

GOLDEN VALLEY FIRE DISTRICT
FINANCIAL STATEMENTS
JUNE 30, 2023

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GOLDEN VALLEY FIRE DISTRICT

FINANCIAL STATEMENTS JUNE 30, 2023

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GOLDEN VALLEY FIRE DISTRICT

FINANCIAL STATEMENTS

JUNE 30, 2023

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SAUNDERS COMPANY, LTD

JAMES H. SAUNDERS, CPA, CFE, CGFM, PI, AUDIT PARTNER

TRICIA E. SAUNDERS, PI, AUDITOR

CERTIFIED PUBLIC ACCOUNTANT
CERTIFIED FRAUD EXAMINER
CERTIFIED GOVERNMENT FINANCIAL MANAGER
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INDEPENDENT AUDITOR'S REPORT

To the Governing Board
Golden Valley Fire District
Golden Valley, Arizona

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Golden Valley Fire District (the District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the 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 Golden Valley Fire District, as of June 30, 2023, 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.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

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

Other 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 and with *Government Auditing Standards*, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

In accordance with *Government Auditing Standards*, we have also issued our report dated March 19, 2024 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 the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Saunders Company, Ltd.

Glendale, Arizona

March 19, 2024

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**Golden Valley Fire District
Management's Discussion and Analysis of
Basic Financial Statements
June 30, 2023**

The following discussion and analysis of the Golden Valley Fire District financial performance presents Management's overview of the District's financial activities for the fiscal year ending June 30, 2023. Please read it in conjunction with the District's basic financial statements which begin 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 Golden Valley Fire District provides Fire, Rescue, Paramedic, Hazardous Materials, Rope Rescue and Confined Space Rescue services to businesses, homes, property and persons within the District boundaries, as well as services to locations and persons outside the District thru mutual aid agreements and contracts.

Results of Operations (Chief)

Overview of 2022-2023 fiscal year Fire District initiatives to better serve the community through planned improvements and strategic initiatives to keep the Golden Valley Fire District proactive and in a constant state of development and self-evaluation.

λ **Response Information:**

○ Emergency Medical incidents	1,849	63.8%
○ Fire Incidents	207	7.2%
○ False Alarms	119	4.1%
○ Special Incidents/Other	283	9.8%
○ Good Intent Incidents	95	3.3%
○ Service Calls	297	10.2%
○ Hazardous Material Incident	9	0.3%
○ Canceled enroute	<u>38</u>	1.3%
Total Calls for service	<u>2,897</u>	

λ **Personnel :**

- Current staffing level is down by one Firefighter
- Our volunteer program as of June 30, 2023 has 3 volunteer firefighters and 2 support volunteer s.

λ **Specialized Teams:**

- Technical Rescue Team – performs Rope Rescue, Water Rescue and Confined Space Rescues
- Hazardous Material Team
- Fire Investigation Team

- λ **Budget:**
 - Assignment of budget Project Managers for specific areas of responsibility

- λ **Community awareness programs:**
 - Annual Fire Prevention Week
 - Participant in Veterans Day parades & activities in Golden Valley & Kingman areas
 - Fire District website at www.GoldenValleyFire.org

- λ **Other initiatives:**
 - Business Community partnerships improved.
 - Improved succession planning for all job descriptions.
 - Continued Economic development partnership with Mohave County officials.

- λ **New apparatus:**
 - 2023 Polaris UTV received on grant from Firehouse Subs.

- λ **Out of District contracts for services:**

○ Griffith Energy	\$295,147
○ Unisource / Black Mountain Energy	\$150,368
○ Arizona State Prison/GEO	\$314,730
○ Yucca Fire District Management Agreement	\$ 38,364
○ Northern AZ Fire District	\$ 24,330
○ ConRoc Ready Mix	<u>\$ 1,550</u>
Total added compensation for services	<u>\$824,490</u>

- λ **ISO reduction plan:**
 - Fire Marshal Inspection / Code Enforcement Program
 - Improved daily / annual firefighter training.
 - Improvements in water hauling apparatus.
 - Budget for future apparatus improvements / refurbishment
 - Maintained classification rating of 4/10 effective 12/01/2022

- λ **Public Education & Training:**
 - Active participation in local school Annual Fire Prevention Week activities

Financial Highlights :

- λ District investment in capital assets increased by \$124,037 or 5.14%.
- λ The District's net position increased by \$203,132 or 10.14% from the previous fiscal year.
- λ Total revenues decreased by \$164,692 or 4.48% over the previous fiscal year.
- λ At the end of the current fiscal year, unrestricted net position for the Governmental Activities was \$ (69,899).

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

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

Fund Financial Statements

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

Net Position June 30, 2023

	<u>BALANCE</u> <u>JUNE 30, 2022</u>	<u>BALANCE</u> <u>JUNE 30, 2023</u>
Net Investment in Capital Assets	\$ 2,162,126	\$ 2,277,041
Unrestricted	<u>(158,116)</u>	<u>(69,899)</u>
Total Net Position	<u>\$ 2,004,010</u>	<u>\$ 2,207,142</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 the Golden Valley Fire District total net position was \$2,207,142 at the close of the most recent fiscal year.

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

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

Condensed Statement of Net Position

	<u>Governmental Activities</u>	
	<u>2022</u>	<u>2023</u>
Assets		
Current and other assets	\$ 1,612,428	\$ 1,680,467
Net OPEB Asset (PSPRS)	128,128	102,898
Capital Assets, not being depreciated	211,854	592,815
Capital Assets, being depreciated, net	2,201,721	2,944,797
Total assets	<u>4,154,131</u>	<u>4,320,977</u>
Deferred outflow of resources	<u>1,021,166</u>	<u>1,223,797</u>
Liabilities		
Current liabilities	154,140	198,863
Non-Current liabilities	177,778	254,693
Net Pension Liability (PSPRS)	1,190,351	2,139,715
Total liabilities	<u>1,522,269</u>	<u>2,593,271</u>
Deferred inflow of resources	<u>1,649,018</u>	<u>744,361</u>
Net position:		
Net investment in capital assets	2,162,126	2,277,041
Unrestricted (deficit)	<u>(158,116)</u>	<u>(69,899)</u>
Total net position	<u>\$ 2,004,010</u>	<u>\$ 2,207,142</u>

The unrestricted net position of (\$69,899) is not available to meet the District's ongoing obligations to citizens and creditors. As previously discussed, the deficit position arises

from the actuarially determined unfunded future liability of the Public Safety Personnel Retirement System (PSPRS).

Governmental Activities

Most of the revenues for the District were derived from assessed property taxes and Fire District Assistance Tax from the County. Additional revenues were generated through several Out of District contracts as well as response to major wild land fires.

Governmental Activities net position increased by \$203,132. Key elements of this increase are reported below:

Statement of Activities

	<u>Governmental Activities</u>	
	<u>2022</u>	<u>2023</u>
Expenditures:		
Public Safety:		
Personnel	\$ 2,440,667	\$ 2,548,392
Operations	414,232	611,263
Administration	165,196	72,981
Debt Service Interest	9,065	8,584
Depreciation	297,087	262,174
Total Expenditures	3,326,247	3,503,394
Program Revenues:		
Fees for services	1,333,062	946,378
Capital grants	48,423	87,694
Total Program Revenues	1,381,485	1,034,072
Net Program Expenditures	1,944,762	2,469,322
General revenues :		
Property Taxes	1,883,715	2,145,609
Fire District Assistance Tax	223,381	251,931
Smart and Safe (SSAA) Tax	50,719	61,639
Gain on Pension Investments	304,016	132,694
Interest Earnings	4,665	32,617
Miscellaneous	64,975	47,964
Total General Revenues	2,531,471	2,672,454
Increase (Decrease) in Net Position	(586,709)	203,132
Net position, Beginning of the Year	1,417,301	2,004,010
Net position, End of the Year	\$ 2,004,010	\$ 2,207,142

General Fund Budgetary Highlights

The Golden Valley Fire District stayed within the approved budget for fiscal year 2022-2023. The legal compliance of budgeting for Special Districts in Arizona is at the fund level.

