



Sedona Fire District

2860 Southwest Drive, Sedona, Arizona 86336
Telephone (928) 282-6800 FAX (928) 282-6857

REGULAR BOARD MEETING

**Station #1 – 2860 Southwest Drive – Sedona – Multipurpose Room
Tuesday, January 18, 2022 / 4:30 PM**

~ AGENDA ~

- I. CALL TO ORDER/ROLL CALL**
 - A. Salute to the Flag of the United States of America and Moment of Silence to Honor all American Men and Women in Service to Our Country, Firefighters, and Police Officers.

- II. INTRODUCTION OF NEW SFD EMPLOYEE.**
 - A. Introduce new SFD Employee – Kimberly Smathers.

- III. REGULAR BUSINESS MEETING**
 - A. Public Forum:
 1. Public Comments

 2. Executive Staff Response to Public Comments

 - B. Consent Agenda – Discussion/Possible Actions:
 1. December 21, 2021 Regular Meeting Minutes

 - C. Financial Report and Updates –Director of Finance Gabe Buldra
 1. Discussion/Possible Action: Review and Approval of June 30, 2021 Annual Comprehensive Financial Report (ACFR)

 2. Discussion/Possible Action: Review and Approval of December 2021 Finance Report

 - D. Staff Items:
 1. December 2021 Monthly Fire Chief Report
 - a. Call Volume and Response Review – Fire Chief Jon Trautwein
 - i. Incident Summary and Year to Date Comparison

 - b. Administration Updates – Director of Administrative Services Heidi Robinson
 - i. News and Events

 - ii. Staffing Updates

 - iii. Mental Health Moment

 - c. Operations Activities – Assistant Chief Jayson Coil
 - i. COVID 19

 - ii. Significant Incidents in the District

- iii. Wildland Seasonal Outlook
 - iv. GIS Updates
 - v. Telecom Updates
 - d. Community Risk Reduction Activities – Division Chief Dori Booth
 - i. Inspection Activities
 - ii. Fire Prevention Appearances and Events
 - iii. Fire Investigations
 - iv. Notable Events
 - v. Fire Marshal Safety Message
 - e. Operational Support – Division Chief Ed Mezulis
 - i. EMS Activities and Updates
 - ii. Fleet Activities and Updates
 - iii. Training Report
 - f. Fire Chief Activities – Fire Chief Trautwein
 - i. Strategic Plan
 - ii. Station 4 Construction Timeline
 - iii. Grants
 - iv. Purchase Orders between \$10,000 - \$50,000 since the last Board Meeting
 - v. Public Outreach and Communication
 - vi. Correspondence/Thank You Letters to SFD
 - vii. Donations
2. Discussion/Possible Action: Adjustment to wage scale based on compensation study report.

E. Board Member Items:

- 1. Discussion: Board Member's Fire District Related Activities Since the Last Board Meeting.

IV. ADJOURNMENT

Gene McCarthy

Gene McCarthy, Clerk of the Board



Sedona Fire District

2860 Southwest Drive, Sedona, Arizona 86336
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REGULAR BOARD MEETING

Station #1 – 2860 Southwest Drive – Sedona – Multipurpose Room

Tuesday, December 21, 2021 / 4:30 PM

~ MINUTES ~

I. CALL TO ORDER/ROLL CALL

Pursuant to notice, a special meeting of the Sedona Fire District (SFD) was called to order by Chairman Dave Soto at 4:45pm on Tuesday, December 21, 2021. Administrative Generalist Michelle Miller recorded the minutes. A quorum was present, and the meeting, having been duly convened, was ready to proceed with business.

Board Present: Dave Soto – Chairman; Gene McCarthy – Clerk; Al Comello, Janet Jablow; Helen McNeal – Members

Others Present: Fire Chief Jon Trautwein, Assistant Chief Jayson Coil; Division Chief Dori Booth; Division Chief Ed Mezulis; Director of Administrative Services Heidi Robinson; Director of Finance Gabe Buldra of James Vincent Group; Attorney William Whittington; Administrative Generalist Michelle Miller

A. Salute to the Flag of the United States of America and Moment of Silence to Honor all American Men and Women in Service to Our Country, Firefighters, and Police Officers.

Chairman Dave Soto led the Pledge of Allegiance and Fire Chief Jon Trautwein requested a Moment of Silence for the 16 Police Officers and 8 firefighters who passed away since the previous Board Meeting.

II. REGULAR BUSINESS MEETING

A. Public Forum:

1. Public Comments
2. Executive Staff Response to Public Comments

There were no requests to speak.

B. Consent Agenda – Discussion/Possible Actions:

1. November 16, 2021 Regular Meeting Minutes
2. November 16, 2021 Executive Session Minutes

Chairman Soto made a motion to approve the Consent Agenda. Board Member Comello seconded, there was no further discussion and the motion passed unanimously.

C. Financial Report and Updates –Director of Finance Gabe Buldra

1. Discussion/Possible Action: Review and Approval of November 2021 Finance Report

Chairman Soto moved to approve the November 2021 finance report as presented. Board Member McNeal seconded, there was no further discussion and the motion passed unanimously.

D. Staff Items:

1. November 2021 Monthly Fire Chief Report

- a. **Call Volume and Response Review – Fire Chief Jon Trautwein**
 - i. **Incident Summary and Year to Date Comparison**
- b. **Administration Updates – Director of Administrative Services Heidi Robinson**
 - i. **News and Events**
 - ii. **Staffing Updates**
 - iii. **Mental Health Moment**
- c. **Operations Activities – Assistant Chief Jayson Coil**
 - i. **COVID 19**
 - ii. **Significant Incidents in the District**
 - iii. **Wildland Seasonal Outlook**
 - iv. **GIS Updates**
 - v. **Telecom Updates**
- d. **Community Risk Reduction Activities – Division Chief Dori Booth**
 - i. **Inspection Activities**
 - ii. **Fire Prevention Appearances and Events**
 - iii. **Fire Investigations**
 - iv. **Notable Events**
 - v. **Fire Marshal Safety Message**
- e. **Training, EMS, and Fleet Division Activities – Division Chief Ed Mezulis**
 - i. **EMS Activities and Updates**
 - ii. **Fleet Activities and Updates**
 - iii. **Training Report**
- f. **Fire Chief Activities – Fire Chief Trautwein**
 - i. **Strategic Plan**
 - ii. **Station 4 Construction Timeline**
 - iii. **Grants**
 - iv. **Purchase Orders between \$10,000 - \$50,000 since the last Board Meeting**
 - v. **Public Outreach and Communication**
 - vi. **Correspondence/Thank You Letters to SFD**
 - vii. **Donations**

Chief Trautwein and staff reported on their respective functional areas. Board Member McNeal asked about an increase in “Off District” calls, Assistant Chief Coil suspected a reporting anomaly and stated he would confirm. Chief Trautwein defined these calls as SFD providing assistance under Mutual Aid agreements.

There was a discussion regarding the possible impacts of the new Omicron variant. Division Chief Dori Booth presented a video on Christmas tree safety.

E. Board Member Items:

1. Discussion/Possible Action or Staff Direction: Adoption of the 2022 Board Meeting Calendar

Chairman Soto opened discussion on the Board Meeting Calendar for 2022. The board agreed by consensus to approve the schedule with the following amendments:

- 1) Remove the February 8, 2022 Board Workshop and reschedule for February 2023
- 2) Correct the August meeting date to read August 16, 2022.
- 3) Move the December meeting to the 2nd Tuesday, December 13, 2022.

2. Discussion: Board Member’s Fire District Related Activities Since the Last Board Meeting.

The Board Members shared their activities related to Sedona Fire District since the last Board Meeting. Activities included sharing social media posts from SFD, meeting with the Chief, and

smoke detector batteries needing to be changed. Each Member wished a happy holiday to the Sedona Fire District and thanked them for their service.

III. ADJOURNMENT

Chairman Soto adjourned the meeting at 5:55 pm.

Gene McCarthy, Clerk of the Board

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SEDONA FIRE DISTRICT



ANNUAL COMPREHENSIVE FINANCIAL REPORT

for the fiscal year ended June 30, 2021



Sedona Fire District
2860 Southwest Drive, Sedona, Arizona, 86336

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SEDONA FIRE DISTRICT



Annual Comprehensive Financial Report Fiscal Year Ended June 30, 2021

Prepared by:
The James Vincent Group

SEDONA FIRE DISTRICT
YEAR ENDED JUNE 30, 2021

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SEDONA FIRE DISTRICT

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YEAR ENDED JUNE 30, 2021

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INTRODUCTORY SECTION



January 18, 2022

To the Honorable Members of the Board and Citizens of Sedona Fire District:

The following is the Annual Comprehensive Financial Report (ACFR) of Sedona Fire District (SFD) for the fiscal year ending June 30, 2021. The Government of Finance Officers Association (GFOA) established the Certificate of Achievement for Excellence in Financial Reporting Program to encourage local governments to go beyond the minimum requirements of generally accepted accounting principles. In this endeavor GFOA recognizes the agencies that prepare comprehensive annual financial reports that evidence the spirit of transparency and full disclosure. These goals are perfectly aligned with the goals of Sedona Fire District.

Arizona Revised Statutes §48-253 and 48-805(9) require that all special districts with annual budgets in excess of \$1,000,000 publish within 240 days of the close of their fiscal year a complete set of financial statements presented in conformance with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. This report is published to fulfill that requirement for the fiscal year ended June 30, 2021.

This ACFR report is intended to meet and exceed all legal reporting requirements that are borne by this jurisdiction. Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of material misstatements. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

BeachFleischman PC, a certified public accounting firm, has issued an unmodified (“clean”) opinion on the Sedona Fire District (SFD) financial statements for the year ended June 30, 2021.

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



District Profile

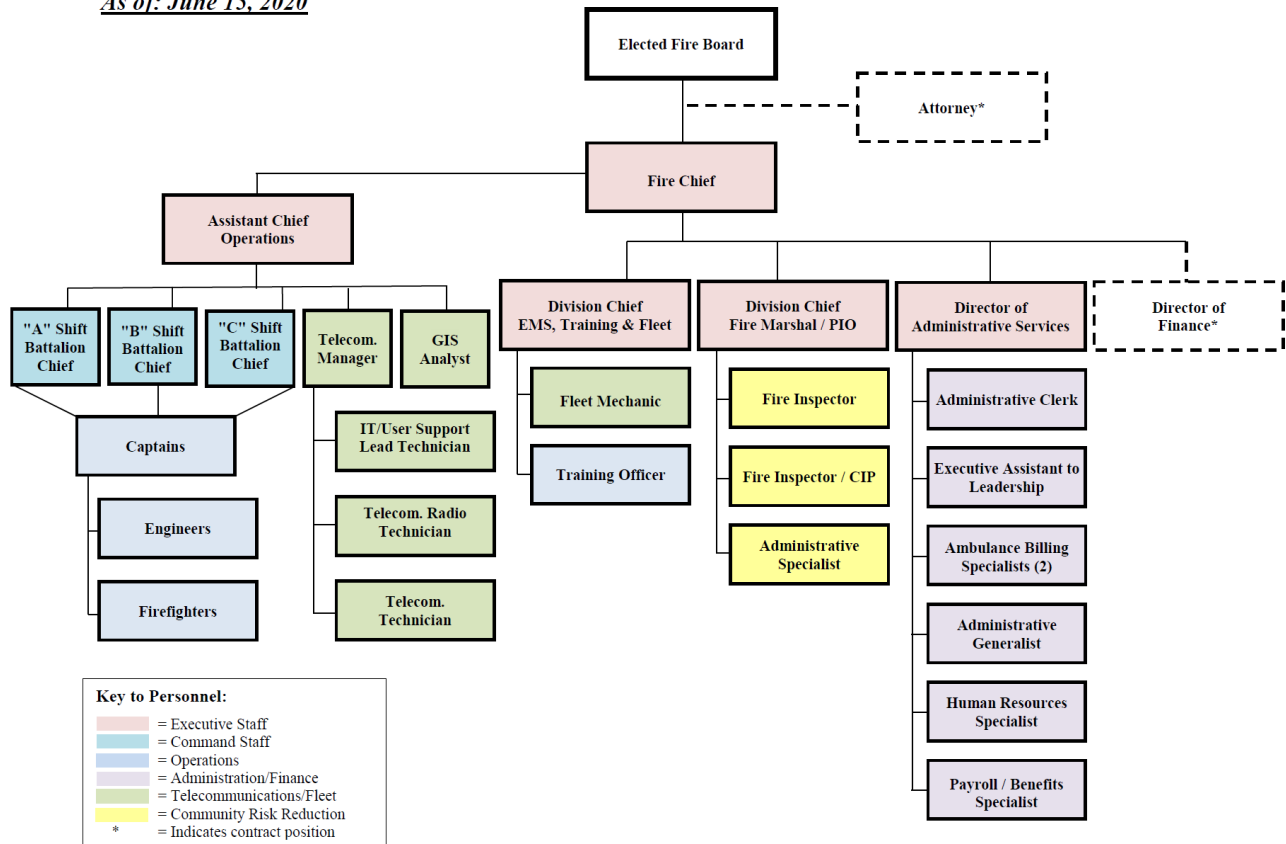
The Sedona-Oak Creek Volunteer Fire Department was officially created on April 7, 1957 as a volunteer fire company serving Coconino County residents with 14 volunteers, a secretary-treasurer, and one fire truck called the “Turtle”. In October of 1960 the Red Rock Fire District was formed for Yavapai County and a mutual aid agreement provided coverage for all of Sedona. The District received its first ambulance as a donation from the Business and Professional Women’s Club of Sedona (BPW) in March of 1963, creating the Volunteer Firemen’s Rescue Unit which would eventually become the Emergency Medical Services (EMS) Division. Through the years, the District became EMT certified, managed dispatch services for the region, and grew to be the professional organization delivering first class emergency response services it is today. Sedona Fire District provides all hazard emergency services from five fire stations staffed 24/7/365 by seventy-eight fulltime firefighters. All suppression personnel are trained in rope and swift water rescue, structural/wildland firefighting and certified EMTs or Paramedics. The Fire Chief, who is hired by the Board, oversees the district operations with the support of four executive leaders that report directly to the Chief and sixteen support staff.

Recognized by the State of Arizona as a special taxing district, Sedona Fire District operates under Arizona Revised Statutes (ARS) Title 48, Chapter 5. The District is a community service organization funded through limited assessed value property taxes. It is governed by a five-member non-partisan Board elected at large and who serve staggered four-year terms. The Board is comprised of a Board Chair and four Board members, including a Board Clerk. The Board establishes policy, sets tax rates, and approves the annual budget which serves as the foundation for financial planning and control. The budget is prepared by fund, function, and object but is approved at the fund level.

The Board hires, and has authority over, a Fire Chief who is charged with managing day-to-day operations of the District. A current organization chart follows:



**Sedona Fire District
 Organizational Chart**
As of: June 15, 2020



SFD maintains cooperative agreements with area partners to provide a higher level of service for the community and has developed alternative revenue sources including ambulance transportation, cell tower rental, and wildland fire response that have reduced the burden on the primary revenue source (property taxes) and has helped provide this higher level of service.

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



About the Area

The Sedona Fire District provides emergency services for an area spanning 274 square miles (168 fire and another 274 medical), covering the City of Sedona (which is 19 square miles), the Village of Oak Creek, Oak Creek Canyon and multiple additional areas within the region.

Located within Yavapai and Coconino County, the City of Sedona is one of the state's most visited areas. As a popular place to both live and visit, the district has grown to serve an estimated 19,000 full time residents, and approximately 3 million tourists per year. The tourism industry is vital to the health of Sedona's economy. According to industry reports, tourism in Sedona generates \$600 million in economic activity each year. The median age of the area's population is 58.3 and the majority of residents live in Yavapai County.

SFD provides fire suppression/prevention, emergency medical services (EMS), wildland firefighting, special rescue operations, and public educational programs (courses in CPR, first aid, etc.). In order to provide these services and respond during emergencies, the District utilizes five strategically placed fire stations with 24/7 firefighters, EMS and support personnel. Each year, the District answers roughly 4,500 calls.





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A snapshot of SFD demographics and service levels includes:

| | |
|----------------------------------|--------------------|
| District Size | 168 square miles |
| Ambulance Transport Service Area | 274 square miles |
| Full-time Resident Population | 19,000 |
| Part-time, Seasonal Population | 3,000,000 annually |
| Stations | 5 |

Budget Overview

The District budgets in accordance with the requirements of state law. The general fund is budgeted on the modified accrual basis of accounting.

The Board adopts the general fund budget prior to July 1st, the beginning of the fiscal year of the District. Throughout the budget process the Board reviews the budgeted expenses at the fund, function, and object level. This is done to allow the Board, and participating community members, to gain a more detailed understanding of the budget. The legal level of budgetary control is at the fund level. The Board only approves a general fund budget and is not required to adopt a formal budget for the Capital fund. However, transfers between funds require Board authorization.

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

Local Economy and Outlook

Tourism and recreation are major contributors to the local economy which continues to grow according to Sedona Chamber of Commerce Reports. In fact, much of the commercial activity in the area can be directly tied to the tourism industry and based on tourism activity reports for the region, about two-thirds of the City of Sedona's sales tax revenues are generated by visitors. This is consistent throughout the region. The demand for goods and services related to tourism results in the construction and demand for commercial buildings (retail, office, hotels, etc.). This same tourism activity influences residential property demand and values. This economic activity is taxed and then covers the cost of local needs, including basic government and fire district activities. As with many communities, Covid-19 has created significant economic challenges. The uncertainty around Covid-19 and its overall impact on the local economy and local tourism economy will take time to assess.

District management and staff are working proactively and cooperatively with other agencies, surrounding fire districts, and regional planning groups to ensure continued ability to serve the ever-changing population it serves.



Long-term financial planning and major initiatives

Using focused and detailed financial management, SFD has increased both its unrestricted fund balance and ability to fund capital needs. Given both the GFOA minimum recommendation of maintaining of no less than two months of regular fund operating revenues, and the volatility associated with SFD revenues and expenses, this increased fund balance is an important piece in providing long term financial sustainability for the organization and its ability to provide the highest level of service to the community it serves.

