

VERDE VALLEY VALLEY

FIRE DISTRICT

V - VIRTUOUS E - EMPOWERED R - RESILIENT D - DEDICATED E - EXCELLENCE



Annual Comprehensive Financial Report For the Fiscal Year Ended June 30, 2023



Verde Valley Fire District



Annual Comprehensive Financial Report For the Fiscal Year Ended June 30, 2023

Prepared by:
Lisa Elliot, Administrative Manager

Verde Valley Fire District
2700 E Godard Road
Cottonwood, Arizona 86326

Verde Valley Fire District

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Introductory Section



Crews extinguishing a brush fire.



Verde Valley Fire District

2700 E GODARD ROAD, COTTONWOOD, ARIZONA 86326

PHONE: (928) 634-2578 FAX: (928) 646-5737

December 14, 2023

To the Governing Board and the Citizens
of Verde Valley Fire District:

The following is the Annual Comprehensive Financial Report (ACFR) of the Verde Valley Fire District for the fiscal year ending June 30, 2023. The Government Finance Officers Association (GFOA) established the Certificate of Achievement for Excellence in Financial Reporting Program (COA) in 1945 to encourage and assist state and local governments to go beyond the minimum requirements of generally accepted accounting principles to prepare annual comprehensive financial reports that evidence the spirit of transparency and full disclosure and then to recognize individual governments that succeed in achieving that goal. The goal of the program is not to assess the financial health of participating governments, but rather to ensure that users of their financial statements have the information they need to do so themselves. These goals are perfectly aligned with the goals of Verde Valley Fire District.

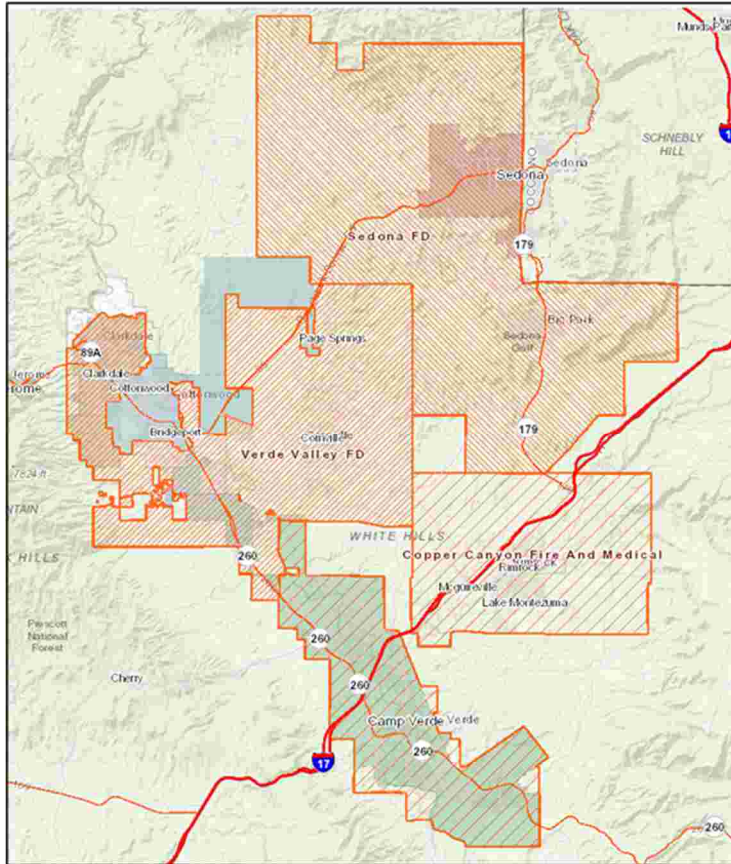
Arizona Revised Statutes Section 48-251 requires that all special districts with annual budgets in excess of \$1,000,000 publish a complete set of financial statements presented in conformance with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants within 240 days of the close of their fiscal year. This report is published to fulfill that requirement for the fiscal year ended June 30, 2023.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal controls 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.

Baker Tilly US, LLP, a certified public accounting firm, have issued an unmodified ("clean") opinion on the Verde Valley Fire District financial statements for the year ended June 30, 2023.

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. The MD&A complements this letter of transmittal and should be read in conjunction with it. The notes to the financial statements are located behind the financial statements. The notes to the financial statements communicate information necessary for a fair presentation of financial position and results of operations that is not readily apparent from, or not included in, the financial statements themselves.

District Profile



Verde Valley Fire District was formed on January 1, 2002 with the merger of Verde Rural Fire District and Cornville-Page Springs Fire District. This merger was approved by the voters on November 6, 2001. On July 1, 2016, Verde Valley Fire District consolidated Clarkdale Fire District into the District's boundaries. The consolidated District covers approximately 104 square miles and serves a population of approximately 27,376 residents. Verde Valley Fire District is located in Yavapai County and provides services to the unincorporated areas of Cottonwood including the Verde Villages and Bridgeport as well as Cornville, Page Springs, the Town of Clarkdale, and the Clarkdale Community of the Yavapai-Apache Nation. The District protects 27 miles of the Verde River as well as the Verde Canyon Railway, 6.3 miles of Highway 260, 12.7 miles of County Highway 30 and 22 miles of US 89A. The picture to the left shows the boundaries of the Verde Valley Fire District (area covered in orange/diagonal lines).

Recognized by the State of Arizona as a special taxing district, Verde Valley Fire District operates under Arizona Revised Statutes Title 48., Chapter 5. The District

provides fire and emergency medical services to the residents of the District and is funded through property taxes. It is governed by a five-member Board elected by District residents and is comprised of a Board Chair, Board Clerk, and three members. All Board Members are elected at large and serve staggered four-year terms. The Board hires and has authority over a Fire Chief; the Fire Chief manages the day-to-day operations of the District. 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 and is controlled by the Board on the Division (category) level.

Verde Valley Fire District provides all hazards response to the District and its citizens. Firefighters are trained and ready for all challenges within the District. The certified firefighters also possess levels of medical training and certifications of either Emergency Medical Technicians (EMT) or Paramedics. The firefighters are also trained in various technical rescue aspects such as high angle, rope, trench, swift water, injured hikers, confined space, and structural collapse among others. Other services offered by the District include CPR/First Aid/AED classes, public education, building inspection, fire investigations, wildland firefighting, and a grant funded car seat program that includes free car seats as well as installation and use education.



Verde Valley Fire District participates in mutual aid and automatic aid agreements with the other local fire agencies. These agreements provide for assistance to and from surrounding agencies when needed. Mutual and automatic aid agreements have at their foundation the mission of the fire service: to provide the community with the most efficient and effective service. Every fire agency will, at one time or another, need some form of mutual aid. No one agency can handle all of the calls that they are challenged with.

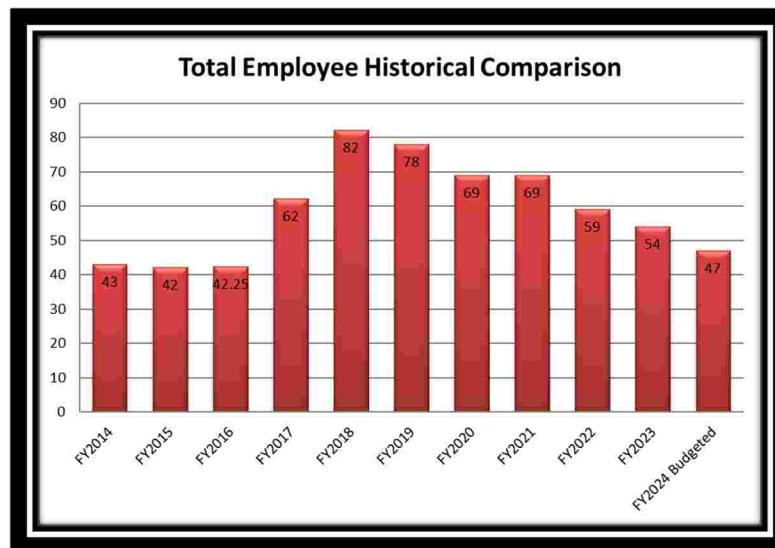
Mutual Aid: assistance that is dispatched, upon request, by the responding fire department. Usually, it is requested upon arrival at the scene.

Automatic Aid: assistance that is dispatched automatically on the first alarm.

Mutual implies "Call when you need help," and automatic implies "No need to call, help has already been sent."

District Staffing

Current staffing consists of the Fire Chief, three Battalion Chiefs, one Fire Inspector, three Administrative personnel, one EMS Coordinator, 36 full-time fire suppression personnel, and two part-time CPR instructors. The chart below shows total staffing levels for the past 10 fiscal years and the budgeted staffing level for the next fiscal year.



About the Area

Verde Valley Fire District is located in Yavapai County near the center of the state of Arizona. The District provides services to the unincorporated areas of Cottonwood including the Verde Villages and Bridgeport as well as Cornville, Page Springs, the Town of Clarkdale, and the Clarkdale Community of the Yavapai-Apache Nation. The District covers approximately 104 square miles and serves a population of approximately 27,376 residents.

Verde Valley Fire District hosts many outdoor activities including hiking, biking, fishing, rock climbing, and off-roading. The District also contains, and is surrounded by, several attractions that bring visitors from around the world. A few of the attractions within the Verde Valley Fire District are:



Verde Canyon Railroad - Discover the remote Verde Valley from the idyllic vantage point of an old-fashioned train on a ride along the Verde Canyon Railroad. Far from any highways or cities, nature lovers can catch unspoiled views of the region's wildlife, geology, and historical sites.



Tuzigoot National Monument - Explore the legacy of ancient peoples in a desert hilltop pueblo. The monument sits high atop the Verde Valley and is a striking piece of history that still stands strong. Discover endless views of varying desert habitats and learn about the Sinaguan people at the museum.



Verde Valley Wine Trail - The Verde Valley Wine Trail invites wine enthusiasts to experience a destination rich in history, beauty, and the production of exquisite wines. The wineries on the Verde Valley Wine Trail that are located within the Verde Valley Fire District are Page Springs Cellars, DA Ranch, Javelina Leap, Oak Creek Vineyards, and Cove Mesa Vineyard.



Verde River - The Verde River is one of two wild and scenic rivers and is an excellent place to fish. The Verde River is a popular place for recreational boating including scenic kayaking.

Local Economy and Outlook

Verde Valley Fire District is comprised of agricultural land (65%), residential properties (30%), and commercial properties (5%).

With the continued improvement in the housing market, the limited assessed value of properties within the Verde Valley Fire District increased an average of 5.0% in 2023. The maximum increase allowable by law is five percent (5%) not including annexations or development (Proposition 117).

While still at record highs, median sales price declined during 2022 due to increased inventory and increased mortgage interest rates. *"The median sales price for single family homes in the Cottonwood-Cornville area for 2022 was \$455,000 up 15% over 2021. This is the highest median sales price in this area ever. The number of sales in 2022 came in at 534 sales, down 12% from 603 sales in 2021."* (Sedona and Verde Valley Real Estate 2022 in Review, Randy Crewse). While the sales of existing homes do not affect the property tax revenues received by the District, the limited supply of homes driving the cost of the homes upward does affect the limited assessed value of all properties within the District. While the limited assessed value is limited to a maximum increase of five percent (5%) annually, the increase in the sales price of the homes is not limited.

Verde Valley Fire District is experiencing a fair amount of development with new home construction and a few commercial developments. This development will assist the District with continued financial stability to fund services and needed capital improvements.

During FY2022-2023, there were three (3) requests for annexation into the District.

As of June 2023, Arizona's unemployment rate was 3.5%, slightly below the U.S. rate of 3.6%. *"Arizona's tight labor market is putting upward pressure on employment costs, which include both wages and salaries and employer-paid fringe benefits. In the first quarter of 2023, Phoenix employment costs for private industry workers rose by 4.6% over the year, up slightly from 4.4% in the fourth quarter but below the national average of 4.8%. While the increase in Phoenix employment costs has moderated modestly, it is still higher than at any time in the past decade. Even so, employment costs are not keeping pace with Phoenix inflation, which hit 8.5% over the year in the first quarter."* (Arizona's Economy Walks a Fine Line, George W. Hammond, Ph.D., EBRC Director and Research Professor, June 1, 2023).

Long-Term Financial Planning and Major Initiatives

Arizona Revised Statutes §48-805.02(D) requires that the District adopt a budget that includes annual revenues and expenditures for the preceding fiscal year, estimated revenues and expenditures for the current fiscal year, and estimates of the revenues and expenditures for the next two fiscal years. The statute also requires that, if for any fiscal year, the estimated expenditures exceed the estimated revenues, a study of merger, consolidation, or joint operating alternatives is required.

The District is developing a Capital Improvements Plan (CIP) that details the needs of the District. The District budgets annual contributions of General Fund revenues to fund Capital expenditures. Additionally, funds from the sale of surplus capital items as well as excess funds at fiscal year-end, are deposited to the Capital Fund to fund future capital expenditures.

The District adopted a Budget Policy wherein it requires that the District maintains a Contingency Fund (fund balance) of fifteen percent (15%) of the budgeted operating expenditures for the fiscal year. This amount is adjusted annually based on changes in the total operating expenditures. This reserve allows the District to fund operating expenditures in the "dry funding" periods until property tax revenues are received. Without these funds, the District would have to borrow funds from Yavapai County in order to fund the District's operations until property tax revenues were received. This practice saves the District thousands of dollars in interest payments that would be due if funds were borrowed.

Relevant Financial Policies

Verde Valley Fire District adopted an Administrative Policies and Procedures Manual that includes various financial policies that focus on internal controls, reporting and long-term sustainability. These policies establish standards relating to the general overview and accountability of the District's financial operations. Policies range from accounting, audit and general financial items to investment and fraud reporting. Procedures detail the functions and internal controls required in various financial processes.

Internal controls are developed to provide reasonable assurance regarding the achievement of intended objectives. Internal controls cannot provide absolute assurance due to the inherent limitations in any system that reduce the level of assurance in any control. These limitations include collusion, human error, management override, insufficient segregation of duties, and cost versus benefit. Despite these inherent limitations, the reasonable assurance that internal controls provide enables the District to focus on reaching its objectives while minimizing undesirable events. Management's awareness and mitigation of these inherent limitations is important to the overall success of the internal control system and to the success of the District's objectives.

