,188,737	3,188,737	2,884,591	(304,146)
Administration and support	613,979	613,979	600,980	(12,999)
Capital outlay	-	-	273,106	273,106
Debt service	41,900	41,900	41,695	(205)
Total expenditures	<u>3,844,616</u>	<u>3,844,616</u>	<u>3,800,372</u>	<u>(44,244)</u>
Other financing sources (uses):				
Transfers out	(663,636)	(663,636)	-	663,636
Transfers In	192,310	192,310	-	(192,310)
Proceeds from sale of capital assets	-	-	-	-
Total other financing sources (uses)	<u>(471,326)</u>	<u>(471,326)</u>	<u>-</u>	<u>471,326</u>
Net change in fund balance	-	-	(65,319)	(65,319)
Fund balance, beginning of year	<u>5,736,688</u>	<u>5,736,688</u>	<u>5,736,688</u>	<u>-</u>
Fund balance, end of year	<u>\$ 5,736,688</u>	<u>\$ 5,736,688</u>	<u>\$ 5,671,369</u>	<u>\$ (65,319)</u>



TUBAC FIRE DISTRICT

DRAFT

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS - AGENT RETIREMENT PLAN (PSPRS)

YEAR ENDED JUNE 30, 2022

(schedule to be built prospectively from 2015; 2014 - 2013 information not available)

Reporting date (Measurement date)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	2014 (2013)	2013 (2012)
<b>Total pension liability</b>										
Service cost	\$ 298,240	\$ 295,196	\$ 286,044	\$ 271,951	\$ 292,872	\$ 254,855	\$ 311,700	\$ 322,328	\$ -	\$ -
Interest	754,831	698,898	672,001	627,973	556,027	448,526	422,807	373,252	-	-
Benefit changes	-	-	-	-	76,713	481,586	-	43,868	-	-
Difference between expected and actual experience	338,647	300,342	(217,693)	(185,263)	146,756	330,885	(276,472)	(345,760)	-	-
Assumption changes	-	-	227,826	-	245,429	300,650	-	340,993	-	-
Benefit payments, including refunds of employee contributions	(353,051)	(709,488)	(259,464)	(280,058)	(189,768)	(81,270)	(122,710)	(73,459)	-	-
<b>Net change in total pension liability</b>	<b>1,038,667</b>	<b>584,948</b>	<b>708,714</b>	<b>434,603</b>	<b>1,128,029</b>	<b>1,735,232</b>	<b>335,325</b>	<b>661,222</b>	<b>-</b>	<b>-</b>
<b>Total pension liability, beginning</b>	<b>10,218,438</b>	<b>9,633,490</b>	<b>8,924,776</b>	<b>8,490,173</b>	<b>7,362,144</b>	<b>5,626,912</b>	<b>5,291,587</b>	<b>4,630,365</b>	<b>-</b>	<b>-</b>
<b>Total pension liability, ending (a)</b>	<b>\$ 11,257,105</b>	<b>\$ 10,218,438</b>	<b>\$ 9,633,490</b>	<b>\$ 8,924,776</b>	<b>\$ 8,490,173</b>	<b>\$ 7,362,144</b>	<b>\$ 5,626,912</b>	<b>\$ 5,291,587</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Plan fiduciary net position</b>										
Contributions - employer	\$ 410,220	\$ 329,566	\$ 329,177	\$ 344,874	\$ 197,996	\$ 240,121	\$ 216,319	\$ 229,281	\$ -	\$ -
Contributions - employee	117,463	106,426	108,791	108,585	180,772	205,184	163,261	159,842	-	-
Pension plan net investment income	1,917,327	88,869	353,228	424,694	637,304	29,535	169,662	519,359	-	-
Benefit payments, including refunds of employee contributions	(353,051)	(709,488)	(259,464)	(280,058)	(189,768)	(81,270)	(122,710)	(73,459)	-	-
Hall/Parker settlement	-	-	-	(230,149)	-	-	-	-	-	-
Administrative expense	(8,970)	(7,248)	(7,135)	(7,164)	(6,039)	(4,650)	(4,524)	-	-	-
Other	-	-	-	76	(18,836)	(1,797)	(3,402)	(139,272)	-	-
<b>Net change in fiduciary net position</b>	<b>2,082,989</b>	<b>(191,875)</b>	<b>524,597</b>	<b>360,858</b>	<b>801,429</b>	<b>387,123</b>	<b>418,606</b>	<b>695,751</b>	<b>-</b>	<b>-</b>
<b>Plan fiduciary net position, beginning</b>	<b>6,791,193</b>	<b>6,987,125</b>	<b>6,464,594</b>	<b>6,103,736</b>	<b>5,302,307</b>	<b>4,915,184</b>	<b>4,496,578</b>	<b>3,800,827</b>	<b>-</b>	<b>-</b>
Adjustment to beginning of year	-	(4,057)	(2,066)	-	-	-	-	-	-	-
<b>Plan fiduciary net position, ending (b)</b>	<b>\$ 8,874,182</b>	<b>\$ 6,791,193</b>	<b>\$ 6,987,125</b>	<b>\$ 6,464,594</b>	<b>\$ 6,103,736</b>	<b>\$ 5,302,307</b>	<b>\$ 4,915,184</b>	<b>\$ 4,496,578</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Net pension liability (asset), ending (a) - (b)</b>	<b>\$ 2,382,923</b>	<b>\$ 3,427,245</b>	<b>\$ 2,646,365</b>	<b>\$ 2,460,182</b>	<b>\$ 2,386,347</b>	<b>\$ 2,059,837</b>	<b>\$ 711,728</b>	<b>\$ 795,009</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Plan fiduciary net position as a percentage of total pension liability</b>	<b>78.83 %</b>	<b>66.46 %</b>	<b>72.53 %</b>	<b>72.43 %</b>	<b>71.89 %</b>	<b>72.02 %</b>	<b>87.35 %</b>	<b>84.98 %</b>	<b>- %</b>	<b>- %</b>
<b>Covered valuation payroll</b>	<b>\$ 1,309,145</b>	<b>\$ 1,256,224</b>	<b>\$ 1,190,552</b>	<b>\$ 1,214,065</b>	<b>\$ 1,242,562</b>	<b>\$ 1,304,272</b>	<b>\$ 1,403,883</b>	<b>\$ 1,607,612</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Net pension liability as a percentage of covered valuation payroll</b>	<b>182.02 %</b>	<b>272.82 %</b>	<b>222.28 %</b>	<b>202.64 %</b>	<b>192.05 %</b>	<b>157.93 %</b>	<b>50.70 %</b>	<b>49.45 %</b>	<b>- %</b>	<b>- %</b>