While the District did not over-spend the budget at the fund level, the District overspent several line items. Those line items were Operations in the amount of \$94,367, Capital Projects in the amount of \$27,253 and Debt Service in the amount of \$98,539. The budget overruns were due to unanticipated costs from the ongoing COVID 19 Pandemic, opportunity to purchase additional capital assets and Debt Service payments which were bundled into capital in the budget. The District was able to keep actual expenditures \$1,439,931 under the approved budget for the year.

Capital Assets and Non-Current Liabilities

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, 2023 the District purchased, had contributed, or constructed the following assets:

- SCBA equipment (6)
- 2023 Polaris UTV
- New Garage Door for Station 12

Capital Assets, Net of Depreciation June 30, 2023

Capital asset activity for the year ended.

	BALANCE <u>06/30/2022</u>	BALANCE <u>06/30/2023</u>
<u>Depreciable Assets</u>		
Vehicles	\$ 3,018,447	\$ 2,696,076
Buildings	1,762,827	1,762,827
Building Improvements	95,356	95,356
Equipment, Admin	118,064	118,064
Equipment, Fire	<u>1,054,710</u>	<u>1,059,960</u>
Total Historical Costs	<u>6,049,404</u>	<u>5,732,283</u>
Less Accumulated Depreciation		
Vehicles	2,375,131	2,172,724
Buildings	624,537	674,330
Building Improvements	45,778	49,013
Equipment, Admin	108,967	111,572
Equipment, Fire	<u>693,270</u>	<u>779,847</u>
Less: Total Accumulated Depreciation	<u>3,847,683</u>	<u>3,787,486</u>
Depreciable Capital Assets, Net	2,201,721	1,944,797
<u>Non-Depreciable Assets</u>		
Construction in Progress	0	380,961
Land	<u>211,854</u>	<u>211,854</u>
Capital Assets, Net	<u>\$ 2,413,575</u>	<u>\$ 2,537,612</u>

Non-Current Liabilities

The District has been able make an additional principal payment of \$50k on our outstanding debt for our 2009 Ladder Truck.

The District has entered into a contract for two new Attack Units, paying \$180k cash for one and financing one for \$180k, the estimated delivery date is December 2023.

At the end of the current fiscal year, the District had non-current liabilities of \$254,693. All of the debt is backed by the full faith and credit of the District.

Changes in Non-Current Liabilities:

	Balance <u>June 30, 2022</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2023</u>
2009 Pierce Ladder Truck	\$ 170,527	\$ 0	\$ 89,955	\$ 80,572
Attack Truck	<u>0</u>	<u>180,000</u>	<u>0</u>	<u>180,000</u>
Total Notes Payable	170,527	180,000	89,955	260,572
Compensated Absences – Due in More Than One Year	<u>50,066</u>	<u>49,273</u>	<u>37,472</u>	<u>61,867</u>
Total Notes Payable and Compensated Absences	220,593	229,273	127,427	322,439
Less Current Notes Payable	<u>42,814</u>	<u>24,932</u>	<u>0</u>	<u>67,746</u>
Totals	<u>\$ 177,779</u>	<u>\$ 204,341</u>	<u>\$ 127,427</u>	<u>\$ 254,693</u>

Factors Affecting Future Results

The District is subject to general economic conditions such as increases or declines in property tax value or other types of revenues that vary with economic conditions.

1) Fire District Revenue

- a. The most recent economic forecast indicates property values have slightly increases and some increase in tax revenue for the 2023 – 2024 budget years. The District will continue to seek alternative revenue streams such as:
 - i. Property annexations to offset the decline for the foreseeable future.
 - ii. Investment and involvement in Statewide Wildland Mobilizations
 - iii. Out of District Contract for Services Agreements
 - iv. Reduction of overtime costs through alternative staffing models
 - v. Applying for grants
 - vi. Utilizing the power of shared purchasing with other Districts
 - vii. Contracted Service Agreements with property owners.
- b. New revenue from Smart and Safe Arizona Fund (SSAA) established per ARS 36-2856 in which excise tax on marijuana and marijuana products are distributed to fire districts with enrolled members in the public safety personnel retirement system.

2) Possible Merger with Yucca Fire District

The District is in the process of consolidating with the Yucca Fire District. We are currently in the feasibility study phase. The consolidation will provide better Fire/EMS services to the Yucca community by providing a more uniform response model. By consolidating, the Golden Valley Fire District will be able to acquire more tax base from both residential and commercial properties and the consolidation will also eliminate unnecessary and expensive duplication of

resources. We are anticipating the consolidation to be completed by next fiscal year.

3) Shared Services IGA with Northern Arizona Fire District

The District is always looking for ways to cut costs, therefore, we are having discussions with Northern Arizona Fire District to enter into a shared service agreement. This agreement will consist of sharing five (5) positions and the wages and benefits of each. The positions consist of; Fire Chief, Assistant Chief, Fire Marshal, Fire Prevention Specialist, and Administrative Assistant. We are anticipating the IGA to be in place by the beginning of the calendar year.

4) New Apparatus

The District is in the process of purchasing new apparatus to replace some of the older outdated apparatus. The new apparatus will consist of two (2) Attack units and two (2) Type 1 Engines. The Attack units are expected to arrive late December or early January. The Type 1 Engines are expected in 20-24 months. The new apparatus will bring better reliability and save maintenance costs for the District.

5) New Fire Station(s):

a. The District will keep in mind a fire station to the north central area of the District, which could affect the population concentration to the North of Hwy-68. Possibly selling current properties not being used to purchase property to the North.

6) Training Center

a. The Golden Valley Fire District's Public Safety Training Center (PSTC) is continuing the planning and acquisition of "Props" to fill the remaining 10-acres with Firefighter training props to include the following:

- i. Flashover chamber
- ii. Confined Space Rescue
- iii. Helicopter Landing Zone
- iv. Vehicle Extrication area
- v. Liquefied Petroleum Gas (LPG) prop
- vi. Emergency Vehicle Driving course

b. The District will continue to work with other community organizations and public safety providers to collaborate with the District to allow for the largest use of this facility.

7) Specialized Teams

a. The District will continue to support the following specialized District teams:

- i. Hazardous Materials Response Team
- ii. Technical Rescue Team
- iii. Fire Investigations Team
- iv. Wildland Firefighting Team

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 Fire Chief Dave Cunningham, Golden Valley Fire District at 749 S Egar Road, Golden Valley, AZ 86413. Email: firechief@goldenvalleyfire.org.

