BEAVER DAM/LITTLEFIELD FIRE DISTRICT

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

WITH REPORT OF

CERTIFIED PUBLIC ACCOUNTANTS

BEAVER DAM/LITTLEFIELD FIRE DISTRICT

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HINTON BURDICK
CPAs & ADVISORS

Independent Auditor's Report

Members of the Board
Beaver Dam/Littlefield Fire District
Beaver Dam, Arizona

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Beaver Dam/Littlefield Fire District, as of June 30, 2022, and the respective changes in financial position, and the respective budgetary comparison for the general fund 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

The District's 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 one year after the date that the financial statements are issued or when applicable, one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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, 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.

Change in Accounting Principle

As described in Note 1 to the financial statements, in fiscal year 2022, the District implemented the provisions of GASB Statement No. 87, *Leases.* Our opinion is not modified with respect to this matter.

Required Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 8, 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 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.

HintonBurdick, PLLC
Mesquite, Nevada
February 8, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Beaver Dam/Littlefield Fire District (District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2022. Please read it in conjunction with the accompanying basic financial statements.

FINANCIAL HIGHLIGHTS

- Total assets and deferred outflows exceed total liabilities and deferred inflows (i.e. net position) by $2,469,816 at the end of the fiscal year.
- Total net position increased by $259,137.
- Total revenue from all sources was $1,768,683 and the total cost of all district programs was $1,509,546.
- Total long-term debt (excluding compensated absences and net pension/OPEB liability) decreased by $96,543.
- The net pension/OPEB liabilities were $177,757 at the end of the fiscal year.
- Total revenue in the general fund was $470,238 more than the final budget and expenditures were $50,877 less than the final budget.
- At the end of the current fiscal year, unassigned fund balance for the general fund was $1,119,244 or 71% of total general fund expenditures.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The three components of the financial statements are: (1) Government-wide financial statements, which include the Statement of Net Position and the Statement of Activities. These statements provide information about the activities of the District as a whole. (2) Fund financial statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the District's operations in more detail than the government-wide statements. (3) Notes to the financial statements.

Reporting the District as a Whole

The Statement of Net Position and the Statement of Activities (Government-wide)

A frequently asked question regarding the District's financial health is whether the year's activities contributed positively to the overall financial well-being. The Statement of Net Position and the Statement of Activities report information about the District as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net position and changes in them. Net position, the difference between assets (and deferred outflows) and liabilities (and deferred inflows), are one way to measure the District's financial health, or financial position. Over time, increases or decreases in net position are an indicator of whether the financial health is improving or deteriorating. However, it is important to consider other non-financial factors such as changes in the District's property tax base or jurisdiction, the availability of capital projects, and condition of the District's assets to accurately assess the overall health of the District.

The Statement of Net Position and the Statement of Activities, present information about the following:

- Government activities – All of the District's basic services are considered to be governmental activities, including public safety and interest on long-term debt. Property taxes, intergovernmental revenues and charges for services finance most of these activities.

- Proprietary activities/Business type activities – The District currently does not maintain any proprietary activities; all activities are accounted for as governmental activities.

Reporting the District's Most Significant Funds

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds—not the District as a whole. The District's major fund uses the accounting approaches as explained below.

- Governmental funds – All of the District's basic services are reported in governmental funds. Governmental funds focus on how resources flow in and out with the balances remaining at year-end that are available for spending. These funds are reported using an accounting method called the modified accrual accounting method, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Government fund information shows whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation included with the Basic Financial Statements and in Note 2.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the District's financial position. The District's combined assets exceed liabilities by $2,469,816 as of June 30, 2022, as shown on the following condensed statement of net position.

	Governmenal Activities	
	6/30/2022	6/30/2021
Current and other assets	$ 1,833,871	$ 1,644,330
Capital assets	1,171,467	1,183,330
Total assets	3,005,338	2,827,660
Deferred outflows of resources	295,242	431,662
Long-term obligations	710,132	921,171
Other liabilities	66,810	63,239
Total liabilities	776,942	984,410
Deferred inflows of resources	53,822	64,233
Net position:		
Net investment in capital assets	693,819	609,139
Unrestricted	1,775,997	1,601,540
Total net position	$ 2,469,816	$ 2,210,679

Governmental Activities

The cost of all governmental activities this year was $1,509,546. Those who directly benefited from the programs paid for $946,006 of this cost. Overall governmental program revenues, including intergovernmental aid and fees for services, were $1,086,325. General taxes, investment earnings and other general revenues totaled $682,358.

The District's programs include public safety. The program's net cost (total cost less revenues generated by the activities) is presented below. The net cost shows the extent to which the District's general taxes support each of the District's programs.

