

BLUE RIDGE FIRE DISTRICT

FINANCIAL STATEMENTS

June 30, 2021

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BLUE RIDGE FIRE DISTRICT

FINANCIAL STATEMENTS

JUNE 30, 2021

TABLE OF CONTENTS

	<u>PAGE</u>	<u>EXHIBIT</u>
TABLE OF CONTENTS	1	
INDEPENDENT AUDITOR 'S REPORT	5	
MANAGEMENT'S DISCUSSION AND ANALYSIS	9	
BASIC FINANCIAL STATEMENTS:	15	
Government -Wide Financial Statements		
Statement of Net Position	16	A
Statement of Activities	17	B
Fund Financial Statements		
Balance Sheet - Governmental Fund	18	C
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Fund	19	D
Reconciliation of the Balance Sheet - Governmental Fund to the Statement of Net Position	20	E
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Fund to the Statement of Activities	21	F
Statement of Fiduciary Net Position	22	G
Statement of Changes in Fiduciary Net Position	23	H
Notes to the Financial Statements	25	

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BLUE RIDGE FIRE DISTRICT

FINANCIAL STATEMENTS

JUNE 30, 2021

	<u>PAGE</u>	<u>EXHIBIT</u>
REQUIRED SUPPLEMENTARY INFORMATION	53	
Budgetary Comparison Schedule-General Fund	54	I
Notes to Budgetary Comparison Schedule	55	
Schedule of Changes in the District's Net Pension Liability and Related Ratios (PSPRS)	56	
Schedule of Changes in the District's Net OPEB Liability and Related Ratios (PSPRS)	58	
Schedule of Pension Contributions (PSPRS)	60	
Schedule of OPEB Contributions (PSPRS)	61	
Notes to Pension Plan Schedules	62	
OTHER SUPPLEMENTARY INFORMATION	63	
Arizona Annual Report Information	64	
Volunteer Pension Distribution	65	
GOVERNMENT AUDIT STANDARDS SECTION	67	
Report On Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	69	
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH STATE OF ARIZONA FIRE DISTRICT REGULATORY REQUIREMENTS	73	

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SAUNDERS COMPANY, LTD

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INDEPENDENT AUDITOR'S REPORT

To the Governing Board
Blue Ridge Fire District
Happy Jack, Arizona

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Blue Ridge Fire District, Happy Jack, Arizona, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Blue Ridge Fire District, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Other Matters

Required Supplementary Information

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

Other Legal and Regulatory Requirements

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

Arizona Revised Statutes require disclosure of certain additional supplementary information required to comply with section 9-956 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Arizona State Fire Marshal as mandated by statute as an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 9, 2022 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Saunders Company, Ltd.

Glendale, Arizona
February 9, 2022

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Blue Ridge Fire District

Management's Discussion and Analysis of Basic Financial Statements Fiscal Year 2020-2021

The following discussion and analysis of the Blue Ridge Fire District's financial performance presents management's overview of the District's financial activities for the year ended June 30, 2021. Please read it in conjunction with the District's basic financial statements which begin immediately following this analysis. This annual financial report consists of two parts, Management's Discussion and Analysis (this section) and the Basic Financial Statements.

Nature of Operations

The Blue Ridge Fire District provides Fire, Ambulance, and Paramedic services to homes, property and persons residing within the District boundaries, as well as services to locations and persons outside the District through mutual aid agreements and contracts.

Results of Operations

During the 2020-2021 fiscal year, BRFD achieved the following:

- λ Responded to a total of 221 calls for service
- λ Maintained staffing with 24/7 paramedic coverage
- λ Maintained ISO rating 4/4Y
- λ Coordinated SAFER grant for in-station volunteer firefighter staffing
- λ Completed a WFHF grant for fuel reduction within the SPHOA
- λ Lease purchased a new Type 1 4x4 Fire Engine

Financial Highlights

- λ The District's investment in capital assets increased \$614,688 or 70.76% from the previous fiscal year.
- λ Total revenues increased \$162,008 or 12.82% over the previous fiscal year.
- λ The District's net position increased \$201,344 or 10.48% from the previous Fiscal year.
- λ At the end of the current fiscal year, unrestricted net position for the governmental activities was \$1,242,793.

Overview of the Financial Statements

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

The main purpose of these statements is to provide the reader with sufficient information to assess whether or not the District's overall financial position has improved or deteriorated.

Government - Wide Financial Statements

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

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

The statement of activities presents information showing how the District's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources 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.

Net Position June 30, 2021

	<u>BALANCE</u> <u>JUNE 30, 2020</u>	<u>BALANCE</u> <u>JUNE 30, 2021</u>
Net Investment in Capital Assets	\$ 765,252	\$ 879,244
Unrestricted (deficit)	<u>1,155,441</u>	<u>1,242,793</u>
Total Net Position	<u>\$ 1,920,693</u>	<u>\$ 2,122,037</u>

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Blue Ridge Fire District, total net position was \$2,122,037 at the close of the most recent fiscal year.

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

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

Condensed Statement of Net Position

	<u>Governmental</u>	<u>Activities</u>
	<u>2020</u>	<u>2021</u>
Assets		
Current and other assets	\$ 1,040,187	\$ 1,271,828
Capital assets, net	868,708	1,483,396
Total Assets	<u>1,908,895</u>	<u>2,755,224</u>
Deferred outflow of resources	353,175	238,508
Liabilities		
Current liabilities	107,474	173,035
Non-Current liabilities	165,729	666,238
Total Liabilities	<u>273,203</u>	<u>839,273</u>
Deferred inflow of resources	<u>68,174</u>	<u>32,422</u>
Net position:		
Net investment in capital assets	765,252	879,244
Unrestricted	<u>1,155,441</u>	<u>1,242,793</u>
Total Net Position	<u>\$ 1,920,693</u>	<u>\$ 2,122,037</u>

The unrestricted net position of \$ 1,242,793 is available to meet the District's ongoing obligations to citizens and creditors.

Governmental Activities

Most of the revenues for the District were derived from assessed property taxes and Fire District Assistance Tax from the County. Additional revenue is derived from ambulance income and wildland response based on calls for service.

Governmental Activities net position increased by \$ 201,344. Key elements of this increase are reported below:

Condensed Statement of Activities

	<u>Governmental Activities</u>	
	<u>2020</u>	<u>2021</u>
Expenditures:		
Public Safety:		
Personnel	\$ 676,972	\$ 899,240
Materials & Supplies	187,468	103,405
Administration	13,910	55,053
Operating Grants	15,654	58,818
Capital Outlay	0	60,000
Debt Service Interest	4,803	3,987
Depreciation	89,133	106,133
Total Expenditures	<u>987,940</u>	<u>1,286,636</u>
Program Revenues:		
Fees for services	262,341	232,263
Operating Grants	2,665	69,959
Total Program Revenues	<u>265,006</u>	<u>302,222</u>
Net Program Expenditures	<u>722,934</u>	<u>984,414</u>
General Revenues:		
Property Taxes	821,189	939,550
Fire District Assistance Tax	147,709	174,616
Interest Earnings	89,697	7,727
Miscellaneous	19,533	63,865
Total General Revenues	<u>1,078,128</u>	<u>1,185,758</u>
Increase (Decrease) in Net Position	355,194	201,344
Net position, Beginning of the Year	<u>1,565,499</u>	<u>1,920,693</u>
Net position, End of the Year	<u>\$ 1,920,693</u>	<u>\$ 2,122,037</u>

General Fund Budgetary Highlights

The legal compliance of budgeting for Special Districts in Arizona is at the fund level. The District did not overspend the budget at the fund level.

The District did over-spend the line item capital outlay in the amount of \$ 557,052. This was off-set by the lease/purchase agreement the District entered into with Zions Bancorporation for the purchase of a new Fire Engine. At the time of the approval of the budget, the District did not know about the availability and need for this engine and the exceptionally low interest rates.

Capital Asset and Debt Administration

Capital Assets

In order to continue to provide the best service possible, the District spends a portion of the budget on fixed asset acquisition and capital projects.