Budget Process

The District's budget is prepared annually on a modified accrual basis. The District has four (4) funds, the General Fund, Capital Fund, Wildland Fund, and Employee Benefits Liability Fund. All funds are included in the annual budget. The Wildland Fund and Employee Benefits Liability Fund are combined with the General Fund in the audited financial statements as they are not considered major funds.

The budget process begins in February when the Limited Property Values (LPV) are received from Yavapai County. The total LPV is used to calculate the District's property tax revenues for the upcoming fiscal year. Once these amounts are received, the District can begin preparing the budget based on the revenues projected to fund the District's operations.

Section managers develop their budgets based on the recommended direction of the Fire Chief. Their requests are submitted in March and meetings are held with the Section Manager, Battalion Chief, Fire Chief, and Administrative Manager to discuss the budget requests. The approved requests are entered into the budget and adjustments are made to ensure a balanced budget is submitted to the Fire Board.

Meetings are held with the Union/Labor Representatives during the meet and confer process to address their requests and concerns. The Budget Committee, made up of two (2) Fire Board Members, the Fire Chief, Administrative Manager, and Labor Representative, meets prior to the draft budget being presented to the Fire Board to review the draft budget in detail, answer any questions, and address any concerns prior to the budget being presented to the Fire Board.

The tentative budget is adopted by the Fire Board in May. The tentative budget is required to be posted on the District's website and in three (3) locations for a minimum of twenty (20) days before the Public Hearing on the tentative budget. A Public Hearing is held at a regularly scheduled Fire Board Meeting in June prior to the adoption of the budget to address any concerns of the public. The final budget is adopted in June after the completion of the Public Hearing, barring any concerns or changes directed by the Fire Board.

Arizona Revised Statute §48-805.02A requires that a complete copy of the adopted budget shall be posted in a prominent location on the district's official website within seven (7) business days after final adoption and shall be retained on the website for at least sixty months.

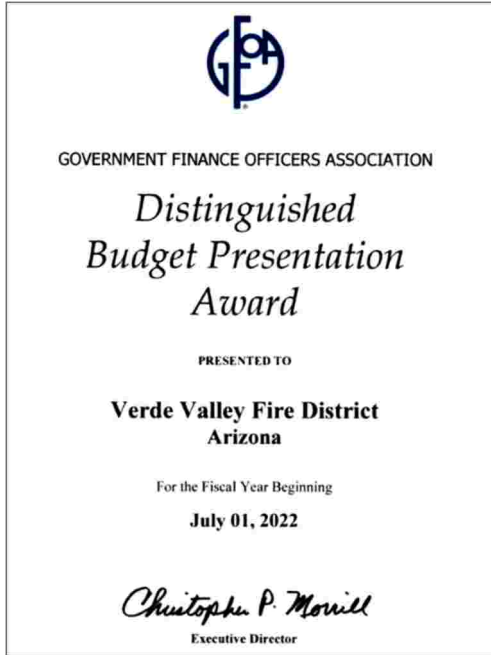
Arizona Revised Statute §48-805.02B requires that the final adopted budget be submitted to the County no later than August 1 of each year.

Pursuant to the adopted Budget Policy, the District focuses control of the budget on the total Division (category) appropriation rather than focusing on each specific line item (sub-object level). This means that instead of tracking each line item to ensure that it remains within the budget appropriation, the focus is on whether the Division as a whole operates within its total budget appropriation.

Awards and Acknowledgements

This Annual Comprehensive Financial Report for the fiscal year ended June 30, 2023 is the first annual comprehensive finance report submitted to the Government Finance Officers Association of the United States and Canada (GFOA) award program for evaluation for the Certificate of Achievement for Excellence in Financial Reporting.

In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive 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.



Verde Valley Fire District received its first Distinguished Budget Presentation Award for the fiscal year beginning July 1, 2022 (ending June 30, 2023). Similar to the Certificate of Achievement, the award is valid for a period of one year. This was the first report submitted for consideration of the award.

The District submitted the budget document for the fiscal year beginning July 1, 2023 (ending June 30, 2024) for consideration for the Distinguished Budget Presentation Award. At the time of this report, Staff had not yet received notice of award (or non-award).

Staff intends to submit annually to both the Certificate of Achievement for Excellence in Financial Reporting and the Distinguished Budget Presentation award programs. The goal of these programs are to enhance transparency and understanding of the reports issued by the District.

We would like to express our sincere appreciation to the District Board, the managers, employees and citizens of the District whose continued support is vital to the financial health of Verde Valley Fire District.

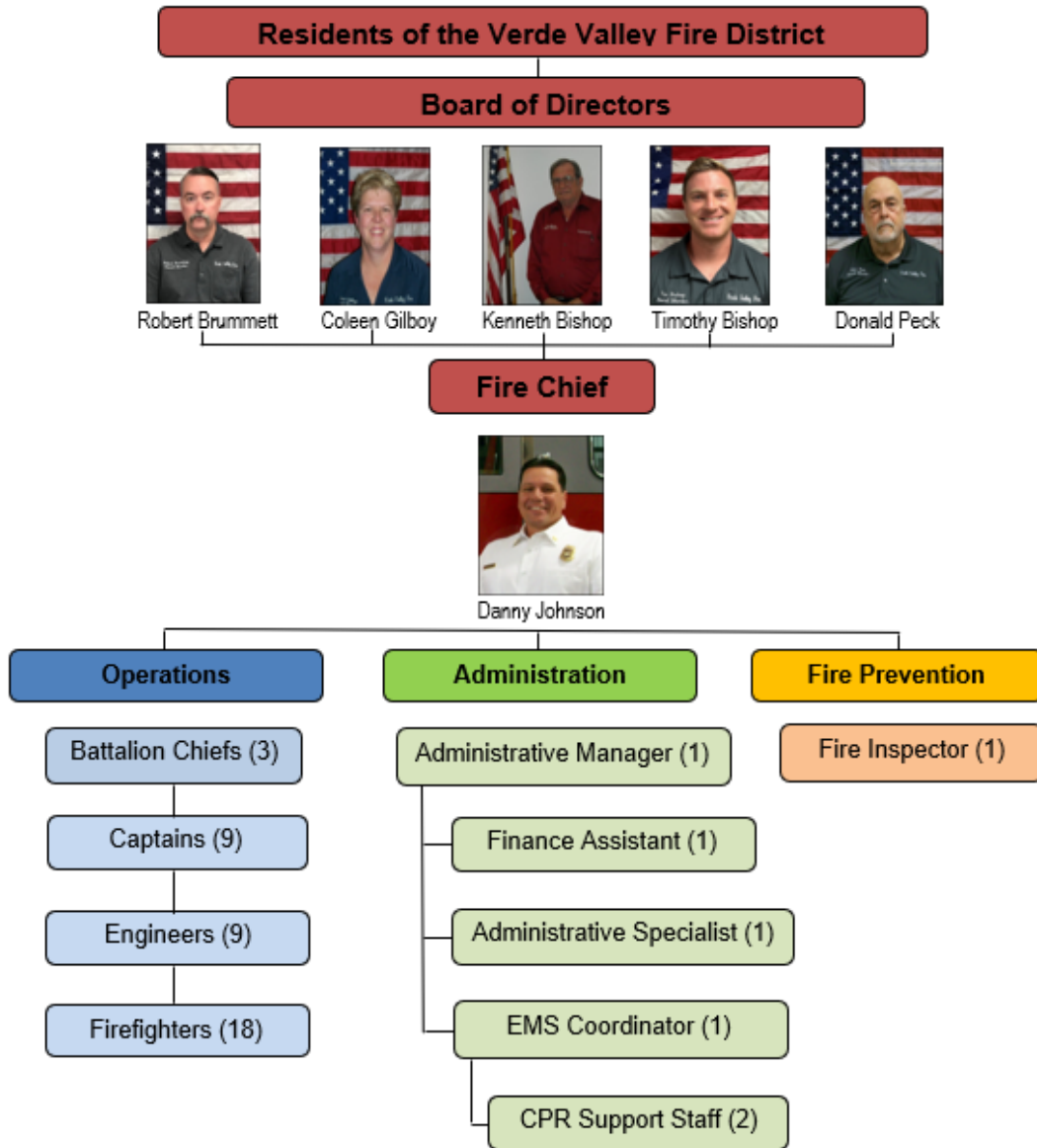
Sincerely,

Daniel Johnson
Fire Chief

Lisa Elliott
Administrative Manager

Organizational Chart

The organization chart below shows the structure of the District and the relationships and relative ranks of its divisions and positions.



Verde Valley Fire District



List of Elected and Appointed Officials

<u>Elected Board Members</u>	<u>Term Expires</u>
Board Chair Robert Brummett	November 30, 2024
Board Clerk Coleen Gilboy	November 30, 2026
Board Member Kenneth Bishop	November 30, 2024
Board Member Timothy Bishop	November 30, 2024
Board Member Donald Peck	November 30, 2026

Appointed Officials

Danny Johnson, Fire Chief
Nicolas J. Cornelius, Esq., Legal Counsel

Board Meeting Information

Regular meetings of the Verde Valley Fire District's Governing Board are held on the 4th Tuesday of each month at 5:00 pm at the administrative offices located at 2700 E Godard Road, Cottonwood, Arizona 86326.

The Fire District's posting locations are as follows:

www.verdevalleyfire.org (Official Posting Location)

Station 31, 2700 E Godard Road, Cottonwood, Arizona 86326 (Official Posting Location)

Station 32, 1120 S Page Springs Road, Cornville, Arizona 86325 (Courtesy Posting)

Station 36, 895 1st South Street, Clarkdale, Arizona 86324 (Courtesy Posting)

Town of Clarkdale Community Development Building, 890 Main Street, Clarkdale, Arizona 86324 (Courtesy Posting)

Verde Village Clubhouse, 4855 Broken Saddle Road, Cottonwood, Arizona 86326 (Courtesy Posting)



Financial Section



Station 31 using a spreader to open the engine compartment of a car after a collision.

Independent Auditors' Report

To the Governing Board of
Verde Valley Fire District

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 the Verde Valley Fire District (the District), Arizona, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

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 GAAS 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 GAAS 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 the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information, as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the Annual Comprehensive Financial Report. The other information comprises the Introductory Section and Statistical Section listed in the accompanying table of contents but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2023 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Tempe, Arizona
December 14, 2023

Financial Section

Management's Discussion and Analysis (Required Supplementary Information)

Verde Valley Fire District

Management's Discussion and Analysis
Year Ended June 30, 2023

The management of Verde Valley Fire District (the District) offers readers of these financial statements this narrative overview and analysis of the financial activities of the District's performance for the year ended June 30, 2023. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in financial position. We encourage readers to consider the information presented here in conjunction with the financial statements as a whole.

Financial Highlights

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resource at the close of the fiscal year by \$5,757,399. (net position). Of this amount, \$1,034,445 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens, creditors, and further the purpose of the District.
- The District's net position increased by \$1,587, primarily due to an increase in property tax revenues.
- Combined fund balance increased by \$981,892, which resulted primarily from increased ambulance and interest revenues, as well as decreased expenditures.
- During the fiscal year, the District also obtained grants for the purchase of AED equipment, ARPA funds from the State of Arizona for COVID-19 related expenses for the period of March 3, 2021 through June 30, 2022, and to continue their car seat program.

Overview of Financial Statements

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

Government-Wide Financial Statements

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

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

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave). The government-wide financial statements can be found on the table of contents.

Verde Valley Fire District

Management's Discussion and Analysis
Year Ended June 30, 2023

Fund Financial Statements

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

Governmental Funds - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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 government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains two (2) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and the capital projects fund, which are all considered to be major funds.

The District adopts an annual appropriated budget for its general fund, wildland fund, and capital projects fund. Budgetary comparison statements have been provided for the general fund, as the main operating fund, to demonstrate compliance with the budget. The statements can be found on the table of contents.

The basic governmental fund financial statements can be found on the table of contents.

Notes to Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on the table of contents of this report.

Other Information

In addition, funding information related to the District's participation in two (2) separate agent retirement plans can be found on the table of contents.

Verde Valley Fire District

Management's Discussion and Analysis
Year Ended June 30, 2023

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Verde Valley Fire District, assets exceed liabilities by \$5,757,399 at the close of the most recent fiscal year.

The largest portion of the District's net position (63%) reflects its net investment in capital assets (i.e. land, buildings, construction in progress, machinery, vehicles, and equipment); less any related debt still outstanding used to acquire those assets. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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

Condensed Statements of Net Position

	<u>2023</u>	<u>2022</u>
Current and other assets	\$ 8,418,864	\$ 7,448,474
Capital assets	<u>3,598,111</u>	<u>3,948,656</u>
Total assets	<u>12,016,975</u>	<u>11,397,130</u>
Deferred outflows of resources	<u>4,016,908</u>	<u>10,648,149</u>
Current and other liabilities	1,046,615	881,845
Long-term liabilities outstanding	<u>9,106,910</u>	<u>13,640,258</u>
Total liabilities	<u>10,153,525</u>	<u>14,522,103</u>
Deferred inflows of resources	<u>122,959</u>	<u>1,767,364</u>
Net Position:		
Net investment in capital assets	3,523,619	3,802,012
Restricted		
Unfunded pension obligations	1,089,210	1,062,297
Other post employment benefits	110,125	132,613
Unrestricted	<u>1,034,445</u>	<u>758,890</u>
Total net position	<u>\$ 2,233,780</u>	<u>\$ 1,953,800</u>

During 2023, current assets increased primarily because of an increase in cash and cash equivalents of \$970,390. Cash and cash equivalents increased primarily increased ambulance billing and interest revenues. Deferred outflows and long-term liabilities decreased by \$6,631,241 and \$4,533,348 respectively as a result of the transfer of the certificates of participation bond proceeds to Public Safety Personnel Retirement System to pay off the District's portion of pension related unfunded liabilities. Capital assets decreased by \$350,545, primarily due to accumulated depreciation of assets.

The unrestricted net position of \$1,034,445 may be used to meet the District's ongoing obligations to citizens and creditors. At the end of the fiscal year, the District is able to report a positive balance in all categories of net position.