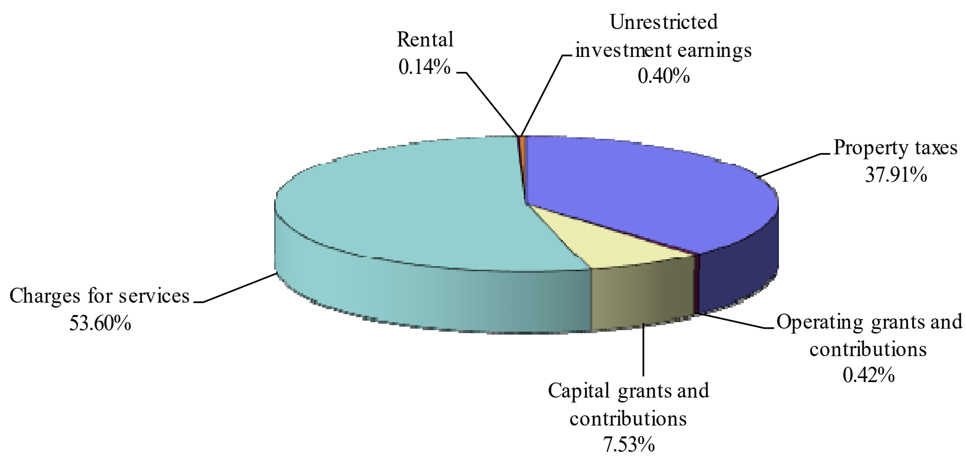
Change in Net position

	Governmenal Activities	
	6/30/2022	6/30/2021
Revenues:		
Program revenues:		
Charges for services	$ 946,006	$ 872,622
Operating grants and contributions	7,426	6,698
Capital grants and contributions	132,893	60,009
General revenues:		
Property taxes	669,075	602,557
Rental	2,525	2,550
Unrestricted investment earnings	7,068	13,477
Gain on sale of capital assets	3,690	10,000
Total revenues	1,768,683	1,567,913
Expenses:		
Public safety	1,495,865	1,266,213
Interest on long-term debt	13,681	13,726
Total expenses	1,509,546	1,279,939
Change in net position	259,137	287,974
Net position, beginning	2,210,679	1,922,705
Net position, ending	$ 2,469,816	$ 2,210,679

Total resources available during the year to finance governmental operations were $3,979,362 consisting of net position at July 1, 2021 of $2,210,679, program revenues of $1,086,325, and general revenues of $682,358. The total cost of governmental activities during the year was $1,509,546; thus governmental net position increased by $259,137 to an ending net position of $2,469,816.

The following graph provides a breakdown of revenues by source for all government activities.

Revenue By Source - Governmental Activities



General Fund Budgetary Highlights

The final budget appropriations for the general fund were $50,877 more than actual expenditures. Actual revenues were greater than the final budget by $470,238. Budget amendments and supplemental appropriations were not made during the year after the adoption of the original budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The capital assets of the District are those assets that are used in performance of District functions. Capital assets include land, buildings, equipment, and emergency vehicles. At the end of fiscal year 2022, net capital assets of the government activities totaled $1,171,467. Depreciation on capital assets is recognized in the government-wide financial statements. See Note 4 to the financial statements.

Debt

The long-term debt (excluding compensated absences and net pension/OPEB liabilities) of the District was $477,648 as of the end of fiscal year 2022, which is a decrease of $96,543 from the prior fiscal year.

NEXT YEAR'S BUDGET AND ECONOMIC FACTORS

In considering the District's budget for fiscal year 2022/2023, the District board and management estimated the budget for operating revenues and expenditures to be relatively consistent with fiscal year 2021/2022.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Michelle Arnett, Finance Director of the Beaver Dam/Littlefield Fire District at P.O. Box 579, Littlefield, AZ 86932 or call 928-347-5114.

BASIC FINANCIAL STATEMENTS

BEAVER DAM/LITTLEFIELD FIRE DISTRICT
Statement of Net Position
June 30, 2022

		Governmental Activities
Assets		
Cash and cash equivalents	$	1,752,198
Receivables, net of allowance		73,148
Prepaids		8,525
Capital assets, net of accumulated depreciation		
Land		29,839
Buildings and improvements		206,813
Machinery and equipment		155,989
Vehicles		778,826
Total assets		3,005,338
Deferred Outflows of Resources		
Deferred outflows related to pensions/OPEB		295,242
Liabilities		
Accounts payable and other current liabilities		54,869
Accrued interest payable		11,941
Noncurrent liabilities:		
Due within one year		97,066
Due in more than one year		435,309
Net pension/OPEB liabilities		177,757
Total liabilities		776,942
Deferred Inflows of Resources		
Deferred inflows related to pensions/OPEB		53,822
Net Position		
Net investment in capital assets		693,819
Unrestricted		1,775,997
Total net position (deficit)	$	2,469,816

The accompanying notes are an integral part of the financial statements.

BEAVER DAM/LITTLEFIELD FIRE DISTRICT
Statement of Activities
For the Year Ended June 30, 2022

		Program Revenues			Net (Expense) Revenue and Changes in Net Position	
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants & Contributions**	**Capital Grants & Contributions**	**Governmental Activities**	**Total**
Governmental activities:						
Public safety	$ 1,495,865	$ 946,006	$ 7,426	$ 132,893	$ (409,540)	$ (409,540)
Interest on long-term debt	13,681	-	-	-	(13,681)	(13,681)
Total governmental activities	$ 1,509,546	$ 946,006	$ 7,426	$ 132,893	(423,221)	(423,221)
	General revenues:					
	Property and other taxes				669,075	669,075
	Rental				2,525	2,525
	Unrestricted investment earnings				7,068	7,068
	Gain on sale of capital assets				3,690	3,690
	Total general revenues				682,358	682,358
	Change in net position				259,137	259,137
	Net position - beginning				2,210,679	2,210,679
	Net position - ending				$ 2,469,816	$ 2,469,816

The accompanying notes are an integral part of the financial statements.

BEAVER DAM/LITTLEFIELD FIRE DISTRICT
Balance Sheet
Governmental Funds
June 30, 2022

	General Fund	Total Governmental Funds
Assets		
Cash and cash equivalents	$ 1,752,198	$ 1,752,198
Accounts receivable, net of allowance of $95,382	30,188	30,188
Due from other governments	42,960	42,960
Prepaid items	8,525	8,525
Total assets	$ 1,833,871	$ 1,833,871
Liabilities, deferred inflows of resources, and fund balances		
Liabilities:		
Accounts payable	$ 19,628	$ 19,628
Accrued liabilities	35,241	35,241
Total liabilities	54,869	54,869
Deferred inflows of resources:		
Unavailable revenue	1,155	1,155
Total deferred inflows of resources	1,155	1,155
Fund balances:		
Nonspendable:		
Prepaid items	8,525	8,525
Assigned:		
Subsquent year	388,145	388,145
Capital outlay	261,933	261,933
Unassigned	1,119,244	1,119,244
Total fund balances	1,777,847	1,777,847
Total liabilities, deferred inflows of resources, and fund balances	$ 1,833,871	$ 1,833,871

The accompanying notes are an integral part of the financial statements.