For fiscal year ended June 30, 2021 the District purchased, had contributed, or constructed the following assets:

2021 Type 1 4x4 Fire Engine

Net Investment in Capital Assets at June 30, 2021

Capital asset activity for the year ended:

	<u>BALANCE</u> <u>06/30/2020</u>	<u>BALANCE</u> <u>06/30/2021</u>
<u>Depreciable Assets</u>		
Vehicles	\$1,009,628	\$ 1,730,449
Buildings	836,930	836,930
Equipment, Fire	<u>558,194</u>	<u>558,194</u>
Total Historical Costs	<u>2,404,752</u>	<u>3,125,573</u>
Less Accumulated Depreciation		
Vehicles	912,643	949,322
Buildings	326,329	348,565
Equipment, Fire	<u>353,072</u>	<u>400,290</u>
Less: Total Accumulated Depreciation	<u>1,592,044</u>	<u>1,698,177</u>
Depreciable Capital Assets, Net	812,708	1,427,396
<u>Non-Depreciable Assets</u>		
Land	<u>56,000</u>	<u>56,000</u>
Capital Assets, Net	<u>\$ 868,708</u>	<u>\$ 1,483,396</u>

Non-Current Liabilities

At the end of the current fiscal year, the District had non-current liabilities outstanding of \$ 638,986. All of the debt is backed by the full faith and credit of the District.

Changes in Non-Current Liabilities:

	<u>Balance</u> <u>June 30, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2021</u>
14 Avon SCBAS & Air System	\$ 103,456	\$ 0	\$ 20,125	\$ 83,331
2021 Fire Engine	<u>0</u>	<u>520,821</u>	<u>0</u>	<u>520,821</u>
Total Notes Payable Obligations	103,456	520,821	20,125	604,152
Compensated Absences – Due in More Than One Year	<u>18,889</u>	<u>19,893</u>	<u>3,949</u>	<u>34,833</u>
Total Notes Payable Obligations and Compensated Absences	122,345	540,714	24,074	638,985
Less Current Capital Liabilities	<u>20,125</u>	<u>97,938</u>	<u>0</u>	<u>118,063</u>
Totals	<u>\$ 102,220</u>	<u>\$442,776</u>	<u>\$ 24,074</u>	<u>\$ 520,922</u>

Factors Affecting Future Results

The Blue Ridge Fire District is subject to annual increases or declines in property tax value and other types of revenue changes that vary with current economic conditions. The 2020-2021 tax rate of \$2.98 per \$100 of secondary assessed valuation has NOT been increased for the Fiscal Year 2021-2022. There is always a possibility that the District will need to increase the tax rate in the next fiscal year. Factors contributing to fire district funding issues are the implementation of State proposition 117 which caps the assessed property value to a maximum increase of 5% per year and limits fire district tax rate increases to a maximum of 8% per year with an overall cap of \$3.25 per \$100 of secondary assessed property value. BRFD is continuing to experience property value increases and new home construction which helps offset some of the annually rising costs associated with fire district operations.

Contacting the District

This financial report is designed to provide an overview of the District's finances for anyone with an interest in the government's finances. Any questions regarding this report or requests for additional information may be directed to the Blue Ridge Fire District at 5023 Enchanted Ln, Happy Jack, AZ 86024.

BASIC FINANCIAL STATEMENTS

**BLUE RIDGE FIRE DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2021**

Exhibit A

**Governmental
Activities**

ASSETS

Cash & Cash Equivalents	\$ 1,209,283
Receivables:	
Ambulance Service Fees, Net of Allowance for Doubtful Accounts	42,435
Property Taxes	20,110
Capital Assets, Net	<u>1,483,396</u>
Total Assets	<u>2,755,224</u>

DEFERRED OUTFLOW OF RESOURCES

Deferred Outflows Related to Pension (PSPRS)	232,065
Deferred Outflows Related to OPEB (PSPRS)	<u>6,443</u>
Total Assets and Deferred Outflow of Resources	<u>2,993,732</u>

LIABILITIES

Current Liabilities	
Accounts Payable	8,175
Payroll Taxes Payable	5,806
Wages Payable	2,808
Due to Pension Fund	51,341
Due in Less than One Year	
Compensated Absences	6,967
Notes Payable	97,938
Non-Current Liabilities	
Due in More than One Year	
Compensated Absences	27,866
Notes Payable	506,214
Net Pension Liability-Pension (PSPRS)	126,735
Net Pension Liability-OPEB (PSPRS)	<u>5,423</u>
Total Liabilities	<u>839,273</u>

DEFERRED INFLOW OF RESOURCES

Deferred Inflows Related to Pension (PSPRS)	27,825
Deferred Inflows Related to OPEB (PSPRS)	<u>4,597</u>
Total Liabilities and Inflow of Resources	<u>871,695</u>

NET POSITION

Net Investment in Capital Assets	879,244
Unrestricted	<u>1,242,793</u>
Total Net Position	<u><u>\$ 2,122,037</u></u>

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

**BLUE RIDGE FIRE DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021**

Exhibit B

**Governmental
Activities**

EXPENDITURES

Public Safety:		
Personnel	\$	899,240
Materials & Supplies		103,405
Administration		55,053
Operating Grants		58,818
Capital Outlay		60,000
Debt Service Interest		3,987
Depreciation		<u>106,133</u>
Total Expenditures		<u>1,286,636</u>

PROGRAM REVENUES

Operating Grants		69,959
Fees for Service		<u>232,263</u>
Total Program Revenues		<u>302,222</u>
Net Program Expenditures		<u>984,414</u>

GENERAL REVENUES

Property Taxes		939,550
Fire District Assistance Tax		174,616
Interest Earnings		7,727
Miscellaneous		<u>63,865</u>
Total General Revenues		<u>1,185,758</u>

Increase (Decrease) in Net Position		201,344
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NET POSITION-BEGINNING OF THE YEAR		<u>1,920,693</u>
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NET POSITION-END OF THE YEAR		<u><u>\$ 2,122,037</u></u>
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-The Notes to the Financial Statements are an Integral Part of This Statement-

**BLUE RIDGE FIRE DISTRICT
BALANCE SHEET - GOVERNMENTAL FUND
JUNE 30, 2021**

Exhibit C

General

ASSETS

Cash and Cash Equivalents	\$ 1,209,283
Receivables:	
Ambulance Service Fees, Net of Allowance for Doubtful Accounts	42,435
Property Taxes	<u>20,110</u>
 Total Assets	 <u><u>\$ 1,271,828</u></u>

LIABILITIES

Accounts Payable	\$ 8,175
Payroll Taxes Payable	5,806
Wages Payable	2,808
Due to Pension Fund	<u>51,341</u>
 Total Liabilities	 68,130

DEFERRED INFLOW OF RESOURCES

Unavailable Revenues	
Deferred Property Taxes	<u>13,375</u>
 Total Liabilities and Inflow of Resources	 <u>81,505</u>

FUND BALANCES

Assigned	936,445
Unassigned	<u>253,878</u>
 Total Fund Balances	 <u>1,190,323</u>
 Total Liabilities, Deferred Inflow of Resources and Fund Balances	 <u><u>\$ 1,271,828</u></u>

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

**BLUE RIDGE FIRE DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUND
FOR THE YEAR ENDED
JUNE 30, 2021**

Exhibit D

	<u>General</u>
REVENUES	
Property Taxes	\$ 937,091
Fire District Assistance Tax	174,616
Fees for Service	232,263
Interest Earnings	7,727
Operating Grants	69,959
Miscellaneous	<u>3,865</u>
Total Revenues	<u>1,425,521</u>
EXPENDITURES	
Public Safety:	
Personnel	735,731
Materials & Supplies	103,405
Administration	55,053
Operating Grants	58,818
Capital Outlay	780,821
Debt Service:	
Principal	20,126
Interest	<u>3,987</u>
Total Expenditures	<u>1,757,941</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(332,420)</u>
OTHER FINANCING SOURCES	
Proceeds From Note Payable Agreement	<u>580,821</u>
Total Other Financing Sources	<u>580,821</u>
Net Change in Fund Balances	248,401
Fund Balances-Beginning of the Year	<u>941,922</u>
Fund Balances-End of the Year	<u><u>\$ 1,190,323</u></u>