TUBAC FIRE DISTRICT

DRAFT

SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY (ASSET) AND RELATED RATIOS - AGENT RETIREMENT PLAN (PSPRS)

YEAR ENDED JUNE 30, 2022

(schedule to be built prospectively from 2018; 2017 - 2013 information not available)

Reporting date (Measurement date)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	2014 (2013)	2013 (2012)
<b>Total OPEB liability</b>										
Service cost	\$ 7,327	\$ 7,624	\$ 5,463	\$ 5,099	\$ 5,467	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	11,206	10,720	13,261	12,416	15,476	-	-	-	-	-
Benefit changes	-	-	-	-	92	-	-	-	-	-
Difference between expected and actual experience	(26,975)	(8,527)	(55,970)	(7,187)	(48,339)	-	-	-	-	-
Assumption changes	-	-	1,804	-	(10,171)	-	-	-	-	-
Benefit payments, including refunds of employee contributions	(1,450)	(300)	(1,820)	(1,820)	-	-	-	-	-	-
<b>Net change in total OPEB liability (asset)</b>	<b>(9,892)</b>	<b>9,517</b>	<b>(37,262)</b>	<b>8,508</b>	<b>(37,475)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total OPEB liability, beginning</b>	<b>146,907</b>	<b>137,390</b>	<b>174,652</b>	<b>166,144</b>	<b>203,619</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total OPEB liability, ending (a)</b>	<b>\$ 137,015</b>	<b>\$ 146,907</b>	<b>\$ 137,390</b>	<b>\$ 174,652</b>	<b>\$ 166,144</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Plan fiduciary net position</b>										
Contributions - employer	\$ -	\$ 386	\$ (196)	\$ 3,392	\$ 3,973	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions - employee	-	-	-	-	-	-	-	-	-	-
OPEB plan net investment income	72,406	3,294	13,288	16,073	23,959	-	-	-	-	-
Benefit payments, including refunds of employee contributions	(1,450)	(300)	(1,820)	(1,820)	-	-	-	-	-	-
Administrative expense	(298)	(268)	(229)	(245)	(211)	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
<b>Net change in fiduciary net position</b>	<b>70,658</b>	<b>3,112</b>	<b>11,043</b>	<b>17,400</b>	<b>27,721</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Plan fiduciary net position, beginning</b>	<b>262,954</b>	<b>259,842</b>	<b>246,732</b>	<b>229,332</b>	<b>201,611</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Adjustment to beginning of year	-	-	2,067	-	-	-	-	-	-	-
<b>Plan fiduciary net position, ending (b)</b>	<b>\$ 333,612</b>	<b>\$ 262,954</b>	<b>\$ 259,842</b>	<b>\$ 246,732</b>	<b>\$ 229,332</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Net OPEB liability (asset), ending (a) - (b)</b>	<b>\$ (196,597)</b>	<b>\$ (116,047)</b>	<b>\$ (122,452)</b>	<b>\$ (72,080)</b>	<b>\$ (63,188)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Plan fiduciary net position as a percentage of total OPEB liability</b>	243.49 %	178.99 %	189.13 %	141.27 %	138.03 %	- %	- %	- %	- %	- %
<b>Covered valuation payroll</b>	\$ 1,309,145	\$ 1,256,224	\$ 1,190,552	\$ 1,214,065	\$ 1,242,562	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net OPEB liability as a percentage of covered valuation payroll</b>	(15.02)%	(9.24)%	(10.29)%	(5.94)%	(5.09)%	- %	- %	- %	- %	- %

TUBAC FIRE DISTRICT

DRAFT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET) - COST SHARING PLAN (PSPRS TIER 3 RISK POOL)

YEAR ENDED JUNE 30, 2022

(schedule to be built prospectively from 2019; 2018 - 2013 information not available)

Reporting date (Measurement date)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	2014 (2013)	2013 (2012)
District's proportion of the net pension liability	0.330 %	0.318 %	0.388 %	0.302 %	- %	- %	- %	- %	- %	- %
District's proportionate share of the net pension liability (asset)	\$ (30,542)	\$ 952	\$ (5,579)	\$ 595	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 313,461	\$ 212,797	\$ 143,974	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's proportionate share of the net pension liability as a percentage of its covered payroll	(9.7)%	0.4 %	(3.9)%	- %	- %	- %	- %	- %	- %	- %
Plan fiduciary net position as a percentage of total pension liability	122 %	99 %	118 %	89 %	- %	- %	- %	- %	- %	- %