BEAVER DAM/LITTLEFIELD FIRE DISTRICT
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2022

Total governmental fund balance		$ 1,777,847
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Capital assets	$ 3,417,585	
Accumulated depreciation	(2,246,118)	1,171,467
Unavailable revenues associated with charges for services and taxes are recorded as revenue in the government-wide statements.		1,155
Some liabilities, including notes payable, are not due and payable in the current period and therefore are not reported in the funds.		
Notes payable	(477,648)	
Compensated absences	(54,727)	
Net pension/OPEB liability	(177,757)	
Accrued interest payable	(11,941)	(722,073)
Deferred outflows and inflows of resources related to pensions and OPEB are applicable to future reporting periods and, therefore, are not reported in the funds.		
Deferred outflows	295,242	
Deferred inflows	(53,822)	241,420
Total net position of governmental activities		$ 2,469,816

The accompanying notes are an integral part of the financial statements.

BEAVER DAM/LITTLEFIELD FIRE DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2022

	General Fund
Revenues:	
Property and other taxes	$ 669,075
Charges for services, including ambulance	372,649
Intergovernmental	140,319
Rental income	2,525
Other revenues, including wildland fires	572,202
Interest revenue	7,068
Total revenues	1,763,838
Expenditures:	
Public safety	
Personnel costs	885,600
Services, supplies and other	106,568
Repairs and maintenance	99,276
Fuel	44,464
Insurance	35,476
Communications	50,567
Utilities	15,951
Administrative costs	85,135
Total public safety	1,323,037
Debt service	110,749
Capital outlay - public safety	149,452
Total expenditures	1,583,238
Excess (deficiency) of revenues over expenditures	180,600
Other financing sources (uses)	
Sale of capital assets	3,690
Total other financing sources (uses)	3,690
Net change in fund balance	184,290
Fund balance - beginning of year	1,593,557
Fund balance - end of year	$ 1,777,847

The accompanying notes are an integral part of the financial statements.

BEAVER DAM/LITTLEFIELD FIRE DISTRICT
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance to the Government-Wide Statement of Activities
For the Year Ended June 30, 2022

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

Net change in fund balance - total governmental funds		$ 184,290
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the costs of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlay	$ 149,452	
Depreciation expense	(161,315)	(11,863)
Revenues for services that were not collected in the current period are not reported as revenue in the current period while they are recorded in the statement of activities. This is the change in the unavailable revenue balance for the fiscal year.		1,155
Debt proceeds provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
Notes payable principal repayment		96,543
Pension/OPEB contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the statement of net position because the net pension/OPEB liability is measured a year before the District's report date. Pension/OPEB expense, which is the change in the net pension liability/OPEB adjusted for changes in deferred outflows and inflows of resources related to pensions/OPEB, is reported in the statement of activities.		
Pension/OPEB contributions	76,552	
Pension/OPEB expense	(85,171)	(8,619)
Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available resources. In the statement of activities, however, which is presented on the accrual basis of accounting, expenses are reported regardless of when the financial resources are available.		
Change in compensated absences	(2,894)	
Change in accrued interest	525	(2,369)
Change in net position of governmental activities		$ 259,137

The accompanying notes are an integral part of the financial statements.

NOTE 1. Significant Accounting Policies

Description of Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, when applicable, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

Reporting Entity

The District was organized as a Special Service District pursuant to the provisions of Chapter 5 of Title 48 of the Arizona Revised Statutes – Special Taxing Districts, which sets forth the legal framework for a fire district. The District provides fire protection for the communities of Beaver Dam, Littlefield, Desert Springs, Scenic, and Jones Flat. The accompanying financial statements include all activities of the District. There are no other agencies, or component units, that should be associated with these financial statements.

Basis of Presentation – Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds. Separate financial statements are provided for governmental funds. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the District's funds. Separate statements for each fund category are presented. The emphasis of fund financial statements is on major governmental funds. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The **General Fund** is used to account for all financial resources applicable to the general operations of the District. The District has no other funds.

During the course of operations, the District may have activity between funds for various purposes. Any residual balances outstanding at yearend are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column.

NOTE 1. Significant Accounting Policies, Continued

Further, certain activity may occur during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the 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. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement* focus and *the modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. 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 90 days of the end of the current fiscal period. The District uses 90 days instead of 60 days to better coincide with the collection period of ambulance billings. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, fire district assistance taxes, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 90 days of yearend). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 90 days of yearend). All other revenue items are considered to be measurable and available only when cash is received by the District.

NOTE 1. Significant Accounting Policies, Continued

Budgets and Budgetary Accounting

Annual budgets are prepared and adopted by resolution by the Board on or before July 15th for the fiscal year in accordance with State law. Prior to adoption of the budget, a public hearing is conducted to obtain taxpayer input. The budget includes proposed expenditures and the proposed sources of financing for such expenditures and is adopted on a basis consistent with generally accepted accounting principles using the modified accrual basis of accounting. Budgets are adopted and control of budget appropriations are exercised under State law, at the department level. Budget amendments are required to increase expenditure budgets. During the current fiscal year, there were amendments to the budget. Procedures for amending the budgets are completed in accordance with State laws. Refer to the budget and actual schedule for any excess expenditures over appropriations, if any.

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

Receivables and Allowance for Uncollectible Receivables

Receivables consist primarily of ambulance billings, grants and property taxes. An allowance for uncollectible accounts receivable on receivables relating to ambulance charges for services is considered necessary and is presented.

Inventories and Prepaid Items

All inventories are valued at cost using the first-in/first-out method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. The District’s inventory of materials and supplies is deemed to be immaterial; thus, no provision for inventory has been made in these financial statements.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets

Capital assets, which include property and equipment, are reported in the governmental activities column in the government-wide financial statement of net position. The District defines capital assets as assets with an individual cost of more than $5,000 and an estimated useful life in excess of one year. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Depreciation of capital assets is computed and recorded by the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings and improvements, 7 – 40 years; machinery and equipment, 5 – 7 years; vehicles, 5 – 10 years.