Leadership is continually accessing the long-term financial sustainability of the district through analysis of current and projected revenues and expenses. The projections are tailored to examine the District's ability to absorb operating costs due to changes in the economy, service demands, and capital improvements. When projecting revenue the district analyzes past performance, state trends and economic models. Expenditure projections include inflators based on local and industry wide historical trends as well as district specific trends. Long term financial sustainability is a critical aspect to the districts planning and helps to ensure the district will continue to provide the highest level of service to the community it serves.

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

Relevant Financial Policies

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

Awards and Acknowledgements

Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Sedona Fire District for its comprehensive annual financial report for the fiscal year ended June 30, 2020. This was the third year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish easily readable and efficiently organized comprehensive



Sedona Fire District
2860 Southwest Drive, Sedona, Arizona, 86336

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annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

Respectfully submitted,

Jon Trautwein
Fire Chief

The James Vincent Group
Finance Director



Sedona Fire District
List of Elected and Appointed
June 30, 2021

Elected Board Members

| | Term Expires |
|---------------------------------|------------------|
| Board Chair Dave Soto | December 31 2024 |
| Board Clerk Janet Jablow | December 31 2024 |
| Board Member Eugene McCarthy | December 31 2022 |
| Board Member Al Comello | December 31 2022 |
| Board Member Joy Michelle Moore | December 31 2022 |

Regular meetings of the Fire District's Governing Board are held on the third Tuesday of every month at Sedona Fire Station #1 located at 2860 Southwest Drive, Sedona, Arizona at 4:30pm. Notices and Agendas of such meetings are posted at Sedona Fire Station #1 located at 2860 Southwest Drive, Sedona, Arizona and www.sedonafire.org.

Administrative Offices

2860 Southwest Drive, Sedona, Arizona, 86336

Fire Chief/Administrator

Chief Jon Trautwein

Finance Director

The James Vincent Group

Legal Counsel

Bole, Pecharich, Cline, Whittington & Stallings, P.L.L.C

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FINANCIAL SECTION

Independent Auditors' Report

Governing Board and Management
Sedona Fire District
Sedona, Arizona

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

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

Other Matter

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Sedona Fire District's basic financial statements. The introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 18, 2022, on our consideration of Sedona Fire District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Sedona Fire District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Sedona Fire District's internal control over financial reporting and compliance.

Tucson, Arizona
January 18, 2022

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Management's Discussion and Analysis (MD&A)
(Required Supplementary Information)

MANAGEMENT'S DISCUSSION AND ANALYSIS

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FISCAL YEAR ENDED JUNE 30, 2021

INTRODUCTION

The Management of the Sedona Fire District (the District) presents these financial statements with a narrative overview and analysis of financial activities for the fiscal year ended June 30, 2021. We encourage readers to consider the information presented here in conjunction with the accompanying basic financial statements and the accompanying notes to those statements in their understanding of the District's financial position.

FINANCIAL HIGHLIGHTS FOR THE YEAR

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$3,043,196. Of this amount, \$10,646,706 is invested in capital assets, net of related debt, resulting in a deficit net position of \$7,603,510. The deficit is largely attributable to reporting the cumulative net pension/OPEB liability.
- During the year, the District's total net position increased by \$348,095.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$13,035,139, an increase of \$2,064,107 from the prior year.
- At the end of the current fiscal year, unassigned fund balances for the General Fund was \$2,000,000 or 11.5 percent of the 2021 fiscal year's total budgeted operating expenditures.
- The total long-term liabilities of the District increased by a net amount of \$3,324,439. Increases in the District's actuarially determined net pension/OPEB liability of \$3,513,701 were offset by scheduled payments on capital leases and net reductions in compensated absences.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

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

Statement of Net Position - The *Statement of Net Position* (page 24) presents information of all the assets/deferred outflows and liabilities/deferred inflows of the District, with the difference between the two being reported as Net Position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

Statement of Activities - The *Statement of Activities* (page 25) presents information showing how the net position of the District changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Fund Financial Statements

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

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

The District adopts an annual appropriated budget for the General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with the budget.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the financial position of a government entity. In the case of the Sedona Fire District, assets and deferred outflows exceeded liabilities and deferred inflows by \$3,043,196 at the close of the 2021 fiscal year.

The largest portion of net position of the District \$10,646,706 reflects its investment in capital assets (e.g. land, buildings and improvements, equipment, and vehicles), less any debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to residents; consequently, the assets are not available for future spending. Although the investment in 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 remaining balance of unrestricted net position \$(7,603,510), reflects its cash and current accounts receivable less any current liabilities (e.g. accounts payable, accrued payroll, and compensated absences) and long-term liabilities not associated with capital assets. The District uses the cash balances to pay current and ongoing financial obligations in order to provide services to residents.

At the end of fiscal year 2021, the District has a negative balance in unrestricted net position. In fiscal year 2015, the District adopted Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions, which requires the District to report a net liability for pensions of \$27,412,681. In fiscal year 2018, the District adopted Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions, which requires the District to report a net liability for OPEB of \$204,756. The District pays for pensions and OPEB on a pay-as-you go basis with current financial resources each year. However, the net pension/OPEB liability required to be reported is an actuarially determined amount for resources that are required sometime in the future.

The following table reflects the condensed Statement of Net Position:

Sedona Fire District
Condensed Statement of Net Position
As of June 30, 2021 and 2020

| | Governmental Activities | | Increase (decrease) |
|----------------------------------|-------------------------|---------------------|------------------------|
| | 2021 | 2020 | |
| Cash and investments | \$ 12,652,592 | \$ 11,282,218 | \$ 1,370,374 |
| Other assets | 1,425,493 | 1,175,324 | 250,169 |
| Capital assets | <u>11,167,629</u> | <u>11,659,993</u> | <u>(492,364)</u> |
| Total assets | <u>25,245,714</u> | <u>24,117,535</u> | <u>1,128,179</u> |
| Total deferred outflows | <u>9,851,849</u> | <u>8,131,697</u> | <u>1,720,152</u> |
| Other liabilities | 864,995 | 1,233,251 | (368,256) |
| Long-term liabilities | <u>29,691,040</u> | <u>26,366,601</u> | <u>3,324,439</u> |
| Total liabilities | <u>30,556,035</u> | <u>27,599,852</u> | <u>2,956,183</u> |
| Total deferred inflows | <u>1,498,332</u> | <u>1,954,279</u> | <u>(455,947)</u> |
| Net investment in capital assets | 10,646,706 | 10,877,872 | (231,166) |
| Unrestricted | <u>(7,603,510)</u> | <u>(8,182,771)</u> | <u>579,261</u> |
| Total net position | <u>\$ 3,043,196</u> | <u>\$ 2,695,101</u> | <u>\$ 348,095</u> |

Governmental Activities

The Net Position of the District from governmental activities increased from \$2,695,101 to \$3,043,196 a change of 12.9%. Key elements of these activities are as follows:

- Unrestricted net position increased by \$579,261 primarily due to the District's decision to outsource the ambulance billing and collections to a third party in the later part of the fiscal year that drove an increase in cash collections and continued increase in deployments on wildland fires outside of the District's boundaries.
- Net investment in capital assets decreased by \$231,166 primarily due to repayment of related debt.
- Property taxes increased by \$651,079 as a result of an 4.4% increase in assessed valuation
- Expenses for public safety increased due to an increase in employee benefit costs.

The following table reflects the Condensed Statement of Activities:

Sedona Fire District
Condensed Statement of Activities
For the Years Ended June 30, 2021 and 2020

| | Governmental Activities | | Increase (decrease) |
|----------------------------------|-------------------------|---------------------|------------------------|
| | 2021 | 2020 | |
| Program revenues: | | | |
| Charges for services | \$ 3,867,457 | \$ 3,414,547 | \$ 452,910 |
| Capital grants and contributions | 388,062 | 8,486 | 379,576 |
| General revenues: | | | |
| Property taxes | 15,381,007 | 14,729,928 | 651,079 |
| Fire district assistance tax | 391,699 | 381,644 | 10,055 |
| Investment earnings | 43,431 | 155,754 | (112,323) |
| Miscellaneous | <u>22,650</u> | <u>21,701</u> | 949 |
| Total revenues | <u>20,094,306</u> | <u>18,712,060</u> | <u>1,382,246</u> |
| Expenses: | | | |
| Public safety | 19,728,386 | 17,568,317 | 2,160,069 |
| Interest on long-term debt | <u>17,825</u> | <u>25,362</u> | <u>(7,537)</u> |
| Total expenses | <u>19,746,211</u> | <u>17,593,679</u> | <u>2,152,532</u> |
| Change in net position | 348,095 | 1,118,381 | (770,286) |
| Beginning net position | <u>2,695,101</u> | <u>1,576,720</u> | <u>1,118,381</u> |
| Ending net position | <u>\$ 3,043,196</u> | <u>\$ 2,695,101</u> | <u>\$ 348,095</u> |

- Overall revenues increased by \$1,382,246 and expenses increased by \$2,152,532. Property tax revenue increased by \$651,079 or 4.4% due to an increase in assessed values offsetting a levy decrease from 2.5040 for the year ended June 30, 2020 to 2.4796 for the year ended June 30, 2021.
- Expenses increased by \$2,152,532 primarily due to an increase in salary and wages of \$814,966 and an increase in payroll taxes and employee benefits of \$819,358.

DISTRICT FUNDS FINANCIAL ANALYSIS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with fund related legal requirements. The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of June 30, 2021, the governmental funds of the District reported combined fund balances of \$13,035,139, which is an increase of \$2,064,107 compared to the prior year.

General Fund - The General Fund accounts for all the resources retained by the District not accounted for in any other fund. At June 30, 2021, total General Fund balance was \$9,551,499, of which \$187,793 was nonspendable because of prepaid items, \$7,363,706 was committed, and \$2,000,000 was unassigned for financial reporting purposes. Total General Fund balance increased by \$2,048,917 due to increases in ambulance collections and charges for services for wildland fire deployments.

Capital Fund - The Capital Fund accounts for all values associated with capital assets and financing obligations for the payment for those assets. The increase in the Capital Fund of \$15,190 is primarily due to transfers from the general fund.

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

Sedona Fire District
Governmental Funds – Fund Balances
As of June 30, 2021 and 2020

| Major funds | June 30, 2021 | | June 30, 2020 | |
|--------------------|---------------|---------|---------------|---------|
| | Amount | % | Amount | % |
| General | \$ 9,551,499 | 73.3 % | \$ 7,502,582 | 68.4 % |
| Capital | 3,483,640 | 26.7 % | 3,468,450 | 31.6 % |
| Total fund balance | \$ 13,035,139 | 100.0 % | \$ 10,971,032 | 100.0 % |

BUDGETARY HIGHLIGHTS

There were some variances of note for the fiscal year.

- Revenues were over budget by \$1,327,327. Increases in wildland revenue and ambulance revenue contributed to this increase.
- Expenditures were over budget by \$217,495 mainly due to incurring overtime and employee related expenditures for backfilling vacant shifts from wildland deployments.

For more detailed information, see budget to actual comparisons at page 59.

Sedona Fire District
Condensed Budget to Actual - General Fund
As of June 30, 2021

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| | Budget | Actual | Variance with budget |
|-------------------------------|---------------|---------------|-------------------------|
| Total revenues | \$ 18,795,507 | \$ 20,122,834 | \$ 1,327,327 |
| Total expenditures | 17,420,507 | 17,638,002 | 217,495 |
| Revenue over expenditures | 1,375,000 | 2,484,832 | 1,109,832 |
| Total other financing sources | (1,375,000) | (435,915) | 939,085 |
| Net change in fund balance | \$ - | \$ 2,048,917 | \$ 2,048,917 |

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2021, the investment in capital assets for governmental activities amounts to \$11,167,629 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, equipment, and vehicles. The total decrease in capital assets for the current fiscal year was \$492,364 or (4.2)%.

Additional information regarding the capital assets of the District can be found in the notes to the financial statements at page 39 of this report.

Sedona Fire District
Capital Assets (net of depreciation)
As of June 30, 2021 and 2020

| | Governmental Activities | | Change |
|----------------------------|-------------------------|---------------|--------------|
| | 2021 | 2020 | |
| Land | \$ 2,054,579 | \$ 2,054,579 | \$ - |
| Buildings and improvements | 8,979,698 | 8,862,461 | 117,237 |
| Equipment | 5,988,693 | 5,874,934 | 113,759 |
| Vehicles | 7,469,410 | 7,395,138 | 74,272 |
| Accumulated depreciation | (13,324,751) | (12,527,119) | (797,632) |
| | \$ 11,167,629 | \$ 11,659,993 | \$ (492,364) |

Long Term Liabilities

At the end of the current fiscal year, the District had \$30 million in long-term liabilities outstanding.

The District continues to retire and manage debt to fund various capital projects which support program services. As of June 30, 2021, the District had total long-term debt (capital leases) outstanding of \$520,923. This debt currently requires annual debt service payments that consist of principal and interest of approximately \$277,000. All debt is backed by the full faith and credit of the District.

In accordance with GASB 68 and GASB 75, the District is required to include the net pension/OPEB liability on the financial statements. The net pension/OPEB liability is measured as the total pension/OPEB liability, less the pension/OPEB plans' fiduciary net position. A net pension/OPEB liability is recorded at June 30, 2021 relating to the District's participation in the Public Safety Personnel Retirement System (PSPRS) and the Arizona State Retirement System (ASRS) of \$27,617,437.

Additional information regarding the long-term debt of the District can be found in the notes to the financial statements at pages 40 - 41 of this report.

The following table shows the District's Outstanding Debt:

Sedona Fire District
Outstanding Debt
As of June 30, 2021 and 2020

| | Governmental Activities | | Increase (decrease) |
|----------------------------------|-------------------------|----------------------|------------------------|
| | 2021 | 2020 | |
| Compensated absences | \$ 1,552,680 | \$ 1,482,660 | \$ 70,020 |
| Obligations under capital leases | 520,923 | 782,121 | (261,198) |
| Net pension/OPEB liability | <u>27,617,437</u> | <u>24,101,820</u> | <u>3,515,617</u> |
| Total noncurrent liabilities | <u>\$ 29,691,040</u> | <u>\$ 26,366,601</u> | <u>\$ 3,324,439</u> |

ECONOMIC FACTORS AND FY 2022 BUDGET/TAX RATE

The District has continued to pursue every feasible method of reducing operational costs while providing the highest level of service to the community. The increase in funding from non-tax revenues, such as grants and contributions, wildland revenue, and ambulance revenue have helped mitigate the impact of rising costs, such as employee benefits, to the budget. In addition, the District realized a 5.44% increase in property values for fiscal year 2022. The increases in both tax and non-tax revenues has allowed the District to maintain the level of service provided, as well as increase its tax rate from \$2.4796 of \$2.4888.

FINANCIAL CONTACT

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This financial report is designed to provide a general overview of the District's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Sedona Fire District, Finance Division, 2860 Southwest Drive, Sedona, AZ 86336.

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Basic Financial Statements

SEDONA FIRE DISTRICT

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STATEMENT OF NET POSITION

JUNE 30, 2021

| | <u>Governmental activities</u> |
|--------------------------------------------|------------------------------------|
| Assets: | |
| Cash and investments | \$ 12,652,592 |
| Receivables: | |
| Property taxes | 235,619 |
| Ambulance, net | 748,839 |
| Wildland | 243,364 |
| Prepaid items | 187,793 |
| Capital assets, not depreciated | 2,054,579 |
| Capital assets, depreciated, net | 9,113,050 |
| Net pensions/OPEB assets | <u>9,878</u> |
| Total assets | <u>25,245,714</u> |
| Deferred outflows of resources: | |
| Deferred outflows related to pensions/OPEB | <u>9,851,849</u> |
| Total deferred outflows of resources | <u>9,851,849</u> |
| Liabilities: | |
| Accounts payable | 162,591 |
| Accrued payroll and related benefits | 702,404 |
| Noncurrent liabilities: | |
| Due within one year | 731,521 |
| Due in more than one year | <u>28,959,519</u> |
| Total liabilities | <u>30,556,035</u> |
| Deferred inflows of resources: | |
| Deferred inflows related to pensions/OPEB | <u>1,498,332</u> |
| Total deferred inflows of resources | <u>1,498,332</u> |
| Net position: | |
| Net investment in capital assets | 10,646,706 |
| Unrestricted | <u>(7,603,510)</u> |
| Total net position | <u>\$ 3,043,196</u> |

See notes to financial statements.