Verde Valley Fire District

Management's Discussion and Analysis
Year Ended June 30, 2023

Governmental Activities

Governmental activities net position increased by \$1,587. Key elements of this increase are reported below:

Condensed Statements of Changes in Net Position

	<u>2023</u>	<u>2022</u>
Program revenues:		
Grants and intergovernmental	\$ 644,089	\$ 625,422
Charges for services	916,763	955,384
Total program revenues	<u>1,560,852</u>	<u>1,580,806</u>
General revenues:		
Property taxes	6,206,651	5,860,704
Fire district assistance tax	464,859	465,082
Net gain on sale of capital assets	25,000	112,875
Investment earnings	178,735	16,119
Other revenue	32,617	36,404
Total general revenues	<u>6,907,862</u>	<u>6,491,184</u>
Total revenues	<u>8,468,714</u>	<u>8,071,990</u>
Fire protection and emergency services	<u>8,467,127</u>	<u>7,791,065</u>
Change in net position	1,587	280,925
Net position, beginning	<u>5,755,812</u>	<u>5,474,887</u>
Net position, ending	<u><u>5,757,399</u></u>	<u><u>5,755,812</u></u>

- Overall revenues increased by \$396,724 while expenses increased by \$676,062.
- The majority of the increases in total revenues resulted from an increase in property tax, interest earnings, and charges for service revenues.
- Expenses increased primarily due to increases in workers compensation premiums, retirement contributions, building maintenance issues, firefighting equipment, and unanticipated grant expenditures.

Financial Analysis of the Governmental Funds

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

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, the unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$7,706,010, an increase of \$981,892 in comparison with the prior year's balance.

The general fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the general fund was \$3,699,427. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 51% of the total fiscal year general fund expenditures of \$7,331,566.

Verde Valley Fire District

Management's Discussion and Analysis
Year Ended June 30, 2023

Budgetary Highlights

During the 2022-2023 fiscal year, there were modifications to the originally adopted budget as it relates to the certification of participation bond. Total revenues were \$323,954 more than budgeted revenues while total expenditures were \$1,627,251 less than budgeted expenditures. The positive revenue variance resulted primarily from increased ambulance and interest revenues. The positive expenditure variance is primarily a result of reductions in personnel expenses, general operating expenses, and capital expenses as well as unrealized grant and contingency expenses.

Capital Asset and Debt Administration

Capital Assets - The District's investment in capital assets as of June 30, 2023 totals \$3,598,111 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, subscriptions, construction in progress, and vehicles, furniture and equipment.

Outlays for capital assets during the 2022-2023 fiscal year were \$206,993 which consisted primarily of the roof repairs at two (2) of the District's fire stations as well as updating audio visual equipment, replacing an HVAC unit, purchasing a new SCBA compressor and fill station, and equipment to replace a communication microwave system.

Additional information on the District's capital assets can be found in Note 4 to the financial statements.

Long-Term Liabilities - the District has software based arrangements of \$74,492, pension obligations totaling \$661,642 and bonds payable of \$8,445,000 at year-end.

The deferred outflows reflects the differences between expected and actual experience in the District's retirement funds.

Additional information on the District's long-term liabilities can be found in Note 5 to the financial statements.

Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Verde Valley Fire District, 2700 E Godard Road, Cottonwood, Arizona 86326.

Financial Section

Basic Financial Statements

Governmental Funds Financial Statements - include the Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance for the major governmental funds that use the modified accrual basis of reporting. Also includes the reconciliations to the government-wide financial statements.

Notes to the Financial Statements

Verde Valley Fire District

Statement of Net Position

June 30, 2023

	Governmental Activities
Assets	
Cash and investments	\$ 6,522,825
Accounts receivables (net of allowance for doubtful accounts)	479,967
Taxes receivable	168,792
Prepaid expenses	47,945
Net OPEB asset	110,125
Restricted cash and cash equivalents	1,089,210
Capital assets:	
Capital assets, not being depreciated/amortized	274,451
Capital assets, being depreciated/amortized, net	3,323,660
	<hr/>
Total assets	12,016,975
	<hr/>
Deferred Outflows of Resources	
Deferred outflows of resources related to pensions and OPEB	4,016,908
	<hr/>
Liabilities	
Accounts payable	159,434
Accrued expenses	130,046
Current portion of:	
Subscription liability	74,492
Compensated absences	242,643
Pension obligation bonds payable	440,000
Long-term portion of:	
Pension obligation bonds payable	8,445,000
Net pension liability	661,642
Net OPEB liability	268
	<hr/>
Total liabilities	10,153,525
	<hr/>
Deferred Inflows of Resources	
Deferred inflows of resources related to pensions and OPEB	122,959
	<hr/>
Net Position	
Net investment in capital assets	3,523,619
Restricted	
Unfunded pension obligations	1,089,210
Other post employment benefits	110,125
Unrestricted	1,034,445
	<hr/>
Total net position	\$ 5,757,399
	<hr/> <hr/>

See notes to financial statements

Verde Valley Fire District

Statement of Activities

Year Ended June 30, 2023

	Governmental Activities
Expenses	
Public safety	
Emergency services	\$ 6,654,113
Administrative and support services	1,036,822
Depreciation/amortization	564,012
Interest and fiscal charges	212,180
	<hr/>
Total program expenses	8,467,127
	<hr/>
Program Revenues	
Public safety	
Charges for services	916,763
Operating grants and contributions	644,089
	<hr/>
Total program revenues	1,560,852
	<hr/>
Net program revenue (expense)	(6,906,275)
	<hr/>
General Revenues	
Property taxes	6,206,651
Fire district assistance taxes	464,859
Net gain on sale of assets	25,000
Investment earnings	178,735
Miscellaneous revenue	32,617
	<hr/>
Total general revenues	6,907,862
	<hr/>
Increase in net position	1,587
	<hr/>
Net Position, Beginning	5,755,812
	<hr/>
Net Position, Ending	<u><u>\$ 5,757,399</u></u>

See notes to financial statements

Verde Valley Fire District

Balance Sheet, Governmental Funds

June 30, 2023

	General Fund	Capital Reserve Fund	Total Governmental Funds
Assets			
Cash and investments	\$ 3,578,749	\$ 2,944,076	\$ 6,522,825
Accounts receivable, net	479,967	-	479,967
Taxes receivable	168,792	-	168,792
Due from other funds	74,648	-	74,648
Prepaid expenses	47,945	-	47,945
Restricted cash and cash equivalents	1,089,210	-	1,089,210
	<u>5,439,311</u>	<u>2,944,076</u>	<u>8,383,387</u>
Total assets			
Liabilities			
Accounts payable	159,434	-	159,434
Accrued expenses	130,046	-	130,046
Due to other funds	-	74,648	74,648
	<u>289,480</u>	<u>74,648</u>	<u>364,128</u>
Total liabilities			
Deferred Inflows of Resources			
Unavailable revenue:			
Property taxes	133,924	-	133,924
Ambulance billings	103,014	-	103,014
Grants/wildland billings	76,311	-	76,311
	<u>313,249</u>	<u>-</u>	<u>313,249</u>
Total deferred inflows of resources			
Fund Balances			
Nonspendable, prepaid expenses	47,945	-	47,945
Restricted, pensions	1,089,210	-	1,089,210
Committed, capital projects	-	2,869,428	2,869,428
Unassigned	3,699,427	-	3,699,427
	<u>4,836,582</u>	<u>2,869,428</u>	<u>7,706,010</u>
Total fund balances			
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 5,439,311</u>	<u>\$ 2,944,076</u>	<u>\$ 8,383,387</u>

See notes to financial statements

Verde Valley Fire District

Reconciliation of the Balance Sheet to the Statement of Net Position

Governmental Funds

June 30, 2023

Fund Balance - Total Governmental Funds Balance Sheet **\$ 7,706,010**

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not current financial resources, and therefore, are not reported in the governmental funds.

Governmental capital assets	\$ 8,860,028	
Less accumulated depreciation/amortization	<u>(5,261,917)</u>	3,598,111

Unavailable revenue is shown on the governmental funds, but is not unavailable on the statement of net position.

313,249

Some liabilities, including net pension/OPEB liabilities or assets, debt and compensated absences are not due and payable in the current period, and therefore, are not reported in the funds.

Subscription liability	(74,492)	
Pension obligation bonds payable	(8,885,000)	
Net pension liability	(661,642)	
Net OPEB asset	110,125	
Net OPEB liability	(268)	
Compensated absences	<u>(242,643)</u>	(9,753,920)

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	4,016,908	
Deferred inflows of resources	<u>(122,959)</u>	<u>3,893,949</u>

Net Position of Governmental Activities, Statement of Net Position **\$ 5,757,399**

Verde Valley Fire District

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds

Year Ended June 30, 2023

	General Fund	Capital Reserve Fund	Total Governmental Funds
Revenues			
Property taxes	\$ 6,186,794	\$ -	\$ 6,186,794
Fire district assistance taxes	464,859	-	464,859
Intergovernmental/grants	721,522	-	721,522
Charges for services	908,338	-	908,338
Contributions	5,087	-	5,087
Investment earnings	105,892	72,843	178,735
Miscellaneous income	32,617	-	32,617
	<u>8,425,109</u>	<u>72,843</u>	<u>8,497,952</u>
Expenditures			
Current			
Public safety, fire protection:			
Emergency services	5,689,422	-	5,689,422
Administrative and support services	1,032,812	2,500	1,035,312
Capital outlay	-	206,994	206,994
Debt service			
Principal	397,152	-	397,152
Interest and fiscal charges	212,180	-	212,180
	<u>7,331,566</u>	<u>209,494</u>	<u>7,541,060</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,093,543</u>	<u>(136,651)</u>	<u>956,892</u>
Other Financing Sources And Uses			
Transfers in	-	1,262,297	1,262,297
Transfers (out)	(1,262,297)	-	(1,262,297)
Sales of assets	-	25,000	25,000
Total other financing sources and uses	<u>(1,262,297)</u>	<u>1,287,297</u>	<u>25,000</u>
Net change in fund balances	(168,754)	1,150,646	981,892
Fund Balances, Beginning	<u>5,005,336</u>	<u>1,718,782</u>	<u>6,724,118</u>
Fund Balances, Ending	<u>\$ 4,836,582</u>	<u>\$ 2,869,428</u>	<u>\$ 7,706,010</u>

See notes to financial statements

Verde Valley Fire District

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of
Governmental Funds to the Statement of Activities
Year Ended June 30, 2023

Net Change in Fund Balances - Total Governmental Funds \$ 981,892

Amounts reported for governmental activities in the statement
of activities are different because:

Governmental funds report capital outlays as expenditures. However,
in the statement of activities, the cost of these assets is allocated over
their estimated useful lives and reported as depreciation expense.

Expenditures for capital assets	\$ 213,467	
Less current year depreciation/amortization	<u>(564,012)</u>	(350,545)

Pension and 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 asset or liability is measured
a year before the District's report date. Pension expense, which is the
change in the net pension/OPEB asset or liability adjusted for changes
in deferred outflows and inflows of resources related to pensions/OPEB,
is report in the statement of activities.

Pension and OPEB contributions	456,850	
Pension and OPEB expense	<u>(1,447,318)</u>	(990,468)

Revenues received in the current year that were accrued in the
statement of activities in prior years. (54,238)

Repayment of long-term debt is an expenditure in the governmental
funds, but the repayment reduces long-term liabilities
in the statement of net position.

Subscription liability	72,152	
Pension obligation bonds payable	<u>325,000</u>	397,152

Compensated absences 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.

17,794

Change in Net Position of Governmental Activities \$ 1,587

Verde Valley Fire District

Notes to Financial Statements

June 30, 2023

1. Summary of Significant Accounting Policies

The accounting policies of the Verde Valley Fire District (the District) conform to U.S. generally accepted accounting principles applicable to governmental units adopted by the Governmental Accounting Standards Board (GASB). A summary of the District's more significant accounting policies follows.

Reporting Entity

The District, established pursuant to Arizona Revised Statute Title 48, is a special purpose local government, and Arizona Special Taxing District that is governed by an elected governing body, a legally separate entity, and is fiscally independent of other state and local governments. The District provides fire protection and emergency medical services within its service area in Yavapai County. As required under generally accepted accounting principles, these financial statements present the activities of the District (a primary government) and its component units. Component units are legally separate entities for which the District is considered to be financially accountable. Blended component units, although legally separate entities, are in substance part of the District's operations. The District has no discretely presented or blended component units.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) present financial information about the District as a whole. The reported information includes all of the non-fiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these financial statements. Governmental activities normally are supported by taxes and intergovernmental revenues, and are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes, state shared revenues, investment income and other items not included among program revenues are reported as general revenues.

Measurement Focus, Basis of Accounting and Basis of Presentation

Government-Wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Special assessments are recognized as revenues in the year for which the related capital projects are substantially complete. Grants and similar items are recognized as revenues as soon as eligibility requirements imposed by the grantor or provider have been met.

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Verde Valley Fire District

Notes to Financial Statements

June 30, 2023

User fees, licenses, charges for services and investment income associated with the current fiscal period are all considered to be susceptible to accrual, and thus, have been recognized as revenues of the current fiscal period. Grants and similar awards are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met. All other revenues are not susceptible to accrual because generally they are not measurable until received in cash.

The District reports the following major governmental funds:

General Fund

This fund is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in other funds.

Capital Reserve Fund

This fund is used to account for funds received and expended for the construction of buildings and improvements as well as for the acquisition of apparatus and major equipment for use by the District.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Budgeting and Budgetary Control

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. The adopted budget is on the modified accrual basis of accounting, which is the legally mandated basis for budgetary purposes.

All annual appropriations lapse at fiscal year-end. The District is subject to expenditure limitations under Arizona Revised Statutes. The law does not permit the District to incur unsecured debt in excess of property taxes levied and to be collected plus available and unencumbered cash. The limitation is applied to the total of the combined funds.

Cash and Cash Equivalents

Cash is considered to be cash on hand, and demand deposits. Cash equivalents are defined as short-term (original maturities of three months or less), highly liquid investments that are 1) readily convertible to known amounts of cash and 2) so near maturity that they present insignificant risk of changes in value because of changes in interest rates.