## TUBAC FIRE DISTRICT

### SCHEDULE OF PENSION/OPEB CONTRIBUTIONS

YEAR ENDED JUNE 30, 2022

#### PSPRS - pension (schedule to be built prospectively from 2015; 2014 - 2013 information not available)

Reporting fiscal year	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Actuarially determined contribution	\$ 344,284	\$ 393,061	\$ 349,343	\$ 356,780	\$ 330,704	\$ 240,121	\$ 216,319	\$ 229,281	\$ -	\$ -
Contributions in relation to the actuarially determined contribution	<u>344,284</u>	<u>393,061</u>	<u>349,343</u>	<u>356,780</u>	<u>50,996</u>	<u>240,121</u>	<u>216,319</u>	<u>229,281</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 279,708</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 1,169,775	\$ 1,309,145	\$ 1,256,224	\$ 1,190,552	\$ 1,214,065	\$ 1,242,562	\$ 1,304,272	\$ 1,403,883	\$ -	\$ -
Contributions as a percentage of covered payroll	29.43 %	30.02 %	27.81 %	29.97 %	27.24 %	19.32 %	16.59 %	16.33 %	- %	- %

#### PSPRS - health (schedule to be built prospectively from 2018; 2017 - 2013 information not available)

Reporting fiscal year	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Actuarially determined contribution	\$ -	\$ -	\$ 426	\$ -	\$ 871	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the actuarially determined contribution	<u>-</u>	<u>-</u>	<u>426</u>	<u>-</u>	<u>871</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 1,169,775	\$ 1,309,145	\$ 1,256,224	\$ 1,190,552	\$ 1,214,065	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions as a percentage of covered payroll	- %	- %	0.03 %	- %	0.07 %	- %	- %	- %	- %	- %

#### PSPRS Tier 3 Risk Pool - pension (schedule to be built prospectively from 2019; 2018 - 2013 information not available)

Reporting fiscal year	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Statutorily required contribution	\$ 34,396	\$ 31,158	\$ 21,152	\$ 14,311	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the statutorily required contribution	<u>34,396</u>	<u>31,158</u>	<u>21,152</u>	<u>14,311</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 346,033	\$ 313,461	\$ 212,797	\$ 143,974	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions as a percentage of covered payroll	9.94 %	9.94 %	9.94 %	9.94 %	- %	- %	- %	- %	- %	- %

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2022

1. Budgetary basis of accounting:

The District prepares its annual budget on the modified accrual basis of accounting. The level of budgetary control is at the fund level. A budgetary comparison schedule for the general fund is included as required supplementary information to provide meaningful comparison of actual results to budget on a budget basis.

2. Pension and OPEB plan schedules:

Actuarially determined contribution rates:

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

Actuarial cost method	Entry age normal
Amortization method	Level percent-of-pay, closed
Remaining amortization period as of the 2020 actuarial valuation	16 years
Asset valuation method	7-year smoothed market; 80%/120% corridor

Actuarial assumptions:

Investment rate of return	In the 2019 actuarial valuation, the investment rate of return was decreased from 7.4% to 7.3%. 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%.
---------------------------	---

Salary increase	In the 2017 actuarial valuation, projected salary increases were decreased from 4.0% - 8.0% to 3.5% - 7.5%. In the 2014 actuarial valuation, projected salary increases were decreased from 4.5% - 8.5% to 4.0% - 8.0%. In the 2013 actuarial valuation, projected salary increases were decreased from 5.0% - 9.0% to 4.5% - 8.5%.
-----------------	---

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)****YEAR ENDED JUNE 30, 2022**

## 2. Pension and OPEB plan schedules (continued):

## Actuarially determined contribution rates (continued):

Wage growth	In the 2017 actuarial valuation, wage growth was decreased from 4% to 3.5%. 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%.
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 2019 actuarial valuation, changed to PubS-2010 tables. 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).

## Factors that affect trends:

Arizona courts have ruled that provisions of a 2011 law that changed 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, the PSPRS changed benefit terms to reflect the prior mechanism for funding permanent benefit increases for those members and revised actuarial assumptions to explicitly value future permanent benefit increases. PSPRS also reduced those members' employee contribution rates. These changes are reflected in the plans' pension liabilities for fiscal year 2015 (measurement date 2014) for members who were retired as of the law's effective date and fiscal year 2018 (measurement date 2017) for members who retired or will retire after the law's effective date. These changes also increased the PSPRS-required pension contributions beginning in fiscal year 2016 for members who were retired as of the law's effective date. These changes increased 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's pension contributions were less than the actuarially or statutorily determined contributions for 2018.

# DRAFT



**STATISTICAL SECTION**

## Statistical Section

This part of the annual comprehensive financial report of the District presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health of the District.

This section contains the following tables and information:

### **Financial Trends**

These schedules contain trend information to help the reader understand how the financial performance and well-being of the District have changed over time.

### **Revenue Capacity**

These schedules contain information to help the reader assess the most significant local revenue source of the District – the property tax.

### **Debt Capacity**

These schedules present information to help the reader assess the affordability of the current levels of outstanding debt of the District and its ability to issue additional debt in the future.

### **Demographic and Economic Information**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the financial activities of the District take place.

### **Operating Information**

These schedules contain service and infrastructure data to help the reader understand how the information in the financial report of the District relates to the services the District provides and the activities it performs.