SEDONA FIRE DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021

| | <u>Governmental activities</u> |
|-------------------------------------|------------------------------------|
| Expenses: | |
| Public safety: | |
| Communications | \$ 753,722 |
| Depreciation | 950,929 |
| Grants | 422,311 |
| Insurance | 122,860 |
| Managerial | 367,005 |
| Meetings and training | 154,276 |
| Payroll taxes and employee benefits | 6,572,899 |
| Salaries and wages | 9,296,450 |
| Utilities and station | 387,615 |
| Vehicles and equipment | 700,319 |
| Interest | <u>17,825</u> |
| Total program expenses | <u>19,746,211</u> |
| Program revenues: | |
| Charges for services | 3,867,457 |
| Capital grants and contributions | <u>388,062</u> |
| Total program revenues | <u>4,255,519</u> |
| Net program expense | <u>15,490,692</u> |
| General revenues: | |
| Property taxes | 15,381,007 |
| Fire district assistance tax | 391,699 |
| Investment earnings | 43,431 |
| Gain on sale of capital assets | <u>22,650</u> |
| Total general revenues | <u>15,838,787</u> |
| Change in net position | 348,095 |
| Net position, beginning of year | <u>2,695,101</u> |
| Net position, end of year | <u><u>\$ 3,043,196</u></u> |

SEDONA FIRE DISTRICT

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BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2021

| | <u>General fund</u> | <u>Capital projects</u> | <u>Total governmental funds</u> |
|----------------------------------------------------------------------|----------------------|-------------------------|-----------------------------------------|
| Assets: | | | |
| Cash and investments | \$ 9,168,952 | \$ 3,483,640 | \$ 12,652,592 |
| Receivables: | | | |
| Property taxes | 235,619 | - | 235,619 |
| Ambulance, net | 748,839 | - | 748,839 |
| Wildland | 243,364 | - | 243,364 |
| Prepaid items | <u>187,793</u> | <u>-</u> | <u>187,793</u> |
| Total assets | <u>\$ 10,584,567</u> | <u>\$ 3,483,640</u> | <u>\$ 14,068,207</u> |
| | | | |
| Liabilities: | | | |
| Accounts payable | \$ 162,591 | \$ - | \$ 162,591 |
| Accrued payroll and related benefits | <u>702,404</u> | <u>-</u> | <u>702,404</u> |
| Total liabilities | <u>864,995</u> | <u>-</u> | <u>864,995</u> |
| | | | |
| Deferred inflows of resources: | | | |
| Unavailable revenue - property taxes | 35,624 | - | 35,624 |
| Unavailable revenue - charges for services | <u>132,449</u> | <u>-</u> | <u>132,449</u> |
| Total deferred inflows of resources | <u>168,073</u> | <u>-</u> | <u>168,073</u> |
| | | | |
| Fund balance: | | | |
| Nonspendable - prepaid items | 187,793 | - | 187,793 |
| Committed | 7,363,706 | 3,483,640 | 10,847,346 |
| Unassigned | <u>2,000,000</u> | <u>-</u> | <u>2,000,000</u> |
| Total fund balance | <u>9,551,499</u> | <u>3,483,640</u> | <u>13,035,139</u> |
| | | | |
| Total liabilities, deferred inflows of resources and fund balance | <u>\$ 10,584,567</u> | <u>\$ 3,483,640</u> | <u>\$ 14,068,207</u> |

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

JUNE 30, 2021

| | |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|
| Total fund balances - governmental funds | \$ 13,035,139 |
| Amounts reported for governmental activities in the statement of net position are different because: | |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. | 11,167,629 |
| Some receivables are not available to pay for current period expenditures and, therefore, are reported as deferred inflows in the funds. | 168,073 |
| Net pension/OPEB assets held in trust for future benefits are not available for District operations and, therefore, are not reported in the funds. | 9,878 |
| Certain liabilities are not due and payable in the current period and, therefore, are not reported in the funds: | |
| Accrued compensated absences | (1,552,680) |
| Capital lease payable | (520,923) |
| Net pension/OPEB liability | (27,617,437) |
| Deferred outflows and inflows of resources related to pensions/OPEB are applicable to future reporting periods and, therefore, are not reported in the funds: | |
| Deferred outflows of resources related to pensions/OPEB | 9,851,849 |
| Deferred inflows of resources related to pensions/OPEB | <u>(1,498,332)</u> |
| Net position of governmental activities | <u>\$ 3,043,196</u> |

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**YEAR ENDED JUNE 30, 2021**

| | <u>General fund</u> | <u>Capital projects</u> | <u>Total governmental funds</u> |
|--------------------------------------|---------------------|-------------------------|-----------------------------------------|
| Revenues: | | | |
| Property taxes | \$ 15,504,591 | \$ - | \$ 15,504,591 |
| Fire district assistance tax | 391,699 | - | 391,699 |
| Charges for services | 3,810,241 | - | 3,810,241 |
| Grants and contributions | 388,062 | - | 388,062 |
| Investment earnings | <u>28,241</u> | <u>15,190</u> | <u>43,431</u> |
| Total revenues | <u>20,122,834</u> | <u>15,190</u> | <u>20,138,024</u> |
| Expenditures: | | | |
| Public safety: | | | |
| Emergency operations | 12,452,099 | - | 12,452,099 |
| Administration | 4,906,880 | - | 4,906,880 |
| Capital outlay: | | | |
| Buildings and improvements | - | 117,237 | 117,237 |
| Fire equipment | - | 182,915 | 182,915 |
| Vehicles | - | 158,413 | 158,413 |
| Debt service: | | | |
| Principal | 261,198 | - | 261,198 |
| Interest | <u>17,825</u> | <u>-</u> | <u>17,825</u> |
| Total expenditures | <u>17,638,002</u> | <u>458,565</u> | <u>18,096,567</u> |
| Revenues over (under) expenditures | 2,484,832 | (443,375) | 2,041,457 |
| Other financing sources (uses): | | | |
| Transfers in (out) | (435,915) | 435,915 | - |
| Proceeds from sale of capital assets | <u>-</u> | <u>22,650</u> | <u>22,650</u> |
| Total other financing sources (uses) | <u>(435,915)</u> | <u>458,565</u> | <u>22,650</u> |
| Net change in fund balances | 2,048,917 | 15,190 | 2,064,107 |
| Fund balances, beginning of year | <u>7,502,582</u> | <u>3,468,450</u> | <u>10,971,032</u> |
| Fund balances, end of year | <u>\$ 9,551,499</u> | <u>\$ 3,483,640</u> | <u>\$ 13,035,139</u> |

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

YEAR ENDED JUNE 30, 2021

| | |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|
| Net change in fund balances - governmental funds | \$ 2,064,107 |
| Amounts reported for governmental activities in the statement of activities are different because: | |
| Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are: | |
| Capital outlay | 458,565 |
| Depreciation expense | (950,929) |
| In the statement of activities, only the gain/loss on the sale of capital assets is reported, whereas, in the governmental funds, the proceeds from the sale increase financial resources. | |
| Gain on sale of capital assets | 22,650 |
| Proceeds from sale of capital assets | (22,650) |
| Certain revenues relating to property taxes, charges for services, and grants in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. | |
| | (66,368) |
| District pension/OPEB contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the statement of net position because the reported net pension/OPEB asset (liability) is measured a year before the District's report date. Pension/OPEB expense, which is the change in the net pension/OPEB asset (liability) adjusted for changes in deferred outflows and inflows of resources related to pensions/OPEB, is reported in the statement of activities. | |
| Pension/OPEB contributions | 2,842,186 |
| Pension/OPEB expense | (4,190,644) |
| Certain expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds: | |
| Change in compensated absences | (70,020) |
| Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces noncurrent liabilities in the statement of net position. In the current period, the amount consists of: | |
| Principal paid | <u>261,198</u> |
| Change in net position of governmental activities | <u>\$ 348,095</u> |

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

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

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

Reporting entity:

The District provides fire protection and other emergency services to citizens living within the Sedona, Village of Oak Creek, and Oak Creek Canyon, Arizona areas. In accordance with GAAP, the financial reporting entity consists of a primary government and its component units. The District is a primary government because it is a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. Furthermore, there are no component units combined with the District for financial statement presentation purposes and it is not included in any other governmental reporting entity.

Government-wide and fund financial statements:

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

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

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

- charges to customers for services provided,
- grants and contributions

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)**YEAR ENDED JUNE 30, 2021****1. Description of organization and summary of significant accounting policies (continued):****Measurement focus, basis of accounting and financial statement presentation:**

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

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

Real and personal property taxes are levied on or before the third Monday in August that become due and payable in two equal installments. The first installment is due on the first day of October and becomes delinquent after the first business day of November. The second installment is due on the first day of March of the next year and becomes delinquent after the first business day of May. A lien assessed against real and personal property attaches on the first day of January preceding assessment and levy. All property taxes are billed and collected by Yavapai and Coconino County and remitted to the District. In the governmental fund financial statements, property taxes are reflected as revenues in the fiscal year for which they were levied, provided they are due, or past due and receivable within the current period, and collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period (60 days). Otherwise, they are reported as deferred inflows of resources.

Investment earnings associated with the current fiscal year are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal year. All other revenue items are considered to be measurable and available only when cash is received by the government.

The District reports the following major governmental funds:

The general fund is the primary operating fund of the District. The principal revenue source is property taxes. Primary expenditures are for public safety.

The capital projects fund is used to account for financial resources that are restricted, committed, or assigned for the acquisition or construction of major capital assets.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)**YEAR ENDED JUNE 30, 2021****1. Description of organization and summary of significant accounting policies (continued):****Estimates:**

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

Cash and investments:

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

Investment earnings are comprised primarily of interest earnings and net changes in the fair value of applicable investments.

Fair value measurements:

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

Receivables, unearned revenue and deferred inflows of resources:

All accounts and property tax receivables are shown net of allowance, if any, for doubtful accounts. Property taxes receivable for the governmental fund types, which have been remitted within 60 days subsequent to year end, are considered measurable and available and recognized as revenues. All other property taxes are offset by unavailable revenue and, accordingly, have not been recorded as revenue in the fund financial statements.

Revenue from emergency medical and transportation services are recognized as charges for services. These charges for services are reported at their estimated net realizable amounts from patients, third-party payers, and other for services rendered, including estimated retroactive adjustments under reimbursement allowances with third-party payers, provisions for bad debt and uncompensated care. The allowance for doubtful accounts at June 30, 2021 is approximately \$831,000. Amounts not collected by the District within 60 days subsequent to yearend are recorded as deferred inflows of resources in the fund financial statements.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2021

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

Receivables, unearned revenue and deferred inflows of resources (continued):

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

Prepaid items:

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

Capital assets:

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

| | |
|----------------------------|-----------------|
| Land | Not depreciated |
| Construction in progress | Not depreciated |
| Buildings and improvements | 5 to 50 years |
| Equipment | 5 to 20 years |
| Vehicles | 5 to 20 years |

Compensated absences:

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)**YEAR ENDED JUNE 30, 2021****1. Description of organization and summary of significant accounting policies (continued):****Long-term obligations:**

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

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

Deferred outflows and inflows of resources:

The statement of net position and balance sheet include separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position that applies to future periods that will be recognized as an expense or expenditure in future periods. Deferred inflows of resources represent an acquisition of net position or fund balance that applies to future periods and will be recognized as a revenue in future periods.

Postemployment benefits:

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

Fund balance:

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

- **Nonspendable** – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
- **Restricted** – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
- **Committed** – includes fund balance amounts that can only be used for the specific purposes imposed by formal action (resolution) of the Governing Board. Those committed amounts cannot be used for any other purpose unless the Governing Board removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those accounts.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)**YEAR ENDED JUNE 30, 2021****1. Description of organization and summary of significant accounting policies (continued):****Fund balance (continued):**

- Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance may be assigned by the Governing Board or District officials delegated the authority by the Governing Board. The Governing Board has authorized the Fire Chief to make arrangements of resources for special purposes.
- Unassigned – includes those fund balances within the general fund, which have not been classified within the above mentioned categories. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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

Net position:

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

2. Stabilization arrangements:

The District established a reserve by resolution that is maintained in the general fund. The reserved balance is a minimum of \$2,000,000. Any changes to the reserve must be approved by the Governing Board. The reserved fund balance is intended to be used as fiscal stabilization to offset operating revenue shortfalls due to economic downturns, and to serve as operating capital (cash flow) to pay expenses between July 1 and mid-October when first half taxes (primary District revenue source) are received to avoid excessive borrowing and interest on borrowed money in order to pay ongoing expenses. Any fund balance over and above this operational requirement may be used to fund one-time supplemental funding, capital improvement projects or retirement of debt service and may be transferred to the capital projects fund. As of June 30, 2021, the general fund committed fund balance was \$7,363,706, which may be transferred to the capital projects fund in fiscal year 2022.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2021

3. Cash and investments:

Deposits:

Operating accounts \$ 1,296,152

Investments:

Yavapai County Treasurer investment pool 7,796,065

Yavapai County Treasurer investment pool - segregated for capital outlay 3,483,639

Coconino County Treasurer investment pool 76,736

\$ 12,652,592

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

Deposits:

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

At June 30, 2021, deposits with financial institutions have a carrying value \$1,296,152 and a bank balance of \$1,295,229, all of which are insured or collateralized. The difference represents deposits in transit, outstanding checks, and other reconciling items at June 30, 2021.

Investments:

Monies levied by the District are invested with the Yavapai and Coconino County Treasurer's Office and included in the Local Government Investment Pool (LGIP). The District's investment in the County's LGIP represents a proportionate interest in the pool's portfolio; however, the District's portion is not identified with specific investments. No oversight is provided for the Yavapai and Coconino County investment pool, nor does the structure of the pool provide for shares. Participation in the pool is involuntary. The fair value of the investment pool is discussed in note 4.

The District's investments at June 30, 2021 were as follows:

| | <u>Rating</u> | <u>Rating Agency</u> | <u>Amount</u> |
|---------------------------------------------|---------------|----------------------|---------------|
| Yavapai County Treasurer's investment pool | Unrated | Not applicable | \$ 11,279,704 |
| Coconino County Treasurer's investment pool | Unrated | Not applicable | \$ 76,736 |

NOTES TO FINANCIAL STATEMENTS (CONTINUED)**YEAR ENDED JUNE 30, 2021**

3. Cash and investments (continued):

Investments (continued):

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

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

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

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

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

Interest rate risk - Interest rate risk is the risk that changes in interest rates will adversely affect an investment's fair value. The Arizona Revised Statutes require that public monies invested in securities and deposits have a maximum maturity of 5 years. Investments in repurchase agreements must have a maximum maturity of 180 days.

The weighted average maturity of the County Treasurer's investment pool varies by type of investment, and averages between 1 and 2 years.

Foreign currency risk - The Arizona Revised Statutes do not allow foreign investments.

4. Fair value:

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2021

4. Fair value (continued):

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

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

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

At June 30, 2021, the fair value of investments measured on a recurring basis is as follows:

| | Fair value | Other investments at fair value | Level 1 | Level 2 | Level 3 |
|----------------------------|----------------------|---------------------------------------|-------------|-------------|-------------|
| External investment pools: | | | | | |
| Yavapai County Treasurer | \$ 11,279,704 | \$ 11,279,704 | \$ - | \$ - | \$ - |
| Coconino County Treasurer | <u>76,736</u> | <u>76,736</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| | <u>\$ 11,356,440</u> | <u>\$ 11,356,440</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

The fair value of a participant’s portion in the Yavapai and Coconino County Treasurer's investment pools approximates the value of that participant’s pool shares and the participant’s shares are not identified with specific investments. The investment pool is not registered with the Securities and Exchange Commission as an investment company and there is no regulatory oversight of its operations. There are no unfunded commitments or redemption restrictions related to these investments. The investment pool invests primarily in agency and treasury securities, money market funds, and the State's Treasurer's investment pool.

5. Interfund transfers:

Interfund transfers are typically to transfer from the general fund to the capital projects fund to be used for current and future capital purchases. During the year ended June 30, 2021, the general fund transferred \$435,915 to the capital projects fund.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2021

6. Receivables:

| | |
|------------------------------------------------------------------|----------------------------|
| Property taxes | \$ 235,619 |
| Ambulance receivables | 1,579,839 |
| Wildland | <u>243,364</u> |
| | 2,058,822 |
| Less allowance for doubtful accounts and contractual adjustments | <u>831,000</u> |
| | <u><u>\$ 1,227,822</u></u> |

7. Capital assets:

Capital asset activity for the period ended June 30, 2021 was as follows:

| | <u>Beginning balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending balance</u> |
|----------------------------------------|------------------------------|----------------------------|--------------------|-----------------------------|
| Capital assets, not depreciated: | | | | |
| Land | \$ 2,054,579 | \$ - | \$ - | \$ 2,054,579 |
| Total capital assets, not depreciated | <u>2,054,579</u> | <u>-</u> | <u>-</u> | <u>2,054,579</u> |
| Capital assets, depreciated: | | | | |
| Buildings and improvements | 8,862,461 | 117,237 | - | 8,979,698 |
| Equipment | 5,874,934 | 182,915 | (69,156) | 5,988,693 |
| Vehicles | <u>7,395,138</u> | <u>158,413</u> | <u>(84,141)</u> | <u>7,469,410</u> |
| Total capital assets, depreciated | <u>22,132,533</u> | <u>458,565</u> | <u>(153,297)</u> | <u>22,437,801</u> |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | (3,782,676) | (244,659) | - | (4,027,335) |
| Equipment | (3,871,298) | (308,292) | 69,156 | (4,110,434) |
| Vehicles | <u>(4,873,145)</u> | <u>(397,978)</u> | <u>84,141</u> | <u>(5,186,982)</u> |
| Total accumulated depreciation | <u>(12,527,119)</u> | <u>(950,929)</u> | <u>153,297</u> | <u>(13,324,751)</u> |
| Total capital assets, depreciated, net | <u>9,605,414</u> | <u>(492,364)</u> | <u>-</u> | <u>9,113,050</u> |
| Total capital assets, net | <u><u>\$ 11,659,993</u></u> | <u><u>\$ (492,364)</u></u> | <u><u>\$ -</u></u> | <u><u>\$ 11,167,629</u></u> |

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2021

8. Capital leases:

The District has acquired various assets under the provisions of long-term lease agreements classified as capital leases. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date. The terms of these leases include an annual interest rate of 2.9% to 3.125% and mature at various dates through June 2023. Revenues from the General Fund are used to pay the capital lease obligations. Amortization of assets recorded under capital leases is included with depreciation expense.

The assets acquired through capital leases are as follows:

| | |
|-------------------------------|---------------------|
| Buildings and improvements | \$ 2,618,414 |
| Vehicles | <u>58,170</u> |
| | 2,676,584 |
| Less accumulated depreciation | <u>424,235</u> |
| | <u>\$ 2,252,349</u> |

The future minimum lease payments under the capital leases and the net present value of these minimum lease payments as of June 30, 2021 were as follows:

| | |
|---------------------------------------------|-------------------|
| Year ending | |
| <u>June 30,</u> | |
| 2022 | \$ 276,838 |
| 2023 | <u>259,429</u> |
| Total minimum lease payments | 536,267 |
| Less amount representing interest | <u>15,344</u> |
| Net present value of minimum lease payments | 520,923 |
| Less current portion | <u>265,521</u> |
| | <u>\$ 255,402</u> |

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2021

9. Changes in noncurrent liabilities:

A summary of the changes in noncurrent liabilities for the period ended June 30, 2021 was as follows:

| | Beginning balance | Additions | Reductions | Ending balance | Due within one year |
|-------------------------------------|----------------------|---------------------|---------------------|----------------------|------------------------|
| Compensated absences | \$ 1,482,660 | \$ 504,442 | \$ (434,422) | \$ 1,552,680 | \$ 466,000 |
| Obligations under capital leases | 782,121 | - | (261,198) | 520,923 | 265,521 |
| Net pension liability | 23,898,980 | 3,513,701 | - | 27,412,681 | - |
| Net OPEB liability | <u>202,840</u> | <u>1,916</u> | <u>-</u> | <u>204,756</u> | <u>-</u> |
| | <u>\$ 26,366,601</u> | <u>\$ 4,020,059</u> | <u>\$ (695,620)</u> | <u>\$ 29,691,040</u> | <u>\$ 731,521</u> |

The General Fund has typically been used to liquidate the liability for pension and OPEB in prior years.