Arizona Revised Statutes authorize special districts to invest public monies in the Yavapai County and Arizona State Treasurer's local government investment pools, interest bearing savings accounts, certificates of deposit which have a maturity date of not more than one year, and in accounts of any savings and loan associations insured by an agency of the government of the United States, up to the amount of such insurance or pledged collateral.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of the interfund loans).

Verde Valley Fire District

Notes to Financial Statements
June 30, 2023

All program service receivables are shown net of an allowance for uncollectible amounts. The amount of the estimated uncollectible receivables at June 30, 2023 was \$563,097, which represents 46% of the gross ambulance service receivables and other receivables balances.

Property taxes are levied by the District and collected by the Yavapai County. Property taxes are levied no later than the third Monday in August and are payable in two installments due October 1 of the current year and March 1 of the subsequent year. Taxes become delinquent after the first business day of November and May, respectively. Interest attaches on installments after the delinquent date. Pursuant to A.R.S., a lien against assessed real and personal property attaches on the first day of January preceding assessment and levy; however according to case law, an enforceable legal claim to the asset does not arise. The District also levies various personal property taxes during the year which are due at the same time as real property taxes.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Restricted Assets

Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.

Capital Assets

Capital assets, which include land, buildings and related improvements, equipment, vehicles, furniture and construction in progress (including those that are leased by the District, or are subscription based assets), are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial individual cost of \$5,000 or more and an estimated useful life equal to or exceeding three years. Interest incurred during the construction phase of capital assets for governmental activities is included as part of the capitalized value of the assets constructed. Major outlays for capital assets and improvements are capitalized as projects are completed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

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

Estimated useful lives for capital assets were determined based upon lives commonly used by other Arizona governmental agencies and various industry standards. Capital assets of the District are depreciated using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Building and improvements	10-50
Machinery and equipment, furniture and fixtures	3-15
Vehicles	7-10

Intangible right-to-use lease assets are amortized over the shorter of the lease term or the useful life of the underlying asset lives above, unless the lease contains a purchase option that the District is reasonably certain of being exercised - then the lease asset is amortized over the useful life of the underlying asset.

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

Right-of-Use Asset and Liability

The District assesses contracts for potential right-of-use and recognize the asset and liability using a present value calculation for the total value of the contract based on terms of the agreement. The threshold for recognition aligns with the capitalization threshold. The District will use a straight-line amortization for the asset and the District's incremental borrowing rate to calculate the principal and interest expense for the liability. The asset and liability is presented on the Statement of Net Position. The District's estimated incremental borrowing rate is based on the average interest rate of other financing instruments with similar terms and risks as those currently entered into or available to the District.

Fund Balances Classifications - Governmental Funds

Fund Balances - Fund balances of the governmental funds are reported separately within classifications based on a hierarchy of the constraints placed on those resources. The classifications are based on the relative strength of the constraints that control how the specific amounts can be spent. The following classifications describe the relative strength of the spending constraints:

Nonspendable

Amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted

Amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed

Amounts that can be used only for specific purposes determined by a formal action of the District Board. The Board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through resolutions approved by the District Board.

Assigned

Amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the District's adopted policy, only the Board or any official or body to which the District Board delegates authority may assign amounts for specific purposes.

Unassigned

All other spendable amounts.

The District would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

Verde Valley Fire District

Notes to Financial Statements
June 30, 2023

Compensated Absences

Compensated absences payable consists of vacation leave and a calculated amount of sick leave employees earned based on services already rendered. All full-time employees of the District accrue vacation and sick time each pay period. Upon separation from the District, accrued sick time is paid based on the employee's years of service and vacation time is paid out in full. Sick leave and vacation benefits accrue at the employee's current rate of pay. The long-term liabilities for accumulated vacation and sick leave are reported on the government-wide financial statements. Resources from the General Fund are generally used to liquidate compensated absences for the governmental funds.

Interfund Activity

Flows of cash from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers between governmental funds are eliminated in the statement of activities. Interfund transfers in the fund statements are reported as other financing sources/uses in governmental funds.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Deferred Outflows/Inflows of Resources

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

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

Net Position

For government-wide reporting as well as in proprietary funds, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

- Net investment in capital assets consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.
- Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.
- Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

Verde Valley Fire District

Notes to Financial Statements
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Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Pensions and Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension and other postemployment benefits (OPEB) assets and liabilities, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension and OPEB expense, information about the pension 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 plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Long-Term Obligations

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

Deferred Revenue

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period; the period of availability for the District is 60 days. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

Intergovernmental Grants and Aid

Monies received from other government agencies in the form of grants or aid based on an entitlement period are recorded as intergovernmental receivables and revenues when entitlement occurs. Reimbursement grants are recorded as intergovernmental receivables and revenues when the related expenditures are incurred.

2. Cash and Investments

Arizona Revised Statutes require all monies levied by the District to be collected and held by the Yavapai County Treasurer's Office and pooled with other local governments for investment. Monies received by the District as part of services, contributions, or from the issuance of long-term debt are also deposited with the Yavapai County Treasurer or local financial institutions.

Credit Risk

State law generally limits local government deposits and investment to the Yavapai County Treasurer's Local Government Investment Pool (LGIP); interest bearing savings accounts, certificates of deposit; United States Treasury Bills, notes or bonds which have a maturity date of not more than one year and in accounts of any savings and loan associations insured by an agency of the government of the United States, up to the amount of such insurance or pledged collateral.

Verde Valley Fire District

Notes to Financial Statements
June 30, 2023

Custodial Credit Risk

For deposits, custodial credit risk is the risk that, in the event of the failure of a depository financial institution, an entity will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The District's investment in the Yavapai County Treasurer's LGIP and Arizona State Treasurer's local government investment pools represents a proportionate interest in the pool's portfolio; however, the District's allocation is not identified with any specific investments and is not subject to custodial credit risk.

Cash and Cash Equivalents

At June 30, 2023, cash and cash equivalents were deposited in the Yavapai County Treasurer's LGIP, Arizona State Treasurer's LGIP and local financial banking institutions; the carrying amount of cash in the District's governmental funds with the County Treasurer was \$7,427,184. These deposits are covered by Federal Depository Insurance Corporation (FDIC) or collateralized by securities held in the County's financial institutions, as required by law. Of this balance, \$1,089,210 is designated as restricted and can only be spent on PSPRS unfunded liability.

Additional cash and cash equivalents were deposited with local financial institutions; the carrying amount of the District's cash with a local financial institution was \$184,398. The first \$250,000 is insured by the FDIC at each individual institution.

3. Receivables

Receivables as of June 30, 2023 for the District, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund
Property taxes	\$ 168,792
Ambulance billing	629,931
Other receivables and charges for services	413,133
	<hr/>
Gross receivables	1,211,856
	<hr/>
Less allowance for uncollectibles	(563,097)
	<hr/>
Net receivables	<u>\$ 648,759</u>

Verde Valley Fire District

Notes to Financial Statements
June 30, 2023

4. Capital Assets

A summary of changes in capital assets for governmental activities is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 255,399	\$ -	\$ -	\$ 255,399
Construction in progress	41,301	19,052	(41,301)	19,052
Total capital assets not being depreciated	<u>296,700</u>	<u>19,052</u>	<u>(41,301)</u>	<u>274,451</u>
Capital assets, being depreciated:				
Buildings and improvements	2,691,005	78,545	-	2,769,550
Vehicles and equipment	5,821,885	157,171	(379,621)	5,599,435
Intangible right-to-use software	216,592	-	-	216,592
Total capital assets being depreciated	<u>8,729,482</u>	<u>235,716</u>	<u>(379,621)</u>	<u>8,585,577</u>
Less accumulated depreciation/amortization for:				
Buildings and improvements	(1,242,211)	(65,985)	-	(1,308,196)
Vehicles and equipment	(3,763,123)	(425,830)	379,621	(3,809,332)
Intangible right-to-use software	(72,192)	(72,197)	-	(144,389)
Total accumulated depreciation/amortization	<u>(5,077,526)</u>	<u>(564,012)</u>	<u>379,621</u>	<u>(5,261,917)</u>
Total capital assets, being depreciated, net	<u>3,651,956</u>	<u>(328,296)</u>	<u>-</u>	<u>3,323,660</u>
Governmental activities capital assets, net	<u>\$ 3,948,656</u>	<u>\$ (309,244)</u>	<u>\$ (41,301)</u>	<u>\$ 3,598,111</u>

Depreciation and amortization expense for the period was \$564,012; all amounts were expensed in the public safety function.

The accounting subscription based software arrangement is a three-year agreement, initiated in fiscal year 2022 with a monthly payment of \$6,290 and no stated interest rate. The District used an implicit rate of 3% for this arrangement based on their incremental borrowing rate with the county line of credit available to them at the time they recognized the subscription liability. All subscription based software related to the arrangement is solely controlled by the District but will be replaced by the consultants upon subscription expiration. There is no option to purchase the software.

Verde Valley Fire District

Notes to Financial Statements
June 30, 2023

5. Long-Term Debt

Subscription Liability

The District early implemented GASB Statement No. 96 for Subscription Based Information Technology Arrangement's (SBITA) in fiscal year 2022, accounting for its sole software arrangement as a subscription liability on the statement of net position, and including the intangible subscription based software in the government-wide capital assets. This asset will be amortized over a three year term, since the related subscription will be replaced at the end of the arrangement term with new equipment and upgraded software. The agreement has been classified as a SBITA and not a lease due to the majority of the arrangement having been for software and a small portion for tangible equipment. There are no residual value guarantees in the arrangement provisions. The subscription based software arrangement will end in 2024.

A summary of the principal and interest amounts for the remaining arrangements includes the following payments:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending June 30: 2024	\$ 74,492	\$ 1,216	\$ 75,708
Total	<u>\$ 74,492</u>	<u>\$ 1,216</u>	<u>\$ 75,708</u>

Certification of Pension Obligation Bond Payable

On July 1, 2021, the District issued taxable pension obligation bonds denoted as certificates of participation (COP) to provide funds to the Arizona Public Safety Pension Retirement System (PSPRS) to fully fund the pension liability with PSPRS on July 1, 2021. These taxable COPs have been issued for governmental activities. Taxable COPs are a leasing agreement in which the District has pledged land, fire district station 31, and fire district station 32 as collateral in the event of default by the District. These COPs mature in 15 years and accrue interest at a range of 0.421-3.024% annually.

A summary of the principal and interest amounts for the remaining arrangements includes the following payments:

	<u>Payment</u>	<u>Interest</u>	<u>Total</u>
Year ending June 30:			
2024	\$ 440,000	\$ 206,911	\$ 646,911
2025	570,000	203,378	773,378
2026	585,000	196,663	781,663
2027	590,000	188,427	778,427
2028	600,000	178,226	778,226
2029-2033	3,210,000	685,508	3,895,508
2034-2037	2,890,000	221,811	3,111,811
Total	<u>\$ 8,885,000</u>	<u>\$ 1,880,924</u>	<u>\$ 10,765,924</u>

Verde Valley Fire District

Notes to Financial Statements
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Changes in long-term debt as of June 30, 2023 are as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Subscription liability	\$ 146,644	\$ -	\$ (72,152)	\$ 74,492	\$ 74,492
Compensated absences	260,437	381,341	(399,135)	242,643	242,643
Net pension liability	4,680,200	-	(4,018,558)	661,642	-
Net OPEB liability	566	-	(298)	268	-
Pension obligation bond payable	9,210,000	-	(325,000)	8,885,000	440,000
	<u>9,210,000</u>	<u>-</u>	<u>(325,000)</u>	<u>8,885,000</u>	<u>440,000</u>
Governmental activities long-term liabilities	<u>\$ 14,297,847</u>	<u>\$ 381,341</u>	<u>\$ (4,815,143)</u>	<u>\$ 9,864,045</u>	<u>\$ 757,135</u>

6. Interfund Receivables, Payables and Transfers

Interfund receivables and payables for the fiscal year ended June 30, 2023 are as follows:

	<u>Due to General Fund</u>
Due from: Capital Reserve Fund	\$ 74,648

Interfund balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

The District has implemented a practice whereby it will transfer general taxes received, as appropriated and unencumbered at year end, to the Capital Project Fund to provide for future planned acquisitions of apparatus, vehicles, buildings, and improvements. Such transfers are not restricted by statute and can be transferred back to the General Fund if needed. As of June 30, 2023, interfund transfers were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
Capital Reserve Fund	\$ 1,262,297	\$ -
General Fund	-	(1,262,297)
Total	<u>\$ 1,262,297</u>	<u>\$ (1,262,297)</u>

7. Net Revenue

The District provides emergency medical and transportation services within the same geographic region as it provides fire prevention and suppression services. Charges for such emergency medical and transportation services are recognized as service revenues. Net revenue is reported at the 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.

Verde Valley Fire District

Notes to Financial Statements
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The difference between customary charges and the contractually established rates is accounted for as a contractual adjustment. The District's customary charges, contractual adjustments, provision for bad debts and uncompensated services for the year ended June 30, 2023 are as follows:

	Governmental Activities
Gross program service revenues/charges	\$ 2,199,184
Contractual adjustments, uncompensated services and bad debt	<u>(1,325,073)</u>
Total	<u>\$ 874,111</u>

8. Commitments and Contingencies

Inter-Governmental Agreements and Indemnifications

The District is party to a variety of inter-governmental 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.

Risk Management

The District is contingently liable for claims and judgements resulting from lawsuits incidental to normal operations. In the opinion of the District's management, an adverse decision that might result, to the extent not covered by insurance, would not have a material effect on the financial statements. Claims have not exceeded the limits of insurance in any of the last three years. No provision has been made in the financial statements for possible losses of this nature.

9. Pensions and Other Postemployment Benefits

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

At June 30, 2023, the District reported the following aggregate amounts related to pensions for all plans to which it contributes:

	Governmental Activities
Statement of Net Position and Statement of Activities:	
Net OPEB asset	\$ 110,125
Net pension and OPEB liabilities	661,910
Deferred outflows of resources related to pensions and OPEB	4,016,908
Deferred inflows of resources related to pensions and OPEB	122,959
Pension and OPEB expense	1,447,318

The District reported \$456,850 of pension and OPEB contributions as expenditures in the governmental funds related to all pension plans to which it contributes.