NOTE 1. Significant Accounting Policies, Continued

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 position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. The District has one type of item that qualifies for reporting in this category. Accordingly, *pension/OPEB* type items are reported in the government-wide financial statements (see Note 6).

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 position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has two types of items that qualify for reporting in this category. Accordingly, *pension/OPEB* type items are reported on the government-wide financial statements (see Note 6). Another type of item, which arises only under a modified accrual basis of accounting, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source: ambulance revenues. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Postemployment Benefits

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

Net Position Flow Assumptions

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 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.

Leases

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

NOTE 1. Significant Accounting Policies, Continued

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

Key estimates and judgments related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.

- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

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

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position. At June 30, 2022, the District had no leases.

Fund Balance Flow Assumptions

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental 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 fund balance to have been depleted before using any of the components of unrestricted fund balance.

Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The District itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance). The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the District's highest level of decision-making authority. The governing board is the highest level of decision-making authority for the District that can, by adoption of an ordinance prior to

NOTE 1. Significant Accounting Policies, Continued

the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The executive director is authorized to assign amounts to a specific purpose in accordance with the board's budget policy. The board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Revenues and Expenditures/Expenses

Program Revenues

Amounts reported as 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. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Property Taxes

Property taxes are collected by the Mohave County Treasurer and remitted to the District monthly. Taxes are levied each August on the taxable value listed as of the prior January 1 for all real property located within the District. Taxable values are established by the County Assessor at 100 percent of the fair market value on primary residential property and non-primary residential property. A revaluation of all property is required to be completed no less than every five years. Taxes are due and payable on October 1 and March 1 and become delinquent after November 1st and May 1st of each year. They become liens if not paid within two years from the date of levy.

Compensated Absences

For governmental funds, amounts of vested or accumulated paid time off (PTO) that are not expected to be liquidated with expendable available financial resources are reported as liabilities in the government-wide financial statement of net position and as expenses in the government-wide statement of activities. No expenditures are reported for these amounts in the governmental fund financial statements. Accumulated unpaid PTO is accrued based on the District's expected legal obligation as of the statement date.

NOTE 1. Significant Accounting Policies, Continued

Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District maintains insurance for general liability, auto liability, employee dishonesty, and worker's compensation.

Tax Abatements

The District has not entered into any tax abatement agreements and the District is not aware of any tax abatement agreements that have been entered into by other governments that would reduce the District's tax revenues.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

New Pronouncement

For the year ended June 30, 2022, the District early-adopted the provisions of GASB Statement No. 87, Leases. GASB Statement No. 87 improves accounting and financial reporting for leases by governments. This Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The Statement also establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The implementation of GASB 87 had no impact on the District's financial statements.

NOTE 2. Reconciliation of Government-Wide and Fund Financial Statements

The governmental fund balance sheet includes a reconciliation between total governmental fund balances and net position of governmental activities as reported in the government-wide statement of net position. This difference primarily results from the long-term economic focus of the statement of net position versus the current financial resources focus of the governmental fund balance sheets. The details of these differences are reported in the reconciliation on page 13.

NOTE 2. Reconciliation of Government-Wide and Fund Financial Statements, Continued

The governmental fund statement of revenues, expenditures, and changes in fund balance includes a reconciliation between net changes in fund balances-total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. These differences are the result of converting from the current resources measurement focus and modified accrual basis for governmental fund statements to the economic resources measurement focus and full accrual basis used for government-wide statements. The details of these differences are reported in the reconciliation on page 15.

NOTE 3. Deposits and Investments

The District's cash and cash equivalents are considered to be cash-on-hand, demand deposits and short-term investments with original maturities of three months or less from the date of the acquisition for purposes of this note.

Deposits and investments of the District at June 30, 2022 consist of the following:

Deposits:	
Financial institutions	$ 1,752,198
Total deposits	$ 1,752,198

Cash and investments as shown on the statement of net position follows:

Cash and cash equivalents	$ 1,752,198

Deposits

Custodial Credit Risk

For deposits, this is the risk that in the event of a bank failure, the District's deposit may not be returned to it. The District does not have a formal policy for custodial credit risk. As of June 30, 2022, none of the District's bank balance of $1,809,753 was exposed to custodial credit risk, because it was uninsured or uncollateralized.

Investments

The District's policy allows for the investment of funds in time certificates of deposit with federally insured depositories, investment in the county treasurer's pool, and other investments as allowed by state statutes. Eligible Arizona depositories as defined by state statutes are any commercial bank or savings and loan association with its principal place of business in the state of Arizona, which are insured by the federal deposit

NOTE 3. Deposits and Investments, Continued

insurance corporation, or any other insuring instrumentality of the United States. The District had no investments as of June 30, 2022.

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District had no assets measured at fair value as of June 30, 2022.

Interest rate risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District's policy for managing its exposure to fair value loss arising from increasing interest rates is to comply with the state statutes which define allowable investments.

Credit risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District's policy for reducing exposure to credit risk is to comply with the state statutes which define allowable investments.

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NOTE 4. Capital Assets

The following table summarizes changes to capital assets for the year ended June 30, 2022.

Governmental Activities:	Balance 6/30/2021	Additions	Deletions	Balance 6/30/2022
Capital assets, not being depreciated:				
Land	$ 29,839	$ -	$ -	$ 29,839
Total capital assets, not being depreciated	29,839	-	-	29,839
Capital assets, being depreciated:				
Buildings and improvements	506,245	-	-	506,245
Machinery and equipment	418,037	113,175	(3,560)	527,652
Vehicles	2,317,572	36,277	-	2,353,849
Total capital assets, being depreciated	3,241,854	149,452	(3,560)	3,387,746
Less accumulated depreciation for:				
Buildings and improvements	(285,471)	(13,961)	-	(299,432)
Machinery and equipment	(361,095)	(14,128)	3,560	(371,663)
Vehicles	(1,441,797)	(133,226)	-	(1,575,023)
Total accumulated depreciation	(2,088,363)	(161,315)	3,560	(2,246,118)
Total capital assets, being depreciated, net	1,153,491	(11,863)	-	1,141,628
Governmental activities capital assets, net	$ 1,183,330	$ (11,863)	$ -	$ 1,171,467

The entire amount of depreciation was charged to the governmental activity, public safety.