BASIC FINANCIAL STATEMENTS

**GOLDEN VALLEY FIRE DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2023**

Exhibit A

		<u>Governmental Activities</u>
ASSETS		
Cash & Cash Equivalents	\$	1,389,733
Receivables:		
Property Taxes		290,734
Net OPEB Asset (PSPRS)		102,898
Capital Assets, not being depreciated		592,815
Capital Assets, being depreciated, net		<u>1,944,797</u>
 Total Assets		 4,320,977
DEFERRED OUTFLOW OF RESOURCES		
Deferred Outflows Related to OPEB(PSPRS)		7,448
Deferred Outflows Related to Pension (PSPRS)		<u>1,216,349</u>
 Total Assets and Outflow of Resources		 <u>5,544,774</u>
LIABILITIES		
Current Liabilities		
Accounts Payable		7,488
Credit Cards Payable		7,327
Payroll Taxes/Withholding Payable		37,931
Insurance Payable		22,433
Wages Payable		40,290
Use Tax Payable		66
Due to Volunteer Pension		116
Due in Less Than One Year:		
Compensated Absences		15,466
Notes Payable		67,746
Non-Current Liabilities		
Due in More Than One Year:		
Compensated Absences		61,867
Notes Payable		192,826
Net Pension Liability (PSPRS)		<u>2,139,715</u>
 Total Liabilities		 2,593,271
DEFERRED INFLOW OF RESOURCES		
Deferred Inflows Related to OPEB (PSPRS)		34,488
Deferred Inflows Related to Pension (PSPRS)		<u>709,873</u>
 Total Liabilities and Inflow of Resources		 <u>3,337,632</u>
NET POSITION		
Net Investment in Capital Assets		2,277,041
Unrestricted (Deficit)		<u>(69,899)</u>
 Total Net Position	 \$	 <u><u>2,207,142</u></u>

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

**GOLDEN VALLEY FIRE DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022**

Exhibit B

**Governmental
Activities**

EXPENDITURES

Public Safety :	
Personnel	\$ 2,548,392
Operations	611,263
Administration	72,981
Debt Service Interest	8,584
Depreciation	<u>262,174</u>
Total Program Expenditures	<u>3,503,394</u>

PROGRAM REVENUES

Capital Grants	87,694
Fees for Service	<u>946,378</u>
Total Program Revenues	<u>1,034,072</u>
Net Program Expenditures	<u>2,469,322</u>

GENERAL REVENUES

Property Taxes	2,145,609
Fire District Assistance Tax	251,931
Smart and Safe AZ Tax	61,639
Gain on Pension Investments	132,694
Interest Earnings	32,617
Miscellaneous	<u>47,964</u>
Total General Revenues	<u>2,672,454</u>

Increase (Decrease) in Net Position	203,132
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NET POSITION-BEGINNING OF THE YEAR	<u>2,004,010</u>
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NET POSITION-END OF THE YEAR	<u><u>\$ 2,207,142</u></u>
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-The Notes to the Financial Statements are an Integral Part of This Statement-

**GOLDEN VALLEY FIRE DISTRICT
BALANCE SHEET - GOVERNMENTAL FUND
JUNE 30, 2023**

Exhibit C

General

ASSETS

Cash and Cash Equivalents	\$ 1,389,733
Receivables:	
Property Taxes	<u>290,734</u>
Total Assets	<u><u>\$ 1,680,467</u></u>

LIABILITIES

Accounts Payable	\$ 7,488
Credit Cards Payable	7,327
Payroll Taxes/Withholding Payable	37,931
Insurance Payable	22,433
Wages Payable	40,290
Use Tax Payable	66
Due to Volunteer Pension	<u>116</u>
Total Liabilities	115,651

DEFERRED INFLOW OF RESOURCES

Unavailable Revenue	
Deferred Property Taxes	<u>254,330</u>
Total Liabilities and Inflow of Resources	<u>369,981</u>

FUND BALANCES

Assigned	301,126
Unassigned	<u>1,009,360</u>
Total Fund Balances	<u>1,310,486</u>
Total Liabilities, Deferred Inflow of Resources & Fund Balances	<u><u>\$ 1,680,467</u></u>

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

**GOLDEN VALLEY FIRE DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUND
FOR THE YEAR ENDED
JUNE 30, 2023**

Exhibit D

	<u>General</u>
REVENUES	
Property Taxes	\$ 2,083,986
Fire District Assistance Tax	251,931
Smart and Safe AZ Tax	61,639
Fees for Service	946,378
Capital Grants	87,694
Interest Earnings	32,617
Miscellaneous	<u>47,964</u>
Total Revenues	<u>3,512,209</u>
EXPENDITURES	
Public Safety:	
Personnel	2,471,057
Operations	611,263
Administration	72,981
Debt Service:	
Principal	89,955
Interest	8,584
Capital Outlay	<u>386,211</u>
Total Expenditures	<u>3,640,051</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(127,842)</u>
OTHER FINANCING SOURCES	
Proceeds from Note Payable	<u>180,000</u>
Total Other Financing Sources	<u>180,000</u>
Net Change in Fund Balances	52,158
Fund Balances-Beginning of Year	<u>1,258,328</u>
Fund Balances-End of Year	<u><u>\$ 1,310,486</u></u>

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

**GOLDEN VALLEY FIRE DISTRICT
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUND
TO THE STATEMENT OF NET POSITION
JUNE 30, 2023**

Exhibit E

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

Fund Balances - Total Governmental Fund (Exhibit C)		\$ 1,310,486
---	--	--------------

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	6,325,098		
Less: Accumulated Depreciation	<u>(3,787,486)</u>		2,537,612

Net OPEB Asset- (PSPRS)		102,898
-------------------------	--	---------

Deferred Outflows of Resources:		
Related to OPEB (PSPRS)		7,448
Related to Pension (PSPRS)		1,216,349

Non-Current liabilities are not due and payable in the current period and therefore are not reported in the funds.		(337,905)
--	--	-----------

Net Pension Liability (PSPRS)		(2,139,715)
-------------------------------	--	-------------

Deferred Inflows of Resources		
Related to OPEB (PSPRS)		(34,488)
Related to Pension (PSPRS)		(709,873)
Related to Deferred Property Taxes		<u>254,330</u>

Net Position of Governmental Activities (Exhibit A)		<u>\$ 2,207,142</u>
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-The Notes to the Financial Statements are an Integral Part of This Statement-

**GOLDEN VALLEY 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, 2023**

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)	\$ (127,842)
--	--------------

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 depreciation expense exceeded capital outlay in the current period.	(317,121)
--	-----------

Net Change in Deferred Outflows and Inflows of Resources	543,298
--	---------

The issuance of non-current liabilities (e.g., bonds, leases, leave) provides current financial resources to governmental funds, while the repayment of the principal of non-current 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.	<u>104,797</u>
--	----------------

Change in Net Position of Governmental Activities (Exhibit B)	<u><u>\$ 203,132</u></u>
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-The Notes to the Financial Statements are an Integral Part of This Statement-

**GOLDEN VALLEY FIRE DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
JUNE 30, 2023**

Exhibit G

**Volunteer
Pension
Fund**

ASSETS

Cash & Cash Equivalents	\$	477
Due from General Fund		116
Investments, at fair value		
Mutual Funds		<u>76,195</u>
 Total Assets		 <u>76,788</u>

LIABILITIES

Accounts Payable		<u>-0-</u>
 Total Liabilities		 <u>-0-</u>

NET POSITION

Held in trust for pension and other purposes	\$	<u><u>76,788</u></u>
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-The Notes to the Financial Statements are an Integral Part of This Statement-

**GOLDEN VALLEY FIRE DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE YEAR ENDED JUNE 30, 2023**

Exhibit H

	<u>Volunteer Pension Fund</u>
ADDITIONS	
Contributions:	
State Fire Marshal	\$ 152
Investment Earnings:	
Interest & Dividends	4,793
Gain on Investments	-
Total Investment Earnings	<u>4,945</u>
Less:	
Investment Expenses	-
Loss on Investments	354
Net Investment Earnings	<u>4,591</u>
Total Additions	<u>4,591</u>
DEDUCTIONS	
Benefits Paid to Participants	<u>-</u>
Total Deductions	<u>-</u>
Change in Net Position	4,591
Net Position - Beginning of the Year	<u>72,197</u>
Net Position - End of the Year	<u><u>\$ 76,788</u></u>

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

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GOLDEN VALLEY FIRE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The District is a local governmental unit formed as a political subdivision of Mohave County which is a political subdivision of the State of Arizona. The District was formed under the provisions of Title 48 of Arizona Revised Statutes. The District operates under the guidance of an elected board, which is the policy making body of the District. The purpose of the District is to provide fire protection, emergency medical and related services to the residents and guests of the District and the surrounding area. The day to day operations are supervised by the fire chief and their 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 is 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 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 the 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 the balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Compensated Absences

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

Non-Current Liabilities

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

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

Net Position

Net Position on Government-Wide Financial Statements – Exhibit A

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

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

Fund Balances on Government Fund Financial Statements – Exhibit C

GASB Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions.”