**TUBAC FIRE DISTRICT**  
**NET POSITION BY COMPONENT**  
**LAST TEN FISCAL YEARS**  
**(Accrual Basis of Accounting)**

	Fiscal year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Governmental Activities										
Net investments in capital assets	\$ 2,459,444	\$ 2,171,690	\$ 1,736,233	\$ 1,154,375	\$ 1,354,386	\$ 1,411,333	\$ 1,455,911	\$ 991,258	\$ 819,307	\$ 905,501
Restricted	269,897	245,529	236,345	552,589	200,334	128,766	144,674	526,800	539,163	520,567
Unrestricted	<u>3,809,083</u>	<u>3,844,730</u>	<u>438,292</u>	<u>392,152</u>	<u>388,375</u>	<u>462,566</u>	<u>977,506</u>	<u>768,612</u>	<u>2,059,092</u>	<u>2,349,990</u>
Total governmental activities net position	<u>\$ 6,538,424</u>	<u>\$ 6,261,949</u>	<u>\$ 2,410,870</u>	<u>\$ 2,099,116</u>	<u>\$ 1,943,095</u>	<u>\$ 2,002,665</u>	<u>\$ 2,578,091</u>	<u>\$ 2,286,670</u>	<u>\$ 3,417,562</u>	<u>\$ 3,776,058</u>

Source: District financial records.

Note: The decrease in net position in fiscal year 2015 is due to the implementation of the pension standards

**TUBAC FIRE DISTRICT**  
**CHANGES IN NET POSITION**  
**LAST TEN FISCAL YEARS**  
**(Accrual Basis of Accounting)**

	Fiscal year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Expenses										
Governmental activities:										
Public Safety	\$ 3,917,311	\$ 4,375,262	\$ 4,169,720	\$ 3,672,948	\$ 3,870,756	\$ 3,961,328	\$ 3,659,450	\$ 4,024,189	\$ 4,235,949	\$ 4,540,077
Interest	83,461	93,528	112,199	227,753	237,044	250,218	264,126	-	-	-
Total primary government expenses	<u>4,000,772</u>	<u>4,468,790</u>	<u>4,281,919</u>	<u>3,900,701</u>	<u>4,107,800</u>	<u>4,211,546</u>	<u>3,923,576</u>	<u>4,024,189</u>	<u>4,235,949</u>	<u>4,540,077</u>
Program revenues										
Governmental activities:										
Charges for services	724,338	1,060,923	742,292	809,463	857,483	711,880	705,670	650,606	654,790	725,257
Capital grants & contributions	-	-	151,978	-	-	-	140,648	-	37,474	81,271
Operating grants & contributions	-	24,680	327,784	7,188	7,485	-	-	2,116	-	-
Total primary government revenues	<u>724,338</u>	<u>1,085,603</u>	<u>1,222,054</u>	<u>816,651</u>	<u>864,968</u>	<u>711,880</u>	<u>846,318</u>	<u>652,722</u>	<u>692,264</u>	<u>806,528</u>
Total primary government net expenses	<u>(3,276,434)</u>	<u>(4,368,706)</u>	<u>(3,059,865)</u>	<u>(3,084,050)</u>	<u>(3,242,832)</u>	<u>(3,499,666)</u>	<u>(3,077,258)</u>	<u>(3,371,467)</u>	<u>(3,543,685)</u>	<u>(3,733,549)</u>
General revenues & other changes in net position										
Property taxes	3,286,836	3,084,921	2,938,734	2,807,784	2,811,672	2,793,313	2,736,669	2,779,094	2,845,911	3,083,703
Fire district assistance tax	146,266	140,984	134,202	128,442	126,469	122,643	132,289	134,609	141,548	172,823
State shared tax revenues	63,935	-	-	-	-	-	-	-	-	-
Investment earnings	2,102	1,825	3,917	5,614	15,135	980	685	829	1,342	2,042
Other	53,770	4,006,536	294,766	298,231	228,021	236,171	221,985	269,503	196,388	222,855
Total primary government	<u>3,552,909</u>	<u>7,234,266</u>	<u>3,371,619</u>	<u>3,240,071</u>	<u>3,181,297</u>	<u>3,153,107</u>	<u>3,091,628</u>	<u>3,184,035</u>	<u>3,185,189</u>	<u>3,481,423</u>
Extraordinary item	-	-	-	-	(228,867)	-	-	-	-	-
Change in net position										
Total primary government	<u>\$ 276,475</u>	<u>\$ 2,865,560</u>	<u>\$ 311,754</u>	<u>\$ 156,021</u>	<u>\$ (290,402)</u>	<u>\$ (346,559)</u>	<u>\$ 14,370</u>	<u>\$ (187,432)</u>	<u>\$ (358,496)</u>	<u>\$ (252,126)</u>

Source: District financial records.

**TUBAC FIRE DISTRICT**  
**FUND BALANCES OF GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(Modified Accrual Basis of Accounting)**

	Fiscal year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
General fund										
Nonspendable	\$ 46,699	\$ 35,122	\$ 59,883	\$ 53,523	\$ 34,280	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	4,643,701	4,643,701	728,604	728,023	-	-	-	-	-	-
Unassigned	<u>980,969</u>	<u>1,057,865</u>	<u>1,317,353</u>	<u>1,118,649</u>	<u>1,794,308</u>	<u>1,536,556</u>	<u>1,599,072</u>	<u>1,844,527</u>	<u>2,165,990</u>	<u>2,468,937</u>
Total general fund	<u>\$ 5,671,369</u>	<u>\$ 5,736,688</u>	<u>\$ 2,105,840</u>	<u>\$ 1,900,195</u>	<u>\$ 1,828,588</u>	<u>\$ 1,536,556</u>	<u>\$ 1,599,072</u>	<u>\$ 1,844,527</u>	<u>\$ 2,165,990</u>	<u>\$ 2,468,937</u>
All other governmental funds										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	269,897	245,529	236,345	540,608	200,334	128,766	144,674	526,800	539,163	520,567
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ 269,897</u>	<u>\$ 245,529</u>	<u>\$ 236,345</u>	<u>\$ 540,608</u>	<u>\$ 200,334</u>	<u>\$ 128,766</u>	<u>\$ 144,674</u>	<u>\$ 526,800</u>	<u>\$ 539,163</u>	<u>\$ 520,567</u>

Source: District financial records.