Governmental Activities:	
Public safety	$ 161,315
Total depreciation expense - governmental activities	$ 161,315

NOTE 5. Long-term Liabilities

The following is a summary of changes in long-term debt for the year ended June 30, 2022:

	Balance 6/30/2021	Additions	Retirements	Balance 6/30/2022	Current Portion
Governmental activities					
Notes Payable*	$ 574,191	$ -	$ (96,543)	$ 477,648	$ 97,066
Accrued compensated absences	51,833	22,921	(20,027)	54,727	-
Net pension/OPEB liabilities	295,147		(117,390)	177,757	-
Total governmental activities	921,171	22,921	(233,960)	710,132	97,066
Total long-term liabilities	$ 921,171	$ 22,921	$ (233,960)	$ 710,132	$ 97,066

* The District implemented GASB 87 in fiscal year 2022. With the implementation, debt reported as capital leases in fiscal year 2021, are reported as notes payable in fiscal year 2022 (not leases under GASB 87).

The following is a list of long-term debt outstanding as of June 30, 2022:

Notes payable:	
2.42% note payable to Zions Bank in annual installments of $14,271 through July 2023 and one payment of $14,148 in July 2024, secured by a interfacility van.	$ 40,707
2.47% note payable to Zions Bank in annual installments of $93,756 through August 2026, secured by a fire truck.	434,285
4.185% note payable to Xerox Financial Services in monthly installments of $209 through July 2023, secured by a copier.	2,656
Total notes payable	477,648
Compensated absences	54,727
Net pension/OPEB liabilities	177,757
Total long-term liabilities	710,132
Less current portion:	(97,066)
Net long-term liabilities	$ 613,066

NOTE 5. Long-term Liabilities, Continued

The following is a schedule of annual required debt payments for the notes payable:

Year Ending June 30,	Principal	Interest
2023	$ 97,066	$ 13,474
2024	98,853	9,383
2025	100,952	6,952
2026	89,291	4,465
2027	91,486	2,270
	$ 477,648	$ 36,544

NOTE 6. Pensions and Other Postemployment Benefits

The District contributes to the plan described below. The plan is a component unit of the State of Arizona. At June 30, 2022, the District reported the following aggregate amounts related to pensions and other postemployment benefits (OPEB) for all plans to which it contributes:

Statement of Net Position and Statement of Activities	**Governmental Activities**
Net pension and OPEB liability	$ 177,757
Deferred outflows of resources	295,242
Deferred inflows of resources	53,822
Pension/OPEB expense	82,564

The District's accrued payroll and employee benefits includes $3,731 of outstanding pension and OPEB contribution amounts payable to all plans for the year ended June 30, 2022. Also the District reported $88,082 of pension and OPEB contributions as expenditures in the governmental funds related to all plans to which it contributes.

NOTE 6. Pensions and Other Postemployment Benefits, Continued

Public Safety Personnel Retirement System (PSPRS)

Plan description – The District's employees who are regularly assigned hazardous duty participate in the Public Safety Personnel Retirement System (PSPRS).) or employees who became members on or after July 1, 2017, may participate in the Public Safety Personnel Defined Contribution Retirement Plan (PSPDCRP).The PSPRS administers agent and cost-sharing multiple-employer defined benefit pension plans and agent and cost-sharing multiple-employer defined benefit health insurance premium benefit (OPEB) plans. A nine-member board known as the Board of Trustees, and the participating local boards, govern the PSPRS according to the provisions of A.R.S Title 38, Chapter5, Article 4. *:* Employees who were PSPRS members before July 1, 2017, participate in the agent plans, and those who became PSPRS members on or after July 1, 2017, participate in the cost-sharing plans (PSPRS Tier 3 Risk Pool.

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

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

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NOTE 6. Pension and Other Postemployment Benefits, Continued

PSPRS	**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 benefit	20 years of service, any age 15 years of service, age 62	25 years of service or 15 years of credited service, age 52.5
Final average salary is based on	Highest 36 consecutive months of last 20 years	Highest 60 consecutive months of last 20 years
Benefit percent		
Normal Retirement	50% less 2.0% for each year of credited service less than 20 years OR plus 2.0% to 2.5% for each year of credited service over 20 years, not to exceed 80%	1.5% to 2.5% per year of credited service, not to exceed 80%
Accidental Disability Retirement	50% or normal retirement, whichever is greater	
Catastrophic Disability Retirement	90% for the first 60 months then reduced to either 62.5% or normal retirement, whichever is greater	
Ordinary Disability Retirement	Normal retirement calculated with actual years of credited service or 20 years of credited service, whichever is greater, multiplied by years of credited service (not to exceed 20 years) divided by 20	
Survivor Benefit		
Retired Members	80% to 100% of retired member's pension benefit	
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.

NOTE 6. Pension and Other Postemployment Benefits, Continued

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

Employees covered by benefit terms – At June 30, 2022, the following employees were covered by the agent plan's benefit terms:

	Pension	Health
Inactive employees or beneficiaries currently receiving benefits	-	-
Inactive employees entitled to but not yet receiving benefits	1	-
Active employees	2	2
Total	3	2

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

	Active member - Pension	District - Pension	District - Health insurance premium
PSPRS	7.65%	16.73%	1.21%

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

	Pension	Health insurance premium benefit
PSPRS	$ 73,075	$ 3,477

During fiscal year 2022, the District paid for PSPRS pension and OPEB contributions 100% from the General Fund.