This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government’s fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

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

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

Accounting Estimates

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

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

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

Pursuant to ARS 48.805.02(d), all fire districts are required to submit the adopted budget, which has been certified to by the chairman and clerk of the District Board, on forms provided by the Auditor General of the State of Arizona to the County Board of Supervisors no later than August 1st of each year. Every budget adopted by a fire district in Arizona shall include the annual estimate of revenues and expenses of the fire district for the preceding and current fiscal year fully itemized as prescribed on the forms provided by the Auditor General of the State of Arizona. 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 Mohave County Treasurer, accounts for monies from property taxes, grants, contributions and donations. The Mohave 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 Mohave County Treasurer for each governmental fund of the District. Warrants may only be registered on the maintenance and operation account, the unrestricted capital outlay account and the special revenue accounts, and only if the total cash balance of all three accounts is insufficient to pay the warrants and only after any revolving line of credit has been expended. Registered warrants may not exceed ninety per cent of the taxes levied by the County for the District’s current fiscal year. Registered warrants bear interest as prescribed by statute and are redeemed as provided for by law for County warrants.

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

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

The District accounts with the Mohave County Treasurer are part of an investment pool operated by the Mohave County Treasurer. The Mohave County Treasurer invests the cash in a pool under policy guidelines established by the Mohave County Treasurer’s office. The County accounts for the investment pool in their Fiduciary Investment Trust Fund. Credit risk, concentration of credit risk, and interest rate risk regarding the Mohave 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 Mohave County Treasurer’s Investment Pool approximates the value of the participant’s shares in the pool.

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

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

The following is a summary of the Cash and Cash Equivalents held by financial institutions at June 30, 2023:

DEPOSITORY ACCOUNTS:

	<u>General Fund</u>	<u>Fiduciary Fund</u>	<u>Total</u>
Insured Deposits (FDIC)	\$ 25,509	\$ 0	\$ 25,509
Money Market Cash Account, Uninsured, Uncollateralized	0	477	477
Mohave County Treasurer Investment Pool	<u>1,297,043</u>	<u>0</u>	<u>1,297,043</u>
Total Deposits	1,322,552	477	1,323,029
In Transit Items	<u>66,981</u>	<u>0</u>	<u>66,981</u>
Total Cash & Cash Equivalents	1,389,533	477	1,390,010

NON DEPOSITORY ACCOUNTS

Cash On Hand	<u>200</u>	<u>0</u>	<u>200</u>
Total Non-Depository Accounts	<u>200</u>	<u>0</u>	<u>200</u>
Total Cash & Cash Equivalents	1,389,733	477	1,390,210
Mutual Funds & Investments	<u>0</u>	<u>76,195</u>	<u>76,195</u>
Total Cash & Investments	<u>\$ 1,389,733</u>	<u>\$ 76,672</u>	<u>\$ 1,466,405</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.

Mohave County Treasurer
Volunteer Pension Mutual Funds

Level Two
Level One

Breakdown of Investments measured at fair value:

Mohave County Treasurer Investment Pool	\$ 1,297,043
Volunteer Pension Mutual Funds	<u>76,195</u>
Total	<u>\$ 1,373,238</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 Currency Risk Arizona Revised Statutes do not allow foreign investments.

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

Credit Risk – Credit Risk is the risk that an issuer or other counterparty to an investment in a debt security will not fulfill its obligations. The District has no investment policy that would further limit its investment choices other than what is in the Arizona Revised Statutes (ARS). The Mohave County Treasurer’s Investment Pool (MCTIP) are external investment pools with no regulatory oversight. The MCTIP is not required to register (and is not registered) with the Securities and Exchange Commission. As of June 30, 2023, the MCTIP had not received a credit quality rating from a national rating agency.

Arizona Revised Statutes authorize the District to invest in obligations of the U.S. Treasury and federal agency securities, along with certain public obligations such as bonds or other obligations of any state of the United States of America or of any agency, instrumentality, or local governmental unit of any such state of which the District invests, that are rated in the highest rating category of nationally recognized statistical rating organizations.

Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk.

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

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

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

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

NOTE 7 – PROPERTY TAX REVENUE RECEIVABLES

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

NOTE 8 - CAPITAL ASSETS

Capital asset activity for the year ended.

	<u>BALANCE</u> <u>06/30/2022</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE</u> <u>06/30/2023</u>
<u>Depreciable Assets</u>				
Vehicles	\$ 3,018,447	\$ 0	\$ 322,371	\$ 2,696,076
Buildings	1,762,827	0	0	1,762,827
Building Improvements	95,356	0	0	95,356
Equipment, Admin	118,064	0	0	118,064
Equipment, Fire	<u>1,054,710</u>	<u>5,250</u>	<u>0</u>	<u>1,059,960</u>
Total Historical Costs	<u>6,049,404</u>	<u>5,250</u>	<u>322,371</u>	<u>5,732,283</u>
 Less Accumulated Depreciation				
Vehicles	2,375,131	119,964	322,371	2,172,724
Buildings	624,537	49,793	0	674,330
Building Improvements	45,778	3,235	0	49,013
Equipment, Admin	108,967	2,605	0	111,572
Equipment, Fire	<u>693,270</u>	<u>86,577</u>	<u>0</u>	<u>779,847</u>
Less: Total Accumulated Depreciation	<u>3,847,683</u>	<u>262,174</u>	<u>322,371</u>	<u>3,787,486</u>
Depreciable Capital Assets, Net	2,201,721	(256,924)	0	1,944,797
 <u>Non-Depreciable Assets</u>				
Construction in Progress	0	380,961	0	380,961
Land	<u>211,854</u>	<u>0</u>	<u>0</u>	<u>211,854</u>
Capital Assets, Net	<u>\$ 2,413,575</u>	<u>\$ 124,037</u>	<u>\$ 0</u>	<u>\$ 2,537,612</u>

NOTE 9 - DEFERRED OUTLOWS AND INFLOWS OF RESOURCES

Pursuant to GASB Statement No. 63, “Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position,” and GASB Statement No. 65, “Items Previously Reported as Assets and Liabilities,” the

District recognized deferred outflows of resources in the government-wide 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 of Resources:	
Related to Deferred OPEB (PSPRS)	\$ 7,448
Related to Deferred Pensions (PSPRS)	<u>1,216,349</u>
Total Government -wide Activities	<u>\$ 1,223,797</u>
Government -wide Deferred Inflows of Resources:	
Related to Deferred OPEB (PSPRS)	\$ 34,488
Related to Deferred Pensions (PSPRS)	<u>709,873</u>
Total Government -wide Activities	<u>\$ 744,361</u>
	Governmental <u>Activities</u>
Unavailable Revenue:	
Deferred Property Taxes	\$ <u>254,330</u>
Total Governmental Activities	<u>\$ 254,330</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 when in the Government -Wide Statement of Net Position. The accrual at year end consisted of \$ 15,466 payable in less than one year and \$ 61,867 payable in future years.

The District policy on sick leave allows employees to be compensated for a portion of their accrued unused sick time upon voluntary termination based the amount of accumulated sick time. At June 30, 2023, the total amount of accumulated sick leave was \$172,364.

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.

Changes in Current Liabilities :

	Balance <u>June 30, 2022</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2023</u>
Accounts Payable	\$ 6,769	\$ 719	\$ 0	\$ 7,488
Credit Card Payable	5,242	2,085	0	7,327
Payroll				
Taxes/withholding	31,354	6,577	0	37,931
Insurance Payable	21,383	1,050	0	22,433
Wages Payable	33,945	6,345	0	40,290
Use Tax Payable	0	66	0	66
Due to volunteer pension	116	0	0	116
Compensated Absences	12,517	2,949	0	15,466
Note Payable	<u>42,814</u>	<u>24,932</u>	<u>0</u>	<u>67,746</u>
Totals	<u>\$ 154,140</u>	<u>\$ 44,723</u>	<u>\$ 0</u>	<u>\$ 198,863</u>

NOTE 13- LINE OF CREDIT

The District utilizes an unsecured revolving credit line with a limit of \$250,000. As of June 30, 2023, the balance outstanding was \$0 and \$250,000 was available. The interest rate, at year end, was 5.50%. The District routinely pays the balance in full when funds are available.