Verde Valley Fire District

Notes to Financial Statements

June 30, 2023

Arizona State Retirement System

Plan Description

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

Benefits Provided

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

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

*with actuarially reduced benefits

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

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

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

Verde Valley Fire District

Notes to Financial Statements
June 30, 2023

Contributions

In accordance with State Statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2023, active ASRS members were required by statute to contribute at the actuarially determined rate of 12.17% (12.03% for retirement and 0.14% for long-term disability) of the members' annual covered payroll, and the District was required by statute to contribute at the actuarially determined rate of 12.17% (11.92% for retirement, 0.11% for health insurance premium benefit, and 0.14% for long-term disability) of the active members' annual covered payroll. The District's contributions to the pension, health insurance premium benefit, and long-term disability plans for the year ended June 30, 2023, were \$47,303, \$437, and \$556, respectively.

During fiscal year 2023, the District paid 100% of the ASRS pension and OPEB contributions from the General Fund.

Liability

At, June 30, 2023 the District reported the following assets and liabilities for its proportionate share of the ASRS' net pension/OPEB asset or liability.

	Net Pension/OPEB (Asset) Liability
Pension	\$ 470,080
Health insurance premium benefit	(16,464)
Long-term disability	268

The net assets and net liabilities were measured as of June 30, 2022. 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, 2021, to the measurement date of June 30, 2022.

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, 2022. The District's proportion measured as of June 30, 2022, and the change from its proportions measured as of June 30, 2021, were:

	Proportion June 30, 2022	Increase (Decrease) From June 30, 2021
Pension	0.00288 %	0.02418 %
Health insurance premium benefit	0.00295	0.00017
Long-term disability	0.00291	0.00017

Verde Valley Fire District

Notes to Financial Statements

June 30, 2023

Expense

For the year ended June 30, 2023, the District recognized the following pension and OPEB expense.

	<u>Pension/OPEB Expense</u>
Pension	\$ 60,477
Health insurance premium benefit	(2,460)
Long-term disability	118

Deferred Outflows/Inflows of Resources

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

	Pension		Health Insurance Premium Benefit		Long-Term Disability	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
ASRS:						
Differences between expected and actual experience:	\$ 4,005	\$ -	\$ -	\$ 8,402	\$ 139	\$ 250
Changes of assumptions or other inputs	23,331	-	267	449	146	654
Net difference between projected and actual earnings on pension plan investments	-	12,382	-	555	-	8
Changes in proportion and differences between District contributions and proportionate share of contributions	17,079	4,360	26	211	150	40
District contributions subsequent to the measurement date	47,303	-	437	-	556	-
Total	<u>\$ 91,718</u>	<u>\$ 16,742</u>	<u>\$ 730</u>	<u>\$ 9,617</u>	<u>\$ 991</u>	<u>\$ 952</u>

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

Year ending June 30:	Pension	Health Insurance Premium Benefit	Long-Term Disability
	<u></u>	<u></u>	<u></u>
2024	\$ 26,895	\$ (2,557)	\$ (32)
2025	2,458	(2,775)	(46)
2026	(21,499)	(3,039)	(108)
2027	19,819	(495)	(1)
2028	-	(458)	(126)
Thereafter	-	-	(204)

Verde Valley Fire District

Notes to Financial Statements

June 30, 2023

Actuarial Assumptions

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

Actuarial valuation date	June 30, 2021
Actuarial roll forward date	June 20, 2022
Actuarial cost method	Entry age normal
Investment rate of return	7.0%
Projected salary increases	2.9% - 8.4% for pensions
Inflation	2.3%
Permanent benefit increase	Included for pensions
Mortality rates	PubS-2010 tables
Recovery rates	2012 GLDT for long-term disability
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 five-year period ended June 30, 2020.

The long-term expected rate of return on ASRS plan investments was determined to be 7.0% 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 weighing the expected future real rates of return by the target asset allocation percentage. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

ASRS Asset Class	Target Allocation	Long-Term Expected Geometric Real Rate of Return
Equity	50 %	3.90 %
Fixed income, credit	20	5.30
Fixed income, interest rate sensitive	10	(0.20)
Real estate	20	6.00
Total	100 %	

Discount Rate

At June 30, 2022, the discount rate used to measure the ASRS total pension/OPEB liability was 7.0%, which was a decrease of 0.5% from the discount rate used as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board's funding policy, which establishes the contractually required rate under Arizona statute. Based on those assumptions, the 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.

Verde Valley Fire District

Notes to Financial Statements
June 30, 2023

Sensitivity of District's Proportionate Share of the ASRS Net Pension 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:

ASRS	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
District's proportionate share of the net pension liability	\$ 693,589	\$ 470,080	\$ 283,708
Net insurance premium benefit liability (asset)	(11,838)	(16,464)	(20,389)
Net long-term disability liability	444	268	97

Plan Fiduciary Net Position

Detailed information about the plan's fiduciary net position is available in the separately issued ASRS financial report.

Public Safety Personnel Retirement System

Plan Description

Fire service 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 plan and an agent and cost-sharing multiple-employer defined benefit health insurance premium benefit (OPEB) plan (agent 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) which are not further disclosed because of their relative insignificance to the District's financial statements.

The PSPRS issues a publicly available financial report that includes their financial statements and required supplementary information. The reports are available on the PSPRS web site at www.psprs.com.

Verde Valley Fire District

Notes to Financial Statements
June 30, 2023

Benefits Provided

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

PSPRS	Retirement Initial Membership Date	
	Before January 1, 2012	On or After January 1, 2012 and Before July 1, 2017
Retirement and disability:		
Years of service and age required to receive benefits	20 years of service, any age 15 years of service, age 62	25 years of service or 15 years of credited service, age 52.5
Final average salary is based on	Highest 36 months	Highest 60 consecutive months
Benefit percent:		
Normal	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%
Retirement		
Accidental disability	50% or normal retirement, whichever is greater	
Retirement		
Catastrophic Disability	90% for the first 60 months then reduced to either 62.5% or normal retirement, whichever is greater	
Retirement		
Ordinary Disability	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	
Retirement		

PSPRS	Retirement Initial Membership Date	
	Before January 1, 2012	On or After January 1, 2012 and Before July 1, 2017
Survivor Benefits:		
Retired Members	80% to 100% of retired member's pension benefit	
Active Members	80% to 100% of accidental disability retirement benefit or 100% of average monthly compensation if death was the result of injuries received on the job	

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

Health insurance premium benefits are available to retired or disabled members with five 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.

Verde Valley Fire District

Notes to Financial Statements
June 30, 2023

Employees Covered by Benefit Terms

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

	<u>PSPRS Fire Pensions</u>	<u>PSPRS Fire Health</u>
Inactive employees or beneficiaries currently receiving benefits	13	13
Inactive employees entitled to but not yet receiving benefits	7	4
Active employees	<u>28</u>	<u>28</u>
Total	<u>48</u>	<u>45</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. Employer contribution rates for the year ended June 30, 2023, are indicated below. Rates are a percentage of active members' annual covered payroll.

	<u>PSPRS Fire</u>
Active members, pension	7.65 - 11.65 %
District Pension	-
Health insurance premium benefit	31.63
	0.20

The District's contributions to the plans for the year ended June 30, 2023, were:

	<u>PSPRS Fire</u>
Pension	\$ 405,486
Annual OPEB cost contributions made	3,068

During fiscal year 2023, the District paid 100% of the PSPRS pension and OPEB contributions from the General Fund.

Liability

At June 30, 2023, the District reported a PSPRS net pension liability and net OPEB asset of \$191,562, and \$93,661, respectively.

The net asset and net liabilities were measured as of June 30, 2022, and the total liability used to calculate the net asset or liability was determined by an actuarial valuation as of that date. The total liabilities as of June 30, 2022, reflect changes of actuarial assumptions, including decreasing the investment rate of return from 7.3% to 7.2%, changing the wage inflation from 3.5% to a range of 3.0 - 6.25%, and increasing the cost-of-living adjustment from 1.75% to 1.85%.

Verde Valley Fire District

Notes to Financial Statements

June 30, 2023

Actuarial Assumptions

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

Actuarial valuation date	June 30, 2022
Actuarial cost method	Entry age normal
Investment rate of return	7.2% Tier 1 and 2
Wage inflation	3.0% - 6.25% for pensions/not applicable for OPEB
Price inflation	2.5% for pensions/not applicable for OPEB
Cost-of-living adjustments	1.85% for pensions/not applicable for OPEB
Mortality rates	PubS-2010 tables
Healthcare cost trend rate	Not applicable

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

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

PSPRS Asset Class	Target Allocation	Long-Term Expected Geometric Rate of Return
U.S. public entity	24 %	3.49 %
International public entity	16	4.47
Global private equity	20	7.18
Other assets (capital appreciation)	7	4.83
Core bonds	2	0.45
Private credit	20	5.10
Diversifying strategies	10	2.68
Cash - Mellon	1	(0.35)
Total	100 %	

Discount Rates

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

Verde Valley Fire District

Notes to Financial Statements
June 30, 2023

Changes in the Net Pension/OPEB Liability

	Pension Increase (Decrease)			Health Insurance Premium Benefit Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2022	\$ 19,366,433	\$ 15,042,315	\$ 4,324,118	\$ 343,205	\$ 462,322	\$ (119,117)
Changes for the year:						
Service cost	536,416	-	536,416	11,097	-	11,097
Interest on the total liability	1,428,520	-	1,428,520	25,362	-	25,362
Differences between expected and actual experience in the measurement of the liability	1,269,177	-	1,269,177	(32,645)	-	(32,645)
Changes of assumptions or other inputs	356,887	-	356,887	8,075	-	8,075
Contributions, employer	-	8,451,568	(8,451,568)	-	4,761	(4,761)
Contributions, employee	-	207,385	(207,385)	-	-	-
Net investment income	-	(918,897)	918,897	-	(18,007)	18,007
Benefit payments, including refunds of employee contributions	(668,164)	(668,164)	-	(13,741)	(13,741)	-
Administrative expense	-	(16,500)	16,500	-	(321)	321
Other changes	-	-	-	-	-	-
Net changes	<u>2,922,836</u>	<u>7,055,392</u>	<u>(4,132,556)</u>	<u>(1,852)</u>	<u>(27,308)</u>	<u>25,456</u>
Balances at June 30, 2023	<u>\$ 22,289,269</u>	<u>\$ 22,097,707</u>	<u>\$ 191,562</u>	<u>\$ 341,353</u>	<u>\$ 435,014</u>	<u>\$ (93,661)</u>

Sensitivity of the District's Net Pension Liability to Changes in the Discount Rate

The following table presents the District's net pension liabilities calculated using the discount rate of 7.2%, as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.2%) or 1 percentage point higher (8.2%) than the current rate:

PSPRS	1% Decrease (6.2%)	Current Discount Rate (7.2%)	1% Increase (8.2%)
Net pension liability	\$ 3,395,244	\$ 191,562	\$ (2,412,746)
Net OPEB (asset) liability	(50,598)	(93,661)	(129,782)

Plan Fiduciary Net Position

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

Verde Valley Fire District

Notes to Financial Statements
June 30, 2023

Expense

For the year ended June 30, 2023, the District recognized the following pension and OPEB expense.

	<u>Pension Expense</u>	<u>OPEB Expense</u>
PSRPS Fire	\$ 1,307,908	\$ (1,710)

Deferred Outflows/Inflows of Resources

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

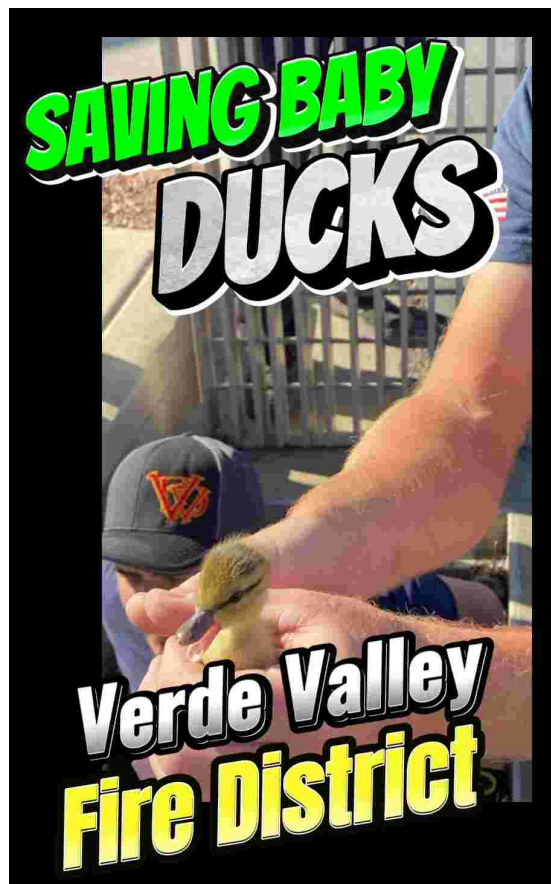
	<u>Pension</u>		<u>Health Insurance Premium Benefit</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 2,093,922	\$ 27,395	\$ 16,552	\$ 65,533
Changes of assumptions or other inputs	719,543	-	8,599	2,720
Net difference between projected and actual earnings on pension plan investments	669,109	-	7,190	-
District contributions subsequent to the measurement date	405,486	-	3,068	-
Total	<u>\$ 3,888,060</u>	<u>\$ 27,395</u>	<u>\$ 35,409</u>	<u>\$ 68,253</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 a reduction of the net liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and OPEB will be recognized as expense as follows:

	<u>Pension</u>	<u>Health</u>
Year ending June 30		\$
2024	\$ 888,725	(5,350)
2025	766,775	(6,727)
2026	522,219	(11,167)
2027	947,809	1,950
2028	329,651	(10,579)
Thereafter	-	(4,039)



Required Supplementary Information



Station 32 rescuing baby ducks from a storm drain.