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

**BLUE RIDGE FIRE DISTRICT
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUND
TO THE STATEMENT OF NET POSITION
JUNE 30, 2021**

Exhibit E

**Reconciliation of Governmental Fund Balance to Net Position
(Exhibit A) of governmental activities:**

Fund Balances - Total Governmental Fund (Exhibit C) \$ 1,190,323

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

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

Governmental Capital Assets	3,181,573	
Less: Accumulated Depreciation	<u>(1,698,177)</u>	
		1,483,396

Deferred Outflows of Resources		
Related to Pension (PRPRS)		232,065
Related to OPEB		6,443

Non- current liabilities are not due and payable in the current period and therefore are not reported in the funds.		(638,985)
---	--	-----------

Net Pension Liability		
Related to Pension (PSPRS)		(126,735)
Related to OPEB (PSPRS)		(5,423)

Deferred Inflows of Resources		
Related to Pension (PSPRS)		(27,825)
Related to OPEB (PSPRS)		(4,597)
Related to Deferred Property Taxes		<u>13,375</u>

Net Position of Governmental Activities (Exhibit A)		<u><u>\$ 2,122,037</u></u>
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**BLUE RIDGE FIRE DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUND
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED
JUNE 30, 2021**

Exhibit F

**Reconciliation of the change in fund balance-total governmental fund
to the change in net position of governmental activities:**

Net Change in Fund Balances -		
Total Governmental Fund (Exhibit D)	\$	248,401

Amounts reported for governmental activities in the statement of activities (Exhibit B) are different because of the following:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay expense exceeded depreciation in the current period.		614,688
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Net Change in Deferred Outflows and Inflows of Resources		(145,105)
--	--	-----------

The addition of non-current liabilities (e.g., bonds, leases, leave) provides current financial resources to governmental funds, while the repayment of the principal of non-current liabilities consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of non-current liabilities and related items.		(516,640)
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Change in Net Position of Governmental Activities (Exhibit B)	\$	201,344
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-The Notes to the Financial Statements are an Integral Part of This Statement-

**BLUE RIDGE FIRE DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2021**

Exhibit G

**Volunteer
Pension
Fund**

ASSETS

Cash & Cash Equivalents	\$ 228,476
Receivables:	
General Fund	51,341
State Fire Insurance Premium	8,624
Participant Loans	50,082
Investments, at fair value	
Mutual Funds	<u>998,918</u>
 Total Assets	 <u>1,337,441</u>

LIABILITIES

Payroll Taxes	<u>-0-</u>
 Total Liabilities	 <u>-0-</u>

NET POSITION

Held in trust for pension and other purposes	 <u><u>\$ 1,337,441</u></u>
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-The Notes to the Financial Statements are an Integral Part of This Statement-

BLUE RIDGE FIRE DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

Exhibit H

	<u>Volunteer Pension Fund</u>
ADDITIONS	
Other	
Contributions	\$ 68,984
State Fire Marshal	8,624
Total Other Contributions	<u>77,608</u>
Investment Earnings:	
Interest & Dividends	42,577
Net Increase in the fair value of investments	261,751
Total Investment Earnings	<u>304,328</u>
Less Investment Expense	<u>(13,691)</u>
Net Investment Earnings	<u>290,637</u>
Total Additions	<u>368,245</u>
DEDUCTIONS	
Benefits Paid to Participants	<u>6,833</u>
Total Deductions	<u>6,833</u>
Change in Net Position	361,412
Net Position - Beginning	<u>976,029</u>
Net Position- Ending	<u><u>\$ 1,337,441</u></u>

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

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BLUE RIDGE FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The District is a local governmental unit formed as a political subdivision of the local county which is a political subdivision of the State of Arizona. The District was formed under the provisions of Title 48 of Arizona Revised Statutes. The District operates under the guidance of an elected board, which is the policy making body of the District. The purpose of the District is to provide fire protection, emergency medical and related services to the residents and guests of the District and the surrounding area. The day to day operations are supervised by a fire chief and his staff.

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

Introduction

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

Basic Financial Statements

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

Government -Wide Statements

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

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

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

Governmental funds

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

The District reports the following major governmental funds:

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

The *Fiduciary Funds* are used to account for resources held for the benefit of parties outside the government. This fund's activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. Fiduciary funds are presented on an economic resources measurement focus and the accrual basis of accounting, similar to the government-wide financial statements.

Financial Statements Amounts

Cash & Cash Equivalents

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

Prepaid Items

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

Capital Assets

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

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

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

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

Deferred Outflows/Inflows of Resources

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

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

Compensated Absences

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

Non-Current Liabilities

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

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

Net Position

Net Position on Government Wide Financial Statements – Exhibit A

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

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

Fund Balances on Government Fund Financial Statements – Exhibit C

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

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

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

Accounting Estimates

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

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

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

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

NOTE 3 - DEPOSITS, INVESTMENT RISK & CASH MANAGEMENT

Deposits and Investments

The deposit of public funds is regulated by Arizona Revised Statutes (ARS). ARS 48-807 allows the District to establish bank accounts with any financial institution that is authorized to do business in the State of Arizona for the purpose of operating a payroll account, holding special revenues, ambulance revenues or both as necessary to fulfill the District's fiduciary responsibilities. The District may also establish, through the Coconino County Treasurer, accounts for monies from property taxes, grants, contributions and donations. The Coconino County Treasurer is required to establish a fund known as the "fire district general fund" for the receipt of all taxes levied on behalf of the District.

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

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

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

The District accounts with the Coconino County Treasurer are part of an investment pool operated by the Coconino County Treasurer. The Coconino County Treasurer invests the cash in a pool under policy guidelines established by the Coconino County Treasurer's office. The Coconino County Treasurer accounts for the investment pool in their Fiduciary Investment Trust Fund. Credit risk, concentration of credit risk, and interest rate risk regarding the Coconino County Treasurer's Investment pool is included in the Comprehensive Annual Financial Report of the County. The fair value of each participant's position in the Coconino County Treasurer's Investment Pool approximates the value of the participant's shares in the pool.

Financial institutions accepting governmental monies in the State of Arizona are required to collateralize at 102% all government deposits which exceed the FDIC insurance limit. The current FDIC limit is \$250,000 for the total of all interest bearing accounts and \$250,000 for the total of all demand deposit accounts. The collateralization is required to be separately identifiable securities and be held by a third party financial institution or trust agency. ARS (Title 35) requires this to be monitored by the State Treasurer’s Office.

The District may also place monies in investments which are subject to the risks identified below.

The following is a summary of the Cash and Cash Equivalents held by financial institutions at June 30, 2021:

DEPOSITORY ACCOUNTS:

	<u>General Fund</u>	<u>Trust Fund</u>	<u>Total</u>
Insured Deposits (FDIC)	\$ 288,431	\$ 0	\$ 288,431
Coconino County Treasurer Investment Pool	986,726	0	986,726
Money Market Account (uninsured)	0	228,476	228,476
Total Deposits	<u>1,275,157</u>	<u>228,476</u>	<u>1,503,633</u>
In Transit Items	<u>(66,374)</u>	<u>0</u>	<u>(66,374)</u>
Total Depository Accounts	<u>1,208,783</u>	<u>228,476</u>	<u>1,437,259</u>

NON-DEPOSITORY ACCOUNTS

Cash on Hand	<u>500</u>	<u>0</u>	<u>500</u>
Total Non-Depository Accounts	<u>500</u>	<u>0</u>	<u>500</u>
Total Cash & Cash Equivalents	1,209,283	228,476	1,437,759
Mutual Funds & Investments	<u>0</u>	<u>998,918</u>	<u>998,918</u>
Total Cash & Investments	<u>\$ 1,209,283</u>	<u>\$ 1,227,394</u>	<u>\$ 2,436,677</u>

GASB Statement No. 72 establishes standards for measuring fair value and applying fair value to certain investments, establishes a three-tier hierarchy of inputs to valuation techniques used to measure fair value and enhances disclosures related to fair value hierarchy and valuation techniques.