NOTE 14- COMMITMENTS

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

NOTE 15 – NON-CURRENT LIABILITIES

In the government-wide financial statements, non-current liabilities and other non-current obligations are reported as liabilities in the applicable governmental activities in the statement of net position.

General Obligation Bonds

The District does not currently have any general obligation bonds.

Notes Payable

2009 Pierce Ladder Truck: The District entered into a note payable agreement for the purchase of a 2009 Pierce Quantum 85 foot Aerial with Kansas State Bank. The note payable was dated June 10, 2022 in the amount of \$260,000 with an interest rate of 3.25%. The semi-annual payments are due on December 10th and June 10th of each year beginning December 10, 2022 with a final payment of \$24,270 due on June 10, 2027.

Attack Truck: The District entered into a note payable agreement for the purchase of an Attack vehicle with US Bankcorp. The note payable was dated October 27, 2022 in the amount of \$180,000 with an interest rate of 5.24%. The annual payment of \$31,379 is due on October 27th of each year beginning October 27, 2023 with a final payment of \$31,379 due on October 27, 2029.

<u>Description</u>	<u>Interest Rate</u>	<u>Lease Term</u>	<u>Balance June 30, 2023</u>
Ladder Truck	3.25%	6/10/2027	\$ 80,572
Attack Truck	5.24%	10/27/2029	180,000
			<u>260,572</u>

The following assets were acquired thru Notes Payable:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Carrying Value</u>
Ladder Truck	\$ 276,180	\$ 55,236	\$ 220,944
Attack Truck	180,000	0	180,000
Total	<u>\$ 456,180</u>	<u>\$ 55,236</u>	<u>\$ 400,944</u>

Changes in Non-Current Liabilities :

	<u>Balance</u> <u>June 30, 2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2023</u>
2009 Pierce Ladder Truck	\$ 170,527	\$ 0	\$ 89,955	\$ 80,572
Attack Truck	<u>0</u>	<u>180,000</u>	<u>0</u>	<u>180,000</u>
Total Notes Payable	170,527	180,000	89,955	260,572
Compensated Absences – Due in More Than One Year	<u>50,066</u>	<u>49,273</u>	<u>37,472</u>	<u>61,867</u>
Total Notes Payable and Compensated Absences	220,593	229,273	127,427	322,439
Less Current Notes Payable	<u>42,814</u>	<u>24,932</u>	<u>0</u>	<u>67,746</u>
Totals	<u>\$ 177,779</u>	<u>\$ 204,341</u>	<u>\$ 127,427</u>	<u>\$ 254,693</u>

NOTE 16- FUTURE MINIMUM NOTE PAYABLE OBLIGATIONS

The future minimum note payable obligations and net present value of these minimum note payable payments as of June 30, 2023 were as follows:

<u>Year ending June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 67,746	\$ 12,172	\$ 79,918
2025	57,869	9,247	67,116
2026	24,307	7,071	31,378
2027	25,580	5,798	31,378
2028	26,921	4,457	31,378
2029-2030	<u>58,149</u>	<u>4,610</u>	<u>62,759</u>
Total Obligation	260,572	<u>\$ 43,355</u>	303,927
Less Amount Representing Interest			<u>43,355</u>
Less Amount Due within One Year	<u>67,746</u>		
Future Minimum Note Payable Payments			<u>\$ 260,572</u>
Amount Due After One Year	<u>\$ 192,826</u>		

NOTE 17 – NET POSITION/FUND BALANCE

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

The District’s Governmental Funds fund balances consist of restricted, committed, assigned, non-spendable 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.

Non-spendable are amounts that are not in a spendable form (such as inventory or prepaid expenses) or are required to be maintained intact.

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

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

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

Net Position :

Net Investment in Capital Assets	\$ 2,277,041
Unrestricted (Deficit)	<u>(69,899)</u>
Total Net Position	<u>\$ 2,207,142</u>

Governmental Fund Balances :

Assigned Fund Balances - Payroll	\$ 100,003	
- Capital Reserve	<u>201,123</u>	
Total Assigned Fund Balance		301,126
Unassigned Fund Balances		<u>1,009,360</u>
Total Fund Balances		<u>1,310,486</u>

NOTE 18 - PROPERTY TAXES

The District is authorized to levy property taxes in an amount sufficient to operate the District. The board, based on the budget submitted by the district, shall levy, in addition to any tax levied as provided in section 48-806, a tax not to exceed \$3.25 per \$100 of assessed valuation through tax year 2022, \$3.375 per \$100 of assessed valuation for tax year 2023, \$3.50 per \$100 of assessed valuation for tax year 2023 and \$3.75 per \$100 of assessed valuation for tax year 2024 and each tax year thereafter, or the amount of the levy in the preceding tax year multiplied by 1.08, whichever levy is less, and minus any amounts required to reduce the levy pursuant to subsection I of this section, against all property situated within the district boundaries and appearing on the last assessment roll. The levy shall be made and the taxes collected in the manner, at the time and by the officers provided by law for the collection of general county taxes.

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 – DEFERRED COMPENSATION PLAN

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code (IRC) Section 457. This plan, available to all District employees, permits employees to defer a portion of their current salary until future years. Assets held in IRC Section 457 plans are generally not subject to claims of creditors.

It is the District’s position that it has no liability for investment losses under the plan but has the duty of due care that would be required of an ordinary prudent investor. The District believes it is unlikely that it will use the assets to satisfy the claims of general creditors in the future.

NOTE 20 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

The District contributes to the plan described below. The plan is a component unit of the State of Arizona.

At June 30, 2023, the District reported the following aggregate amounts related to pensions and other postemployment benefits (OPEB) for all plans to which it contributes:

<u>Statement of net position and statement of activities</u>	<u>Governmental activities</u>
Net pension and OPEB asset	\$ 102,898
Net pension and OPEB liability	2,139,715
Deferred outflows of resources related to pensions and OPEB	1,223,797
Deferred inflows of resources related to pensions and OPEB	744,361
Pension and OPEB expense	255,094

The District’s accrued payroll and employee benefits includes \$ 15,890 of outstanding pension and OPEB contribution amounts payable to all plans for the year ended June 30, 2023. Also, the District reported \$ 340,287 of pension and OPEB contributions as expenditures in the governmental funds related to all plans to which it contributes.

Public Safety Personnel Retirement System

Plan descriptions—employees who are regularly assigned hazardous duty participate in the Public Safety Personnel Retirement System (PSPRS) or employees who became members on or after July 1, 2017, may participate in the Public Safety Personnel Defined Contribution Retirement Plan (PSPDCRP). The PSPRS administers agent and cost-sharing multiple-employer defined benefit pension plans and agent and cost-sharing multiple-employer defined benefit health insurance premium benefit (OPEB) plans. A 9-member board known as the Board of Trustees and the participating local boards govern the PSPRS according to the provisions of A.R.S. Title 38, Chapter 5, Article 4. Employees who were PSPRS members before July 1, 2017, participate in the agent plans, and those who became PSPRS members on or after July 1, 2017, participate in the cost-sharing plans (PSPRS Tier 3 Risk Pool) which are not further disclosed because of their relative insignificance to the District’s financial statements.