Financial Section

Required Supplementary Information

Budgetary Comparison Schedules

General Fund

Pension Schedules

Verde Valley Fire District

Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget to Actual - General Fund
Year Ended June 30, 2023

	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Variance With Final Budget- Positive (Negative)</u>
Revenues			
Taxes:			
Property taxes	\$ 6,658,826	\$ 6,186,794	\$ (472,032)
Fire district assistance taxes	464,313	464,859	546
Intergovernmental/grants	933,023	721,522	(211,501)
Charges for services	876,967	908,338	31,371
Contributions	600	5,087	4,487
Investment earnings	3,060	105,892	102,832
Other income	4,600	32,617	28,017
	<u>8,941,389</u>	<u>8,425,109</u>	<u>(516,280)</u>
Expenditures			
Personnel expenses	3,880,273	3,661,077	219,196
Employment benefits	2,089,134	1,925,565	163,569
Fire Board	72,247	2,661	69,586
Administration	319,482	214,289	105,193
Fire prevention	14,402	10,756	3,646
Building maintenance	37,670	50,968	(13,298)
EMS services	224,808	209,044	15,764
Operations	157,846	121,928	35,918
Fleet maintenance	185,000	164,906	20,094
Wildland expenses	94,307	46,191	48,116
Communications	242,749	237,172	5,577
Grant expenditures	468,203	77,677	390,526
Debt service	533,767	609,332	(75,565)
	<u>8,319,888</u>	<u>7,331,566</u>	<u>988,322</u>
Excess (deficiency) of revenues over (under) expenditures	<u>621,501</u>	<u>1,093,543</u>	<u>472,042</u>
Other Financing Sources			
Transfers in/(out)	<u>(1,262,297)</u>	<u>(1,262,297)</u>	<u>-</u>
Total other financing sources	<u>(1,262,297)</u>	<u>(1,262,297)</u>	<u>-</u>
Net change in fund balances	(640,796)	(168,754)	472,042
Fund Balance, Beginning	<u>5,005,336</u>	<u>5,005,336</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 4,364,540</u>	<u>\$ 4,836,582</u>	<u>\$ 472,042</u>

See notes to budgetary comparison schedule

Verde Valley Fire District

Required Supplementary Information
Notes to Budgetary Comparison Schedule
June 30, 2023

1. Budgetary Requirements and Basis of Accounting

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

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 budgetary basis.

2. Expenditures in Excess of Appropriations

For the year ended June 30, 2023, expenditures that exceeded final budget amounts were as follows:

	<u>Excess</u>
Category:	
Building maintenance	\$ 13,298
Debt service	75,565

The overage in Building Maintenance is due to garage door and electrical repairs as well as multiple appliance replacements that were unanticipated.

The overage in Debt service is due to the amortization of the software subscription pursuant to GASB 96.

Financial Section

Required Supplementary Information Schedule of District Pension/OPEB Contributions

Verde Valley Fire District

Required Supplementary Information

Schedule of the District's Proportionate Share of the Net Pension/OPEB Liability (Asset) Liability Cost-Sharing Pension Plan

Year Ended June 30, 2023

ASRS - Pension	Reporting Fiscal Year (Measurement Date)									
	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	2014 Through 2013
District's proportion of the net pension liability	0.00288%	0.00271%	0.00280%	0.00273%	0.00251%	0.00246%	0.00271%	0.00340%	0.00130%	Information
District's proportionate share of the net pension liability	\$ 470,080	\$ 356,082	\$ 485,143	\$ 397,247	\$ 350,057	\$ 383,220	\$ 437,421	\$ 530,033	\$ 161,880	not available
District's covered payroll	396,837	342,465	307,313	309,162	288,086	250,043	232,223	103,120	103,120	
District's proportionate share of the net pension liability as a percentage of its covered payroll	118.46%	103.98%	157.87%	128.49%	121.51%	153.26%	188.36%	514.00%	156.98%	
Plan fiduciary net position as a percentage of the total pension liability	74.26%	78.58%	69.33%	73.24%	73.40%	69.92%	67.06%	68.35%	69.49%	
ASRS - Health Insurance Premium Benefit										
ASRS - Health Insurance Premium Benefit	Reporting Fiscal Year (Measurement Date)							2014 Through 2013		
	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 Through 2013			
District's proportion of the net OPEB (asset)	0.0029500%	0.0027700%	0.0028700%	0.0027900%	0.0025500%	0.0024600%	Information			
District's proportionate share of the net OPEB (asset)	\$ (16,464)	\$ (13,496)	\$ (2,032)	\$ (771)	\$ (918)	\$ (1,361)	not available			
District's covered payroll	397,273	342,381	307,436	309,184	288,043	250,043				
District's proportionate share of the net OPEB (asset) as a percentage of its covered payroll	-4.14%	-3.94%	-0.66%	-0.25%	-0.32%	-0.54%				
Plan fiduciary net position as a percentage of the total OPEB (asset)	137.79%	130.24%	104.33%	101.62%	102.20%	103.57%				
ASRS - Long-term Disability										
ASRS - Long-term Disability	Reporting Fiscal Year (Measurement Date)							2014 Through 2013		
	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 Through 2013			
District's proportion of the net OPEB liability	0.0029000%	0.0027400%	0.0028400%	0.0025100%	0.0025100%	0.0024710%	Information			
District's proportionate share of the net OPEB liability	\$ 268	\$ 566	\$ 2,154	\$ 1,311	\$ 1,311	\$ 895	not available			
District's covered payroll	397,143	342,632	307,222	309,412	288,125	250,043				
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	0.07%	0.17%	0.70%	0.42%	0.46%	0.36%				
Plan fiduciary net position as a percentage of the total OPEB liability	95.40%	90.38%	68.01%	72.85%	77.83%	84.44%				

See notes to the pension/OPEB schedules

Verde Valley Fire District

Required Supplementary Information
 Schedule of Changes in the District's Net Pension/OPEB Liability and Related Ratios - Agent Pension Plan
 Year Ended June 30, 2023

	Reporting Fiscal Year (Measurement Date)									
	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	2014 (2013)
Public Safety Personnel Retirement System										
Total Pension Liability										
Service cost	\$ 536,416	\$ 547,677	\$ 539,491	\$ 534,127	\$ 526,521	\$ 524,611	\$ 417,276	\$ 354,623	\$ 347,903	Information not available
Interest on the total pension liability	1,428,520	1,309,214	1,250,879	1,130,257	1,006,967	899,076	680,015	625,667	556,151	
Changes on benefit terms	-	-	-	-	-	95,671	969,436	-	37,970	
Differences between expected and actual experience in the measurement of the pension liability	1,269,177	405,609	5,567	820,801	299,196	(83,306)	1,157,258	33,659	(169,119)	
Changes of assumptions or other inputs	356,887	-	-	373,377	-	475,072	432,725	-	375,648	
Benefit payments, including refunds of employee contributions	(668,164)	(565,653)	(1,444,389)	(560,292)	(314,643)	(269,541)	(501,071)	(204,825)	(327,905)	
Net change in total pension liability	2,922,836	1,696,847	351,548	2,298,270	1,518,041	1,641,583	3,155,639	809,124	820,648	
Total Pension Liability, Beginning	19,366,433	17,669,586	17,318,038	15,019,768	13,501,727	11,860,144	8,704,505	7,895,381	7,074,733	
Total Pension Liability, Ending (a)	\$ 22,289,269	\$ 19,366,433	\$ 17,669,586	\$ 17,318,038	\$ 15,019,768	\$ 13,501,727	\$ 11,860,144	\$ 8,704,505	\$ 7,895,381	
Plan Fiduciary Net Position										
Contributions, employer	\$ 8,451,568	\$ 1,048,719	\$ 836,253	\$ 659,020	\$ 685,042	\$ 445,141	\$ 357,049	\$ 263,023	\$ 290,321	
Contributions, employee	207,385	236,664	288,124	192,372	260,608	353,538	281,921	250,363	205,566	
Net investment income	(918,897)	3,305,711	143,284	568,174	657,177	959,103	45,858	232,682	732,781	
Benefit payments, including refunds of employee contributions	(668,164)	(565,653)	(1,444,389)	(560,292)	(314,643)	(269,541)	(501,071)	(204,825)	(327,905)	
Administrative expense	(16,500)	(15,381)	(11,685)	(10,872)	(11,402)	(9,286)	(7,399)	(6,062)	-	
Other changes	-	-	-	(1,520)	(323,602)	101	1,013,325	(4,983)	(164,522)	
Net change in plan fiduciary net position	7,055,392	4,010,060	(188,413)	846,882	953,180	1,479,056	1,189,683	530,198	736,241	
Plan Fiduciary Net Position, Beginning	15,042,315	11,032,255	11,220,667	10,373,785	9,420,605	7,941,549	6,751,866	6,221,668	5,485,427	
Adjustment to beginning of year	-	-	1	-	-	-	-	-	-	
Plan Fiduciary Net Position, Ending (b)	22,097,707	15,042,315	11,032,255	11,220,667	10,373,785	9,420,605	7,941,549	6,751,866	6,221,668	
District's Net Pension Liability, Ending (a) - (b)	\$ 191,562	\$ 4,324,118	\$ 6,637,331	\$ 6,097,371	\$ 4,645,983	\$ 4,081,122	\$ 3,918,595	\$ 1,952,639	\$ 1,673,713	
Plan fiduciary net position as a percentage of the total pension liability	0.99140564%	0.77672099%	0.62436409%	0.64791791%	0.69067545%	0.69773333%	0.66959711%	0.77567490%	0.78801365%	
Covered payroll	\$ 2,268,216	\$ 2,347,571	\$ 2,562,505	\$ 2,450,623	\$ 2,415,236	\$ 2,335,756	\$ 2,131,136	\$ 1,638,967	\$ 1,920,313	
District's net pension liability as a percentage of covered payroll	0.08445492%	1.84195409%	2.59017290%	2.48809017%	1.92361450%	1.74723815%	1.83873530%	1.91383963%	0.87158344%	

See notes to the pension/OPEB schedules

Verde Valley Fire District

Required Supplementary Information
 Schedule of Changes in the District's Net Pension Liability and Related Ratios Agent Retirement Plan (PSPRS) (OPEB)
 Year Ended June 30, 2023

Fire District Public Safety Personnel Retirement System	Reporting Fiscal Year (Measurement Date)						2017 through 2013
	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	
Total Pension Liability							
Service cost	\$ 11,097	\$ 12,171	\$ 12,383	\$ 9,419	\$ 9,661	\$ 8,409	Information not available
Interest on the total pension liability	25,362	23,906	22,968	25,371	22,353	18,912	
Changes on benefit terms	-	-	-	-	-	6,246	
Differences between expected and actual experience in the measurement of the pension liability	(32,645)	(733)	(3,932)	(61,873)	13,157	29,588	
Changes of assumptions or other inputs	8,075	-	-	3,019	-	(7,274)	
Benefit payments, including refunds of employee contributions	(13,741)	(14,891)	(13,333)	(9,392)	(8,560)	(4,660)	
Net change in total pension liability	(1,852)	20,453	18,086	(33,456)	36,611	51,221	
Total Pension Liability, Beginning	<u>343,205</u>	<u>322,752</u>	<u>304,666</u>	<u>338,122</u>	<u>301,511</u>	<u>250,290</u>	
Total Pension Liability, Ending (a)	<u>\$ 341,353</u>	<u>\$ 343,205</u>	<u>\$ 322,752</u>	<u>\$ 304,666</u>	<u>\$ 338,122</u>	<u>\$ 301,511</u>	
Plan Fiduciary Net Position							
Contributions, employer	\$ 4,761	\$ 7,168	\$ 9,946	\$ 10,075	\$ 1,917	\$ 2,707	
Contributions, employee	-	-	-	-	-	-	
Net investment income	(18,007)	100,385	4,617	18,911	22,997	35,205	
Benefit payments, including refunds of employee contributions	(13,741)	(14,891)	(13,333)	(9,392)	(8,560)	(4,660)	
Administrative expense	(321)	(413)	(375)	(326)	(350)	(311)	
Other changes	-	-	-	1,519	-	-	
Net change in plan fiduciary net position	(27,308)	92,249	855	20,787	16,004	32,941	
Plan Fiduciary Net Position, Beginning	<u>462,322</u>	<u>370,073</u>	<u>369,218</u>	<u>348,431</u>	<u>332,427</u>	<u>299,486</u>	
Plan Fiduciary Net Position, Ending (b)	<u>\$ 435,014</u>	<u>\$ 462,322</u>	<u>\$ 370,073</u>	<u>\$ 369,218</u>	<u>\$ 348,431</u>	<u>\$ 332,427</u>	
District's Net Pension Liability (Asset), Ending (a) - (b)	\$ (93,661)	\$ (119,117)	\$ (47,321)	\$ (64,552)	\$ (10,309)	\$ (30,916)	
Plan fiduciary net position as a percentage of the total pension liability (asset)	127%	135%	115%	121%	103%	110%	
Covered payroll	2,268,216	2,347,571	2,562,505	2,450,623	2,415,236	2,335,756	
District's net pension liability (asset) as a percentage of covered payroll	(0.0)	(0.1)	(0.0)	(0.0)	(0.0)	(0.0)	

See notes to the pension/OPEB schedules

Verde Valley Fire District

Required Supplementary Information
 Schedule of District Pension Contributions
 Year Ended June 30, 2022

ASRS - Pension	Reporting Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Statutorily required contribution	\$ 47,303	\$ 41,130	\$ 35,802	\$ 35,399	\$ 32,208	\$ 27,254	\$ 27,701	\$ 143,755	\$ 36,515	\$ 11,774
District's contributions in relation to the statutorily required contribution	47,303	41,130	35,802	35,399	32,208	27,254	27,701	143,755	36,515	11,774
District's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	396,837	342,465	307,313	309,162	288,086	242,860	242,860	255,544	313,415	110,037
District's contributions as a percentage of covered payroll	11.92%	12.01%	11.65%	11.45%	11.18%	10.90%	10.78%	10.85%	10.88%	10.70%