These fair value measurement reporting levels are:

Level 1 - Quoted prices in active markets for identical assets.

Level 2 - Significant other observable inputs.

Level 3 - Significant unobservable inputs.

Coconino County Treasurer Investment Pool:	Level Two
Volunteer Pension Mutual Funds:	Level One

Breakdown of investments measured at fair value:

Coconino County Treasurer Investment Pool	\$ 1,275,157
Volunteer Pension Mutual Funds	<u>998,918</u>
Total	<u>\$ 2,274,075</u>

Custodial Credit Risk. Custodial credit risk is the risk that, in the event of the failure of the counterparty, the system will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments in external investment pools and in open-end mutual funds are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

Foreign Current Risk. Arizona Revised Statutes do not allow foreign investments.

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

Credit Risk – Credit Risk is the risk that an issuer or other counterparty to an investment in a debt security will not fulfill its obligations. The District has no investment policy that would further limit its investment choices other than what is in the Arizona Revised Statutes (ARS). The Coconino County Treasurer’s Investment Pool (CCTIP) are external investment pools with no regulatory oversight. The CCTIP is not required to register (and is not registered) with the Securities and Exchange Commission. As of June 30, 2021, the CCTIP had not received a credit quality rating from a national rating agency.

Arizona Revised Statutes (ARS) authorize the District to invest in obligations of the U.S. Treasury and federal agency securities, along with certain public obligations such as bonds or other obligations of any state of the United States of America or of any agency, instrumentality, or local governmental unit of any such state of which the District invests, that are rated in the highest rating category of nationally recognized statistical rating organizations. Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk.

Concentration of Credit Risk Concentration of credit risk is associated with investments in any one issuer that represent 5 percent or more of total investments. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are considered as excluded from this requirement.

Arizona Revised Statutes do not include any requirement for concentration of risk.

Interest rate risk: This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

The Coconino County Treasurer invests the cash in a pool under policy guidelines established by the Coconino County Treasurer's office (the County). The Coconino County Treasurer accounts for the investment pool in their Fiduciary Investment Trust Fund. Credit risk, concentration of credit risk, and interest rate risk regarding the Coconino County Treasurer's Investment Pool (CCTIP) is included in the Comprehensive Annual Report of the County. The fair value of each participant's position in the CCTIP approximates the value of the participant's shares in the pool.

Volunteer Pension Mutual Funds. The Volunteer Pension Fund of the District invests in open-end mutual funds in the District's name and managed by an independent third party administrator. These funds are invested in SEC regulated securities. The District reports these investments at fair market value. These mutual funds are unrated and not insured. The investments are spread among several independent investment pools, each with a distinct investment type, none of which exceed 5% of the total funds invested in the investment family of funds.

NOTE 4 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and the public; and natural or manmade disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have never exceeded commercial insurance coverage for the District.

In addition, as the owner and operator of emergency response vehicles, the District is exposed to a high risk of loss related to these activities. The District carries commercial insurance on all vehicles and requires insurance coverage on all privately owned vehicles used for District activities.

NOTE 5 - INVENTORIES

The costs of governmental fund-type inventories are recorded as expenditures when purchased. All inventories of the District are considered immaterial.

NOTE 6 - RECEIVABLES

General and governmental fund receivables are recorded as received except for those funds collected and held by other governments on behalf of the Fire District. These amounts are recorded as soon as they are measurable and available in accordance with governmental accounting standards.

Ambulance receivables were \$ 66,927 with an allowance for bad debt of \$ 24,492 at June 30, 2021. This gave a net of \$ 42,435, before write off allowances and contractual adjustments, which was expected to be collectable. The allowance for bad debt is the amount over 150 days in the accounts receivable aging report as of June 30, 2021.

NOTE 7 – PROPERTY TAX REVENUE RECEIVABLE

Property Tax Revenue Receivable arises when property taxes are levied but not currently collected. The collectible portion (taxes levied less estimated uncollectible) are recorded as deferred inflow of resources in the period when an enforceable legal claim to the assets arise.

NOTE 8 - CAPITAL ASSETS

Capital asset activity for the year ended.

	<u>BALANCE</u> <u>06/30/2020</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE</u> <u>06/30/2021</u>
<u>Depreciable Assets</u>				
Vehicles	\$1,009,628	\$ 720,821	\$ 0	\$ 1,730,449
Buildings	836,930	0	0	836,930
Equipment, Fire	<u>558,194</u>	<u>0</u>	<u>0</u>	<u>558,194</u>
Total Historical Costs	<u>2,404,752</u>	<u>720,821</u>	<u>0</u>	<u>3,125,573</u>
Less Accumulated Depreciation				
Vehicles	912,643	36,679	0	949,322
Buildings	326,329	22,236	0	348,565
Equipment, Fire	<u>353,072</u>	<u>47,218</u>	<u>0</u>	<u>400,290</u>
Less: Total Accumulated Depreciation	<u>1,592,044</u>	<u>106,133</u>	<u>0</u>	<u>1,698,177</u>
Depreciable Capital Assets, Net	812,708	614,688	0	1,427,396
<u>Non-Depreciable Assets</u>				
Land	<u>56,000</u>	<u>0</u>	<u>0</u>	<u>56,000</u>
Capital Assets, Net	<u>\$ 868,708</u>	<u>\$ 614,688</u>	<u>\$ 0</u>	<u>\$ 1,483,396</u>

NOTE 9 - DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

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

	Government -Wide <u>Activities</u>
Government -Wide Deferred Outflows :	
Related to Pensions (PSPRS)	\$ 232,065
Related to OPEB (PSPRS)	<u>6,443</u>
Total Government -wide Activities	<u>\$ 238,508</u>
Government -Wide Deferred Inflows :	
Related to Pensions (PSPRS)	\$ 27,825
Related to OPEB (PSPRS)	<u>4,597</u>
Total Government -wide Activities	<u>\$ 32,422</u>
	Governmental <u>Activities</u>
Unavailable Revenues	
Deferred Property Taxes	<u>\$ 13,375</u>
Total Governmental Activities	<u>\$ 13,375</u>

NOTE 10 - CONTINGENT LIABILITIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

NOTE 11 – ACCUMULATED COMPENSATED ABSENCES

Accumulated unpaid compensated absences are accrued in the Government -Wide Statement of Net Position. The accrual at year end consisted of \$ 6,967 payable in less than one year and \$27,866 payable in future years.

Sick time as of June 30, 2021 was \$9,839. Sick time is not payable upon termination.

NOTE 12 – CURRENT LIABILITIES

Accounts Payable are liabilities considered due and payable in 60 days or less.

Current liabilities are those liabilities payable within one year or less.

Changes in Current Liabilities :

	Balance <u>June 30, 2020</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2021</u>
Accounts Payable	\$ 7,762	\$ 413	\$ 0	\$ 8,175
Payroll Taxes Payable	25,260	0	19,454	5,806
Wages Payable	22,517	0	19,709	2,808
Due to Pension Fund	27,088	24,253	0	51,341
Compensated Absences	4,722	2,245	0	6,967
Notes Payable	<u>20,125</u>	<u>77,813</u>	<u>0</u>	<u>97,938</u>
Totals	<u>\$ 107,474</u>	<u>\$ 104,724</u>	<u>\$ 39,163</u>	<u>\$ 173,035</u>

NOTE 13 – COMMITMENTS

A commitment is an obligation arising from an existing contract, agreement or legislative enactment or regulation that will become an actual liability upon the fulfillment of specified conditions. At the close of the Fiscal Year, the District had no committed funds.

NOTE 14 – LINE OF CREDIT

The District does not maintain a line of credit.

NOTE 15 – NON-CURRENT LIABILITIES

In the government-wide financial statements, non-current liabilities and other non-current obligations are reported as liabilities in the applicable governmental activities in the Statement of Net Position.

General Obligation Bonds

The District does not currently have any general obligation bonds.

Operating Leases

The District does not currently have any operating leases.