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

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

PSPRS

Initial membership date:
On or after January 1, 2012
and before July 1, 2017

Before January 1, 2012

Retirement and disability

Years of service and age required to receive benefit	20 years of service, any age 15 years of service, age 62	25 years of service or 15 years of credited service, age 52.5
Final average salary is based on	Highest 36 consecutive months of last 20 years	Highest 60 consecutive months of last 20 years

Benefit percent

Normal retirement	50% less 2.0% for each year of credited service less than 20 years OR plus 2.0% to 2.5% for each year of credited service over 20 years, not to exceed 80%	1.5% to 2.5% per year of credited service, not to exceed 80%
Accidental disability retirement		50% or normal retirement, whichever is greater
Catastrophic disability retirement		90% for the first 60 months then reduced to either 62.5% or normal retirement, whichever is greater
Ordinary disability retirement	Normal retirement calculated with actual years of credited service or 20 years of credited service, whichever is greater, multiplied by years of credited service (not to exceed 20 years) divided by 20	

Survivor benefit

Retired members	80% to 100% of retired member's pension benefit
Active members	80% to 100% of accidental disability retirement benefit or 100% of average monthly compensation if death was the result of injuries received on the job

*With actuarially reduced benefits.

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

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

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

	PSPRS	
	Pension	Health
Inactive employees or beneficiaries currently receiving benefits	5	5
Inactive employees entitled to but not yet receiving benefits	4	
Active employees	16	16
Total	<u>25</u>	<u>21</u>

Contributions —State statutes establish the pension contribution requirements for active PSPRS employees. In accordance with State statutes, annual actuarial valuations determine employer contribution

requirements for PSPRS pension and health insurance premium benefits. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. Contribution rates for the year ended June 30, 2023, are indicated below. Rates are a percentage of active members' annual covered payroll.

	Active member—		District—health insurance
	pension	District—pension	premium benefit
PSPRS	7.65%	24.18%	0.00%

In addition, statute required the District to contribute at the actuarially determined rate indicated below of annual covered payroll of employees participating in the PSPRS Tier 3 Risk Pool.

	Pension	Health insurance
	9.00 %	premium benefit
PSPRS		9.00%

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

	Pension	Health insurance
	\$ 340,287	premium benefit
PSPRS		\$ 0

During fiscal year 2023, the District paid for PSPRS OPEB contributions as follows: 100 percent from the General Fund.

Liability—At June 30, 2023, the District reported the following assets and liabilities.

	Net pension	Net OPEB
	(asset) liability	(asset) liability
PSPRS	\$ 2,139,715	\$ (102,898)

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

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

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

Actuarial assumptions used in the June 30, 2022, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2021.

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

PSPRS Asset class	Target allocation	Long-term expected geometric real rate of return
U.S. public equity	24%	3.49%
International public equity	16%	4.47%
Global private equity	20%	7.18%
Other assets (capital appreciation)	7%	4.83%
Core bonds	2%	0.45%
Private credit	20%	5.10%
Diversifying strategies	10%	2.68%
Cash - Mellon	<u>1%</u>	-0.35%
Total	<u>100%</u>	

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

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

Changes in the net pension/OPEB liability

PSPRS	Pension			Health insurance premium benefit		
	Increase (decrease)			Increase (decrease)		
	Total pension liability	Plan fiduciary net position	Net pension (asset) liability	Total OPEB liability	Plan fiduciary net position	Net OPEB (asset) liability
	(a)	(b)	(a) - (b)	(a)	(b)	(a) - (b)
Balances at June 30, 2022	8,120,699	6,930,348	1,190,351	132,774	260,902	(128,128)
Changes for the year:						
Service cost	249,035		249,035	6,059		6,059
Interest on the total liability	603,071		603,071	10,091		10,091
Changes of benefit terms						
Differences between expected and actual experience in the measurement of the liability	149,115		149,115	(4,104)		(4,104)
Changes of assumptions or other inputs	103,955		103,955	2,718		2,718
Contributions —employer		340,287	(340,287)			
Contributions —employee		100,266	(100,266)			

PSPRS	Pension			Health insurance premium benefit		
	Increase (decrease)			Increase (decrease)		
	Total pension liability (a)	Plan fiduciary net position (b)	Net pension (asset) liability (a) – (b)	Total OPEB liability (a)	Plan fiduciary net position (b)	Net OPEB (asset) liability (a) – (b)
Net investment income		(279,698)	279,698		(10,283)	10,283
Benefit payments, including refunds of employee contributions	(216,982)	(216,982)		(1,200)	(1,200)	
Administrative expense		(5,043)	5,043		(183)	183
Other changes						
Net changes	888,194	(61,170)	949,364	13,564	(11,666)	25,230
Balances at June 30, 2023	9,008,893	6,869,178	2,139,715	146,338	249,236	(102,898)

Sensitivity of the District's net pension/OPEB (asset) liability to changes in the discount rate—The following table presents the District's net pension/OPEB (assets) liabilities calculated using the discount rate of 7.2 percent, as well as what the District's net pension/OPEB (asset) liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.2 percent) or 1 percentage point higher (8.2 percent) than the current rate:

	1% Decrease (6.2%)	Current discount rate (7.2%)	1% Increase (8.2%)
PSPRS			
Net pension (asset) liability	\$ 3,571,163	\$ 2,139,715	\$ 983,099
Net OPEB (asset) liability			

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

Expense—For the year ended June 30, 2023, the District recognized the following pension and OPEB expense:

PSPRS	Pension expense	OPEB expense
	\$ 249,035	\$ 6,059

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

PSPRS	Pension		Health insurance premium benefit	
	Deferred outflows of resources	Deferred inflows of resources	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	\$ 356,516	\$ 709,873	\$	\$ 33,010
Changes of assumptions or other inputs	400,311		3,298	1,478
Net difference between projected and actual earnings on plan investments	119,235		4,150	
Changes in proportion and differences between District contributions and proportionate share of contributions				
District contributions subsequent to the measurement date	340,287			
Total	\$ 1,216,349	\$ 709,873	\$ 7,448	\$ 34,488

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

Year ending June 30	PSPRS	
	Pension	Health
2024	(1,350)	(4,227)
2025	(48,730)	(4,991)
2026	(56,110)	(7,437)
2027	192,443	873
2028	42,783	(4,983)
Thereafter	36,153	(6,275)

NOTE 21 – 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 22 – FORMER EMPLOYEE PSPRS INSURANCE PASS-THRU

The District has a former employee on the *Direct Bill Subsidy* thru the Public Safety Personnel Retirement System (PSPRS). The Districts' only responsibility is to verify the former employee is covered by a supplemental insurance in addition to Medicare and to get proof of the cost. The retiree pays the premiums and the District submits on their behalf to PSPRS for the reimbursement of the subsidy. The District receives the subsidy from PSPRS and forwards it to the retiree.

NOTE 23- SUBSEQUENT EVENTS

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

**REQUIRED SUPPLEMENTARY
INFORMATION**

**GOLDEN VALLEY FIRE DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED
JUNE 30, 2023**

Exhibit I

	Budgeted Amounts		Actual	Variance with Final
	Original	Final		Budget Positive (Negative)
REVENUES				
Property Taxes	\$ 2,216,577	\$ 2,216,577	\$ 2,083,986	\$ (132,591)
Fire District Assistance Tax	247,078	247,078	251,931	4,853
Smart & Safe AZ (SSAA) Tax	40,000	40,000	61,639	21,639
Fees for Service	1,030,942	1,030,942	946,378	(84,564)
Capital Grants	280,173	280,173	87,694	(192,479)
Interest Earnings	8,500	8,500	32,617	24,117
Miscellaneous	91,084	91,084	47,964	(43,120)
Total Revenues	3,914,354	3,914,354	3,512,209	(402,145)
EXPENDITURES				
Public Safety:				
Personnel	2,653,875	2,653,875	2,471,057	182,818
Operations	516,896	516,896	611,263	(94,367)
Administration	104,451	104,451	72,981	31,470
Debt Service:				
Principal	-	-	89,955	(89,955)
Interest	-	-	8,584	(8,584)
Capital Grants	280,173	280,173	-	280,173
Capital Projects	358,958	358,958	386,211	(27,253)
Capital Reserve/Contingency	1,165,629	1,165,629	-	1,165,629
Total Expenditures	5,079,982	5,079,982	3,640,051	1,439,931
Excess (Deficiency) of Revenues over Expenditures	(1,165,628)	(1,165,628)	(127,842)	1,037,786
OTHER FINANCING SOURCES				
Proceeds from Note Payable	-	-	180,000	180,000
Total Other Financing Sources	-	-	180,000	180,000
Net Change in Fund Balance	(1,165,628)	(1,165,628)	52,158	1,217,786
Fund Balances at Beginning of Year	1,165,628	1,165,628	1,258,328	92,700
Fund Balances at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,310,486</u>	<u>\$ 1,310,486</u>