10. Line of credit:

The Board of Supervisors of Yavapai County, on behalf of the District, established a line of credit in the amount of \$1,500,000 with Wells Fargo. In accordance with the Arizona Revised Statutes, the line of credit can only be drawn on by the County Treasurer in order to pay warrants issued by the District to fund operations prior to the collection of the property tax levy in the current year. Interest is payable at the bank's prime rate (3.25% at June 30, 2021) and the line matures in June 2022. The balance on the line at the beginning and end of the period was \$0. There were no borrowings on the line during the year.

11. Risk management:

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District carries commercial insurance for all such risks of loss, including workers' compensation and employees' health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2021

12. Commitments and contingencies:

Intergovernmental agreements:

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

Legal proceedings:

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

13. Pension and other postemployment benefits:

The District contributes to the Arizona State Retirement System (ASRS) and the Public Safety Personnel Retirement System (PSPRS). These plans are component units of the State of Arizona.

At June 30, 2021, the District reported on the Statement of Net Position and Statement of Activities the following aggregate amounts related to pensions and other postemployment benefits (OPEB) for all plans to which it contributes:

| | <u>Governmental Activities</u> |
|-------------------------------------------------------------|------------------------------------|
| Net pension and OPEB assets | \$ 9,878 |
| Net pension and OPEB liabilities | 27,617,437 |
| Deferred outflows of resources related to pensions and OPEB | 9,851,849 |
| Deferred inflows of resources related to pensions and OPEB | 1,498,332 |
| Pension and OPEB expense | 4,190,644 |

The District's accrued payroll and related benefits includes \$229,495 of outstanding pension and OPEB contribution amounts payable to all plans for the year ended June 30, 2021.

The District reported \$2,842,186 of pension contributions as expenditures in the governmental funds related to all pension plans to which it contributes.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2021

13. Pension and other postemployment benefits (continued):

Arizona State Retirement System (ASRS):

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

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

| | Initial membership date: | |
|------------------------------------------------------|--------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------|
| | Before July 1, 2011 | On or after July 1, 2011 |
| Years of service and age required to receive benefit | Sum of years and age equals 80 10 years, age 62 5 years, age 50 any years, age 65 | 30 years, age 55 25 years, age 60 10 years, age 62 5 years, age 50 any years, age 65 |
| Final average salary is based on | Highest 36 consecutive months of last 120 months | Highest 60 consecutive months of last 120 months |
| Benefit percent per year of service | 2.1% to 2.3% | 2.1% to 2.3% |

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2021

13. Pension and other postemployment benefits (continued):

Arizona State Retirement System (ASRS) (continued):

Health insurance premium benefits are available to retired or disabled members with 5 years of credited service. The benefits are payable only with respect to allowable health insurance premiums for which the member is responsible. For members with 10 or more years of service, benefits range from \$100 per month to \$260 per month depending on the age of the member and dependents. For members with 5 to 9 years of service, the benefits are the same dollar amounts as above multiplied by a vesting fraction based on completed years of service.

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

Contributions - In accordance with State statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2021, statute required active ASRS members to contribute at the actuarially determined rate of 12.22% (12.04% for retirement and 0.18% for long-term disability) of the members' annual covered payroll, and statute required the District to contribute at the actuarially determined rate of 12.22% (11.65% for retirement, 0.39% for health insurance premium benefit, and 0.18% for long-term disability) of the active members' annual covered payroll.

The District's contributions to the pension, health insurance premium benefit, and long-term disability plans for the year ended June 30, 2021, were \$121,184, \$4,057, and \$1,872. During the year ended June 30, 2021, the District paid for the ASRS pension and OPEB contributions from the general fund.

Pension and OPEB assets/liabilities - At June 30, 2021, the District reported the following assets and liabilities for its proportionate share of the ASRS' net pension/OPEB asset or liability:

| | <u>Net pension/OPEB (asset) liability</u> |
|----------------------------------|---------------------------------------------------|
| Pension | 1,540,328 |
| Health insurance premium benefit | (6,450) |
| Long-term disability | 6,843 |

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2021

13. Pension and other postemployment benefits (continued):

Arizona State Retirement System (ASRS) (continued):

The net assets and net liabilities were measured as of June 30, 2020. The total liability used to calculate the net asset or net liability was determined using updated procedures to roll forward the total liability from an actuarial valuation as of June 30, 2019 to the measurement date of June 30, 2020. The District's proportion of the net asset or net liability was based on the District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2020. The District's proportions measured as of June 30, 2020, and the change from its proportions measured as of June 30, 2019 were:

| | <u>Proportion</u> | <u>Increase (decrease)</u> |
|----------------------------------|-------------------|--------------------------------|
| Pension | 0.00889 % | (0.00026) |
| Health insurance premium benefit | 0.00911 % | (0.00027) |
| Long-term disability | 0.00902 % | (0.00028) |

Pension/OPEB expense - For the year ended June 30, 2021, the District recognized the following pension and OPEB expense:

| | <u>Pension/OPEB expense</u> |
|----------------------------------|---------------------------------|
| Pension | 40,843 |
| Health insurance premium benefit | 2,457 |
| Long-term disability | 2,002 |

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2021

13. Pension and other postemployment benefits (continued):

Arizona State Retirement System (ASRS) (continued):

| | Pension | | Health insurance premium benefit | | Long-term disability | |
|---------------------------------------------------------------------------------------------------------------|--------------------------------|-------------------------------|----------------------------------|-------------------------------|--------------------------------|-------------------------------|
| | Deferred outflows of resources | Deferred inflows of resources | Deferred outflows of resources | Deferred inflows of resources | Deferred outflows of resources | Deferred inflows of resources |
| Differences between expected and actual experience | \$ 13,935 | \$ - | \$ - | \$ 12,709 | \$ 595 | \$ 176 |
| Net difference between projected and actual earnings on pension plan investments | 148,566 | - | 6,599 | - | 753 | - |
| Changes in assumptions | - | - | 3,576 | - | 737 | - |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | - | 127,767 | 23 | 17 | - | 972 |
| Contributions subsequent to the measurement date | <u>121,184</u> | <u>-</u> | <u>4,057</u> | <u>-</u> | <u>1,872</u> | <u>-</u> |
| | <u>\$ 283,685</u> | <u>\$ 127,767</u> | <u>\$ 14,255</u> | <u>\$ 12,726</u> | <u>\$ 3,957</u> | <u>\$ 1,148</u> |

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2021

13. Pension and other postemployment benefits (continued):

Arizona State Retirement System (ASRS) (continued):

The amounts reported as deferred outflows of resources related to ASRS pensions and OPEB resulting from District contributions subsequent to the measurement date will be recognized as an increase in the net asset or a reduction of the net liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and OPEB will be recognized as expenses (benefits) as follows:

| Year ending <u>June 30,</u> | <u>Pension</u> | Health insurance premium benefit | <u>Long-term disability</u> |
|--------------------------------|------------------|-------------------------------------------|---------------------------------|
| 2022 | \$ (98,227) | \$ (1,373) | \$ 151 |
| 2023 | 33,272 | 23 | 273 |
| 2024 | 53,738 | 334 | 296 |
| 2025 | 45,951 | (347) | 249 |
| 2026 | - | (1,165) | 56 |
| Thereafter | <u>-</u> | <u>-</u> | <u>(88)</u> |
| | <u>\$ 34,734</u> | <u>\$ (2,528)</u> | <u>\$ 937</u> |

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

| | |
|-----------------------------|-----------------------------------------------------------------------|
| Actuarial valuation date | June 30, 2019 |
| Actuarial roll forward date | June 30, 2020 |
| Actuarial cost method | Entry age normal |
| Investment rate of return | 7.5% |
| Projected salary increases | 2.7% - 7.2% for pensions/ not applicable for OPEB |
| Inflation | 2.3% |
| Permanent benefit increase | Included for pension/ not applicable for OPEB |
| Mortality rates | 2017 SRA Scale U-MP for pensions and health insurance premium benefit |
| Recovery rates | 2012 GLDT for long-term disability |
| Healthcare cost trend rate | Not applicable |

Actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2016.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2021

13. Pension and other postemployment benefits (continued):

Arizona State Retirement System (ASRS) (continued):

The long-term expected rate of return on ASRS plan investments was determined to be 7.5% using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

| Asset Class | Target Allocation | Long-term expected geometric real rate of return |
|----------------------------------------|-------------------|-----------------------------------------------------|
| Equity | 50 % | 6.39 % |
| Fixed income - credit | 20 % | 5.44 % |
| Fixed income - interest rate sensitive | 10 % | 0.22 % |
| Real estate | 20 % | 5.85 % |
| | 100 % | |

Discount rate - The discount rate used to measure the ASRS total pension/OPEB (asset) liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board's funding policy, which establishes the contractually required rate under Arizona statute. Based on those assumptions, the 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 (asset) liability.

Sensitivity of the District's proportionate share of the ASRS net pension/OPEB (asset) liability to changes in the discount rate - The following table presents the District's proportionate share of the net pension/OPEB (asset) liability calculated using the discount rate of 7.5%, as well as what the District's proportionate share of the net pension/OPEB (asset) liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.5%) or 1 percentage point higher (8.5%) than the current rate:

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2021

13. Pension and other postemployment benefits (continued):

Arizona State Retirement System (ASRS) (continued):

| | 1% decrease (6.5%) | Current discount rate (7.5%) | 1% increase (8.5%) |
|-------------------------------------------------|-----------------------|------------------------------------|-----------------------|
| Net pension liability | \$ 2,106,377 | \$ 1,540,328 | \$ 1,067,139 |
| Net insurance premium benefit liability (asset) | \$ 8,463 | \$ (6,450) | \$ (19,141) |
| Net long-term disability liability | \$ 7,471 | \$ 6,843 | \$ 6,233 |

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

Public Safety Personnel Retirement System (PSPRS):

Plan descriptions - District employees who are regularly assigned hazardous duty participate in the Public Safety Personnel Retirement System (PSPRS) or employees who became members on or after July 1, 2017, may participate in the Public Safety Personnel Defined Contribution Retirement Plan (PSPDCRP). The PSPRS administers agent and cost-sharing multiple-employer defined benefit pension plans and agent and cost-sharing multiple-employer defined benefit health insurance premium benefit (OPEB) plans. A nine-member board known as the Board of Trustees and the participating local boards govern the PSPRS according to the provisions of A.R.S. Title 38, Chapter 5, Article 4. Employees who were PSPRS members before July 1, 2017, participate in the agent plans, and those who became PSPRS members on or after July 1, 2017, participate in the cost-sharing plans (PSPRS Tier 3 Risk Pool), 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 include financial statements and required supplementary information. The report is available on the PSPRS website at www.psprs.com.

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2021

13. Pension and other postemployment benefits (continued):

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

| | Initial membership date: | | |
|------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------|------------------------------------------------------------------------------|
| | Before January 1, 2012 | On or after January 1, 2012 and before July 1, 2017 | On or after July 1, 2017 |
| Years of service and age required to receive benefit | 20 years of service, any age 15 years of service, age 62 | 25 years of service or 15 years of credited service, age 52.5 | 15 years of credited service, age 52.5*, 15 or more years of service, age 55 |
| Final average salary is based on | Highest 36 consecutive months of last 20 years | Highest 60 consecutive months of last 20 years | Highest 60 consecutive months of last 15 years |
| Benefit percent: | | | |
| Normal retirement | 50% less 2.0% for each year of credited service less than 20 years OR plus 2.0% to 2.5% for each year of credited service over 20 years, not to exceed 80% | 1.5% to 2.5% per year of credited service, not to exceed 80% | |
| Accidental disability retirement | 50% or normal retirement, whichever is greater | | |
| Catastrophic disability retirement | 90% for the first 60 months then reduced to either 62.5% or normal retirement, whichever is greater | | |
| Ordinary disability retirement | Normal retirement calculated with actual years of credited service or 20 years of credited service, whichever is greater, multiplied by years of credited service (not to exceed 20 years) divided by 20 | | |
| Survivor benefit: | | | |
| Retired members | 80% to 100% of retired member's pension benefit | | |
| Active member | 80% to 100% of accidental disability retirement benefit or 100% of average monthly compensation if death was the result of injuries received on the job | | |

* with actuarially reduced benefits

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2021

13. Pension and other postemployment benefits (continued):

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

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, 2021, the following employees were covered by the agent pension plan benefit terms:

| | <u>Pension</u> | <u>Health</u> |
|------------------------------------------------------------------|----------------|---------------|
| Inactive employees or beneficiaries currently receiving benefits | 27 | 27 |
| Inactive employees entitled to but not yet receiving benefits | 10 | 3 |
| Active employees | <u>68</u> | <u>68</u> |
| | <u>105</u> | <u>98</u> |

Contributions - State statutes establish the pension contribution requirements for active PSPRS employees. In accordance with State statutes, annual actuarial valuations determine employer contribution requirements for PSPRS pension and health insurance premium benefits. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. Contribution rates are a percentage of active members’ annual covered payroll. Contribution rates for the year ended June 30, 2021 are indicated below:

| | |
|--------------------------|----------------|
| Active members - pension | 7.65% - 11.65% |
| District: | |
| Pension | 38.37 % |
| Health insurance | 0.60 % |

In addition, the District is required to contribute at the actuarially determined rate of 24.51% of annual covered payroll of retired members who worked for the District in positions that an employee who contributes to the PSPRS would typically fill and of employees participating in the PSPRS Tier 3 Risk Pool and PSPDCRP members in addition to the District’s required contributions to the PSPRS Tier 3 Risk Pool and PSPDCRP.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2021

13. Pension and other postemployment benefits (continued):

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

The District's contributions to the pension plan for the year ended June 30, 2021, were \$2,625,733, and contributions to the OPEB plan were \$41,059. During fiscal year 2021, the District paid for the pension and OPEB contributions from the General Fund.

Liability - At June 30, 2021, the District reported net pension liability of \$25,870,237 and a net OPEB liability of \$197,913. The net liabilities were measured as of June 30, 2020, and the total liability used to calculate the net asset or liability was determined by an actuarial valuation as of that date.

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

| | |
|----------------------------|--------------------------------------------|
| Actuarial valuation date | June 30, 2020 |
| Actuarial cost method | Entry age normal |
| Investment rate of return | 7.3% |
| Wage inflation | 3.5% for pension/ not applicable for OPEB |
| Price inflation | 2.5% for pension/ not applicable for OPEB |
| Permanent benefit increase | 1.75% for pension/ not applicable for OPEB |
| Mortality rates | PubS-2010 tables |
| Healthcare cost trend rate | Not applicable |

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

The long-term expected rate of return on PSPRS plan investments was determined to be 7.3% using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expenses and inflation) are developed for each major asset class.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2021

13. Pension and other postemployment benefits (continued):

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

The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

| Asset class | Target allocation | Long-term expected geometric real rate of return |
|-------------------------------------|-------------------|-----------------------------------------------------|
| U.S. public equity | 23 % | 4.93 % |
| International public equity | 15 % | 6.09 % |
| Global private equity | 18 % | 8.42 % |
| Other assets (capital appreciation) | 7 % | 5.61 % |
| Care bonds | 2 % | 0.22 % |
| Private credit | 22 % | 5.31 % |
| Diversifying strategies | 12 % | 3.22 % |
| Cash - Mellon | 1 % | (0.60)% |
| | 100 % | |

Discount rate - At June 30, 2020, the discount rate used to measure the total pension/OPEB liability was 7.30%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the actuarially determined contribution rate and the member rate. Based on those assumptions, the plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension/OPEB liability.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2021

13. Pension and other postemployment benefits (continued):

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

Changes in the net pension liability -

| | Total pension liability (a) | Plan fiduciary net position (b) | Net pension liability (a) - (b) |
|------------------------------------------------------------------------------------------------------|-----------------------------------|---------------------------------------|---------------------------------------|
| | <u> </u> | <u> </u> | <u> </u> |
| Balances at June 30, 2020 | \$ 50,244,567 | \$ 27,677,018 | \$ 22,567,549 |
| Adjustment to beginning of year | - | 2 | (2) |
| Changes for the year: | | | |
| Service cost | 1,377,065 | - | 1,377,065 |
| Interest on the total pension liability | 3,715,867 | - | 3,715,867 |
| Differences between expected and actual experience in the measurement of the pension liability | 1,471,476 | - | 1,471,476 |
| Contributions - employer | - | 2,374,006 | (2,374,006) |
| Contributions - employee | - | 555,554 | (555,554) |
| Net investment income | - | 361,648 | (361,648) |
| Benefit payments, including refunds of employee contributions | (1,438,689) | (1,438,689) | - |
| Administrative expense | <u> </u> | <u>(29,490)</u> | <u>29,490</u> |
| Net changes | <u>5,125,719</u> | <u>1,823,029</u> | <u>3,302,690</u> |
| Balances at June 30, 2021 | <u>\$ 55,370,286</u> | <u>\$ 29,500,049</u> | <u>\$ 25,870,237</u> |

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2021

13. Pension and other postemployment benefits (continued):

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

Changes in the net OPEB liability -

| | Total OPEB liability (a) | Plan fiduciary net position (b) | Net OPEB liability (a) - (b) |
|---------------------------------------------------------------------------------------------------|--------------------------------|---------------------------------------|------------------------------------|
| Balances at June 30, 2020 | \$ 808,187 | \$ 611,405 | \$ 196,782 |
| Changes for the year: | | | |
| Service cost | 26,964 | - | 26,964 |
| Interest on the total OPEB liability | 60,722 | - | 60,722 |
| Differences between expected and actual experience in the measurement of the OPEB liability | (41,497) | - | (41,497) |
| Contributions - employer | - | 38,115 | (38,115) |
| Net investment income | - | 7,558 | (7,558) |
| Benefit payments, including refunds of employee contributions | (29,176) | (29,176) | - |
| Administrative expense | - | (615) | 615 |
| Net changes | 17,013 | 15,882 | 1,131 |
| Balances at June 30, 2021 | \$ 825,200 | \$ 627,287 | \$ 197,913 |

Sensitivity of the District's net pension/OPEB liability to changes in the discount rate - The following table presents the District's net pension/OPEB liability calculated using the discount rate noted above, as well as what the District's net pension/OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.30%) or 1 percentage point higher (8.30%) than the current rate:

| | 1% decrease (6.30%) | Current discount rate (7.30%) | 1% increase (8.30%) |
|----------------------------------|------------------------|-------------------------------------|------------------------|
| District's net pension liability | \$ 34,538,754 | \$ 25,870,237 | \$ 18,878,760 |
| District's net OPEB liability | \$ 300,245 | \$ 197,913 | \$ 112,059 |

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2021

13. Pension and other postemployment benefits (continued):

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

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

Expense - For the year ended June 30, 2021, the District recognized pension expense for PSPRS of \$4,112,751, and OPEB expense of \$30,516.