Notes Payable

14 AVON SCBAS AND AIR SYSTEM: The District entered into a lease/purchase agreement for the purchase of 14 Avon SCBAS and Air System with Community Leasing Partners. The lease/purchase was dated March 1st, 2018 in the amount of \$154,534 with an interest rate of 4.156% with quarterly payments of \$6,028. A final payment is due January 1st, 2025. The District made a principal only payment on March 1st, 2018 of \$7,730.

2021 FIRE ENGINE: The District entered into a lease/purchase agreement with Zions Bancorporation for the purchase of a 2021 Fire Engine. The lease/purchase agreement was dated May 27, 2021 in the amount of \$ 520,821 with an interest rate of 1.409%. Annual payments of \$ 77,668 are due on July 1st of each year with a final payment of \$77,668 due July 1, 2027.

Notes Payable:

<u>Description</u>	<u>Interest Rate</u>	<u>Lease Term</u>	<u>Balance June 30, 2021</u>
SCBAS and Air System	4.156%	01/01/2025	\$ 83,331
Fire Engine	1.409%	07/01/2027	\$ 520,821

The following assets were acquired through Notes Payable:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Carrying Value</u>
SCBAS and Air System	\$ 154,534	\$ 73,587	\$ 80,947
Fire Engine	720,821	6,007	714,814
Total	<u>\$ 875,355</u>	<u>\$ 79,594</u>	<u>\$ 795,761</u>

Changes in Non-Current Liabilities :

	<u>Balance</u> <u>June 30, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2021</u>
14 Avon SCBAS & Air System	\$ 103,456	\$ 0	\$ 20,125	\$ 83,331
2021 Fire Engine	<u>0</u>	<u>520,821</u>	<u>0</u>	<u>520,821</u>
Total Lease Obligations	103,456	520,821	20,125	604,152
Compensated Absences – Due in More Than One Year	<u>18,889</u>	<u>19,893</u>	<u>3,949</u>	<u>34,833</u>
Total Lease Obligations And Compensated	122,345	540,714	24,074	638,985
Less Current Capital Liabilities	<u>20,125</u>	<u>77,813</u>	<u>0</u>	<u>97,938</u>
Totals	<u>\$ 102,220</u>	<u>\$462,901</u>	<u>\$ 24,074</u>	<u>\$ 541,047</u>

NOTE 16 - FUTURE MINIMUM LEASE/PURCHASE OBLIGATIONS

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

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 97,938	\$ 3,843	\$ 101,781
2023	93,272	8,509	101,781
2024	95,201	6,580	101,781
2025	91,155	4,598	95,753
2026	74,474	3,193	77,667
2027-2028	<u>152,112</u>	<u>3,223</u>	<u>155,335</u>
Total Obligation	604,152	<u>\$ 29,946</u>	<u>\$ 634,098</u>
Less Amount Representing Interest			<u>29,946</u>
Less amount due within 1 year	<u>97,938</u>		
Future Minimum Lease Payments			<u>\$ 604,152</u>
Amount due after 1 year	<u>\$ 506,214</u>		

NOTE 17 – NET POSITION/FUND BALANCE

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

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

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

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

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

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

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

Net Position :

Net Investment in Capital Assets	\$ 879,244
Unrestricted	<u>1,242,793</u>
Total Net Position	<u>\$ 2,122,037</u>

Governmental Fund Balances :

Unassigned Fund Balances	\$ 253,878
Assigned Fund Balance - Capital	<u>936,445</u>
Total Governmental Fund Balances	<u>\$ 1,190,323</u>

NOTE 18 - PROPERTY TAXES

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

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

The District also levies various personal property taxes during the year, which are due at the same time as real property taxes.

A lien assessed against real and personal property attaches on the first day of January preceding assessment and levy.

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

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

NOTE 19 – EMPLOYEE RETIREMENT SYSTEMS AND POST EMPLOYMENT PLANS

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

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

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

	<u>PSPRS PENSION</u>	<u>PSPRS OPEB</u>
Net asset	0	0
Net liability	126,735	5,423
Deferred outflows of resources	232,065	6,443
Deferred inflows of resources	27,825	4,597
Pension & OPEB expense	34,333	1,293

A. Public Safety Personnel Retirement System

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

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

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

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

TIER 1 – Members prior to December 31, 2011

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

2. Age 62 with 15 years of service, or 20 years of service with less than 20 years of credited service: 50% of the average monthly benefit compensation for the first 20 years of credited service. The pension is reduced by 4% per year for each year of credited service under 20 years.
3. 20 to 24.99 years of credited service: 50% of the average monthly benefit compensation for the first 20 years of credited service plus 2% of the average monthly benefit compensation for each year of credited service between 20 and 24.99 years.
4. 25 or more years of credited service: 50% of the average monthly benefit compensation for the first 20 years of credited service plus 2.5% of the average monthly benefit compensation for each year of credited service above 20 years – up to a maximum of 80% of the average monthly benefit.

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

1. Age 52.5 with 15 years of credited service but less than 25 years: average monthly benefit compensation times a multiplier that varies by years of service, from 1.5% to 2.5% per year of service, times the number of years of service.
2. Age 52.5 with 25 years of credited service: 62.5% of the average monthly benefit compensation. Benefits will be reduced by 4% for each year of credited service under 25 years.
3. 25 or more years of credited service: 62.5% of the average monthly benefit compensation for the first 25 years of credited service plus 2.5% of the average monthly benefit compensation for each year of credited service above 25 years – up to a maximum of 80% of the average monthly benefit compensation. The pension is reduced by 4% for each year of credited service under 25 years with a pro-rata reduction for any fractional years.

TIER 3 – Members joining July 1, 2017 or after

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

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

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

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

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

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

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

Disability benefits are calculated as follows:

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

Survivor benefits are paid on behalf of an active member in the amount of 80% of the pension based on the calculation for an accidental disability retirement. If the member was killed in the line of duty, the benefit is 100% of the member's average monthly compensation. The benefit amount is allocated to the surviving spouse and, if applicable, eligible children. If there is no surviving spouse, and there is at least one eligible child, the guardian of the eligible child(ren) are the recipients of the benefit. If there is no surviving spouse or eligible child(ren), the member's named beneficiary on file will receive the member's accumulated contributions. Benefits are paid

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

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

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

	<u>PSPRS</u>	
	<u>Pension</u>	<u>OPEB</u>
Inactive employees or beneficiaries currently receiving benefits	0	0
Inactive employees entitled to but not yet receiving benefits	2	0
DROP	0	0
Active employees	<u>3</u>	<u>3</u>
Total	<u>5</u>	<u>3</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 members and employer contribution rates are expected to finance costs of benefits employees earn during the year, with an additional amount to finance any unfunded liability. Contribution rates for the year ended June 30, 2021, are indicated below. Rates are a percentage of active members' annual covered payroll.

	Active member Pension	District Pension	Health insurance Premium benefit
	<hr/>	<hr/>	<hr/>
Active members - pension	7.65%		
District:			
Pension	10.56%	6.53%	0.65%
Tier 3 Risk Pool	9.05%	9.05%	0.25%

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

	Net pension	Net OPEB
	<hr/>	<hr/>
PSPRS	\$ 29,023	\$1,519

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

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

	Net pension	Net OPEB
	(asset) liability	(asset) liability
	<hr/>	<hr/>
PSPRS	\$ 126,735	\$ 5,423

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

<i>Actuarial valuation date</i>	June 30, 2020
<i>Actuarial cost method</i>	Entry Age Normal
<i>Actuarial Assumptions:</i>	
Investment rate of return	7.30%
Wage inflation	3.5% for pensions/not applicable for OPEB
Price inflation	2.5% for pensions/not applicable for OPEB
Cost-of-living adjustment	1.75% for pensions/not applicable for OPEB
Permanent benefit increase	Included for pensions/not applicable for OPEB
Mortality rates	PUB-S-2010 tables
Healthcare cost trend rate	Not applicable

Actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2017.

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

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

Discount Rates – At June 30, 2020, the discount rate used to measure the PSPRS total pension/OPEB liabilities was 7.3%, which was unchanged from the discount rate used as

of June 30, 2019. The projection of cash flows used to determine the PSPRS discount rates assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the actuarially determined contribution rate and the member rate. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension/OPEB liability.