See Accompanying Notes To The Budgetary Comparison Schedule

**GOLDEN VALLEY FIRE DISTRICT
NOTES TO BUDGETARY COMPARISON SCHEDULE
FISCAL YEAR ENDED JUNE 30, 2023**

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 legal compliance of budgeting for Special Districts in Arizona is at the fund level. While the District did not over-spend the budget at the fund level, the District overspent several line items. Those line items were Operations in the amount of \$94,367, Capital Projects in the amount of \$27,253 and Debt Service in the amount of \$98,539. The budget overruns were due to unanticipated costs from the ongoing COVID 19 Pandemic, opportunity to purchase additional capital assets and Debt Service payments which were bundled into capital in the budget. The District was able to keep actual expenditures \$1,439,931 under the approved budget for the year.

GOLDEN VALLEY 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, 2023

RSI-1

PSPRS - PENSION

Reporting Year Measurement Date	FISCAL YEAR									
	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	2014 (2013)
Total Pension Liability										
Service Cost	\$ 249,035	\$ 230,901	\$ 264,994	\$ 298,149	\$ 301,877	\$ 321,700	\$ 266,975	\$ 325,213	\$ 297,062	
Interest on total pension liability	603,071	539,812	510,502	498,506	455,249	425,059	416,526	433,158	339,049	
Changes of benefit terms	-	-	-	-	-	77,483	207,966	-	93,536	
Difference between expected and actual experience in the measurement of the pension liability	149,115	299,554	(69,407)	(420,509)	(103,723)	(361,002)	(510,365)	(683,128)	109,329	Information not available
Changes of assumptions or other inputs	103,955	-	-	182,125	1	234,790	231,744	-	500,498	
Benefit payments including refund of employee contributions	(216,982)	(226,717)	(314,258)	(222,748)	(209,370)	(197,754)	(359,880)	(156,120)	(153,282)	
Net change in pension liability	888,194	843,550	391,831	335,523	444,034	500,276	252,966	(80,877)	1,186,192	
Total pension liability - beginning	8,120,699	7,277,149	6,885,318	6,549,795	6,105,761	5,605,485	5,352,519	5,433,396	4,247,204	
Total pension liability - ending (a)	<u>\$ 9,008,893</u>	<u>\$ 8,120,699</u>	<u>\$ 7,277,149</u>	<u>\$ 6,885,318</u>	<u>\$ 6,549,795</u>	<u>\$ 6,105,761</u>	<u>\$ 5,605,485</u>	<u>\$ 5,352,519</u>	<u>\$ 5,433,396</u>	
Plan Fiduciary net position										
Contributions - employer	\$ 340,287	\$ 307,652	\$ 265,704	\$ 279,880	\$ 340,126	\$ 237,025	\$ 289,309	\$ 240,090	\$ 270,661	
Contributions - employee	100,266	102,660	95,874	103,345	126,169	151,816	179,021	170,339	170,261	
Net investment income	(279,698)	1,490,633	65,839	260,298	304,355	467,009	23,200	137,650	418,826	
Benefit payments, including refunds of employee contributions	(216,982)	(226,717)	(314,258)	(222,748)	(209,370)	(197,754)	(359,880)	(156,120)	(153,282)	
Hall/Parker Settlement	-	-	-	-	(180,524)	-	-	-	-	
Pension plan administrative expense	(5,043)	(6,965)	(5,369)	(5,520)	(5,332)	(4,532)	(3,737)	(3,743)	-	
Other changes	-	-	(6,692)	(397)	52	(159,289)	(276,176)	(2,852)	(117,186)	
Net change in plan fiduciary net position	(61,170)	1,667,263	101,098	414,858	375,476	494,275	(148,263)	385,364	589,280	
Plan fiduciary net position - beginning	6,930,348	5,263,085	5,161,987	4,747,129	4,371,653	3,877,378	4,025,641	3,640,277	3,050,997	
Plan fiduciary net position - ending (b)	<u>\$ 6,869,178</u>	<u>\$ 6,930,348</u>	<u>\$ 5,263,085</u>	<u>\$ 5,161,987</u>	<u>\$ 4,747,129</u>	<u>\$ 4,371,653</u>	<u>\$ 3,877,378</u>	<u>\$ 4,025,641</u>	<u>\$ 3,640,277</u>	

See accompanying notes to the Pension/OPEB Plan Schedules

GOLDEN VALLEY 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, 2023

RSI-1

PSPRS - PENSION

Reporting Year Measurement Date	FISCAL YEAR									
	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	2014 (2013)
District's net pension liability - ending (a) - (b)	<u>\$ 2,139,715</u>	<u>\$ 1,190,351</u>	<u>\$ 2,014,064</u>	<u>\$ 1,723,331</u>	<u>\$ 1,802,666</u>	<u>\$ 1,734,108</u>	<u>\$ 1,728,107</u>	<u>\$ 1,326,878</u>	<u>\$ 1,793,119</u>	
Plan fiduciary net position as a percentage of the total pension liability	76.25%	85.34%	72.32%	74.97%	72.48%	71.60%	69.17%	75.21%	67.00%	Information not available
Covered-employee payroll	\$ 1,198,432	\$ 1,126,492	\$ 1,050,667	\$ 1,192,638	\$ 1,381,587	\$ 1,394,453	\$ 1,398,506	\$ 1,512,906	\$ 1,666,338	
District's net pension liability as a percentage of covered-employee payroll	178.54%	105.67%	191.69%	144.50%	130.48%	124.36%	123.57%	87.70%	107.61%	

See accompanying notes to the Pension/OPEB Plan Schedules

GOLDEN VALLEY 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, 2023

RSI-2

OPEB - PSPRS

FISCAL YEAR

Reporting Year Measurement Date	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	2014 (2013)
Total Pension Liability										
Service Cost	\$ 6,059	\$ 6,027	\$ 6,879	\$ 5,250	\$ 5,665	\$ 5,299				
Interest on total pension liability	10,091	9,474	9,411	9,717	9,032	8,573				
Changes of benefit terms	-	-	-	-	-	821				
Difference between expected and actual experience in the measurement of the pension liability	(4,104)	(5,884)	(11,590)	(20,850)	(6,317)	(2,019)	Information not available	Information not available	Information not available	Information not available
Changes of assumptions or other inputs	2,718	-	-	1,529	-	(3,140)				
Benefit payments including refund of employee contributions	(1,200)	(1,200)	(1,284)	(1,542)	(1,530)	(2,420)				
Net change in pension liability	13,564	8,417	3,416	(5,896)	6,850	7,114	-	-	-	-
Total pension liability - beginning	132,774	124,357	120,941	126,837	119,987	112,873				
Total pension liability - ending (a)	\$ 146,338	\$ 132,774	\$ 124,357	\$ 120,941	\$ 126,837	\$ 119,987	\$ -	\$ -	\$ -	\$ -
Plan Fiduciary net position										
Contributions - employer	\$ -	\$ 978	\$ 434	\$ 926	\$ 743	\$ 1,381				
Contributions - employee	-	-	-	-	-	-				
Net investment income	(10,283)	56,490	2,575	10,456	12,663	19,198				
Benefit payments, including refunds of employee contributions	(1,200)	(1,200)	(1,284)	(1,542)	(1,530)	(2,420)				
Pension plan administrative expense	(183)	(232)	(209)	(180)	(193)	(170)				
Other changes	-	-	-	397	-	-				
Net change in plan fiduciary net position	(11,666)	56,036	1,516	10,057	11,683	17,989	-	-	-	-
Plan fiduciary net position - beginning	260,902	204,866	203,350	193,293	181,610	163,621				
Plan fiduciary net position - ending (b)	\$ 249,236	\$ 260,902	\$ 204,866	\$ 203,350	\$ 193,293	\$ 181,610	\$ -	\$ -	\$ -	\$ -