NOTE 6. Pension and Other Postemployment Benefits, Continued

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

	Net pension (asset) liability	Net OPEB (asset) liability
PSPRS	$ 159,359	$ 18,398

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

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

Actuarial valuation date	June 30, 2021
Actuarial cost method	Entry Age Normal
Investment rate of return	7.30%
Wage inflation	3.50% for pensions/not applicable for OPEB
Price inflation	2.50% for pensions/not applicable for OPEB
Cost-of-living adjustment	1.75% for pensions/not applicable for OPEB
Mortality rates	PubS-2010 tables
Healthcare cost trend rate	Not applicable

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

The long-term expected rate of return on PSPRS plan investments was determined to be 7.3% 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:

NOTE 6. Pension and Other Postemployment Benefits, Continued

Asset Class	Target Allocation	Long-Term Expected Geometric Real Rate of Return
U.S. public equity	24.00%	4.08%
International public equity	16.00%	5.20%
Global private equity	20.00%	7.67%
Other assets (capital appreciation)	7.00%	5.43%
Core bonds	2.00%	0.42%
Private credit	20.00%	5.74%
Diversifying strategies	10.00%	3.99%
Cash – Mellon	1.00%	-0.31%
Total	100.00%	

Discount Rate –At June 30, 2021, the discount rate used to measure the PSPRS total pension/OPEB liability was 7.30 percent. The projection of cash flows used to determine this discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these 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.

Changes in the net pension/OPEB liability

PSPRS	Pension Increase (decrease)			Health insurance premium benefit Increase (decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at June 30, 2021	$ 585,464	$ 310,435	$ 275,029	$ 25,510	$ 5,392	$ 20,118
Changes for the year:						
Service cost	33,989	-	33,989	1,467	-	1,467
Interest on total pension/OPEB liability	45,220	-	45,220	1,969	-	1,969
Changes of benefit terms	-	-	-	-	-	-
Difference between expected and actual experience in the measurement of the pension/OPEB liability	2,465	-	2,465	166	-	166
Changes of assumptions	-	-	-	-	-	-
Contributions - employer	-	70,125	(70,125)	-	3,826	(3,826)
Contributions - employee	-	24,347	(24,347)	-	-	-
Net investment income	-	103,341	(103,341)	-	1,502	(1,502)
Benefit payments, including refunds of employee contributions	-	-	-	-	-	-
Plan administrative expenses	-	(469)	469		(6)	6
Other changes	-	-	-	-	-	-
Net changes	81,674	197,344	(115,670)	3,602	5,322	(1,720)
Balances at June 30, 2022	$ 667,138	$ 507,779	$ 159,359	$ 29,112	$ 10,714	$ 18,398

NOTE 6. Pension and Other Postemployment Benefits, Continued

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

PSPRS	1% Decrease (6.30%)	Discount Rate (7.30%)	1% Increase (8.30%)
Net pension (asset) / liability	$ 249,454	$ 159,359	$ 84,810
Net OPEB (asset)/ liability	21,377	18,398	15,858

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

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

	Pension expense	OPEB expense
PSPRS	$ 78,649	$ 3,915

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

PSPRS	Pension		Health Insurance Premium Benefit	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 206,485	$ -	$ 4,995	$ 2,798
Changes in assumptions	7,134	-	76	35
Net difference between projected and actual earnings on pension/OPEB plan investments	-	50,387	-	602
Contributions subsequent to the measurement date	73,075	-	3,477	-
Total	$ 286,694	$ 50,387	$ 8,548	$ 3,435

NOTE 6. Pension and Other Postemployment Benefits, Continued

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

	PSPRS	
Year Ended June 30,	Pension	Health Insurance Premium Benefit
2023	$ 107,851	$ 1,004
2024	59,843	1,004
2025	10,988	(178)
2026	(15,450)	(194)
2027	-	-
Thereafter	-	-

Tier 3 plan – PSPRS administers a defined contribution pension plan as part of their Tier 3. The PSPRS Board of Trustees governs the PSPDCRP according to the provisions of A.R.S. Title 38, Chapter 5, Article 4. Benefit terms, including contribution requirements, are established by State statute.

For the year ended June 30, 2022, active Tier 3 members were required by statute to contribute at the actuarially determined rate indicated below of annual covered payroll.

	Active member - Pension	District - Pension	District - Health insurance premium
Tier 3	9.05%	19.16%	0.13%
Tier 3 for paragraph	9.88%	19.16%	0.13%
Alternate contribution rate		9.35%	

Employees are immediately vested in their own contributions and the earnings on those contributions. Employees vest in a portion of the District's contributions each year as set forth in statute. The plan retains nonvested District contributions when forfeited because of employment terminations. For the year ended June 30, 2022, the District recognized pension expense of $11,530.

REQUIRED SUPPLEMENTARY INFORMATION

BEAVER DAM/LITTLEFIELD FIRE DISTRICT
Required Supplementary Information
GENERAL FUND
Schedule of Revenues, Expenditures and Changes in Fund Balance
General Fund – Budget and Actual
For the Fiscal Year Ended June 30, 2022