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

| | Pension | | Health | |
|--------------------------------------------------------------------------|--------------------------------|-------------------------------|--------------------------------|-------------------------------|
| | Deferred outflows of resources | Deferred inflows of resources | Deferred outflows of resources | Deferred inflows of resources |
| Differences between expected and actual experience | \$ 2,226,470 | \$ 1,205,709 | \$ 5,595 | \$ 141,588 |
| Changes in assumptions | 2,896,142 | - | 12,798 | 9,049 |
| Net difference between projected and actual earnings on plan investments | 1,561,434 | - | 33,463 | - |
| Contributions subsequent to the measurement date | <u>2,625,733</u> | <u>-</u> | <u>41,059</u> | <u>-</u> |
| | <u>\$ 9,309,779</u> | <u>\$ 1,205,709</u> | <u>\$ 92,915</u> | <u>\$ 150,637</u> |

The amounts reported as deferred outflows of resources related to pensions and OPEB resulting from District contributions subsequent to the measurement date will be recognized as an increase in the net asset or a reduction of the net liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and OPEB will be recognized as expenses as follows:

| Year ending <u>June 30,</u> | Pension | Health |
|--------------------------------|---------------------|--------------------|
| 2022 | \$ 1,244,930 | \$ (16,069) |
| 2023 | 1,413,063 | (12,108) |
| 2024 | 1,251,056 | (12,562) |
| 2025 | 1,070,259 | (14,766) |
| 2026 | 288,818 | (21,811) |
| Thereafter | <u>210,211</u> | <u>(21,465)</u> |
| | <u>\$ 5,478,337</u> | <u>\$ (98,781)</u> |

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2021

13. Pension and other postemployment benefits (continued):

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

PSPDCRP plan – District employees who are regularly assigned hazardous duty and are not members of PSPRS participate in the PSPDCRP. The PSPDCRP is a defined contribution pension plan. The PSPRS Board of Trustees governs the PSPDCRP according to the provisions of A.R.S. Title 38, Chapter 5, Article 4.1. Benefit terms, including contribution requirements, are established by State statute.

For the year ended June 30, 2021, active PSPDCRP members were required by statute to contribute at least 9 percent of the members' annual covered payroll, and the District was required by statute to contribute 9 percent of active members' annual covered payroll to an individual employee account. Employees are immediately vested in their own contributions and the earnings on those contributions. Employees vest in a portion of the District's contributions each year as set forth in statute. The plan retains nonvested District contributions when forfeited because of employment terminations.

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Required Supplementary Information

SEDONA FIRE DISTRICT

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

YEAR ENDED JUNE 30, 2021

| | Budgeted amounts | | Actual | Variance with final budget - positive (negative) |
|----------------------------------|--------------------|--------------------|---------------------|--------------------------------------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| Property taxes | \$ 15,378,074 | \$ 15,378,074 | \$ 15,504,591 | \$ 126,517 |
| Fire district assistance tax | 404,094 | 404,094 | 391,699 | (12,395) |
| Charges for services | 2,963,339 | 2,963,339 | 3,810,241 | 846,902 |
| Grants and contributions | - | - | 388,062 | 388,062 |
| Investment earnings | 50,000 | 50,000 | 28,241 | (21,759) |
| Total revenues | <u>18,795,507</u> | <u>18,795,507</u> | <u>20,122,834</u> | <u>1,327,327</u> |
| Expenditures: | | | | |
| Department: | | | | |
| Fire chief | 275,480 | 275,480 | 251,365 | 24,115 |
| Fire board | 77,825 | 77,825 | 64,322 | 13,503 |
| Pension board | 825 | 825 | 420 | 405 |
| Assistant chief | 642,130 | 642,130 | 608,316 | 33,814 |
| Operations wages & benefits | 11,330,178 | 11,330,178 | 11,104,784 | 225,394 |
| Training | 270,569 | 270,569 | 213,566 | 57,003 |
| Emergency medical service | 404,966 | 404,966 | 439,742 | (34,776) |
| Logistics | 124,855 | 124,855 | 124,874 | (19) |
| Mental health services | 18,311 | 18,311 | 7,075 | 11,236 |
| HazMat | 2,500 | 2,500 | 752 | 1,748 |
| Rope/Tower rescue | 62,950 | 62,950 | 61,775 | 1,175 |
| Swiftwater rescue | 54,500 | 54,500 | 12,321 | 42,179 |
| Wildland | 321,025 | 321,025 | 823,570 | (502,545) |
| Helicopter operations | 12,940 | 12,940 | 5,189 | 7,751 |
| Wellness | 24,500 | 24,500 | 13,152 | 11,348 |
| Geographical information systems | 88,121 | 88,121 | 84,918 | 3,203 |
| sUAS | 9,500 | 9,500 | 4,280 | 5,220 |
| REMS | - | - | 261 | (261) |
| ASHER | 9,750 | 9,750 | 177 | 9,573 |
| Human resources | 438,900 | 438,900 | 405,569 | 33,331 |
| Administration | 311,520 | 311,520 | 318,502 | (6,982) |
| Finance | 123,500 | 123,500 | 151,388 | (27,888) |
| Ambulance billing | 135,346 | 135,346 | 116,692 | 18,654 |
| Fleet | 336,743 | 336,743 | 321,315 | 15,428 |
| Telecommunications | 1,031,298 | 1,031,298 | 1,366,603 | (335,305) |
| Ambulance fleet | 38,200 | 38,200 | 24,009 | 14,191 |
| Community risk reduction | 430,990 | 430,990 | 433,046 | (2,056) |
| Facilities | 416,483 | 416,483 | 400,996 | 15,487 |
| Debt service | 426,602 | 426,602 | 279,023 | 147,579 |
| Total expenditures | <u>17,420,507</u> | <u>17,420,507</u> | <u>17,638,002</u> | <u>(217,495)</u> |
| Revenues over expenditures | 1,375,000 | 1,375,000 | 2,484,832 | 1,109,832 |
| Other financing uses: | | | | |
| Transfers out | (1,375,000) | (1,375,000) | (435,915) | 939,085 |
| Total other financing uses | <u>(1,375,000)</u> | <u>(1,375,000)</u> | <u>(435,915)</u> | <u>939,085</u> |
| Net change in fund balance | - | - | 2,048,917 | 2,048,917 |
| Fund balance, beginning of year | - | - | 7,502,582 | 7,502,582 |
| Fund balance, end of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 9,551,499</u> | <u>\$ 9,551,499</u> |

SEDONA FIRE DISTRICT

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SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION/OPEB LIABILITY - COST SHARING PLAN (ASRS)

YEAR ENDED JUNE 30, 2021

ASRS Pension (schedule to be built prospectively from 2017; 2016 - 2012 information not available)

| Reporting date (Measurement date) | 2021 (2020) | 2020 (2019) | 2019 (2018) | 2018 (2017) | 2017 (2016) | 2016 (2015) | 2015 (2014) | 2014 (2013) | 2013 (2012) | 2012 (2011) |
|----------------------------------------------------------------------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| District's proportion of the net pension liability | 0.00889 % | 0.00915 % | 0.01136 % | 0.00119 % | 0.00752 % | - % | - % | - % | - % | - % |
| District's proportionate share of the net pension liability | \$ 1,540,328 | \$ 1,331,431 | \$ 1,584,320 | \$ 1,852,230 | \$ 1,213,804 | \$ - | \$ - | \$ - | \$ - | \$ - |
| District's covered payroll | \$ 1,031,443 | \$ 1,009,153 | \$ 1,096,722 | \$ 1,191,122 | \$ 2,257,917 | \$ - | \$ - | \$ - | \$ - | \$ - |
| District's proportionate share of the net pension liability as a percentage of its covered payroll | 149 % | 132 % | 144 % | 156 % | 54 % | - % | - % | - % | - % | - % |
| Plan fiduciary net position as a percentage of total pension liability | 69 % | 73 % | 73 % | 70 % | 67 % | - % | - % | - % | - % | - % |

ASRS Health insurance premium benefit (schedule to be built prospectively from 2018; 2017 - 2012 information not available)

| Reporting date (Measurement date) | 2021 (2020) | 2020 (2019) | 2019 (2018) | 2018 (2017) | 2017 (2016) | 2016 (2015) | 2015 (2014) | 2014 (2013) | 2013 (2012) | 2012 (2011) |
|-----------------------------------------------------------------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| District's proportion of the net OPEB (asset) | 0.009110 % | 0.009380 % | 0.011580 % | 0.012060 % | - % | - % | - % | - % | - % | - % |
| District's proportionate share of the net OPEB (asset) | \$ (6,450) | \$ (2,592) | \$ (4,170) | \$ (6,565) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| District's covered payroll | \$ 1,031,443 | \$ 1,009,153 | \$ 1,096,722 | \$ 1,191,122 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| District's proportionate share of the net OPEB (asset) as a percentage of its covered payroll | (0.63)% | (0.26)% | (0.38)% | (0.55)% | - % | - % | - % | - % | - % | - % |
| Plan fiduciary net position as a percentage of total OPEB (asset) | 104 % | 102 % | 102 % | 104 % | - % | - % | - % | - % | - % | - % |

See accompanying notes to required supplementary information

SEDONA FIRE DISTRICT

DRAFT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION/OPEB LIABILITY - COST SHARING PLAN (ASRS) (CONTINUED)

YEAR ENDED JUNE 30, 2021

ASRS Long-term disability (schedule to be built prospectively from 2018; 2017 - 2012 information not available)

| Reporting date (Measurement date) | 2021 (2020) | 2020 (2019) | 2019 (2018) | 2018 (2017) | 2017 (2016) | 2016 (2015) | 2015 (2014) | 2014 (2013) | 2013 (2012) | 2012 (2011) |
|-------------------------------------------------------------------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| District's proportion of the net OPEB liability | 0.009020 % | 0.009300 % | 0.011390 % | 0.011930 % | - % | - % | - % | - % | - % | - % |
| District's proportionate share of the net OPEB liability | \$ 6,843 | \$ 6,058 | \$ 5,951 | \$ 4,324 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| District's covered payroll | \$ 1,031,443 | \$ 1,009,153 | \$ 1,096,722 | \$ 1,191,122 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| District's proportionate share of the net OPEB liability as a percentage of its covered payroll | 0.66 % | 0.60 % | 0.54 % | 0.36 % | - % | - % | - % | - % | - % | - % |
| Plan fiduciary net position as a percentage of total OPEB liability | 68 % | 72 % | 78 % | 84 % | - % | - % | - % | - % | - % | - % |

See accompanying notes to required supplementary information

SEDONA FIRE DISTRICT

DRAFT

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

YEAR ENDED JUNE 30, 2021

(schedule to be built prospectively from 2015; 2014 - 2012 information not available)

| Reporting date (Measurement date) | 2021 (2020) | 2020 (2019) | 2019 (2018) | 2018 (2017) | 2017 (2016) | 2016 (2015) | 2015 (2014) | 2014 (2013) | 2013 (2012) | 2012 (2011) |
|-------------------------------------------------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------|----------------|----------------|
| Total pension liability | | | | | | | | | | |
| Service cost | \$ 1,377,065 | \$ 1,540,304 | \$ 1,513,340 | \$ 1,577,674 | \$ 1,143,169 | \$ 1,093,148 | \$ 1,059,059 | \$ - | \$ - | \$ - |
| Interest | 3,715,867 | 3,474,858 | 3,227,907 | 2,824,842 | 2,331,046 | 2,196,227 | 1,891,123 | - | - | - |
| Benefit changes | - | - | - | 456,851 | 2,952,696 | - | 257,095 | - | - | - |
| Difference between expected and actual experience | 1,471,476 | (889,477) | (732,633) | 894,577 | 1,192,872 | (292,230) | (176,426) | - | - | - |
| Assumption changes | - | 1,447,824 | - | 1,538,701 | 1,503,877 | - | 1,813,376 | - | - | - |
| Benefit payments, including refunds of employee contributions | <u>(1,438,689)</u> | <u>(1,492,352)</u> | <u>(1,417,806)</u> | <u>(1,191,520)</u> | <u>(1,550,908)</u> | <u>(1,058,531)</u> | <u>(890,653)</u> | - | - | - |
| Net change in total pension liability | <u>5,125,719</u> | <u>4,081,157</u> | <u>2,590,808</u> | <u>6,101,125</u> | <u>7,572,752</u> | <u>1,938,614</u> | <u>3,953,574</u> | - | - | - |
| Total pension liability, beginning | <u>50,244,567</u> | <u>46,163,410</u> | <u>43,572,602</u> | <u>37,471,477</u> | <u>29,898,725</u> | <u>27,690,111</u> | <u>24,006,537</u> | - | - | - |
| Total pension liability, ending (a) | <u>\$ 55,370,286</u> | <u>\$ 50,244,567</u> | <u>\$ 46,163,410</u> | <u>\$ 43,572,602</u> | <u>\$ 37,471,477</u> | <u>\$ 29,628,725</u> | <u>\$ 27,960,111</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Plan fiduciary net position | | | | | | | | | | |
| Contributions - employer | \$ 2,374,006 | \$ 2,378,158 | \$ 1,657,931 | \$ 1,514,118 | \$ 1,403,963 | \$ 1,135,765 | \$ 1,099,300 | \$ - | \$ - | \$ - |
| Contributions - employee | 555,554 | 557,924 | 586,204 | 890,854 | 847,430 | 642,980 | 592,699 | - | - | - |
| Net investment income | 361,648 | 1,378,012 | 1,573,197 | 2,322,647 | 110,412 | 638,219 | 1,990,781 | - | - | - |
| Benefit payments, including refunds of employee contributions | (1,438,689) | (1,492,352) | (1,417,806) | (1,191,520) | (1,550,908) | (1,058,531) | (890,653) | - | - | - |
| Hall/Parker settlement | - | - | - | - | - | - | - | - | - | - |
| Administrative expenses | (29,490) | (24,943) | (24,644) | (20,952) | (16,288) | (15,962) | - | - | - | - |
| Other | - | - | 259 | (299,461) | 47,884 | (13,308) | 4,823 | - | - | - |
| Net change in fiduciary net position | <u>1,823,029</u> | <u>2,796,799</u> | <u>2,375,141</u> | <u>3,215,686</u> | <u>842,493</u> | <u>1,329,163</u> | <u>2,796,950</u> | - | - | - |
| Plan fiduciary net position, beginning | <u>27,700,852</u> | <u>24,904,053</u> | <u>22,528,912</u> | <u>19,313,226</u> | <u>18,470,733</u> | <u>17,141,570</u> | <u>14,344,620</u> | - | - | - |
| Adjustment to beginning of year | 2 | - | - | - | - | - | - | - | - | - |
| Plan fiduciary net position, ending (b) | <u>\$ 29,523,883</u> | <u>\$ 27,700,852</u> | <u>\$ 24,904,053</u> | <u>\$ 22,528,912</u> | <u>\$ 19,313,226</u> | <u>\$ 18,470,733</u> | <u>\$ 17,141,570</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Net pension liability, ending (a) - (b) | \$ 25,846,403 | \$ 22,543,715 | \$ 21,259,357 | \$ 21,043,690 | \$ 18,158,251 | \$ 11,157,992 | \$ 10,818,541 | \$ - | \$ - | \$ - |
| Plan fiduciary net position as a percentage of total pension liability | 53.32 % | 55.08 % | 54.00 % | 52.00 % | 52.00 % | 62.00 % | 61.00 % | - % | - % | - % |
| Covered valuation payroll | \$ 7,126,602 | \$ 7,315,708 | \$ 6,906,592 | \$ 6,308,825 | \$ 5,961,626 | \$ 5,827,104 | \$ 5,694,542 | \$ - | \$ - | \$ - |
| Net pension liability as a percentage of covered valuation payroll | 362.67 % | 308.48 % | 308.00 % | 334.00 % | 305.00 % | 196.00 % | 190.00 % | - % | - % | - % |