See accompanying notes to the Pension/OPEB Plan Schedules

GOLDEN VALLEY 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, 2023

RSI-2

OPEB - PSPRS

FISCAL YEAR

Reporting Year Measurement Date	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	2014 (2013)
District's net pension liability - ending (a) - (b)	\$ (102,898)	\$ (128,128)	\$ (80,509)	\$ (82,409)	\$ (66,456)	\$ (61,623)	\$ -	\$ -	\$ -	\$ -
Plan fiduciary net position as a percentage of the total pension liability	170.32%	196.50%	164.74%	168.14%	152.39%	151.36%	Information not available	Information not available	Information not available	Information not available
Covered-employee payroll	\$ 1,198,432	\$ 1,126,492	\$ 1,050,667	\$ 1,192,638	\$ 1,381,587	\$ 1,394,453				
District's net pension liability as a percentage of covered-employee payroll	-8.59%	-11.37%	-7.66%	-6.91%	-4.81%	-4.42%				

See accompanying notes to the Pension/OPEB Plan Schedules

GOLDEN VALEY FIRE DISTRICT
Schedule of Pension Contributions (PSPRS)
Year Ended June 30, 2023

RSI-3

PSPRS - Pension

Reporting Date	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Measurement Date	(2022)	(2021)	(2020)	(2019)	(2018)	(2017)	(2016)	(2015)	(2014)	(2013)
Actuarially determined contribution	\$ 340,287	\$ 307,652	\$ 265,704	\$ 279,880	\$ 340,126	\$ 237,025	\$ 289,309	\$ 240,090	\$ 270,661	Information
District's contributions in relation to the actuarially determined contribution	340,287	307,652	265,704	279,880	340,126	237,025	289,309	240,090	270,661	not available
District's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 1,198,432	\$ 1,126,492	\$ 1,050,667	\$ 1,192,638	\$ 1,381,587	\$ 1,394,453	\$ 1,398,506	\$ 1,512,906	\$ 1,666,338	\$ -
District's contributions as a percentage of covered-employee payroll	28.39%	27.31%	25.29%	23.47%	24.62%	17.00%	20.69%	15.87%	16.24%	0.00%

See accompanying notes to the Pension/OPEB Plan Schedules

GOLDEN VALLEY FIRE DISTRICT
Schedule of OPEB Contributions (PSPRS)
Year Ended June 30, 2023

RSI 4

PSPRS - OPEB

Reporting Year Measurement Year	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	2014 (2013)
Actuarially determined contribution	\$ -	\$ 978	\$ 434	\$ 926	\$ 743	\$ 1,381	Information	Information	Information	Information
District's contributions in relation to the actuarially determined contribution	**						not available	not available	not available	not available
District's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -				
District's covered-employee payroll	\$ 1,198,432	\$ 1,126,492	\$ 1,050,667	\$ 1,192,638	\$ 1,381,587	\$ 1,394,453				
District's contributions as a percentage of covered-employee payroll	0.00%	0.09%	0.04%	0.08%	0.05%	0.10%				

** Actuarial determination & actual contribution were zero

See accompanying notes to the Pension/OPEB Plan Schedules

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OTHER SUPPLEMENTARY INFORMATION

**GOLDEN VALLEY FIRE DISTRICT
ANNUAL REPORT INFORMATION
FISCAL YEAR ENDED JUNE 30, 2023**

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

REGULAR FIRE BOARD MEETINGS:

<u>Date</u>	<u>Time</u>	<u>Location</u>
July 27, 2022	9 a.m.	423 S Colorado St, Golden Valley, AZ
August 24, 2022	9 a.m.	423 S Colorado St, Golden Valley, AZ
Sept 28, 2022	9 a.m.	423 S Colorado St, Golden Valley, AZ
October 26, 2022	9 a.m.	423 S Colorado St, Golden Valley, AZ
Nov 16, 2022	9 a.m.	423 S Colorado St, Golden Valley, AZ
December 21, 2022	9 a.m.	423 S Colorado St, Golden Valley, AZ
January 25, 2023	9 a.m.	423 S Colorado St, Golden Valley, AZ
February 22, 2023	9 a.m.	423 S Colorado St, Golden Valley, AZ
March 22, 2023	9 a.m.	423 S Colorado St, Golden Valley, AZ
April 26, 2023	9 a.m.	423 S Colorado St, Golden Valley, AZ
May 24, 2023	9 a.m.	423 S Colorado St, Golden Valley, AZ
June 28, 2023	9 a.m.	423 S Colorado St, Golden Valley, AZ

BOARD MEMBERS:

<u>Name</u>	<u>Business Phone Number</u>	<u>Position</u>	<u>Occupation</u>
Tony DeMaio	928-565-3479	Clerk	Firefighter
Sue Foster	928-565-3479	Chairman	Retired
Gary Juneau	928-565-3479	Director	Retired
Jack Hommel	928-565-3479	Director	Retired
George Payntar	928-565-3479	Director	Retired

LOCATION OF POSTING OF MEETING NOTICES (all meetings):

Website:	www.goldenvalleyfire.org	
Station 11	3480 N. Bacobi Rd.	Golden Valley, AZ
Administration	749 S. Egar Rd.	Golden Valley, AZ
Station 13	2790 Oatman Rd.	Golden Valley, AZ

LEGAL DESCRIPTION OF BOUNDARY CHANGES:

None

GOLDEN VALLEY FIRE DISTRICT
GOVERNMENT AUDIT STANDARDS SECTION
JUNE 30, 2023

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SAUNDERS COMPANY, LTD

JAMES H. SAUNDERS, CPA, CFE, CGFM, PI, AUDIT PARTNER
TRICIA E. SAUNDERS, PI, AUDITOR

CERTIFIED PUBLIC ACCOUNTANT
CERTIFIED FRAUD EXAMINER
CERTIFIED GOVERNMENT FINANCIAL MANAGER
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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
Golden Valley Fire District
Golden Valley, Arizona

We have audited, 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, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Golden Valley Fire District (the District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Golden Valley District's basic financial statements, and have issued our report thereon dated March 19, 2024.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

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Independent Auditor's Report on Internal Control...

June 30, 2023

Page 2

Report on Compliance with State of Arizona Regulatory Requirements

In conjunction with our Audit, nothing came to our attention causing us to believe the Golden Valley Fire District incurred any debt or liability in excess of taxes levied and to be collected and the monies actually available and unencumbered at that time in the District's General Fund, except those liabilities as prescribed in Arizona Revised Statutes (A.R.S.) section 48-805, subsection B, paragraph 2 and sections 48-806 and 48-807, or that the District failed to comply with A.R.S. section 48-805.02, subsection F. However, our Audit was not directed primarily toward obtaining knowledge of such non-compliance. This report is supplemental reporting as required by Arizona Revised Statutes intended solely for the information and use of management and to meet the requirements of A.R.S. 48-805. Accordingly, this report is not suitable for any other purpose and is not intended to be and should not be used by anyone other than the specified parties.

Purpose of This Report

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

Saunders Company, Ltd.

Glendale, Arizona
March 19, 2024

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