Pension/OPEB

Changes in the Net Pension/OPEB Liability

	Pension		Health insurance premium benefit			
	Total Pension Liability	Increase (Decrease) Plan Fiduciary Net Position	Net Pension Liability	Total OPEB Liability	Increase (Decrease) Plan Fiduciary Net Position	Net OPEB Liability
Balances At June 30, 2020	\$ 270,374	\$ 214,798	\$ 55,576	\$ 9,391	\$ 1,458	\$ 7,933
Changes for the current year:						
Service Cost	34,333	0	34,333	1,293	0	1,293
Interest on the total pension liability	22,244	0	22,244	791	0	791
Changes of benefit terms	0	0	0	0	0	0
Differences between expected and actual experience in the measurement of the total liability	64,691	0	64,691	(3,059)	0	(3,059)
Change of assumptions or other inputs	0	0	0	0	0	0
Contributions – Employer	0	27,429	(27,429)	0	1,519	(1,519)
Contributions – Employee	0	22,397	(22,397)	0	0	0
Net investment income	0	3,087	(3,087)	0	18	(18)
Benefit payments, including refunds of employee contributions	0	0	0	0	0	0
Hall/Parker Settlement	0	0	0	0	0	0
Other changes	0	(2,804)	2,804	0	(2)	2
Net Changes	<u>121,268</u>	<u>50,109</u>	<u>71,159</u>	<u>(975)</u>	<u>1,535</u>	<u>(2,510)</u>
Balances at June 30, 2021	<u>\$ 391,642</u>	<u>\$ 264,907</u>	<u>\$ 126,735</u>	<u>\$ 8,416</u>	<u>\$ 2,993</u>	<u>\$ 5,423</u>

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

	1% Decrease	Discount Rate	1% Increase
	<u>6.30%</u>	<u>7.30%</u>	<u>8.30%</u>
Net OPEB liability	\$ 6,948	\$ 5,423	\$ 1,173
Net Pension liability	\$ 216,532	\$ 126,735	\$ 57,110

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

Pension expense and deferred outflows/inflows of resources – For the year ended June 30, 2021, the District recognized pension expense for PSPRS of \$ 34,333 and \$ 1,293 as OPEB expense.

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

	Pension		Health Insurance Premium Benefit	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 176,969	\$ 27,825	\$ 4,679	\$ 4,512
Changes of assumption or other inputs	10,993	0	120	85
Net difference between project and actual earnings on pension plan investments	15,080	0	125	0
Contributions subsequent to the measurement date	29,023	0	1,519	0
Total	<u>\$ 232,065</u>	<u>\$ 27,825</u>	<u>\$ 6,443</u>	<u>\$ 4,597</u>

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

Year Ending June 30:	Pension Net Deferred Outflows of Resources	OPEB Net Deferred Inflows of Resources
2022	\$ 24,756	\$ 146
2023	24,569	146
2024	24,022	146
2025	23,213	143
2026	20,370	114
Thereafter	52,287	(368)
	<u>\$ 175,217</u>	<u>\$ 327</u>

NOTE 20 – PENSION AND RELIEF TRUST FUNDS

ARS 9-981. Authority to purchase alternative pension and benefit plan

A. In lieu of pension and relief benefits provided for under the provisions of article 3 of this chapter, a city, town or fire district may provide for an alternative pension and benefit program for fire fighters not covered under the provisions of article 3 of this chapter or under the public safety personnel retirement system.

B. The fire insurance premium tax received by the city, town or district under section 9-952, contributions from the city, town or district, and deductions from the salaries or compensation of firemen may be used to purchase a private pension or benefit program for firemen. Firemen not covered under the public safety personnel retirement system may elect to be covered under the provisions of the alternative pension and benefit program upon filing a request in writing with the city, town or district.

C. The terms, conditions, benefits, eligibility requirements and contribution rates of the alternative pension and benefit program shall be established by:

1. For a city or town, by the adoption of a resolution of the city or town council.
2. For a fire district with a board, by the adoption of a resolution of the board.
3. For a fire district without a board, by the adoption of a resolution of the board of trustees of the firemen's relief and pension fund and the approval of the board of supervisors.

D. Notwithstanding any other provision of law, pension and benefit programs authorized under this article shall not be construed to be a contract between the employee and employer and are subject to annual appropriations of the city, town or district.

Pursuant to ARS, the District contributes to a pension and relief fund for volunteer firefighters. The funds are administered by an outside consulting firm who prepares a separate annual report. This report is available through Innes & Associates, 4302 East Ray Road, Suite 117, Phoenix, Arizona, 85044

NOTE 21 - SUBSEQUENT EVENTS

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

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**REQUIRED SUPPLEMENTARY
INFORMATION**

**BLUE RIDGE FIRE DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE-GENERAL FUND
FOR THE YEAR ENDED
JUNE 30, 2021**

Exhibit I

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		(Negative)
REVENUES				
Property Taxes	\$ 939,362	\$ 939,362	\$ 937,091	\$ (2,271)
Fire District Assistance Tax	159,691	159,691	174,616	14,925
Fees for Service	82,000	82,000	232,263	150,263
Interest Earnings	7,000	7,000	7,727	727
Operating Grants	225,000	225,000	69,959	(155,041)
Miscellaneous	2,000	2,000	3,865	1,865
Total Revenues	<u>1,415,053</u>	<u>1,415,053</u>	<u>1,425,521</u>	<u>10,468</u>
EXPENDITURES				
Public Safety:				
Personnel	795,980	795,980	735,731	60,249
Materials & Supplies	178,091	178,091	103,405	74,686
Administration	66,100	66,100	55,053	11,047
Operating Grants	227,000	227,000	58,818	168,182
Capital Outlay	223,769	223,769	780,821	(557,052)
Debt Service:				
Principal	20,126	20,126	20,126	-
Interest	3,987	3,987	3,987	-
Total Expenditures	<u>1,515,053</u>	<u>1,515,053</u>	<u>1,757,941</u>	<u>(242,888)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(100,000)</u>	<u>(100,000)</u>	<u>(332,420)</u>	<u>(232,420)</u>
OTHER FINANCING SOURCES				
Proceeds From Note Payable	-	-	580,821	(580,821)
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>580,821</u>	<u>(580,821)</u>
Net Change in Fund Balances	(100,000)	(100,000)	248,401	348,401
Fund Balances at Beginning of Year	<u>100,000</u>	<u>100,000</u>	<u>941,922</u>	<u>841,922</u>
Fund Balances at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,190,323</u>	<u>\$ 1,190,323</u>

See Accompanying Notes to the Budgetary Comparison Schedule

BLUE RIDGE FIRE DISTRICT
NOTES TO BUDGETARY COMPARISON SCHEDULE
FISCAL YEAR ENDED JUNE 30, 2021

NOTE 1 – BUDGETARY REQUIREMENTS AND BASIS OF ACCOUNTING

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

NOTE 2 - OVER-EXPENDITURE OF BUDGET LINE ITEMS

The District over-spent the line item capital outlay in the amount of \$ 557,052. This was off-set by the lease/purchase agreement the District entered into with Zions Bancorporation for the purchase of a new Fire Engine. At the time of the approval of the budget, the District did not know about the availability and need for this engine and the exceptionally low interest rates.

The legal compliance of budgeting for Special Districts in Arizona is at the fund level. The District did not overspend its budget at the fund level.