See accompanying notes to required supplementary information

SEDONA FIRE DISTRICT

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

YEAR ENDED JUNE 30, 2021

(schedule to be built prospectively from 2018; 2017 - 2012 information not available)

| Reporting date (Measurement date) | 2021 (2020) | 2020 (2019) | 2019 (2018) | 2018 (2017) | 2017 (2016) | 2016 (2015) | 2015 (2014) | 2014 (2013) | 2013 (2012) | 2012 (2011) |
|----------------------------------------------------------------------------|-------------------|-------------------|-------------------|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Total OPEB liability | | | | | | | | | | |
| Service cost | \$ 26,964 | \$ 18,838 | \$ 18,838 | \$ 19,349 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Interest on total OPEB liability | 60,722 | 65,307 | 60,759 | 58,005 | - | - | - | - | - | - |
| Benefit changes | - | - | - | 5,829 | - | - | - | - | - | - |
| Difference between expected and actual experience | (41,497) | (141,359) | 1,518 | 8,790 | - | - | - | - | - | - |
| Assumption changes | - | 17,064 | - | (17,065) | - | - | - | - | - | - |
| Benefit payments | <u>(29,176)</u> | <u>(30,696)</u> | <u>(27,460)</u> | <u>(26,505)</u> | - | - | - | - | - | - |
| Net change in total OPEB liability | 17,013 | (70,846) | 53,655 | 48,403 | - | - | - | - | - | - |
| Total OPEB liability, beginning | <u>808,187</u> | <u>879,033</u> | <u>825,378</u> | <u>776,975</u> | - | - | - | - | - | - |
| Total OPEB liability, ending (a) | <u>\$ 825,200</u> | <u>\$ 808,187</u> | <u>\$ 879,033</u> | <u>\$ 825,378</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Plan fiduciary net position | | | | | | | | | | |
| Contributions - employer | \$ 38,115 | \$ 36,432 | \$ 17,702 | \$ 37,790 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Contributions - employee | - | - | - | - | - | - | - | - | - | - |
| Net investment income | 7,558 | 30,045 | 36,293 | 54,768 | - | - | - | - | - | - |
| Benefit payments, including refunds of employee contributions | (29,176) | (30,696) | (27,460) | (26,505) | - | - | - | - | - | - |
| Administrative expenses | (615) | (519) | (553) | (483) | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - | - | - | - |
| Net change in fiduciary net position | 15,882 | 35,262 | 25,982 | 65,570 | - | - | - | - | - | - |
| Plan fiduciary net position, beginning | <u>587,570</u> | <u>552,308</u> | <u>526,326</u> | <u>460,756</u> | - | - | - | - | - | - |
| Adjustment to beginning of year | - | - | - | - | - | - | - | - | - | - |
| Plan fiduciary net position, ending (b) | <u>\$ 603,452</u> | <u>\$ 587,570</u> | <u>\$ 552,308</u> | <u>\$ 526,326</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Net OPEB liability (asset), ending (a) - (b) | \$ 221,748 | \$ 220,617 | \$ 326,725 | \$ 299,052 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Plan fiduciary net position as a percentage of total OPEB liability | 73.13 % | 75.65 % | 62.83 % | 63.77 % | - % | - % | - % | - % | - % | - % |
| Covered valuation payroll | \$ 7,126,602 | \$ 7,315,708 | \$ 6,906,592 | \$ 6,308,825 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Net OPEB liability as a percentage of covered valuation payroll | 3.11 % | 2.69 % | 4.73 % | 4.74 % | - % | - % | - % | - % | - % | - % |

See accompanying notes to required supplementary information

SEDONA FIRE DISTRICT

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SCHEDULE OF PENSION/OPEB CONTRIBUTIONS

YEAR ENDED JUNE 30, 2021

ASRS Pension (schedule to be built prospectively from 2016; 2015 - 2012 information not available)

| Reporting fiscal year | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|----------------------------------------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|-------------|-------------|-------------|-------------|
| Statutorily required contribution | \$ 121,184 | \$ 118,616 | \$ 119,080 | \$ 126,123 | \$ 128,403 | \$ 244,984 | \$ - | \$ - | \$ - | \$ - |
| Contributions in relation to the contractually required contribution | <u>121,184</u> | <u>118,616</u> | <u>119,080</u> | <u>126,123</u> | <u>128,403</u> | <u>244,984</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| District's covered payroll | \$ - | \$ 1,031,443 | \$ 1,009,153 | \$ 1,096,722 | \$ 1,191,122 | \$ 2,257,917 | \$ - | \$ - | \$ - | \$ - |
| Contributions as a percentage of covered payroll | DIV/0 % | 11.50 % | 11.80 % | 11.50 % | 10.78 % | 10.85 % | - % | - % | - % | - % |

ASRS Health insurance premium benefit (schedule to be built prospectively from 2018; 2017 - 2012 information not available)

| Reporting fiscal year | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|----------------------------------------------------------------------|--------------|--------------|--------------|--------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Arizona State Retirement System (ASRS) | | | | | | | | | | |
| Statutorily required contribution | \$ 4,057 | \$ 5,076 | \$ 2,621 | \$ 2,283 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Contributions in relation to the contractually required contribution | <u>4,057</u> | <u>5,076</u> | <u>2,621</u> | <u>2,283</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| District's covered payroll | \$ - | \$ 1,031,443 | \$ 1,009,153 | \$ 1,096,722 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Contributions as a percentage of covered payroll | DIV/0 % | 0.49 % | 0.26 % | 0.21 % | - % | - % | - % | - % | - % | - % |

ASRS Long-term disability (schedule to be built prospectively from 2018; 2017 - 2012 information not available)

| Reporting fiscal year | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|----------------------------------------------------------------------|--------------|--------------|--------------|--------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Statutorily required contribution | \$ 1,872 | \$ 1,761 | \$ 912 | \$ 830 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Contributions in relation to the contractually required contribution | <u>1,872</u> | <u>1,761</u> | <u>912</u> | <u>830</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| District's covered payroll | \$ - | \$ 1,031,443 | \$ 1,009,153 | \$ 1,096,722 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Contributions as a percentage of covered payroll | DIV/0 % | 0.17 % | 0.09 % | 0.08 % | - % | - % | - % | - % | - % | - % |

See accompanying notes to required supplementary information

SEDONA FIRE DISTRICT

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SCHEDULE OF PENSION/OPEB CONTRIBUTIONS (CONTINUED)

YEAR ENDED JUNE 30, 2021

PSPRS Pension (schedule to be built prospectively from 2014; 2013 - 2012 information not available)

| Reporting fiscal year | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|----------------------------------------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|-------------|-------------|
| Statutorily required contribution | \$ 2,625,733 | \$ 2,475,069 | \$ 2,621,218 | \$ 2,366,889 | \$ 1,514,118 | \$ 1,403,963 | \$ 1,135,765 | \$ 1,099,300 | \$ - | \$ - |
| Contributions in relation to the contractually required contribution | <u>2,625,733</u> | <u>2,475,069</u> | <u>2,621,218</u> | <u>2,366,889</u> | <u>1,514,118</u> | <u>1,403,963</u> | <u>1,135,765</u> | <u>1,099,300</u> | <u>-</u> | <u>-</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| District's covered payroll | \$ - | \$ 7,126,602 | \$ 7,315,708 | \$ 6,906,592 | \$ 6,308,825 | \$ 5,961,626 | \$ 5,827,104 | \$ 5,694,542 | \$ - | \$ - |
| Contributions as a percentage of covered payroll | DIV/0 % | 34.73 % | 35.83 % | 34.27 % | 24.00 % | 23.55 % | 19.49 % | 19.30 % | - % | - % |

PSPRS Health (schedule to be built prospectively from 2018; 2017 - 2012 information not available)

| Reporting fiscal year | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|----------------------------------------------------------------------|---------------|---------------|---------------|---------------|---------------|-------------|-------------|-------------|-------------|-------------|
| Statutorily required contribution | \$ 41,059 | \$ 41,337 | \$ 40,236 | \$ 40,058 | \$ 37,790 | \$ - | \$ - | \$ - | \$ - | \$ - |
| Contributions in relation to the contractually required contribution | <u>41,059</u> | <u>41,337</u> | <u>40,236</u> | <u>40,058</u> | <u>37,790</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| District's covered payroll | \$ - | \$ 7,126,602 | \$ 7,315,708 | \$ 6,906,592 | \$ 6,308,825 | \$ - | \$ - | \$ - | \$ - | \$ - |
| Contributions as a percentage of covered payroll | DIV/0 % | 0.58 % | 0.55 % | 0.58 % | 0.60 % | - % | - % | - % | - % | - % |

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2021

1. Budgetary requirements and basis of accounting:

The District is required, under Arizona Revised Statutes, to adopt a budget each fiscal year and to submit it to the county treasurer and the county board of supervisors no later than the first day of August of each year; under the statute only, the general fund must legally adopt an annual budget. The adopted budget is on the modified accrual basis of accounting, which is a legally allowable basis for budgetary purposes.

All annual appropriations lapse at fiscal yearend. The District is subject to expenditure limitations under Arizona Revised Statutes. Statutes also do not permit the District to incur debt in excess of the tax levy outstanding and to be collected plus the available and unencumbered cash on deposit. The limitation is applied to the total of the combined governmental funds.

2. Expenditures in excess of appropriations

For the year ended June 30, 2021, expenditures that exceeded final budget amounts at the department level (the legal level of budgetary controls) were as follows:

| Department | Excess |
|---------------------------|-----------|
| Emergency medical service | \$ 34,776 |
| Logistics | 19 |
| Wildland | 502,545 |
| REMS | 261 |
| Administration | 6,982 |
| Finance | 27,888 |
| Tellecommunications | 335,305 |
| Community risk reduction | 2,056 |

The excess expenditures for departments listed above were primarily the result of unexpected expenditures incurred. As unexpected expenditures become known, and if a department will exceed their overall budget, a request is made to transfer budget dollars from another department to cover the needed funds. This is done by prioritizing projects not yet completed to ensure that the overall budget is not exceeded.

3. Pension and OPEB plan schedules:

Actuarially determined contribution rates:

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

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)

YEAR ENDED JUNE 30, 2021

3. Pension and OPEB plan schedules (continued):

Actuarially determined contribution rates (continued):

| | |
|------------------------------------------------------------------|-------------------------------------------|
| Actuarial cost method | Entry age normal |
| Amortization method | Level percent-of-pay, closed |
| Remaining amortization period as of the 2019 actuarial valuation | 17 years |
| Asset valuation method | 7-year smoothed market; 80%/120% corridor |

Actuarial assumptions:

| | |
|---------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Investment rate of return | PSPRS members with initial membership date before July 1, 2017: In the 2017 actuarial valuation, the investment rate of return was decreased from 7.5% to 7.4%. In the 2016 actuarial valuation, the investment rate of return was decreased from 7.85% to 7.5%. In the 2013 actuarial valuation, the investment rate of return was decreased from 8.0% to 7.85%. PSPRS members with initial membership on or after July 1, 2017: 7% |
| Salary increase | In the 2017 actuarial valuation, projected salary increases were decreased from 4.0% - 8.0% to 3.5% - 7.5%. In the 2014 actuarial valuation, projected salary increases were decreased from 4.5% - 8.5% to 4.0% - 8.0%. In the 2013 actuarial valuation, projected salary increases were decreased from 5.0% - 9.0% to 4.5% - 8.5%. |
| Wage growth | In the 2017 actuarial valuation, wage growth was decreased from 4% to 3.5%. In the 2014 actuarial valuation, wage growth was decreased from 4.5% to 4.0%. In the 2013 actuarial valuation, wage growth was decreased from 5.0% to 4.5%. |
| Retirement age | Experience-based table of rates that is specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period July 1, 2006 - June 30, 2011. |
| Mortality | In the 2017 actuarial valuation, changed to RP-2014 tables, with 75% of MP-2016 fully generational projection scales. RP-2000 mortality table (adjusted by 105% for both males and females). |

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)**YEAR ENDED JUNE 30, 2021**

3. Pension and OPEB plan schedules (continued):

Factors that affect trends:

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

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STATISTICAL SECTION

Statistical Section

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

This section contains the following tables and information:

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

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

| | Fiscal year | | | | | | | | | |
|--------------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|----------------------|----------------------|----------------------|
| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
| Governmental Activities | | | | | | | | | | |
| Net investment in capital assets | \$ 10,646,706 | \$ 10,877,872 | \$ 10,274,303 | \$ 10,601,147 | \$ 10,527,674 | \$ 12,260,788 | \$ 11,526,003 | \$ 9,845,373 | \$ 7,463,341 | \$ 10,075,596 |
| Restricted | - | - | - | - | - | - | - | - | - | - |
| Unrestricted | <u>(7,603,510)</u> | <u>(8,182,771)</u> | <u>(8,697,583)</u> | <u>(9,042,490)</u> | <u>(8,980,277)</u> | <u>(7,110,822)</u> | <u>(7,870,753)</u> | <u>3,193,858</u> | <u>5,993,175</u> | <u>5,224,634</u> |
| Total governmental activities net position | <u>\$ 3,043,196</u> | <u>\$ 2,695,101</u> | <u>\$ 1,576,720</u> | <u>\$ 1,558,657</u> | <u>\$ 1,547,397</u> | <u>\$ 5,149,966</u> | <u>\$ 3,655,250</u> | <u>\$ 13,039,231</u> | <u>\$ 13,456,516</u> | <u>\$ 15,300,230</u> |

Source: District financial records.

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

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

| | Fiscal year | | | | | | | | | |
|--------------------------------------------------|---------------------|---------------------|---------------------|---------------------|-----------------------|---------------------|---------------------|---------------------|-----------------------|-----------------------|
| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
| Expenses | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Public Safety | \$ 19,728,386 | \$ 17,568,317 | \$ 17,948,007 | \$ 17,350,320 | \$ 19,575,479 | \$ 14,460,489 | \$ 14,898,434 | \$ 13,969,082 | \$ 13,898,395 | \$ 12,338,872 |
| Interest on long-term debt | <u>17,825</u> | <u>25,362</u> | <u>39,448</u> | <u>57,035</u> | <u>62,934</u> | <u>54,373</u> | <u>62,800</u> | <u>71,305</u> | <u>14,843</u> | <u>15,481</u> |
| Total primary government expenses | <u>19,746,211</u> | <u>17,593,679</u> | <u>17,987,455</u> | <u>17,407,355</u> | <u>19,638,413</u> | <u>14,514,862</u> | <u>14,961,234</u> | <u>14,040,387</u> | <u>13,913,238</u> | <u>12,354,353</u> |
| Program revenues | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Charges for services | 3,867,457 | 3,414,547 | 3,251,501 | 3,366,345 | 3,001,437 | 3,589,703 | 3,346,335 | 3,775,525 | 3,542,235 | 2,716,022 |
| Capital grants & contributions | <u>388,062</u> | <u>8,486</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total primary government revenues | <u>4,255,519</u> | <u>3,423,033</u> | <u>3,251,501</u> | <u>3,366,345</u> | <u>3,001,437</u> | <u>3,589,703</u> | <u>3,346,335</u> | <u>3,775,525</u> | <u>3,542,235</u> | <u>2,716,022</u> |
| Total primary government net expenses | <u>(15,490,692)</u> | <u>(14,170,646)</u> | <u>(14,735,954)</u> | <u>(14,041,010)</u> | <u>(16,636,976)</u> | <u>(10,925,159)</u> | <u>(11,614,899)</u> | <u>(10,264,862)</u> | <u>(10,371,003)</u> | <u>(9,638,331)</u> |
| General revenues & other changes in net position | | | | | | | | | | |
| Property taxes | 15,381,007 | 14,729,928 | 14,165,985 | 13,693,634 | 12,506,631 | 11,795,526 | 10,195,346 | 9,299,936 | 8,052,016 | 8,123,048 |
| Fire district assistance tax | 391,699 | 381,644 | 364,331 | 335,932 | 328,039 | 325,319 | 343,729 | 325,393 | 355,533 | 395,975 |
| Investment earnings | 43,431 | 155,754 | 108,453 | 62,066 | 21,581 | 18,187 | 14,214 | 18,697 | 16,322 | 14,275 |
| Other | - | - | 115,248 | 117,912 | 178,156 | 280,843 | 240,246 | 203,551 | 103,418 | 90,357 |
| Gain (loss) on sale of capital assets | <u>22,650</u> | <u>21,701</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(107,796)</u> |
| Total primary government | <u>15,838,787</u> | <u>15,289,027</u> | <u>14,754,017</u> | <u>14,209,544</u> | <u>13,034,407</u> | <u>12,419,875</u> | <u>10,793,535</u> | <u>9,847,577</u> | <u>8,527,289</u> | <u>8,515,859</u> |
| Change in net position | | | | | | | | | | |
| Total primary government | <u>\$ 348,095</u> | <u>\$ 1,118,381</u> | <u>\$ 18,063</u> | <u>\$ 168,534</u> | <u>\$ (3,602,569)</u> | <u>\$ 1,494,716</u> | <u>\$ (821,364)</u> | <u>\$ (417,285)</u> | <u>\$ (1,843,714)</u> | <u>\$ (1,122,472)</u> |

Source: District financial records.