TUBAC FIRE DISTRICT

DRAFT

CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS AND DEBT SERVICE RATIO

LAST TEN FISCAL YEARS

(Modified Accrual Basis of Accounting)

	Fiscal year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
<b>Revenues</b>										
Taxes	\$ 3,266,496	\$ 3,080,762	\$ 2,939,537	\$ 2,807,518	\$ 2,821,929	\$ 2,711,483	\$ 2,795,589	\$ 2,779,094	\$ 2,845,911	\$ 3,083,703
Fire district assistance tax	146,266	140,984	134,202	128,442	126,469	122,643	132,289	134,609	141,548	172,823
State shared tax revenues	63,935	-	-	-	-	-	-	-	-	-
Charges for services	708,702	976,659	738,647	849,091	811,105	759,506	725,056	650,606	654,790	725,257
Grants and contributions	-	24,680	479,762	7,188	7,485	-	-	2,116	37,474	81,271
Investment earnings	2,102	1,825	3,917	5,614	15,135	980	685	829	1,342	2,042
Other	53,770	180,434	274,753	268,921	228,021	236,171	-	269,503	196,387	222,855
Total revenues	<u>4,241,271</u>	<u>4,405,344</u>	<u>4,570,818</u>	<u>4,066,774</u>	<u>4,010,144</u>	<u>3,830,783</u>	<u>3,653,619</u>	<u>3,836,757</u>	<u>3,877,452</u>	<u>4,287,951</u>
<b>Expenditures</b>										
Public Safety	3,485,571	3,702,190	3,585,845	3,216,005	3,089,151	3,104,519	3,308,972	3,351,731	3,522,343	3,699,233
Capital outlay	273,106	422,468	231,326	525,914	10,349	13,889	53,646	234,887	52,419	58,582
Debt service:										
Principal	440,084	448,632	762,666	9,646	310,000	337,714	368,556	346,121	337,381	329,160
Interest	83,461	93,528	112,199	227,753	237,044	250,218	264,126	256,130	249,662	243,578
Debt issuance costs	-	-	-	61,800	-	-	-	-	-	-
Total expenditures	<u>4,282,222</u>	<u>4,666,818</u>	<u>4,692,036</u>	<u>4,041,118</u>	<u>3,646,544</u>	<u>3,706,340</u>	<u>3,995,300</u>	<u>4,188,869</u>	<u>4,161,805</u>	<u>4,330,553</u>
Excess (deficiency) of revenues	<u>(40,951)</u>	<u>(261,474)</u>	<u>(121,218)</u>	<u>25,656</u>	<u>363,600</u>	<u>124,443</u>	<u>(341,681)</u>	<u>(352,112)</u>	<u>(284,353)</u>	<u>(42,602)</u>
<b>Other financing sources (uses)</b>										
Proceeds from sale of capital assets	-	3,901,506	22,600	29,310	-	-	-	-	-	-
Issuance of capital lease obligations	-	-	-	295,115	-	-	-	-	-	-
Proceeds from refunding direct placement obligation	-	-	-	3,861,800	-	-	-	-	-	-
Payments to refunded debt escrow account	-	-	-	(3,800,000)	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>3,901,506</u>	<u>22,600</u>	<u>386,225</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ (40,951)</u>	<u>\$ 3,640,032</u>	<u>\$ (98,618)</u>	<u>\$ 411,881</u>	<u>\$ 363,600</u>	<u>\$ 124,443</u>	<u>\$ (341,681)</u>	<u>\$ (352,112)</u>	<u>\$ (284,353)</u>	<u>\$ (42,602)</u>
Debt service as a percentage of noncapital expenditures	<u>13.06 %</u>	<u>12.77 %</u>	<u>19.61 %</u>	<u>6.75 %</u>	<u>15.04 %</u>	<u>15.92 %</u>	<u>16.05 %</u>	<u>15.23 %</u>	<u>14.29 %</u>	<u>13.41 %</u>

Source: District financial records.

## TUBAC FIRE DISTRICT

### ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

#### LAST TEN FISCAL YEARS

Fiscal year	Commercial, Industrial, Utilities, & Mines	Agriculture & Vacant	Residential (owner occupied)	Residential (rental)	Railroad	Less: Tax exempt real property	Total			Assessed value as a % of actual value
							Taxable assessed value	Direct tax rate	Estimated real market value	
2013	\$ 14,267,341	\$ 33,596,368	\$ 48,647,525	\$ 6,306,139	\$ 945,878	\$ 6,729,523	\$ 97,033,728	\$ 2.64	\$ 837,429,695	11.59 %
2014	14,915,642	28,713,844	44,281,279	5,785,818	1,021,937	6,304,559	88,413,961	2.64	763,728,974	11.58
2015	14,621,106	27,370,287	41,324,251	5,415,553	1,298,227	6,782,585	83,246,839	2.75	723,828,355	11.50
2016	14,548,380	26,539,163	41,367,539	5,471,847	1,260,683	6,889,155	82,298,457	2.75	721,433,809	11.41
2017	13,559,608	21,884,821	42,840,071	5,414,554	1,259,196	5,539,027	79,419,223	2.75	713,127,465	11.14
2018	14,105,516	21,755,229	44,563,751	5,336,753	1,483,935	5,489,043	81,756,141	2.75	732,443,779	11.16
2019	13,486,364	21,582,926	47,208,925	5,111,207	1,507,343	5,722,524	83,174,241	2.75	752,672,938	11.05
2020	13,944,100	22,040,475	50,224,738	5,243,116	1,396,955	5,989,053	86,860,331	2.85	788,549,051	11.02
2021	14,272,130	21,986,797	54,754,193	5,031,907	1,279,221	6,161,365	91,162,883	2.85	832,265,226	10.95
2022	15,188,433	22,558,329	44,100,169	19,055,840	1,572,129	6,538,905	95,935,995	2.85	876,894,981	10.94