	Budgeted Amounts			Variance with
	Original	Final	Actual Amounts	Final Budget Positive (Negative)
Revenues:				
Property and other taxes	$ 629,700	$ 629,700	$ 669,075	$ 39,375
Charges for services, including ambulance	285,300	285,300	372,649	87,349
Intergovernmental	-	-	140,319	140,319
Rental income	2,600	2,600	2,525	(75)
Other revenues, including wildland fires	364,000	364,000	572,202	208,202
Interest earnings	12,000	12,000	7,068	(4,932)
Total revenues	1,293,600	1,293,600	1,763,838	470,238
Expenditures:				
Public safety				
Personnel costs	805,800	805,800	885,600	(79,800)
Services, supplies and other	145,100	145,100	106,568	38,532
Repairs and maintenance	37,100	37,100	99,276	(62,176)
Fuel	32,600	32,600	44,464	(11,864)
Insurance	36,400	36,400	35,476	924
Communications	54,500	54,500	50,567	3,933
Utilities	17,500	17,500	15,951	1,549
Administrative costs	76,415	76,415	85,135	(8,720)
Total public safety	1,205,415	1,205,415	1,323,037	(117,622)
Debt service	192,700	192,700	110,749	81,951
Capital outlay - public safety	236,000	236,000	149,452	86,548
Total expenditures	1,634,115	1,634,115	1,583,238	50,877
Excess (deficiency) of revenues over expenditures	(340,515)	(340,515)	180,600	521,115
Other financing sources (uses):				
Sale of capital assets	-	-	3,690	3,690
Total financing sources (uses)	-	-	3,690	3,690
Net change in fund balance	(340,515)	(340,515)	184,290	524,805
Fund balance - beginning of year	1,593,557	1,593,557	1,593,557	-
Fund balance - end of year	$ 1,253,042	$ 1,253,042	$ 1,777,847	$ 524,805

BEAVER DAM/LITTLEFIELD FIRE DISTRICT
Required Supplementary Information
Schedule of Changes in the Net Pension Liability and Related Ratios
Agent Plans
June 30, 2022

PSPRS - Pension	Reporting Fiscal Year (Measurement Date)				
	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)
Total pension liability					
Service cost	$ 33,989	$ 30,061	$ 47,911	$ 44,345	$ -
Interest on total pension liability	45,220	30,346	38,634	27,855	-
Changes of benefit terms	-	-	-	-	(113,625)
Difference between expected and actual experience of the total pension liability	2,465	139,425	(180,840)	47,713	445,068
Changes of assumptions	-	-	5,762	-	22,809
Benefit payments, including refunds of employee contributions	-	-	-	-	-
Net change in total pension liability	81,674	199,832	(88,533)	119,913	354,252
Total pension liability - beginning	585,464	385,632	474,165	354,252	-
Total pension liability - ending (a)	$ 667,138	$ 585,464	$ 385,632	$ 474,165	$ 354,252
Plan fiduciary net position					
Contributions - employer	$ 70,125	$ 53,920	$ 48,796	$ 62,665	$ 36,550
Contributions - employee	24,347	24,547	20,291	26,320	17,933
Net investment income	103,341	3,480	10,005	5,948	2,450
Benefit payments, including refunds of employee contributions	-	-	-	-	-
Pension plan administrative expenses	(469)	(284)	(1,174)	(591)	(422)
Other (net transfer)	-	-	-	1	-
Net change in plan fiduciary net position	197,344	81,663	77,918	94,343	56,511
Plan fiduciary net position - beginning	310,435	228,772	150,854	56,511	-
Plan fiduciary net position - ending (b)	$ 507,779	$ 310,435	$ 228,772	$ 150,854	$ 56,511
Net pension liability - ending (a) - (b)	$ 159,359	$ 275,029	$ 156,860	$ 323,311	$ 297,741
Plan fiduciary net position as a percentage of the total pension liability	76.11%	53.02%	59.32%	31.81%	15.95%
Covered payroll	$ 208,990	$ 210,700	$ 154,928	$ 224,189	$ 210,642
Net pension liability as a percentage of covered payroll	76.25%	130.53%	101.25%	144.21%	141.35%

Note: In accordance with GASB 68, the District will need to disclose a 10-year history for the pension schedule above. Additional information will be displayed as it becomes available.

BEAVER DAM/LITTLEFIELD FIRE DISTRICT
Required Supplementary Information
Schedule of Changes in the Net OPEB Liability and Related Ratios
Agent Plans
June 30, 2022

PSPRS - Health Insurance Premium Benefit	Reporting Fiscal Year (Measurement Date)				
	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)
Total OPEB liability					
Service cost	$ 1,467	$ 1,509	$ 919	$ 1,480	$ -
Interest on total OPEB liability	1,969	1,713	1,599	1,727	-
Changes of benefit terms	-	-	-	-	8,121
Difference between expected and actual experience of the total net OPEB liability	- 166	- 648	(1,764)	(5,104)	14,576
Changes of assumptions or other inputs	-	-	191	-	(105)
Benefit payments	-	-	-	-	-
Net change in total OPEB liability	3,602	3,870	945	(1,897)	22,592
Total OPEB liability - beginning	25,510	21,640	20,695	22,592	-
Total OPEB liability - ending (a)	$ 29,112	$ 25,510	$ 21,640	$ 20,695	$ 22,592
Plan fiduciary net position					
Contributions - employer	$ 3,826	$ 2,249	$ 3,023	$ -	$ -
Net investment income	-	-	84	-	-
Benefit payments	1,502	40	-	-	-
Administrative expense	(6)	(3)	(1)	-	-
Other changes	-	-	-	-	-
Net change in plan fiduciary net position	5,322	2,286	3,106	-	-
Plan fiduciary net position - beginning	5,392	3,106	-	-	-
Plan fiduciary net position - ending (b)	$ 10,714	$ 5,392	$ 3,106	$ -	$ -
Net OPEB (asset) liability - ending (a) - (b)	$ 18,398	$ 20,118	$ 18,534	$ 20,695	$ 22,592
Plan fiduciary net position as a percentage of the total OPEB liability	36.80%	21.14%	14.35%	0.00%	0.00%
Covered payroll	$ 208,990	$ 210,700	$ 154,928	$ 224,189	$ 210,642
Net OPEB liability as a percentage of covered payroll	8.80%	9.55%	11.96%	9.23%	10.73%

Note: In accordance with GASB 75, the District will need to disclose a 10-year history for the OPEB schedule above. Additional information will be displayed as it becomes available.