(A) HB2050 buy back provision totaling \$114,601 included in the YTD expense

ASRS - Health Insurance Premium Benefit	Reporting Fiscal Year							
	2023	2022	2021	2020	2019	2018	2017	2014
Statutorily required contribution	\$ 437	\$ 719	\$ 1,199	\$ 1,515	\$ 1,325	\$ 1,100	\$ 1,360	Information not available
District's contributions in relation to the statutorily required contribution	437	719	1,199	1,515	1,325	1,100	1,360	
District's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
District's covered payroll	397,273	342,381	307,436	309,184	288,043	250,000	242,860	
District's contributions as a percentage of covered payroll	0.11%	0.21%	0.39%	0.49%	0.46%	0.44%	0.56%	

ASRS - Long-term Disability	Reporting Fiscal Year							
	2023	2022	2021	2020	2019	2018	2017	2014
Statutorily required contribution	\$ 556	\$ 651	\$ 553	\$ 526	\$ 461	\$ 400	\$ 340	Information not available
District's contributions in relation to the statutorily required contribution	556	651	553	526	461	400	340	
District's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
District's covered payroll	397,143	342,632	307,222	309,412	288,125	250,000	242,860	
District's contributions as a percentage of covered payroll	0.14%	0.19%	0.18%	0.17%	0.16%	0.16%	0.14%	

See notes to Pension/OPEB Schedules

Verde Valley Fire District

Required Supplementary Information
 Schedule of District Pension Contributions
 Year Ended June 30, 2022

PSPRS - Pension	Reporting Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 405,486	\$ 391,716	\$ 901,252	\$ 659,020	\$ 685,042	\$ 597,466	\$ 349,754	\$ 359,115	\$ 295,684	\$ 205,566
District's contributions in relation to the actuarially determined contribution	405,486	8,144,274	901,252	703,674	685,042	635,847	349,754	359,115	295,684	205,566
District's contribution deficiency (excess)	\$ -	\$ (7,752,558)	\$ -	\$ (44,654)	\$ -	\$ (38,381)	\$ -	\$ -	\$ -	\$ -
District's covered payroll	2,268,216	2,347,571	2,562,505	2,450,623	2,415,236	2,335,756	2,131,136	1,638,967	1,920,313	-
District's contributions as a percentage of covered payroll	14.62%	29.07%	31.57%	26.89%	28.36%	26.33%	14.97%	16.85%	18.04%	16.49%

PSPRS - OPEB	Reporting Fiscal Year							2014
	2023	2022	2021	2020	2019	2018	2017	
Actuarially determined contribution	\$ 3,068	\$ 3,324	\$ 9,032	\$ 10,075	\$ 1,917	\$ 8,560	\$ 8,311	Information not available
District's contributions in relation to the actuarially determined contribution	3,068	3,324	9,032	10,075	1,917	8,560	8,311	
District's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
District's covered payroll	2,268,216	2,347,571	2,562,505	2,450,623	2,415,236	2,335,756	2,131,136	
District's contributions as a percentage of covered payroll	0.29%	0.21%	0.29%	0.41%	0.08%	0.35%	0.39%	

See notes to Pension/OPEB Schedules

Verde Valley Fire District

Required Supplementary Information
Notes to the Pension/OPEB Schedules
June 30, 2023

1. 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 2021 actuarial valuation	19 years for underfunded 20 years for overfunded
Asset valuation method	7-year smoothed fair value; 80%/120% market 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 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%.
Projected salary increases	In the 2017 actuarial valuation, projected salary increases were decreased from 4.0% - 8.0% to 3.5% - 7.5% for PSPRS and from 4.0% - 7.25% to 3.5% - 6.5% for CORP. In the 2014 actuarial valuation, projected salary increases were decreased from 4.5% - 8.5% to 4.0% - 8.0% for PSPRS and from 4.5% - 7.75% to 4.0% - 7.25% for CORP. In the 2013 actuarial valuation, projected salary increases were decreased from 5.0% - 9.0% to 4.5% - 8.5% for PSPRS and from 5.0% - 8.25% to 4.5% - 7.75% for CORP.
Wage growth	In the 2017 actuarial valuation, wage growth was decreased from 4% to 3.5% for PSPRS and CORP. In the 2014 actuarial valuation, wage growth was decreased from 4.5% to 4.0% for PSPRS and CORP. In 2013 actuarial valuation, wage growth was decreased from 5.0% to 4.5% for PSPRS and CORP.
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).

Verde Valley Fire District

Required Supplementary Information
Notes to the Pension/OPEB Schedules
June 30, 2023

2. Factors That Affect the Identification of 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 plan's 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 for 2018 and 2019.

Financial Section

Supplementary Information

Budgetary Comparison Schedule

Capital Project Fund

Verde Valley Fire District

Schedule of Revenues, Expenditures and Changes in Fund Balance -
Capital Projects Fund Budget and Actual
Year Ended June 30, 2023

	Original and Final Budget	Actual Amounts	Variance With Final Budget- Positive (Negative)
Revenues			
Investment earnings	\$ 1,200	\$ 72,843	\$ 71,643
Total revenues	1,200	72,843	71,643
Expenditures			
Administration	-	2,500	(2,500)
Capital outlay	511,750	206,994	304,756
Total expenditures	606,057	209,494	396,563
Excess (deficiency) of revenues over (under) expenditures	(604,857)	(136,651)	468,206
Other Financing Sources			
Transfers in/(out)	1,262,297	1,262,297	-
Sales of assets	5,000	25,000	20,000
Total other financing sources	1,267,297	1,287,297	20,000
Net change in fund balances	662,440	1,150,646	488,206
Fund Balance, Beginning	1,718,782	1,718,782	-
Fund Balance, Ending	\$ 2,381,222	\$ 2,869,428	\$ 488,206

See notes to budgetary comparison schedules for the capital projects funds

Verde Valley Fire District

Notes to the Budgetary Comparison Schedules for the Capital Projects Fund
June 30, 2023

1. Budgetary Requirements and Basis of Accounting

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

A budgetary comparison schedule for the capital projects fund is included as other supplementary information to provide meaningful comparison of actual results to budget on a budgetary basis.

2. Expenditures in Excess of Appropriations

For the year ended June 30, 2023, expenditures that exceeded final budget amounts were as follows:

	<u>Excess</u>
Category:	
Administration	\$ 2,500

The overage in Administration is due to sales commission expenses related to the sale of capital assets.



Statistical Section



Bike to School Event in Clarkdale, Arizona

Contents**Pages**

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

Financial Trends

These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time. 56 - 59

Revenue Capacity

These schedules contain information to help the reader assess the District's largest source of joint venture member revenues (property tax collections by its members). 60 - 62

Debt Capacity

These schedules presents information to help the reader assess the District's current outstanding levels of debt and the District's ability to issue additional (bonded) debt in the future. 63

Demographic and Economic Statistics

These schedules offer economic and demographic indicators to help the reader understand the environment within which the District's financial activities take place. 64

Operating Information

These schedules contain service and capital asset data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities which it performs. 65 - 66

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

Verde Valley Fire District

Condensed Statement of Net Position
 Last Ten (10) Fiscal Years as of June 30
 Accrual Basis of Accounting

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	2015 Through 2014
Assets									
Current	\$ 8,418,864	\$ 7,448,474	\$ 5,330,434	\$ 5,478,656	\$ 5,964,037	\$ 6,403,829	\$ 6,264,115	\$ 5,158,695	Information Not Available
Capital	<u>3,598,111</u>	<u>3,948,656</u>	<u>4,198,151</u>	<u>4,607,502</u>	<u>4,868,849</u>	<u>3,627,044</u>	<u>3,729,738</u>	<u>2,968,512</u>	
Total	<u>12,016,975</u>	<u>11,397,130</u>	<u>9,528,585</u>	<u>10,086,158</u>	<u>10,832,886</u>	<u>10,030,873</u>	<u>9,993,853</u>	<u>8,127,207</u>	
Deferred Outflows of Resources									
Pension/OPEB related	<u>4,016,908</u>	<u>10,648,149</u>	<u>3,786,363</u>	<u>3,690,530</u>	<u>2,759,457</u>	<u>3,017,699</u>	<u>2,908,925</u>	<u>1,230,660</u>	
Liabilities									
Current	1,046,615	881,845	571,873	1,013,475	470,481	291,862	322,298	237,531	
Long-term debt	<u>9,106,910</u>	<u>13,640,258</u>	<u>7,124,628</u>	<u>6,496,423</u>	<u>6,184,722</u>	<u>4,737,569</u>	<u>4,973,140</u>	<u>2,713,142</u>	
Total	<u>10,153,525</u>	<u>14,522,103</u>	<u>7,696,501</u>	<u>7,509,898</u>	<u>6,655,203</u>	<u>5,029,431</u>	<u>5,295,438</u>	<u>2,950,673</u>	
Deferred Inflows of Resources									
Pension/OPEB related	<u>122,959</u>	<u>1,767,364</u>	<u>143,560</u>	<u>201,074</u>	<u>218,811</u>	<u>593,724</u>	<u>368,297</u>	<u>370,694</u>	
Net Position									
Invested in capital assets:									
Net of related debt	3,523,619	3,802,012	4,198,151	4,235,490	3,781,095	3,627,044	3,729,738	2,968,512	
Restricted	1,199,335	-	-	-	-	-	-	-	
Unrestricted	<u>1,034,445</u>	<u>1,953,800</u>	<u>1,276,736</u>	<u>1,830,226</u>	<u>2,937,234</u>	<u>3,798,373</u>	<u>3,509,305</u>	<u>3,067,988</u>	
Total net position	<u>\$ 5,757,399</u>	<u>\$ 5,755,812</u>	<u>\$ 5,474,887</u>	<u>\$ 6,065,716</u>	<u>\$ 6,718,329</u>	<u>\$ 7,425,417</u>	<u>\$ 7,239,043</u>	<u>\$ 6,036,500</u>	

Note (1): Clarkdale Fire District was consolidated by Verde Valley Fire District on July 1, 2016. This created an increase in both revenues and expenditures.

Verde Valley Fire District

Summary Statement of Activities and Changes in Net Position

Last Ten (10) Fiscal Years as of June 30

Accrual Basis of Accounting

	2023	2022	2021	2020	2019	2018+	2017*	2016	2015 Through 2014
Expenses									
Emergency services	\$ 6,658,568	\$ 5,932,503	\$ 6,838,371	\$ 6,598,605	\$ 6,321,865	\$ 6,158,459	\$ 6,236,898	\$ 3,901,561	Information Not Available
Administration and support services	1,032,367	779,347	969,554	633,242	532,567	-	-	246,893	
Other expenses	776,192	1,079,215	521,114	464,553	334,988	-	-	241,189	
Total expenses	8,467,127	7,791,065	8,329,039	7,696,400	7,189,420	6,158,459	6,236,898	4,389,643	
Program Revenues									
Charges for services	916,763	955,384	822,565	803,397	547,543	765,505	983,230	1,039,537	
Operating grants	644,089	625,422	795,480	355,125	264,102	187,018	204,720	58,222	
Net program revenues	1,560,852	1,580,806	1,618,045	1,158,522	811,645	952,523	1,187,950	1,097,759	
General Revenues									
Property taxes and FDAT	6,671,510	6,325,786	6,021,694	5,770,845	5,551,633	5,237,597	5,024,186	3,720,819	
Other revenues	236,352	165,398	98,471	114,420	119,054	102,187	497,397	27,298	
Total general revenues	6,907,862	6,491,184	6,120,165	5,885,265	5,670,687	5,339,784	5,521,583	3,748,117	
Total change in net position	1,587	280,925	(590,829)	(652,613)	(707,088)	133,848	472,635	456,233	
Net Position, Beginning	5,755,812	5,474,887	6,065,716	6,718,329	7,425,417	7,291,569	6,766,408	5,580,267	
Net Position, Ending	\$ 5,757,399	\$ 5,755,812	\$ 5,474,887	\$ 6,065,716	\$ 6,718,329	\$ 7,425,417	\$ 7,239,043	\$ 6,036,500	

Note (1): Expenses in fiscal years 2017 and 2018 were not separated based on program.

Note (2): FY2014 and 2015 audited financial statements did not contain the statement of activities and changes in net position.

Note (3): The 2018 Beginning Net Position was restated due to GASB 75 adjustments for pension related obligations.

The 2017 Beginning Net Position was restated due to a correction in capital assets less prior accumulated depreciation and property tax receivables.

Note (4): Clarkdale Fire District was consolidated by Verde Valley Fire District on July 1, 2016. This created an increase in both revenues and expenditures and a restatement of Beginning Net Position.

Verde Valley Fire District

Fund Balances

Governmental Funds

Last Ten (10) Fiscal Years as of June 30

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
General Fund										
Nonspendable	\$ 47,945	\$ 63,836	\$ 84,972	\$ 39,459	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	1,089,210	1,062,297	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Wildland Fund	-	206,244	206,244	53,532	-	-	-	-	-	-
Employee Benefits Liability Fund	-	277,298	276,550	265,383	250,912	246,902	252,230	250,109	240,060	190,679
Unassigned	<u>3,699,427</u>	<u>3,395,661</u>	<u>1,432,478</u>	<u>1,611,257</u>	<u>1,693,651</u>	<u>2,143,965</u>	<u>1,928,740</u>	<u>1,558,135</u>	<u>699,544</u>	<u>998,199</u>
Total	<u>4,836,582</u>	<u>5,005,336</u>	<u>2,000,244</u>	<u>1,969,631</u>	<u>1,944,563</u>	<u>2,390,867</u>	<u>2,180,970</u>	<u>1,808,244</u>	<u>939,604</u>	<u>1,188,878</u>
Capital Fund										
Committed	<u>2,869,428</u>	<u>1,718,782</u>	<u>2,628,627</u>	<u>2,805,628</u>	<u>3,569,810</u>	<u>3,520,464</u>	<u>3,550,776</u>	<u>2,975,383</u>	<u>3,553,804</u>	<u>3,501,471</u>
Total	<u>2,869,428</u>	<u>1,718,782</u>	<u>2,628,627</u>	<u>2,805,628</u>	<u>3,569,810</u>	<u>3,520,464</u>	<u>3,550,776</u>	<u>2,975,383</u>	<u>3,553,804</u>	<u>3,501,471</u>
Total funds	<u>\$ 7,706,010</u>	<u>\$ 6,724,118</u>	<u>\$ 4,628,871</u>	<u>\$ 4,775,259</u>	<u>\$ 5,514,373</u>	<u>\$ 5,911,331</u>	<u>\$ 5,731,746</u>	<u>\$ 4,783,627</u>	<u>\$ 4,493,408</u>	<u>\$ 4,690,349</u>

Note: General Fund Assigned Balances are for the Wildland Fund and Employee Benefits Liability Fund, both non-major funds.