Source: Santa Cruz County Tax Assessor

## TUBAC FIRE DISTRICT

### PROPERTY TAX RATES - ALL DIRECT AND OVERLAPPING GOVERNMENTS

#### LAST TEN FISCAL YEARS

Fiscal year	Tubac Fire District	Debt Service	Total District	Overlapping Rates		Total direct and overlapping rates
				Santa Cruz County	Santa Cruz County Unified School District	
2013	\$ 2.6400	\$ 0.6200	\$ 3.2600	\$ 3.4858	\$ 6.7238	\$ 13.4696
2014	2.6400	0.6500	3.2900	4.2058	6.2765	13.7723
2015	2.7500	0.6500	3.4000	4.4765	5.7221	13.5986
2016	2.7500	0.6800	3.4300	4.6703	5.7194	13.8197
2017	2.7500	0.7600	3.5100	4.6703	3.8639	12.0442
2018	2.7500	0.7500	3.5000	4.6978	4.4163	12.6141
2019	2.7500	0.6702	3.4202	4.7578	4.7844	12.9624
2020	2.8500	0.5714	3.4214	4.8778	4.3045	12.6037
2021	2.8500	0.5444	3.3944	4.8778	4.3045	12.5767
2022	2.8500	0.5173	3.3673	4.9618	5.7306	14.0597

Source: Santa Cruz County Tax Assessor

# DRAFT

**TUBAC FIRE DISTRICT**  
**PRINCIPAL PROPERTY TAXPAYERS**  
**CURRENT AND NINE YEARS AGO**

		<u>June 30, 2022</u>	
<u>Taxpayer</u>	<u>Type of business</u>	<u>Assessed value</u>	<u>Percent of total assessed valuation</u>
Unisource Energy Corporation	Utilities	20,827,000	21.71 %
Delta Properties LLP	Real Estate	12,931,000	13.48 %
Union Pacific Railroad	Industrial	3,971,000	4.14 %
Crisantes Properties, LLC	Real Estate	3,423,000	3.57 %
Wal-Mart Stores, LLC	Retail	2,456,000	2.56 %
Alta Real Estate, LLC	Real Estate	2,101,000	2.19 %
Mariposa Shopping Center	Retail	1,895,000	1.98 %
SOAC Properties Corporation	Real Estate	1,552,000	1.62 %
Tubac Management Co LLC	Real Estate	1,498,000	1.56 %
Rio Rico Utilities	Utilities	1,306,000	1.36 %
		<u>51,960,000</u>	<u>54.17 %</u>
Total assessed value		<u>95,935,995</u>	

		<u>June 30, 2013</u>	
<u>Taxpayer</u>	<u>Type of business</u>	<u>Assessed value</u>	<u>Percent of total assessed valuation</u>
Unisource Energy Corporation	Utilities	16,670,000	17.18 %
Delta Properties LLP	Real Estate	6,178,000	6.37 %
Vatere, LLC	Real Estate	2,591,000	2.67 %
Mariposa Shopping Center	Real Estate	2,326,000	2.40 %
Wal-Mart Stores, LLC	Retail	2,270,000	2.34 %
Rio Rico Properties	Real Estate	2,245,000	2.31 %
Qwest Corporation	Utilities	2,112,000	2.18 %
Union Pacific Railroad	Industrial	2,040,000	2.10 %
Tubac Management Co LLC	Real Estate	1,679,000	1.73 %
Crisantes Properties, LLC	Real Estate	1,609,000	1.66 %
		<u>39,720,000</u>	<u>40.94 %</u>
Total assessed value		<u>\$ 97,033,728</u>	

Source: Santa Cruz County Assessor

**TUBAC FIRE DISTRICT**  
**PROPERTY TAX LEVIES AND COLLECTIONS**

**LAST TEN FISCAL YEARS**

Fiscal year	Operating property tax levy	Tax roll corrections*	Property tax levy (adjusted)	Collected within the fiscal year of the levy		Collections in subsequent years	Total collections to date	
				Amount	% of levy		Amount	% of levy
2013	\$ 3,208,806	\$ -	\$ 3,208,806	\$ 3,083,703	96.1 %	\$ 123,586	\$ 3,207,289	100.0 %
2014	2,917,505	-	2,917,505	2,845,911	97.6 %	69,842	2,915,753	99.9 %
2015	2,845,135	-	2,845,135	2,779,094	97.7 %	63,594	2,842,688	99.9 %
2016	2,822,837	-	2,822,837	2,795,589	99.0 %	24,693	2,820,282	99.9 %
2017	2,789,019	-	2,789,019	2,711,483	97.2 %	73,150	2,784,633	99.8 %
2018	2,861,500	-	2,861,500	2,821,929	98.6 %	34,571	2,856,500	99.8 %
2019	2,844,725	-	2,844,725	2,710,972	95.3 %	130,363	2,841,335	99.9 %
2020	2,968,441	-	2,968,441	2,825,209	95.2 %	131,116	2,956,325	99.6 %
2021	3,086,674	-	3,086,674	2,924,159	94.7 %	44,696	2,968,855	96.2 %
2022	3,235,284	-	3,235,284	3,087,593	95.4 %	-	3,087,593	95.4 %