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

| | Fiscal year | | | | | | | | | |
|-------------------------------------------|----------------------|----------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
| General fund | | | | | | | | | | |
| Nonspendable | \$ 187,793 | \$ 96,749 | \$ 98,618 | \$ 139,774 | \$ 95,607 | \$ 219,469 | \$ 122,733 | \$ 108,551 | \$ 122,892 | \$ 155,263 |
| Restricted | - | - | - | - | - | - | - | - | - | - |
| Committed | 7,363,706 | 5,405,833 | 6,547,845 | 4,333,571 | 3,269,325 | 1,567,717 | 1,963,147 | 357,317 | 1,151,389 | - |
| Assigned | - | - | - | - | - | - | - | - | - | - |
| Unassigned | <u>2,000,000</u> | <u>2,000,000</u> | <u>2,000,000</u> | <u>2,000,000</u> | <u>2,000,000</u> | <u>2,000,000</u> | <u>2,000,000</u> | <u>2,455,975</u> | <u>1,947,467</u> | <u>1,637,843</u> |
| Total general fund | <u>\$ 9,551,499</u> | <u>\$ 7,502,582</u> | <u>\$ 8,646,463</u> | <u>\$ 6,473,345</u> | <u>\$ 5,364,932</u> | <u>\$ 3,787,186</u> | <u>\$ 4,085,880</u> | <u>\$ 2,921,843</u> | <u>\$ 3,221,748</u> | <u>\$ 1,793,106</u> |
| All other governmental funds | | | | | | | | | | |
| Nonspendable | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Restricted | - | - | - | - | 175,860 | 182,599 | 43,917 | - | - | - |
| Committed | 3,483,640 | 3,468,450 | 333,356 | 365,027 | 361,232 | 1,221,291 | 192,157 | 1,304,969 | 3,955,848 | 4,489,286 |
| Assigned | - | - | - | 51,124 | - | - | - | - | - | - |
| Unassigned | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(170,928)</u> | <u>(133,206)</u> | <u>(74,720)</u> | <u>(27,175)</u> | <u>90,244</u> | <u>-</u> |
| Total all other governmental funds | <u>\$ 3,483,640</u> | <u>\$ 3,468,450</u> | <u>\$ 333,356</u> | <u>\$ 416,151</u> | <u>\$ 366,164</u> | <u>\$ 1,270,684</u> | <u>\$ 161,354</u> | <u>\$ 1,277,794</u> | <u>\$ 4,046,092</u> | <u>\$ 4,489,286</u> |
| Total governmental funds | | | | | | | | | | |
| General fund | <u>\$ 9,551,499</u> | <u>\$ 7,502,582</u> | <u>\$ 8,646,463</u> | <u>\$ 6,473,345</u> | <u>\$ 5,364,932</u> | <u>\$ 3,787,186</u> | <u>\$ 4,085,880</u> | <u>\$ 2,921,843</u> | <u>\$ 3,221,748</u> | <u>\$ 1,793,106</u> |
| Other governmental funds | <u>\$ 3,483,640</u> | <u>\$ 3,468,450</u> | <u>\$ 333,356</u> | <u>\$ 416,151</u> | <u>\$ 366,164</u> | <u>\$ 1,270,684</u> | <u>\$ 161,354</u> | <u>\$ 1,277,794</u> | <u>\$ 4,046,092</u> | <u>\$ 4,489,286</u> |
| Total | <u>\$ 13,035,139</u> | <u>\$ 10,971,032</u> | <u>\$ 8,979,819</u> | <u>\$ 6,889,496</u> | <u>\$ 5,731,096</u> | <u>\$ 5,057,870</u> | <u>\$ 4,247,234</u> | <u>\$ 4,199,637</u> | <u>\$ 7,267,840</u> | <u>\$ 6,282,392</u> |

Source: District financial records.

Note: Beginning the fiscal year ended June 30, 2019, the District reported the Grant Fund and Special Projects Fund activity as part of the General Fund.

SEDONA FIRE DISTRICT

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CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS AND DEBT SERVICE RATIO

LAST TEN FISCAL YEARS

(Modified Accrual Basis of Accounting)

| | Fiscal year | | | | | | | | | |
|---------------------------------------------------------|---------------------|---------------------|---------------------|---------------------|-------------------|-------------------|-------------------|-----------------------|--------------------|---------------------|
| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
| Revenues: | | | | | | | | | | |
| Property taxes | \$ 15,504,591 | \$ 14,689,829 | \$ 14,148,487 | \$ 13,711,069 | \$ 12,505,744 | \$ 11,917,014 | \$ 10,216,256 | \$ 9,351,954 | \$ 8,076,428 | \$ 8,193,826 |
| Fire district assistance tax | 391,699 | 381,644 | 364,331 | 335,932 | 328,039 | 325,319 | 343,729 | 325,393 | 355,533 | 395,975 |
| Charges for services | 3,810,241 | 3,441,316 | 2,267,552 | 2,111,096 | 2,000,544 | 2,183,027 | 3,002,785 | 2,907,567 | 3,013,145 | 2,293,911 |
| Grants and contributions | 388,062 | 8,486 | 33,694 | 7,528 | - | 98,332 | 116,524 | - | - | - |
| Investment earnings | 43,431 | 155,754 | 108,453 | 62,066 | 21,581 | 18,187 | 14,214 | 18,696 | 16,323 | 14,275 |
| Other | - | - | 1,111,557 | 1,280,069 | 1,172,165 | 1,681,349 | 509,126 | 872,606 | 640,567 | 512,470 |
| Total revenues | <u>20,138,024</u> | <u>18,677,029</u> | <u>18,034,074</u> | <u>17,507,760</u> | <u>16,028,073</u> | <u>16,223,228</u> | <u>14,202,634</u> | <u>13,476,216</u> | <u>12,101,996</u> | <u>11,410,457</u> |
| Expenditures: | | | | | | | | | | |
| Public Safety | 17,358,979 | 15,195,965 | 15,364,825 | 15,323,236 | 13,970,284 | 14,063,235 | 13,457,496 | 13,125,569 | 12,722,529 | 11,363,278 |
| Capital outlay | 458,565 | 1,233,704 | 213,285 | 540,873 | 957,547 | 1,541,480 | 207,736 | 3,197,682 | 614,343 | 106,519 |
| Debt service: | | | | | | | | | | |
| Principal | 261,198 | 254,406 | 384,363 | 428,215 | 416,115 | 323,698 | 427,002 | 349,863 | 139,315 | 117,583 |
| Interest | 17,825 | 25,362 | 39,448 | 57,036 | 62,934 | 54,376 | 62,803 | 71,305 | 14,843 | 15,481 |
| Total expenditures | <u>18,096,567</u> | <u>16,709,437</u> | <u>16,001,921</u> | <u>16,349,360</u> | <u>15,406,880</u> | <u>15,982,789</u> | <u>14,155,037</u> | <u>16,744,419</u> | <u>13,491,030</u> | <u>11,602,861</u> |
| Excess (deficiency) of revenues | <u>2,041,457</u> | <u>1,967,592</u> | <u>2,032,153</u> | <u>1,158,400</u> | <u>621,193</u> | <u>240,439</u> | <u>47,597</u> | <u>(3,268,203)</u> | <u>(1,389,034)</u> | <u>(192,404)</u> |
| Other financing sources | | | | | | | | | | |
| Proceeds from sale of capital assets | 22,650 | 23,621 | - | - | - | - | - | - | - | - |
| Issuance of capital lease obligations | - | - | 58,170 | - | 52,033 | 570,197 | - | 200,000 | 2,374,482 | - |
| Total other financing sources | <u>22,650</u> | <u>23,621</u> | <u>58,170</u> | <u>-</u> | <u>52,033</u> | <u>570,197</u> | <u>-</u> | <u>200,000</u> | <u>2,374,482</u> | <u>-</u> |
| Net change in fund balance | <u>\$ 2,064,107</u> | <u>\$ 1,991,213</u> | <u>\$ 2,090,323</u> | <u>\$ 1,158,400</u> | <u>\$ 673,226</u> | <u>\$ 810,636</u> | <u>\$ 47,597</u> | <u>\$ (3,068,203)</u> | <u>\$ 985,448</u> | <u>\$ (192,404)</u> |
| Debt service as a percentage of noncapital expenditures | <u>1.58 %</u> | <u>1.81 %</u> | <u>2.68 %</u> | <u>3.07 %</u> | <u>3.32 %</u> | <u>2.62 %</u> | <u>3.51 %</u> | <u>3.11 %</u> | <u>1.20 %</u> | <u>1.16 %</u> |

Source: District financial records.

SEDONA FIRE DISTRICT

ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS

| Fiscal year | Commercial, Industrial, Utilities, & Mines | Agriculture & Vacant | Residential (owner occupied) | Residential (rental) | Railroad | Less: Tax exempt real property | Total | | | Assessed value as a % of actual value |
|-------------|--------------------------------------------|----------------------|------------------------------|----------------------|----------|--------------------------------|------------------------|-----------------|-----------------------------|---------------------------------------|
| | | | | | | | Taxable assessed value | Direct tax rate | Estimated real market value | |
| 2012 | \$ 127,065,321 | \$ 93,182,940 | \$ 271,666,260 | \$ 105,775,838 | \$ - | \$ 18,052,970 | \$ 579,637,389 | \$ 1.40 | \$ 4,931,129,812 | 11.75 % |
| 2013 | 108,863,122 | 79,834,416 | 231,527,055 | 90,623,373 | - | 14,244,052 | 496,603,914 | 1.63 | 4,265,570,141 | 11.64 |
| 2014 | 139,494,141 | 63,722,486 | 148,352,424 | 124,682,711 | - | 14,329,320 | 461,922,442 | 2.02 | 4,021,395,498 | 11.49 |
| 2015 | 126,313,931 | 70,257,159 | 157,346,245 | 142,599,690 | - | 14,522,301 | 481,994,724 | 2.13 | 4,237,420,048 | 11.37 |
| 2016 | 128,050,787 | 68,246,542 | 161,526,897 | 148,005,769 | - | 14,268,399 | 491,561,596 | 2.43 | 4,365,673,829 | 11.26 |
| 2017 | 132,555,598 | 66,435,729 | 166,089,321 | 161,351,433 | - | 15,483,042 | 510,949,039 | 2.45 | 4,607,865,088 | 11.09 |
| 2018 | 146,054,411 | 67,894,659 | 174,049,102 | 169,887,277 | - | 19,250,105 | 538,635,344 | 2.54 | 4,871,656,794 | 11.06 |
| 2019 | 154,703,001 | 69,848,258 | 184,762,938 | 177,793,965 | - | 19,844,964 | 567,263,198 | 2.45 | 5,123,184,947 | 11.07 |
| 2020 | 113,345,923 | 72,153,227 | 245,579,614 | 176,420,639 | - | 19,113,674 | 588,385,729 | 2.50 | 5,332,971,200 | 11.03 |
| 2021 | 118,660,033 | 73,354,699 | 255,812,953 | 192,553,205 | - | 20,194,973 | 620,185,917 | 2.48 | 5,634,289,461 | 11.01 |

Source: Yavapai and Coconino County Tax Assessor

SEDONA FIRE DISTRICT

PROPERTY TAX RATES - ALL DIRECT AND OVERLAPPING GOVERNMENTS

LAST TEN FISCAL YEARS

| Fiscal year | Overlapping Rates | | | | | | | | | Total direct and overlapping rates |
|-------------|----------------------|----------------|-----------------|---------------------|--------------------------------|----------------------------|------------------------------|-------------------|------------|------------------------------------|
| | Sedona Fire District | Yavapai County | Coconino County | School Equalization | Cottonwood Oak School District | Sedona Oak School District | Beaver Creek School District | Community College | | |
| 2012 | \$ 1.4000 | \$ 3.2838 | \$ 0.4303 | \$ 0.4259 | \$ 3.7810 | \$ 1.7689 | \$ 3.5434 | \$ 0.3649 | \$ 14.9982 | |
| 2013 | 1.6300 | 3.7868 | 0.4480 | 0.4717 | 4.0483 | 1.4144 | 3.7985 | 0.3875 | 15.9852 | |
| 2014 | 2.0200 | 4.2672 | 0.5466 | 0.5123 | 4.1354 | 2.0619 | 4.8725 | 0.4636 | 18.8795 | |
| 2015 | 2.1330 | 4.3275 | 0.5466 | 0.5123 | 4.3664 | 2.2260 | 4.6128 | 0.4788 | 19.2034 | |
| 2016 | 2.4250 | 4.3092 | 0.5646 | 0.5089 | 4.6103 | 2.1256 | 4.7125 | 0.4864 | 19.7425 | |
| 2017 | 2.4470 | 4.2476 | 0.5788 | 0.5010 | 4.1014 | 2.1914 | 4.6894 | 0.4909 | 19.2475 | |
| 2018 | 2.5418 | 4.0113 | 0.5678 | 0.4875 | 4.0552 | 2.0085 | 4.3284 | 0.4816 | 18.4821 | |
| 2019 | 2.4531 | 4.1601 | 0.5413 | 0.4566 | 4.1601 | 1.9305 | 4.1655 | 0.4592 | 18.3264 | |
| 2020 | 2.5040 | 4.3314 | 0.5293 | 0.4566 | 2.8577 | 3.1032 | 5.2438 | 2.9286 | 21.9546 | |
| 2021 | 2.4796 | 2.8201 | 0.5180 | 0.4263 | 2.7889 | 4.8048 | 5.1056 | 0.4394 | 19.3827 | |

Source: Yavapai and Coconino County Tax Assessor

SEDONA FIRE DISTRICT

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PRINCIPAL PROPERTY TAXPAYERS

CURRENT AND NINE YEARS AGO

| | | June 30, 2021 | |
|---------------------------------|------------------|-----------------------|----------------------------------------|
| Taxpayer | Type of business | Assessed value | Percent of total assessed valuation |
| Arizona Public Service Company | Utility | \$ 8,951,362 | 1.44 % |
| New Enchantment LLC | Recreation | 6,880,624 | 1.11 % |
| HTS-CHC (Sedona) LLC | Church | 6,037,822 | 0.97 % |
| 90 Ridge Trail Drive Sedona LLC | Recreation | 5,051,267 | 0.81 % |
| Sedona Vacation Club Inc | Recreation | 3,855,632 | 0.62 % |
| Diamondback AZ LA Owner LLC | Recreation | 3,017,722 | 0.49 % |
| KHP V Sedona LLC | Recreation | 2,589,653 | 0.42 % |
| Poco Diablo Resort LLC | Recreation | 2,472,317 | 0.40 % |
| Signature Resorts Inc | Recreation | 2,197,261 | 0.35 % |
| Sedona Hospitality Group | Hospitality | 2,177,806 | 0.35 % |
| | | <u>\$ 43,231,466</u> | <u>6.96 %</u> |
| Total assessed value | | <u>\$ 620,185,917</u> | |

| | | June 30, 2012 | |
|--------------------------------|------------------|-----------------------|----------------------------------------|
| Taxpayer | Type of business | Assessed value | Percent of total assessed valuation |
| Arizona Public Service Company | Utility | \$ 7,026,297 | 1.21 % |
| New Enchantment LLC | Recreation | 5,361,237 | 0.92 % |
| HTS-CHC (Sedona) LLC | Church | 4,703,951 | 0.81 % |
| Massachusetts Mutual Life | Service | 4,282,700 | 0.74 % |
| Poco Diablo Resort LLC | Recreation | 2,851,671 | 0.49 % |
| ILX Acquisition Inc | Real Estate | 2,840,333 | 0.49 % |
| L'Auberge Orchards LLC | Recreation | 2,720,160 | 0.47 % |
| Amara Resort | Recreation | 2,483,070 | 0.43 % |
| TLAG Partners LLC | Recreation | 2,082,146 | 0.36 % |
| Rams Shopping Center LLC | Real Estate | 1,917,219 | 0.33 % |
| | | <u>\$ 36,268,784</u> | <u>6.25 %</u> |
| Total assessed value | | <u>\$ 579,637,389</u> | |

Source: Yavapai and Coconino County Assessor

SEDONA FIRE DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN FISCAL YEARS

| Fiscal year | Operating property tax levy | Tax roll corrections | Property tax levy (adjusted) | Collected within the fiscal year of the levy | | Collections in subsequent years | Total collections to date | |
|-------------|-----------------------------|----------------------|------------------------------|----------------------------------------------|-----------|---------------------------------|---------------------------|-----------|
| | | | | Amount | % of levy | | Amount | % of levy |
| 2012 | \$ 8,094,341 | \$ (15,203) | \$ 8,079,138 | \$ 7,819,660 | 96.79 % | \$ 244,833 | \$ 8,064,326 | 99.82 % |
| 2013 | 8,061,882 | (4,628) | 8,057,254 | 7,872,135 | 97.70 % | 174,465 | 8,046,600 | 99.87 % |
| 2014 | 9,334,409 | (15,510) | 9,318,899 | 9,158,865 | 98.28 % | 153,495 | 9,312,360 | 99.93 % |
| 2015 | 10,219,722 | (2,452) | 10,217,270 | 10,042,492 | 98.29 % | 170,300 | 10,212,792 | 99.96 % |
| 2016 | 11,923,256 | (5,090) | 11,918,166 | 11,722,392 | 98.36 % | 194,167 | 11,916,260 | 99.98 % |
| 2017 | 12,519,018 | (10,832) | 12,507,100 | 12,221,265 | 97.71 % | 285,689 | 12,506,512 | 100.00 % |
| 2018 | 13,695,785 | 559 | 13,694,313 | 13,504,763 | 98.62 % | 145,191 | 13,649,650 | 99.67 % |
| 2019 | 13,970,502 | 6,328 | 13,972,635 | 13,797,552 | 98.75 % | 107,604 | 13,906,334 | 99.53 % |
| 2020 | 14,743,570 | 4,977 | 14,748,547 | 14,388,058 | 97.56 % | 350,456 | 14,388,058 | 97.56 % |
| 2021 | 15,388,825 | 739 | 15,389,564 | 15,159,211 | 98.50 % | - | 15,159,211 | 98.50 % |

Source: Yavapai and Coconino County Treasurer

RATIOS OF GENERAL BONDED DEBT OUTSTANDING

LAST TEN FISCAL YEARS

| Fiscal year | General obligation bonds | | Capital lease debt | Total outstanding debt | | |
|-------------|--------------------------|---------------|--------------------|------------------------|-----------------|-------------------------------|
| | Outstanding | Legal limit | | Amount | Debt per capita | Percentage of personal income |
| 2012 | \$ - | \$ 34,528,024 | \$ 250,219 | \$ 250,219 | 0.72 | 0.00 % |
| 2013 | - | 27,310,849 | 2,485,386 | 2,485,386 | 7.17 | 0.02 % |
| 2014 | - | 25,379,823 | 2,335,523 | 2,335,523 | 6.58 | 0.02 % |
| 2015 | - | 27,011,162 | 1,908,521 | 1,908,521 | 5.31 | 0.01 % |
| 2016 | - | 27,338,658 | 2,155,020 | 2,155,020 | 5.94 | 0.02 % |
| 2017 | - | 28,866,007 | 1,790,935 | 1,790,935 | 4.85 | 0.01 % |
| 2018 | - | 30,955,401 | 1,362,720 | 1,362,720 | 3.64 | 0.01 % |
| 2019 | - | 32,999,265 | 1,036,527 | 1,036,527 | 2.73 | 0.01 % |
| 2020 | - | 34,521,023 | 782,121 | 782,121 | 2.05 | - % |
| 2021 | - | 36,690,232 | 520,923 | 520,923 | 1.30 | 0.00 % |