BLUE RIDGE FIRE DISTRICT
Schedule of Changes in the District's Net Pension Liability and Related Ratios
Agent Plans (PSPRS) Last Ten Fiscal Years
Year Ended June 30, 2021

RSI-1

PSPRS

Reporting Year Measurement Date	FISCAL YEAR							
	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	2014 THROUGH 2011
Total Pension Liability								
Service Cost	\$ 34,333	\$ 52,706	\$ 47,638	\$ -		Information not available	Information not available	Information not available
Interest on total pension liability	22,244	20,132	14,012	-				
Changes of benefit terms	-	-	-	(19,232)		NOT A MEMBER OF THIS RETIREMENT SYSTEM		
Difference between expected and actual experience in the measurement of the pension liability	64,691	(29,049)	(5,493)	179,493				
Changes of assumptions or other inputs	-	7,243	-	7,619				
Benefit payments including refund of employee contributions	-	-	(4,695)	-				
Net change in pension liability	121,268	51,032	51,462	167,880				
Total pension liability - beginning	270,374	219,342	167,880	-				
Total pension liability - ending (a)	<u>\$ 391,642</u>	<u>\$ 270,374</u>	<u>\$ 219,342</u>	<u>\$ 167,880</u>				
Plan Fiduciary net position								
Contributions - employer	\$ 27,429	\$ 25,659	\$ 56,346	\$ 47,515				
Contributions - employee	22,397	23,650	28,374	23,468				
Net investment income	3,087	9,375	5,557	1,710				
Benefit payments, including refunds of employee contributions	-	-	(4,695)	-				
Pension plan administrative expense	-	-	-	(415)				
Other changes	(2,804)	(1,163)	(583)	-				
Net change in plan fiduciary net position	50,109	57,521	84,999	72,278				
Plan fiduciary net position - beginning	214,798	157,277	72,278	-				
Plan fiduciary net position - ending (b)	<u>\$ 264,907</u>	<u>\$ 214,798</u>	<u>\$ 157,277</u>	<u>\$ 72,278</u>				

See accompanying notes to the Pension/ OPEB Plan Schedules

BLUE RIDGE FIRE DISTRICT
Schedule of Changes in the District's Net Pension Liability and Related Ratios
Agent Plans (PSPRS) Last Ten Fiscal Years
Year Ended June 30, 2021

PSPRS

Reporting Year Measurement Date	FISCAL YEAR							
	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	2014 THROUGH 2011
District's net pension liability - ending (a) - (b)	\$ 126,735	\$ 55,576	\$ 62,065	\$ 95,602	\$ -	\$ -	\$ -	\$ -
Plan fiduciary net position as a percentage of the total pension liability	67.64%	79.44%	71.70%	43.05%				
Covered-employee payroll	\$ 184,951	\$ 193,071	\$ 243,549	\$ 250,860				
District's net pension liability as a percentage of covered-employee payroll	68.52%	28.79%	25.48%	38.11%				

District Joined PSPRS in 2017
First reporting year is 2018

See accompanying notes to the Pension/ OPEB Plan Schedules

BLUE RIDGE FIRE DISTRICT
Schedule of Changes in the District's Net OPEB Liability and Related Ratios
Agent Plans (PSPRS) Last Ten Fiscal Years
Year Ended June 30, 2021

OPEB	FISCAL YEAR							RSI-2
Reporting Year Measurement Date	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	2014 THROUGH 2011
Total OPEB Liability								
Service Cost	\$ 1,293	\$ 1,242	\$ 1,193	\$ -	Information not available	Information not available	Information not available	Information not available
Interest on total OPEB liability	791	771	558					
Changes of benefit terms	-	-	-	1,082				
Difference between expected and actual experience in the measurement of the OPEB liability	(3,059)	(1,938)	482	5,978	NOT A MEMBER OF THIS RETIREMENT SYSTEM			
Changes of assumptions or other inputs	-	140	-	(117)				
Benefit payments including refund of employee contributions	-	-	-	-				
Net change in OPEB liability	(975)	215	2,233	6,943				
Total OPEB liability - beginning	9,391	9,176	6,943					
Total OPEB liability - ending (a)	<u>\$ 8,416</u>	<u>\$ 9,391</u>	<u>\$ 9,176</u>	<u>\$ 6,943</u>				
Plan Fiduciary net position								
Contributions - employer	\$ 1,519	\$ 1,420	\$ -	\$ -				
Contributions - employee								
Net investment income	18	39						
Benefit payments, including refunds of employee contributions								
OPEB plan administrative expense	(2)	(1)						
Other changes								
Net change in plan fiduciary net position	1,535	1,458	-	-				
Plan fiduciary net position - beginning	1,458	-	-					
Plan fiduciary net position - ending (b)	<u>\$ 2,993</u>	<u>\$ 1,458</u>	<u>\$ -</u>	<u>\$ -</u>				

See accompanying notes to the Pension/ OPEB Plan Schedules

BLUE RIDGE FIRE DISTRICT
Schedule of Changes in the District's Net Pension Liability and Related Ratios
Agent Plans (PSPRS) Last Ten Fiscal Years
Year Ended June 30, 2021

OPEB

Reporting Year Measurement Date	FISCAL YEAR							
	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	2014 THROUGH 2011
District's net OPEB liability - ending (a) - (b)	\$ 5,423	\$ 7,933	\$ 9,176	\$ 6,943	\$ -	\$ -	\$ -	\$ -
Plan fiduciary net position as a percentage of the total OPEB liability	35.56%	15.53%	0.00%	0.00%				
Covered-employee payroll	\$ 184,951	\$ 193,071	\$ 243,549	\$250,860				
District's net OPEB liability as a percentage of covered-employee payroll	2.93%	4.11%	3.77%	2.77%				

District Joined PSPRS in 2017
First reporting year is 2018

See accompanying notes to the Pension/ OPEB Plan Schedules

BLUE RIDGE FIRE DISTRICT
Schedule of Pension Contributions
Year Ended June 30, 2021

RSI-3

PSPRS - Pension

	2021	2020	2019	2018	2017	2016	2015	2014
	Measurement	Measurement	Measurement	Measurement	Measurement	Measurement	Measurement	Measurement
	Date (2020)	Date (2019)	Date (2018)	Date (2017)	Date (2016)	Date (2015)	Date (2014)	through
								2011
Actuarially determined contribution	\$ 29,023	\$ 25,659	\$ 56,346	\$ 47,515	Information	Information	Information	Information
District's contributions in relation to the actuarially determined contribution	29,023	25,659	56,346	47,515	not	not	not	not
District's contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>available</u>	<u>available</u>	<u>available</u>	<u>available</u>
District's covered-employee payroll	<u>\$ 184,951</u>	<u>\$ 193,071</u>	<u>\$ 243,549</u>	<u>\$ 250,860</u>				
District's contributions as a percentage of covered-employee payroll	<u>15.69%</u>	<u>13.29%</u>	<u>23.14%</u>	<u>18.94%</u>				

See accompanying notes to the Pension/ OPEB Plan Schedules

BLUE RIDGE FIRE DISTRICT
Schedule of OPEB Contributions
Year Ended June 30, 2021

RSI-4

PSPRS - OPEB

	<u>2021</u> <u>Measurement</u> <u>Date (2020)</u>	<u>2020</u> <u>Measurement</u> <u>Date (2019)</u>	<u>2019</u> <u>Measurement</u> <u>Date (2018)</u>	<u>2018</u> <u>Measurement</u> <u>Date (2017)</u>	<u>2017</u> <u>Measurement</u> <u>Date (2016)</u>	<u>2016</u> <u>Measurement</u> <u>Date (2015)</u>	<u>2015</u> <u>Measurement</u> <u>Date (2014)</u>	<u>2014</u> <u>through</u> <u>2011</u>
Actuarially determined contribution	\$ 1,519	\$ 1,420	\$ -	\$ -	Information not	Information not	Information not	Information not
District's contributions in relation to the actuarially determined contribution	1,519	1,420	-	-	available	available	available	available
District's contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>				
District's covered-employee payroll	<u>\$ 184,951</u>	<u>\$ 193,071</u>	<u>\$ 243,549</u>	<u>\$ 250,860</u>				
District's contributions as a percentage of covered-employee payroll	<u>0.82%</u>	<u>0.74%</u>	<u>0.00%</u>	<u>0.00%</u>				