Source: Santa Cruz County Treasurer  
 \* This information could not be obtained



TUBAC FIRE DISTRICT

DRAFT

RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS

Fiscal year	General obligation bonds				Total outstanding debt		
	Outstanding	Legal limit	Financed purchases	Leases	Amount	Debt per capita	Percentage of personal income
2013	\$ 5,810,000	\$ 5,822,024	\$ 289,772	\$ -	\$ 6,099,772	123.98	0.50 %
2014	5,555,000	5,304,838	207,392	-	5,762,392	115.67	0.45 %
2015	5,290,000	4,994,810	126,270	-	5,416,270	107.26	0.40 %
2016	4,730,000	4,937,907	42,714	-	4,772,714	93.58	0.34 %
2017	4,435,000	4,767,553	-	-	4,435,000	85.74	0.30 %
2018	4,125,000	4,905,428	-	-	4,125,000	78.74	0.24 %
2019	4,186,800	4,990,454	285,469	-	4,472,269	84.17	0.25 %
2020	3,475,646	5,211,620	233,957	-	3,709,603	69.78	0.18 %
2021	3,075,821	5,469,773	143,146	42,004	3,260,971	67.28	0.20 %
2022	2,666,561	5,756,160	116,322	38,004	2,820,887	57.52	0.16 %

Source: Personal income and population information can be found in the Demographic and Economic Statistics.

RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING

LAST TEN FISCAL YEARS

Fiscal year	General obligation bonds (1)	Less: amounts available in debt service fund (2)	Total	Percentage of estimated actual taxable value of property (3)	Per capita (4)
2013	\$ 5,810,000	\$ 127,500	\$ 5,682,500	0.68 %	\$ 115.50
2014	5,555,000	132,500	5,422,500	0.71 %	108.84
2015	5,290,000	137,500	5,152,500	0.71 %	102.04
2016	4,730,000	142,500	4,587,500	0.64 %	89.95
2017	4,435,000	147,500	4,287,500	0.60 %	82.89
2018	4,125,000	155,000	3,970,000	0.54 %	75.78
2019	4,186,800	162,500	4,024,300	0.53 %	75.74
2020	3,475,646	205,000	3,270,646	0.41 %	61.52
2021	3,075,821	215,000	2,860,821	0.34 %	59.02
2022	2,666,561	269,897	2,396,664	0.27 %	48.87

Note: Details regarding the District's outstanding debt can be found in the notes to the financial statements.

- (1) This is the general bonded debt, net of any issuance discounts and premiums.
- (2) This is the amount restricted for debt service principal payments.
- (3) See schedule of Assessed and Estimated Actual Value of Taxable Property for property value data.
- (4) Population data can be found in the schedule of Demographic and Economic Statistics.

TUBAC FIRE DISTRICT

DRAFT

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

<u>Governmental Unit</u>	<u>Debt outstanding at June 30, 2022</u>	<u>Estimated percentage applicable</u>	<u>Estimated share of overlapping debt</u>
Debt repaid with property taxes:			
Santa Cruz County	\$ 109,023,314	38.78 %	\$ 42,279,241
Santa Cruz County Unified District	23,649,556	34.23 %	<u>8,095,243</u>
Subtotal, overlapping debt			50,374,484
Tubac Fire District direct debt			<u>2,820,887</u>
Total direct and overlapping debt			<u>\$ 53,195,371</u>

**Note: Overlapping governments are those that coincide, at least in part, with the geographical boundaries of the District. This Schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the District. The process recognizes that, when considering the District's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.**

Source: Arizona Department of Administration

**TUBAC FIRE DISTRICT**  
**LEGAL DEBT MARGIN INFORMATION**

**LAST TEN FISCAL YEARS**

	Fiscal year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Net assessed value	\$ 95,935,995	\$ 91,162,883	\$ 86,860,331	\$ 83,174,241	\$ 81,757,141	\$ 79,459,223	\$ 82,298,457	\$ 83,246,837	\$ 88,413,961	\$ 97,033,728
Debt limit rate	6 %	6 %	6 %	6 %	6 %	6 %	6 %	6 %	6 %	6 %
Debt limit	5,756,160	5,469,773	5,211,620	4,990,454	4,905,428	4,767,553	4,937,907	4,994,810	5,304,838	5,822,024
Less bond obligations	<u>(2,666,561)</u>	<u>(3,075,821)</u>	<u>(3,475,646)</u>	<u>(4,186,800)</u>	<u>(4,125,000)</u>	<u>(4,435,000)</u>	<u>(4,730,000)</u>	<u>(5,290,000)</u>	<u>(5,555,000)</u>	<u>(5,810,000)</u>
Legal debt margin	<u>\$ 3,089,599</u>	<u>\$ 2,208,802</u>	<u>\$ 1,502,017</u>	<u>\$ 518,185</u>	<u>\$ 780,428</u>	<u>\$ 332,553</u>	<u>\$ 165,498</u>	<u>\$ (395,444)</u>	<u>\$ (654,060)</u>	<u>\$ (779,095)</u>
Total net debt applicable to the limit as a percentage of debt limit	46.33 %	59.62 %	71.18 %	89.62 %	84.09 %	93.02 %	96.65 %	108.44 %	108.63 %	104.77 %

DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST TEN FISCAL YEARS

<u>Fiscal year</u>	<u>Population (Santa Cruz County)</u>	<u>Personal income (thousands of dollars)</u>	<u>Per capita income (Santa Cruz County)</u>	<u>Unemployment rate (Santa Cruz County)</u>
2013	49,200	1,220,160	24,800	17.3 %
2014	49,819	1,289,709	25,888	15.2 %
2015	50,495	1,358,316	26,900	11.0 %
2016	50,999	1,418,082	27,806	10.5 %
2017	51,728	1,500,331	29,004	9.7 %
2018	52,390	1,743,936	33,288	8.6 %
2019	53,136	1,816,567	31,213	8.4 %
2020	53,161	2,076,309	39,057	13.0 %
2021	48,468	1,654,843	34,143	6.8 %
2022	49,039	1,802,134	36,749	8.5 %

Sources: Santa Cruz County Finance Department and Office of Economic Opportunity - Arizona Labor Statistics

TUBAC FIRE DISTRICT

DRAFT

PRINCIPAL EMPLOYERS

CURRENT AND NINE YEARS AGO

Employer	June 30, 2022	
	Employees	Rank
Nogales Unified School District #1	560	1
Santa Cruz Valley Unified School District #35	428	2
Santa Cruz County	395	3
Super Wal-Mart	360	4
Mariposa Community Health Center, Inc.	328	5
City of Nogales	255	6
Carondelet Health Network - Holy Cross Hospital	179	7
Tubac Golf Resort	171	8
US Customs and Border Protection*	N/A	-
US Border Patrol*	N/A	-
<b>Total</b>	<b>2,676</b>	

Employer	June 30, 2013	
	Employees	Rank
US Border Patrol	751	1
Nogales Unified School District #1	562	2
US Customs and Border Protection	482	3
Super Wal-Mart	466	4
Santa Cruz Valley Unified School District #35	430	5
Santa Cruz County	419	6
City of Nogales	275	7
Mariposa Community Health Center, Inc.	228	8
Carondelet Health Network - Holy Cross Hospital	175	9
Tubac Golf Resort	170	10
<b>Total</b>	<b>3,958</b>	

Source: Cochise College Center for Economic Research

\* Organization(s) did not disclose information requested due to employee safety concerns

Note: Information was not available for principal employers within only the District boundaries. Information presented is for the entire Santa Cruz County.

**TUBAC FIRE DISTRICT**  
**OPERATING INDICATORS BY FUNCTION**  
**LAST TEN FISCAL YEARS**

Function	Fiscal year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Public safety										
Emergency medical service calls	913	937	735	699	867	878	834	702	940	899
Fire responses	46	51	20	30	50	48	34	41	455	468
Other responses - including hazardous materials, mutual aid, public service	402	408	44	15	17	25	13	16	-	-
Miscellaneous - including false alarms, good intent	186	192	554	522	697	723	570	680	-	-

Source: various District departments

Note: Information from 2013 - 2014 for calls other than emergency medical service calls were not tracked by function. Therefore amounts reported for these years as fire responses also include other and miscellaneous responses.

**TUBAC FIRE DISTRICT**  
**FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION**  
**LAST TEN FISCAL YEARS**

Function	Fiscal year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Public Safety										
Fire and rescue service	23	25	24	22	24	22	22	21	24	26
Administrative and support	5	5	5	5	7	7	8	9	9	10
Total	28	30	29	27	31	29	30	30	33	36

Source: District HR records



**TUBAC FIRE DISTRICT**  
**CAPITAL ASSET STATISTICS BY FUNCTION**

**LAST TEN FISCAL YEARS**

Function	Fiscal year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Public safety										
Number of Stations	4	4	4	4	4	4	4	4	4	4
Trailers (Modular/FEMA)	1	1	1	1	1	3	3	3	3	3
Equipment:										
Engines	5	5	5	5	5	5	5	5	5	5
Brush rigs	4	4	4	4	5	5	5	5	5	5
Rescue units	6	5	6	8	7	7	8	8	8	8
Tenders	2	2	2	2	3	3	3	3	3	3
Hazmat squad	1	1	1	1	1	1	1	1	1	1
Squad/support units	4	3	3	3	7	8	8	8	8	8
UTV/ATV	3	3	2	2	2	2	2	2	2	2

Source: District capital asset records

**DRAFT**

**Report on Internal Control and on Compliance**

**Independent Auditors' 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* and Report on Compliance with State of Arizona Regulatory Requirements**

Governing Board and Management  
Tubac Fire District  
Tubac, Arizona

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

**Report on Internal Control over Financial Reporting**

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

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

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

## **Report on Compliance and Other Matters**

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

## **Purpose of this Report**

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

## **Report on Compliance with State of Arizona Regulatory Requirements**

In connection with our audit, nothing contrary came to our attention that caused us to believe that Tubac Fire District incurred any debt or liability in excess of taxes levied and to be collected and the monies actually available and unencumbered at that time in the District's general fund, except for those liabilities as prescribed in Arizona Revised Statutes section 48-805, subsection B, paragraph 2 and 3 and sections 48-806 and 48-807, or that the District failed to comply with Arizona Revised Statutes section 48-805.02, subsection F. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. This report is supplemental reporting as required by Arizona statutes intended solely for the information and use of management and the members of the Arizona State Legislature and is not intended to be and should not be used by anyone other than these specified parties.

Tucson, Arizona