BEAVER DAM/LITTLEFIELD FIRE DISTRICT
Required Supplementary Information
Schedule of Pension/OPEB Contributions
Agent Plans
June 30, 2022

PSPRS - Pension	Reporting Fiscal Year					
	2022	2021	2020	2019	2018	2017
Actuarially required contribution	$ 48,075	$ 45,125	$ 53,920	$ 48,796	$ 62,665	$ 36,550
Contributions in relation to the actuarially required contribution	$ (73,075)	$ (70,125)	$ (53,920)	$ (48,796)	$ (62,665)	$ (36,550)
Contribution deficiency (excess)	$ (25,000)	$ (25,000)	$ -	$ -	$ -	$ -
Covered payroll	$ 212,568	$ 208,990	$ 210,700	$ 154,928	$ 224,189	$ 210,642
Contributions as a percentage of covered payroll	34.38%	33.55%	25.59%	31.50%	27.95%	17.35%

Note: In accordance with GASB 68, the District will need to disclose a 10-year history for the pension schedule above. Additional information will be displayed as it becomes available.

PSPRS - Health Insurance Premium Benefit	Reporting Fiscal Year					
	2022	2021	2020	2019	2018	2017
Actuarially required contribution	$ 3,477	$ 3,826	$ 2,249	$ 3,023	$ -	$ -
Contributions in relation to the actuarially required contribution	$ (3,477)	$ (3,826)	$ (2,249)	$ (3,023)	$ -	$ -
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 212,568	$ 208,990	$ 210,700	$ 154,928	$ 224,189	$ 210,642
Contributions as a percentage of covered payroll	1.64%	1.83%	1.07%	1.95%	0.00%	0.00%

Note: In accordance with GASB 75, the District will need to disclose a 10-year history for the OPEB schedule above. Additional information will be displayed as it becomes available.

NOTE 1. Actuarially Determined Contribution Rates

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

Actuarial cost method	Entry Age Normal
Amortization Method	Level Percent of Pay, Closed
Remaining Amortization Period As of the 2020 actuarial valuation	18 years
Asset valuation method	7-year smoothed market; 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 the 2017 actuarial valuation, the investment rate of return was decreased from 7.50% to 7.40%. In the 2016 actuarial valuation, the investment rate of return was decreased from 7.85% to 7.50%. 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%. In the 2014 actuarial valuation, projected salary increases were decreased from 4.5%–8.5% to 4.0%–8.0%. In the 2013 actuarial valuation, projected salary increases were decreased from 5.0%–9.0% to 4.5%–8.5%.
Wage growth	In the 2017 actuarial valuation, wage growth was decreased from 4.0% to 3.5%. In the 2014 actuarial valuation, wage growth was decreased from 4.5% to 4.0%. In the 2013 actuarial valuation, wage growth was decreased from 5.0% to 4.5%.
Retirement age	Experience-based table of rates that is specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period July 1, 2006–June 30, 2011.
Mortality	In the 2019 actuarial valuation, changed to PubS-2010 tables. In the 2017 actuarial valuation, changed to RP-2014 tables, with 75% of MP-2016 fully generational projection scales. RP-2000 mortality table (adjusted by 105% for both males and females)

NOTE 2. Factors that Affect Trends

Arizona courts have ruled that provisions of a 2011 law that changed the mechanism for funding permanent pension benefit increases and increased employee pension contribution rates were unconstitutional or a breach of contract because those provisions apply to individuals who were members as of the law's effective date. As a result, the PSPRS changed benefit terms to reflect the prior mechanism for funding permanent benefit increases for those members and revised actuarial assumptions to explicitly value future permanent benefit increases. PSPRS also reduced those members' employee contribution rates. These changes are reflected in the plans' pension liabilities for fiscal year 2015 (measurement date 2014) for members who were retired as of the law's effective date and fiscal year 2018 (measurement date 2017) for members who retired or will retire after the law's effective date. These changes also increased the PSPRS required pension contributions beginning in fiscal year 2019 for members who retired or will retire after the law's effective date. PSPRS allowed the District to phase in the increased contributions for members who were retired as of the law's effective date over 3 years. As a result, the District's pension contributions were less than the actuarially or statutorily determined contributions for 2018 and 2019.

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OTHER COMMUNICATIONS FROM INDEPENDENT AUDITORS

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HINTONBURDICK
CPAs & ADVISORS

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Members of the Board
Beaver Dam/Littlefield Fire District
Beaver Dam, Arizona

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of Beaver Dam/Littlefield Fire District (the District), as of and for the year ended June 30, 2022 and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated February 8, 2023.

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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in a separate schedule of findings and recommendations that we consider to be significant deficiencies (2015.003)-Segregation of Duties.

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*.

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.

HintonBurdick, PLLC
Mesquite, Nevada
February 8, 2023

Independent Auditor's Report on
State Legal Compliance (ARS 48-805.02)

Members of the Board
Beaver Dam/Littlefield Fire District
Beaver Dam, Arizona

We have audited the basic financial statements of Beaver Dam/Littlefield Fire District for the year ended June 30, 2022, and have issued our report thereon dated February 8, 2023. Our audit also included test work on the District's compliance with selected requirements identified in the State of Arizona Revised Statutes and the Arizona State Constitution including, but not limited to, Title 48, Chapter 5, Article 1.

The management of Beaver Dam/Littlefield Fire District is responsible for the District's compliance with all requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit; accordingly, we make the following statements:

ARS 48-805.02 requires the audit or report to include an attestation by the auditor of the District as to the following:

1. That the District has not incurred any debt or liability in excess of taxes levied and to be collected and the monies actually available and unencumbered at that time in the District general fund except for those liabilities as prescribed in section 48-805, subsection B, paragraphs 2 and 3, and sections 48-806 and 48-807.
2. That the District complies with subsection F of section 48-805.
3. Whether the audit or report disclosed any information contrary to the certification made as prescribed by subsection D, paragraph 1 of section 48-805.

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

In our opinion, Beaver Dam/Littlefield Fire District complied, in all material respects, with the requirements identified above for the year ended June 30, 2022.

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

Sincerely,

HintonBurdick, PLLC
Mesquite, Nevada
February 8, 2023