Verde Valley Fire District

Summary Statement of Revenues, Expenditures and Changes in Fund Balances

Total Governmental Funds

Last Ten (10) Fiscal Years as of June 30

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Revenues										
Property taxes	\$ 6,186,794	\$ 5,878,829	\$ 5,549,874	\$ 5,277,995	\$ 5,133,883	\$ 4,769,434	\$ 4,537,670	\$ 3,374,719	\$ 3,397,974	\$ 3,427,710
Fire district assistance tax	464,859	465,082	461,964	465,450	465,106	463,607	466,575	315,396	307,443	313,921
Intergovernmental/grants	721,522	584,284	736,109	304,979	264,102	229,096	201,548	38,129	6,739	6,973
Charges for services	908,338	950,750	830,754	739,821	561,052	736,935	905,623	1,084,828	859,716	752,993
Contributions	5,087	1,324	1,011	1,060	735	483	3,172	194	95	-
Interest revenues	178,735	16,119	17,838	90,590	97,734	61,585	24,388	19,298	16,668	17,038
Other income	32,617	35,080	60,029	21,355	13,093	17,648	25,014	27,899	21,795	41,179
Total revenue	8,497,952	7,931,468	7,657,579	6,901,250	6,535,705	6,278,788	6,163,990	4,860,463	4,610,430	4,559,814
Expenditures										
Emergency services	5,689,422	13,700,950	6,230,978	6,059,142	5,799,174	5,497,494	4,988,599	3,923,829	3,753,643	3,638,091
Administrative and support services	1,035,312	787,061	945,164	640,374	581,214	390,260	344,622	246,893	343,071	382,121
Capital outlay	206,994	487,101	281,048	204,079	1,649,612	234,403	370,608	399,522	591,095	96,524
Debt service										
Principal	397,152	354,948	372,012	715,742	200,282	-	-	-	-	-
Interest and fiscal charges	212,180	198,010	4,380	26,276	-	-	-	-	-	-
Bond issuance costs	-	288,429	-	-	-	-	-	-	-	-
Total expenditures	7,541,060	15,816,499	7,833,582	7,645,613	8,230,282	6,122,157	5,703,829	4,570,244	4,687,809	4,116,736
Excess of revenues over (under) expenditures	956,892	(7,885,031)	(176,003)	(744,363)	(1,694,577)	156,631	460,161	290,219	(77,379)	443,078
Other Financing Sources/Uses										
Transfers in/(out)	-	-	-	-	-	-	473,009	-	-	-
Proceeds from bond	-	9,495,000	-	-	1,288,036	-	-	-	-	-
Sale of assets	25,000	485,278	29,615	5,249	9,583	22,954	-	-	-	-
Total other financing sources/uses	25,000	9,980,278	29,615	5,249	1,297,619	22,954	473,009	-	-	-
Total change in fund balance	\$ 981,892	\$ 2,095,247	\$ (146,388)	\$ (739,114)	\$ (396,958)	\$ 179,585	\$ 933,170	\$ 290,219	\$ (77,379)	\$ 443,078
Debt Service as a Percentage of Non-Capital Expenditures	0.090610573	0.058074707	0.052450467	0.110756956	0.031390254	-	-	-	-	-

Note: The increase in revenues and expenditures in FY2017 is due to the consolidation of Clarkdale Fire District on July 1, 2016.

The large increase in Emergency Services in FY2022 is due to the payment of bond proceeds to PSPRS for the unfunded retirement liability.

Verde Valley Fire District

Property Taxes Levied and Collections

Last Ten (10) Years

Fiscal Year Ended June 30:	District Tax Rate	Adopted District Tax Levy	Amount Collected Within the FY of the Levy	% of Levy Collected in FY Levied	Collections in Subsequent Fiscal Years	Total Collections to Date	% of Levy Collected to Date
2023	3.2100	\$ 6,133,933	\$ 6,022,945	98.19 %	\$ -	\$ 6,022,945	98.19 %
2022	3.2100	5,806,017	5,731,388	98.71	123,679	5,855,066	100.84
2021	3.2100	5,538,191	5,469,561	98.76	124,578	5,594,139	101.01
2020	3.2100	5,247,133	5,159,686	98.33	141,550	5,301,235	101.03
2019	3.2200	4,994,786	4,903,330	98.17	93,428	4,996,758	100.04
2018	3.2200	4,743,022	4,686,187	98.80	101,843	4,788,030	100.95
2017	3.2200	3,571,171	3,518,499	98.53	76,994	3,595,493	100.68
2016	3.2300	3,442,311	3,360,829	97.63	101,839	3,462,668	100.59
2015	3.2500	3,337,012	NA	NA	86,940	3,249,289	97.37
2014	3.2300	3,412,769	NA	NA	9,416	3,401,086	99.66
2013	2.9312	3,417,739	NA	NA	8,188	3,408,852	99.74

Note (1): The amounts for the old Clarkdale Fire District are not listed as the outstanding tax due amounts prior to the July 1, 2014 consolidation are insignificant.

Note (2): The % of Levy Collected to Date that exceeds 100% is from interest on late payments.

Note (3): Period collection information was not available for FY2013 through FY2015. Amounts were estimated based on FY2023 amounts outstanding.

Verde Valley Fire District

Net Limited Assessed Property Value by Property Classification

Last Ten (10) Years

Fiscal Year Ended June 30:	Commercial, Industrial, Utilities and Mines	Agricultural and Vacant	Residential (Owner Occupied)	Residential (Rental)	Railroad	Historical Property	Government Property Investments	Totals
2024	\$ 18,312,015	\$ 15,190,188	\$ 135,065,492	\$ 35,537,062	\$ 28,015	\$ 489,813	\$ 4,771	\$ 204,627,356
2023	17,908,846	14,377,693	127,524,191	32,619,488	33,808	461,686	4,545	192,930,257
2022	17,476,705	14,205,918	119,936,833	30,715,489	45,897	446,258	4,328	182,831,428
2021	17,241,025	13,840,227	113,135,097	29,910,488	37,365	433,304	4,122	174,601,628
2020	17,371,295	13,854,330	106,348,371	28,186,693	34,083	408,610	3,926	166,207,308
2019	15,924,481	13,580,908	100,214,236	26,753,849	34,939	375,781	3,738	156,887,932
2018	15,275,105	13,365,968	96,984,439	23,265,412	36,450	340,166	3,562	149,271,102
2017	14,699,307	12,482,137	91,526,692	22,419,331	31,051	338,757	3,391	141,500,666
2016	10,464,142	9,606,421	70,470,180	16,737,950	-	-	-	107,278,693
2015	10,662,891	10,177,949	67,727,990	15,739,707	-	-	-	104,308,537

Note: The increase in FY2017 is due to the consolidation of Clarkdale Fire District on July 1, 2016.

Verde Valley Fire District

Net Limited Assessed Property Value by Major Taxpayer
Last Ten (10) Years

Major Taxpayer	Fiscal Year 2024			Fiscal Year 2015		
	Rank	Net Limited Assessed Property Value	Percentage of Net Limited Assessed Property Value	Rank	Net Limited Assessed Property Value	Percentage of Net Limited Assessed Property Value
Arizona Public Service Co	1	\$ 7,196,619	3.52 %	1	\$ 4,502,607	4.32 %
Unisource Energy Corp	2	1,812,259	0.89	2	1,004,959	0.96
Thousand Trails Inc	3	883,582	0.43	3	428,363	0.41
Indian Creek Ranch LLC	4	665,005	0.32	5	385,095	0.37
Qwest Corporation	5	664,875	0.32	4	396,830	0.38
Joram Corporation	6	634,951	0.31	-	N/A	N/A
Clarkdale Minerals LLC	7	421,930	0.21	-	N/A	N/A
Red River Cattle LLP	8	382,448	0.19	9	240,501	0.23
Highlands Resort at Verde Ridge LLC	9	367,042	0.18	10	212,993	0.20
Hafley Living Trust	10	323,363	0.16	-	N/A	N/A
Coury, Steven C & Julie RS	-	N/A	N/A	6	312,019	0.30
Coury, Steven C	-	N/A	N/A	7	261,968	0.25
Griffith Family Trust	-	N/A	N/A	8	261,299	0.25

Note: The changes in Major Taxpayers are due to developments as well as the consolidation of Clarkdale Fire District on July 1, 2016.

Verde Valley Fire District

Outstanding Debt and Debt Limitations

Last Ten (10) Years

Fiscal Year Ended June 30:	Capital Lease Debt	General Obligation Bonds		Total Outstanding Debt		
		Amount Outstanding	Legal Limit	Amount Outstanding	% Subject to Debt Limit	Debt Per Capita
2023	\$ 8,885,000	\$ -	\$ 12,277,641	\$ 8,885,000	0.00 %	\$ 417
2022	9,210,000	-	10,969,886	9,210,000	0.00	432
2021	9,495,000	-	10,476,098	9,495,000	0.00	446
2020	376,294	-	9,972,439	376,294	0.00	18
2019	1,092,036	-	9,413,276	1,092,036	0.00	51
2018	-	-	8,956,266	-	0.00	-
2017	-	-	8,490,040	-	0.00	-
2016	-	-	6,436,722	-	0.00	-
2015	-	-	6,258,512	-	0.00	-
2014	-	-	6,406,064	-	0.00	-

Note: The District's lease purchase agreements are not subject to the legal limits based on property tax valuation; rather, the debt service is required to be paid from the primary tax levy subject to levy limitations. General Obligation Bonds are limited to the lesser of 6% of the secondary assessed value in the year they are issued or the maximum amount of the voter approved offering.

Note: The increase in the bonding legal limit in FY 2017 is due to the consolidation of Clarkdale Fire District on July 1, 2016.

Verde Valley Fire District

County-Wide Demographic and Economic Statistics

Last Ten (10) Fiscal Years

Fiscal Year	Yavapai County Population	Yavapai County Personal Income (per 1,000)	Yavapai County Per Capita Income	Yavapai County Unemployment Rate (as of June 30)	Estimated District Population
2022-2023	245,389	N/A	N/A	3.5 %	27,376
2021-2022	241,173	12,479,979	51,747	3.7	26,918
2020-2021	237,073	11,869,060	50,065	4.6	26,468
2019-2020	240,226	11,279,572	46,954	9.3	26,026
2018-2019	235,099	10,047,896	42,739	4.6	25,591
2017-2018	231,993	9,450,931	40,738	4.3	25,213
2016-2017	228,055	8,915,582	39,094	4.5	24,816
2015-2016	225,562	8,308,351	36,834	5.0	20,339
2014-2015	221,584	7,897,475	35,641	5.7	20,108
2013-2014	218,405	7,484,084	34,267	6.4	19,909

Source: Population and per capita income obtained from the Federal Reserve Bank of St. Louis.

Population and personal income for 2021 and later as well as unemployment rates obtained from the Arizona Department of Administration, Office of Economic Opportunity.

Note: The increase in the Estimated District Population for FY2016-2017 is due to the consolidation of Clarkdale Fire District on July 1, 2016.

Verde Valley Fire District

Summary of Emergency Responses

Last Ten (10) Fiscal Years

Fiscal Year Ended June 30:	Emergency Medical Services (EMS)	Fires (Residential, Still, Wildland, Commercial)	Special Duty	Other: False Alarm, Rescue, Miscellaneous	Total Emergency Responses	Billable Ambulance Transports
2023	2,434	291	576	177	3,478	1,339
2022	2,625	277	649	198	3,749	1,362
2021	2,686	379	661	256	3,982	1,295
2020	2,277	306	613	216	3,412	1,220
2019	2,104	326	605	243	3,278	1,101
2018	2,214	315	645	197	3,371	1,230
2017	2,064	342	736	196	3,338	1,280
2016	1,624	252	518	183	2,577	1,311
2015	1,449	181	473	127	2,230	1,117
2014	1,401	169	417	102	2,089	1,125

Note: The increase in total calls in FY2017 is primarily due to the consolidation of Clarkale Fire District on July 1, 2016. The difference between the EMS calls and Billable Ambulance Transports is due to patient refusals.

Verde Valley Fire District

Summary of District Assets and Full-Time Employees

Last Ten (10) Fiscal Years

<u>Fiscal Year Ended June 29:</u>	<u>Fire Trucks and Apparatus</u>	<u>Ambulances</u>	<u>Manned Fire Stations</u>	<u>Firefighters/ EMS Personnel</u>	<u>Administration and Support</u>	<u>Total Full-Time Employees</u>
2023	19	4	3	39	6	45
2022	19	5	3	39	6	45
2021	18	4	3	39	6	45
2020	20	4	3	39	6	45
2019	18	4	3	39	7	46
2018	16	4	3	38	7	45
2017	15	4	3	36	6	42
2016	11	4	2	27	4	31
2015	12	3	2	27	5	32
2014	NA	NA	2	27	6	33

Note (1): The consolidation of Clarkdale Fire District occurred on July 1, 2016 increasing the number of apparatus and other vehicles as well as manned fire stations and personnel.

Note (2): Apparatus does not include administrative staff vehicles.

Note (3): FY2014 Apparatus information is not available.

Compliance Section

**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***

Independent Auditors' Report

To the Governing Board of the
Verde Valley Fire District

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 (*Government Auditing Standards*), the financial statements of the governmental activities, and each major fund of the Verde Valley Fire District (the District), as of and for the year then ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 14, 2023.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

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Report on Compliance with State of Arizona Regulatory Requirements

In connection with our audit, nothing came to our attention that caused us to believe that Verde Valley 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 A.R.S. section 48-805, subsection B, paragraph 2 and sections 48-806 and 48-807, or that the District failed to comply with A.R.S. section 48-805.02, subsection F. However, our audit was not directed primarily toward obtaining knowledge of such 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.

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.

Baker Tilly US, LLP

Tempe, Arizona
December 14, 2023