See accompanying notes to the Pension/ OPEB Plan Schedules

**BLUE RIDGE FIRE DISTRICT
NOTES TO PENSION PLAN SCHEDULES
FISCAL YEAR ENDED JUNE 30, 2021**

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

Actuarial cost method:	Entry age Normal
Amortization method:	Level percent-of-pay, closed
Remaining amortization period:	20 years; if the actuarial value of assets exceeded the actuarial accrued liability, the excess was amortized over an open period of 20 years and applied as a credit to reduce the normal cost which otherwise would be payable.
Asset valuation method:	7-year smoothed market value; 80%/120% market corridor
Wage growth:	In the 2014 actuarial valuation, wage growth was decreased from 4.5% to 4.0 - 8.0%. In the 2014 actuarial valuation, wage growth was decreased from 4.5% to 4.0%. In the 2013 actuarial valuation, wage growth was decreased from 5.0% to 4.5%
Projected Salary Increases:	In the 2017 actuarial valuation, projected salary increases were decreased from 4.0%-8.0% to 3.75%-7.5%. In the 2014 actuarial valuation, projected salary increases were decreased from 4.5%-8.5% to 4.0%-8.0%. In the 2013 actuarial valuation, projected salary increases were decreased from 5.0%-9.0% to 4.5%-8.5%
Investment Rate of Return	In the 2017 actuarial valuation, the investment rate of return was decreased from 7.5% to 7.4%. In the 2016 actuarial valuation the investment rate of return was decreased from 7.85% to 7.5%. In the 2013 actuarial valuation, the investment rate of return was decreased from 8.0% to 7.85%.
Retirement age:	Experience-based table of rates that is specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period July 1, 2006 - June 30, 2011.
Mortality:	In the 2017 actuarial valuation, changed to RP-2014 tables, with 75% of MP-2016 fully generational projection scales RP-2000 mortality table (adjusted by 105% for both males and females)
Assumed future permanent benefit increases:	Members retiring on or before July 1, 2011: 2% of overall average benefit compounded annually. All members receive the same dollar amount of increase. Members retired on or after August 1, 2011: 0.5% of overall average benefit compounded annually. All members receive the same dollar amount of increase.

Arizona courts have ruled that provisions of a 2011 law changing the mechanism for funding permanent pension benefit increases and increased employee pension contribution rates were unconstitutional or a breach of contract because those provisions apply to individuals who were members as of the law's effective date. As a result, PSPRS changed benefit terms to reflect the prior mechanism for funding permanent benefit increases for those members and revised actuarial assumptions to explicitly value future permanent benefit increases. PSPRS also reduced those members' employee contribution rates. These changes are reflected in the plans' pension liabilities for fiscal year 2015 (measurement date 2014) for members who were retired as of the law's effective date and fiscal year 2018 (measurement date 2017) for members who retired or will retire after the law's effective date. These changes also increased the PSPRS-required pension contributions beginning in fiscal year 2016 for members who were retired as of the law's effective date. These changes will increase the PSPRS-required contributions beginning in fiscal year 2019 for members who retired or will retire after the law's effective date. Also, the District refunded excess employee contributions to PSPRS members. PSPRS allowed the District to reduce its actual employer contributions for the refund amounts. As a result, the District pension contributions were less than the actuarially or statutorily determined contributions for 2018 and 2019.

See accompanying notes to the Pension/ OPEB Plan Schedules

OTHER SUPPLEMENTARY INFORMATION

**BLUE RIDGE FIRE DISTRICT
ANNUAL REPORT INFORMATION
FISCAL YEAR ENDED JUNE 30, 2021**

AZ Revised Statutes (ARS) requires certain additional information be attached to the audit report to comply with ARS 48-251 & 48-253 as required to meet the requirements of the AZ “Annual Report” of Special Districts. This information is included as other supplementary information.

FIRE BOARD MEETINGS:

<u>Date</u>	<u>Time</u>	<u>Location</u>
July 18, 2020	10:00 a.m.	Fire Station #1, 5023 Enchanted Lane, Happy Jack, Arizona
August 15, 2020	10:00 a.m.	Fire Station #1, 5023 Enchanted Lane, Happy Jack, Arizona
Sept 19, 2020	10:00 a.m.	Fire Station #1, 5023 Enchanted Lane, Happy Jack, Arizona
October 17, 2020	10:00 a.m.	Fire Station #1, 5023 Enchanted Lane, Happy Jack, Arizona
Nov 21, 2020	10:00 a.m.	Fire Station #1, 5023 Enchanted Lane, Happy Jack, Arizona
Dec 19, 2020	10:00 a.m.	Fire Station #1, 5023 Enchanted Lane, Happy Jack, Arizona
January 23, 2021	10:00 a.m.	Fire Station #1, 5023 Enchanted Lane, Happy Jack, Arizona
February 20, 2021	10:00 a.m.	Fire Station #1, 5023 Enchanted Lane, Happy Jack, Arizona
March 20, 2021	10:00 a.m.	Fire Station #1, 5023 Enchanted Lane, Happy Jack, Arizona
April 17, 2021	10:00 a.m.	Fire Station #1, 5023 Enchanted Lane, Happy Jack, Arizona
May 15, 2021	10:00 a.m.	Fire Station #1, 5023 Enchanted Lane, Happy Jack, Arizona
June 19, 2021	10:00 a.m.	Fire Station #1, 5023 Enchanted Lane, Happy Jack, Arizona

BOARD MEMBERS:

<u>Name</u>	<u>Business Phone Number</u>	<u>Position</u>
Shannon Scott	928-477-2751	Chairman
Cynthia Perelli	928-477-2751	Clerk
Jack Beale	928-477-2751	Member
Judy Varns	928-477-2751	Member
Larry Lambert	928-477-2751	Member

LOCATION OF POSTING OF MEETING NOTICES (all meetings):

Blue Ridge Fire Station #1	5023 Enchanted Lane	Happy Jack, Arizona
Blue Ridge Fire District Web Site		

LEGAL DESCRIPTION OF BOUNDARY CHANGES:

NONE

**BLUE RIDGE FIRE DISTRICT
ANNUAL REPORT INFORMATION
VOLUNTEER PENSION DISTRIBUTIONS
FISCAL YEAR ENDED JUNE 30, 2021**

Arizona Revised Statutes (ARS) requires certain additional information be attached to the audit report to comply with ARS 9-956 as required to meet the requirements of the Arizona Annual “Report of Volunteer Fire Fighters Relief and Pension Fund”. This information is included as other supplementary information.

<u>TYPE OF DISTRIBUTION</u>	<u>NAME</u>	<u>AMOUNT</u>
Article 4	Tamala Rosenhagen	<u>\$ 6,833</u>
Total		<u>\$ 6,833</u>

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BLUE RIDGE FIRE DISTRICT
GOVERNMENT AUDIT STANDARDS SECTION
JUNE 30, 2021

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SAUNDERS COMPANY, LTD

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

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

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Arizona Association of Licensed Private Investigators

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

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Governing Board
Blue Ridge Fire District
Happy Jack, 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, each major fund, and the aggregate remaining fund information of Blue Ridge Fire District, Happy Jack, Arizona, as of and for the year ended June 30, 2021, 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 9, 2022.

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 may exist that have not been identified.

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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 statement amounts. 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.

Saunders Company, Ltd.

Glendale, Arizona
February 9, 2022

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SAUNDERS COMPANY, LTD

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

CERTIFIED PUBLIC ACCOUNTANT
CERTIFIED FRAUD EXAMINER
CERTIFIED GOVERNMENT FINANCIAL MANAGER
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Arizona Association of Licensed Private Investigators

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

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

To the Governing Board
Blue Ridge Fire District
Happy Jack, Arizona

Report on Compliance

We have audited the Blue Ridge Fire District's (the District) compliance with the requirements of Arizona Revised Statutes Title 48-805 for the year ended June 30, 2021, and have issued our report thereon dated February 9, 2022. Our audit included test work on the District's compliance with the selected requirements identified in the State of Arizona Revised Statutes and the Arizona State Constitution including, but not limited to, Title 48, Chapter 5, Article 1 and ARS 48-805.

Management's Responsibility

The management of the District is responsible for compliance with all requirements identified above.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance with those requirements based on our audit; specifically, the following statements:

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

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

We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

Opinion

In our opinion, the District complied with the requirements identified above for the year ended June 30, 2021.

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

Saunders Company, Ltd.

Glendale, Arizona
February 9, 2022

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