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

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

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

| Governmental Unit | Debt outstanding at June 30, 2021 | Estimated percentage applicable | Estimated share of overlapping debt |
|-----------------------------------|--------------------------------------|---------------------------------------|----------------------------------------|
| Debt repaid with property taxes: | | | |
| Yavapai County | \$ 12,393,000 | 11.41 % | \$ 1,414,041 |
| Coconino County | - | - | - |
| Cottonwood Oak School District | 11,230,000 | 11.41 % | 1,281,343 |
| Sedona Oak School District | 24,625,000 | 11.41 % | 2,809,713 |
| Coconino Community College | - | - | - |
| Subtotal, overlapping debt | | | <u>5,505,097</u> |
| Sedona Fire District direct debt | | | <u>520,923</u> |
| Total direct and overlapping debt | | | <u><u>\$ 6,026,020</u></u> |

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

Source: Arizona Department of Administration

SEDONA FIRE DISTRICT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

| | Fiscal year | | | | | | | | | |
|-------------------------------------------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
| Net assessed value | \$ 620,185,917 | \$ 588,385,729 | \$ 567,263,198 | \$ 538,635,344 | \$ 510,949,039 | \$ 491,561,296 | \$ 481,994,725 | \$ 461,922,441 | \$ 496,603,914 | \$ 579,637,390 |
| Debt limit rate | 6 % | 6 % | 6 % | 6 % | 6 % | 6 % | 6 % | 6 % | 6 % | 6 % |
| Debt limit | 37,211,155 | 35,303,144 | 34,035,792 | 32,318,121 | 30,656,942 | 29,493,678 | 28,919,684 | 27,715,346 | 29,796,235 | 34,778,243 |
| Less bond and lease obligations | <u>(520,923)</u> | <u>(782,121)</u> | <u>(1,036,527)</u> | <u>(1,362,720)</u> | <u>(1,790,935)</u> | <u>(2,155,020)</u> | <u>(1,908,521)</u> | <u>(2,335,523)</u> | <u>(2,485,386)</u> | <u>(250,219)</u> |
| Legal debt margin | <u>\$ 36,690,232</u> | <u>\$ 34,521,023</u> | <u>\$ 32,999,265</u> | <u>\$ 30,955,401</u> | <u>\$ 28,866,007</u> | <u>\$ 27,338,658</u> | <u>\$ 27,011,163</u> | <u>\$ 25,379,823</u> | <u>\$ 27,310,849</u> | <u>\$ 34,528,024</u> |
| Total net debt applicable to the limit as a percentage of debt limit | 1.40 % | 2.22 % | 3.05 % | 4.22 % | 5.84 % | 7.31 % | 6.60 % | 8.43 % | 8.34 % | 0.72 % |

DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST TEN FISCAL YEARS

| <u>Fiscal year</u> | <u>Population (Coconino & Yavapai County)</u> | <u>Personal income (thousands of dollars)</u> | <u>Per capita income (Coconino & Yavapai County)</u> | <u>Unemployment rate (Coconino County)</u> | <u>Unemployment rate (Yavapai County)</u> |
|--------------------|-----------------------------------------------------------|-------------------------------------------------------|------------------------------------------------------------------|----------------------------------------------------|---------------------------------------------------|
| 2012 | 345,212 | 11,284,464 | 66,987 | 8.8 % | 9.1 % |
| 2013 | 346,594 | 11,550,356 | 67,704 | 8.2 % | 8.3 % |
| 2014 | 354,729 | 12,081,643 | 70,333 | 7.2 % | 6.6 % |
| 2015 | 359,380 | 13,037,891 | 75,024 | 6.6 % | 5.9 % |
| 2016 | 362,749 | 13,759,933 | 78,265 | 6.3 % | 5.1 % |
| 2017 | 369,421 | 14,341,448 | 80,558 | 5.8 % | 4.5 % |
| 2018 | 374,534 | 15,046,051 | 83,664 | 5.3 % | 4.4 % |
| 2019 | 379,123 | 16,227,555 | 88,441 | 5.7 % | 4.6 % |
| 2020 | 381,752 | 16,788,767 | 90,582 | 13.3 % | 8.5 % |
| 2021 | 388,607 | 17,292,430 | 96,219 | 3.6 % | 2.6 % |

Sources: Office of Economic Opportunity - Arizona Labor Statistics

SEDONA FIRE DISTRICT

DRAFT

PRINCIPAL EMPLOYERS

CURRENT AND NINE YEARS AGO

| Employer | June 30, 2021 | |
|-------------------------------------------------------|---------------|------|
| | Employees | Rank |
| Enchantment Resorts | 556 | 1 |
| L'Auberge De Sedona Resort | 550 | 2 |
| Hilton Resort & Spa | 380 | 3 |
| Orchards Inn | 220 | 4 |
| City of Sedona | 146 | 5 |
| Arizona Elder Care | 120 | 6 |
| Sedona/Oak Creek School District | 115 | 7 |
| Kachina Point Rehabilitation Hospital | 110 | 8 |
| Verde Valley Medical Center/ Sedona Emergency Dept | 110 | 9 |
| Picazzo's Healthy Italian Kitchen | 80 | 10 |
| Total | 2,387 | |

| Employer | June 30, 2012 | |
|----------------------------|---------------|------|
| | Employees | Rank |
| Enchantment Resorts | 480 | 1 |
| Sunterra Resorts | 400 | 2 |
| Diamond Resorts | 275 | 3 |
| L'Auberge de Sedona Resort | 220 | 4 |
| Hilton Resort & Spa | 195 | 5 |
| Arizona Elder Care | 180 | 6 |
| Pink Jeep Tours | 143 | 7 |
| Sedona Rouge | 110 | 8 |
| Orchards Inn | 104 | 9 |
| Radisson Resort | 87 | 10 |
| Total | 2,194 | |

Source: Estimate of various employers and sources

SEDONA FIRE DISTRICT
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

| Function | Fiscal year | | | | | | | | | |
|-----------------------------------------------------------------------------|-------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
| Public safety | | | | | | | | | | |
| Emergency medical service calls | 3,190 | 2,805 | 3,047 | 3,146 | 2,981 | 3,234 | 3,115 | 2,835 | 2,655 | 2,731 |
| Fire responses | 62 | 75 | 63 | 95 | 65 | 59 | 51 | 72 | 77 | 88 |
| Other responses - including hazardous materials, mutual aid, public service | 895 | 901 | 797 | 847 | 854 | 819 | 781 | 744 | 770 | 807 |
| Miscellaneous - including false alarms, good intent | 622 | 637 | 480 | 424 | 389 | 353 | 406 | 392 | 320 | 277 |
| Total | 4,769 | 4,418 | 4,387 | 4,512 | 4,289 | 4,465 | 4,353 | 4,043 | 3,822 | 3,903 |

Source: various District departments

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

| Function | Fiscal year | | | | | | | | | |
|----------------------------|-------------|------|------|------|------|------|------|------|------|------|
| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
| Public Safety | | | | | | | | | | |
| Fire and rescue service | 80 | 80 | 75 | 80 | 76 | 73 | 75 | 79 | 77 | 69 |
| Fire prevention | 2 | 2 | 2 | 3 | 2 | 1 | 2 | 2 | 2 | 1 |
| Administrative and support | 13 | 15 | 16 | 15 | 15 | 17 | 25 | 25 | 27 | 30 |
| Total | 95 | 97 | 93 | 98 | 93 | 91 | 102 | 106 | 106 | 100 |

Source: District HR department

SEDONA FIRE DISTRICT
CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS

| Function | Fiscal year | | | | | | | | | |
|---------------------|-------------|------|------|------|------|------|------|------|------|------|
| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
| Public safety | | | | | | | | | | |
| Number of Stations | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 |
| Equipment: | | | | | | | | | | |
| Engines | 8 | 8 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 |
| Ladder trucks | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Brush rigs | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Rescue units | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Tenders | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Squad/support units | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |

Source: District logistics department

January 18, 2022

Governing Board
Sedona Fire District
2860 Southwest Dr.
Sedona, Arizona 86336

We have audited the financial statements of the governmental activities and each major fund of Sedona Fire District for the year ended June 30, 2021. Professional standards require that we provide you with information about our responsibilities under auditing standards generally accepted in the United States of America and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated August 5, 2021. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Sedona Fire District are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2021. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

Management's estimate of the contractual allowance and bad debt calculation for ambulance receivables is based on prior experience and management's assessment of collectibility of specific accounts.

Management provides depreciation on equipment and other capital assets using the straight-line method over the estimated useful lives of the assets.

Management records pension/OPEB expense, deferred inflows/outflows, and net pension/OPEB liability based on the estimates prepared by third-party actuaries.

We evaluated the key factors and assumptions used to develop the estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The attached schedule 'Summary of Uncorrected Audit Adjustments' summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. The attached schedule 'Audit Results Summary' summarizes the misstatements detected as a result of audit procedures and corrected by management.

Disagreements with Management

For purposes of this letter, a disagreement with management is a disagreement on a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to management's discussion and analysis, budgetary comparison information, and the pension plan and other postemployment benefit plan information, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were not engaged to report on the introductory section and statistical section, which accompany the financial statements but are not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

We included a paragraph in our report required by Government Auditing Standards on compliance with regulatory requirements in connection with the audited financial statements. Our report expressed negative assurance about the District's compliance with the provisions of the Arizona Revised Statutes section 48-805.02, subsection G based on the procedures done in the financial statement.

Restriction on Use

This information is intended solely for the information and use of the Governing Board and management of Sedona Fire District and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Beach Fleischman PC

SUMMARY OF UNCORRECTED AUDIT ADJUSTMENTS
6/30/2021

| <u>Description</u> | <u>Debit (Credit) in category</u> | | | | |
|------------------------------|--------------------------------------------------------------|------------------------------------------------------------------|-------------------------------------|-----------------|-----------------------------------|
| | <u>Assets and Deferred Outflows of Resources</u> | <u>Liabilities and Deferred Inflows of Resources</u> | <u>Net Assets/ Fund Balance</u> | <u>Revenues</u> | <u>Expenses/ Expenditures</u> |
| Prior year turnaround effect | \$ - | \$ - | \$ 83,194 | \$ - | \$ (83,194) |
| Current year: | | | | | |
| | - | - | - | - | - |
| Current year effect | - | - | - | - | - |
| Total adjustments | - | - | 83,194 | - | (83,194) |
| Income effect | - | - | (83,194) | - | - |
| Totals | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (83,194)</u> |



Sedona Fire District Monthly Financial Report

Monthly Financial Report – December 2021

Attached are the following for your information and review:

1. Balance Sheet as of December 31, 2021.
2. Summary of reconciled cash balances on December 31, 2021.
3. Income Statement of Revenues and Expenditures for December 2021, including budget to actual and year-to-date balances.
4. Graphs for December 2021.
5. Fixed Asset Additions and Disposals Schedule FY21.
6. Monthly Disbursement Report.
7. 12-Month Cash Flow.

Key points:

- Total Revenue for December is \$2,259,915 which is \$278,307 over budget.
 - Tax Revenue for December is \$1,923,746 which is \$153,118 over budget.
 - Non-Tax Revenue for December is \$336,168 which is \$125,188 over budget.
 - Misc Revenue is \$94,804 over budget due to deposit from AZ Smart and Safe Fund (prop 207)
- Total Expenses for December are \$1,963,229 which is \$100,982 over budget.
 - Personnel is \$84,671 over budget, driven by health insurance October November and December premiums all paid in December
- YTD Revenue is \$13,291,424 which is \$943,129 over budget
 - Tax Revenue is \$11,023,052 which is \$277,252 over budget
 - Non-Tax Revenue is \$2,268,372 which is \$665,877 over budget
 - Ambulance revenue is \$450,091 over budget
 - Wildland revenue is \$81,537 over budget
 - Misc revenue is \$84,961 over budget
- YTD Expense is \$8,839,354 which is \$641,612 under budget
 - Personnel cost \$558,340 under budget

Please contact the Finance Director for any questions or concerns regarding this report.

Sedona Fire District
Balance Sheet
As of December 31, 2021

| | Dec 31, 21 | Dec 31, 20 | \$ Change |
|----------------------------------------|----------------------|----------------------|---------------------|
| ASSETS | | | |
| Current Assets | | | |
| Checking/Savings | | | |
| 1000 · Bill.com Money Out Clearing | 0.00 | 300.00 | -300.00 |
| 1010 · Capital Reserves Fund | 3,488,606.49 | 3,480,506.84 | 8,099.65 |
| 1050 · Chase - Operating Account | 374,735.91 | 154,300.28 | 220,435.63 |
| 1060 · Chase - Payroll Account | 328,343.60 | 203,981.90 | 124,361.70 |
| 1070 · County General Fund | 12,148,632.06 | 9,507,239.05 | 2,641,393.01 |
| Total Checking/Savings | 16,340,318.06 | 13,346,328.07 | 2,993,989.99 |
| Accounts Receivable | | | |
| 1200 · Accounts Receivable* | 35,487.52 | 30,828.44 | 4,659.08 |
| 1202 · Ambulance Billings Receivable | 748,838.74 | 338,845.58 | 409,993.16 |
| 1204 · ND Fire Billing Receivables | -600.73 | 545,041.86 | -545,642.59 |
| 1206 · Property Tax - Receivable | 235,619.22 | 361,478.27 | -125,859.05 |
| Total Accounts Receivable | 1,019,344.75 | 1,276,194.15 | -256,849.40 |
| Other Current Assets | | | |
| 12000 · Undeposited Funds | 8,069.91 | 6,821.49 | 1,248.42 |
| 1320 · Prepaid Expenses | 47,803.26 | 101,255.65 | -53,452.39 |
| 1900 · Suspense | -2,156.42 | -9,963.00 | 7,806.58 |
| Total Other Current Assets | 53,716.75 | 98,114.14 | -44,397.39 |
| Total Current Assets | 17,413,379.56 | 14,720,636.36 | 2,692,743.20 |
| Fixed Assets | | | |
| 1400 · Accumulated Depreciation | -13,324,750.48 | -12,527,118.92 | -797,631.56 |
| 1410 · Building and Other Improvements | 9,173,168.86 | 8,949,198.30 | 223,970.56 |
| 1412 · Furniture and Equipment | 6,043,211.71 | 5,903,746.14 | 139,465.57 |
| 1413 · Land | 2,054,578.48 | 2,054,578.48 | 0.00 |
| 1414 · Vehicles | 7,594,128.67 | 7,395,137.97 | 198,990.70 |
| 1450 · CIP | 27,551.68 | 6,301.72 | 21,249.96 |
| Total Fixed Assets | 11,567,888.92 | 11,781,843.69 | -213,954.77 |
| Other Assets | | | |
| 1500 · Defer Outflows of Rsrcs - ASRS | 192,686.00 | 192,686.00 | 0.00 |
| 1510 · Defer Outflows of Rsrcs - PSPRS | 7,773,500.00 | 7,773,500.00 | 0.00 |
| 1515 · Defer Outflows Rsrcs PSPRS Tr 3 | 86,045.00 | 86,045.00 | 0.00 |
| 1520 · Defer Outflows - PSPRS OPEB | 65,347.00 | 65,347.00 | 0.00 |
| 1525 · Defer Outflows PSPRS OPEB Tr 3 | 560.00 | 560.00 | 0.00 |
| 1530 · Defer Outflows - ASRS OPEB | 13,559.00 | 13,559.00 | 0.00 |
| 1540 · Risk Pool Capitalization | 115,540.00 | 57,770.00 | 57,770.00 |
| 1815 · Net Pension Asset - PSPRS Tr 3 | 14,254.00 | 14,254.00 | 0.00 |
| 1825 · Net Pension Asset PSPRS OPEB | 1,972.00 | 1,972.00 | 0.00 |
| 1830 · Net Pension Asset ASRS OPEB | 2,592.00 | 2,592.00 | 0.00 |
| Total Other Assets | 8,266,055.00 | 8,208,285.00 | 57,770.00 |
| TOTAL ASSETS | 37,247,323.48 | 34,710,765.05 | 2,536,558.43 |
| LIABILITIES & EQUITY | | | |
| Liabilities | | | |
| Current Liabilities | | | |
| Accounts Payable | | | |
| 2000 · Accounts Payable | 136,244.67 | 111,213.70 | 25,030.97 |
| Total Accounts Payable | 136,244.67 | 111,213.70 | 25,030.97 |

Sedona Fire District
Balance Sheet
As of December 31, 2021

| | Dec 31, 21 | Dec 31, 20 | \$ Change |
|----------------------------------------|----------------------|----------------------|---------------------|
| Credit Cards | | | |
| 2001 · Bank of America Credit Card | 837.06 | 6,383.06 | -5,546.00 |
| 2002 · Wells Fargo Credit Card | -255.11 | 0.00 | -255.11 |
| 2003 · National Bank of Arizona Credit | 18,501.06 | 10,916.06 | 7,585.00 |
| Total Credit Cards | 19,083.01 | 17,299.12 | 1,783.89 |
| Other Current Liabilities | | | |
| 2010 · Accrued Employee Leave | 1,552,680.45 | 1,482,660.67 | 70,019.78 |
| 2012 · Lease Purchase Liabilities | 608.20 | 1,182.18 | -573.98 |
| 2014 · Defer Inflows of Rsrcs - ASRS | 326,006.00 | 326,006.00 | 0.00 |
| 2015 · Defer Inflows of Rsrcs - PSPRS | 1,485,100.00 | 1,485,100.00 | 0.00 |
| 2016 · Deferred Revenue | 0.00 | 48,894.44 | -48,894.44 |
| 2017 · Federal PR Taxes Payable | -0.01 | 0.00 | -0.01 |
| 2018 · HSA Deduction | 2,548.90 | 7,722.14 | -5,173.24 |
| 2021 · Payroll Liabilities | 801.40 | 7,046.25 | -6,244.85 |
| 2022 · Retirement Payable | 247,897.34 | 256,946.23 | -9,048.89 |
| 2049 · Defer Inflows of Rsrcs PSPRS T3 | 439.00 | 439.00 | 0.00 |
| 2050 · Defer Inflows OPEB PSPRS | 134,743.00 | 134,743.00 | 0.00 |
| 2051 · Defer Inflows OPEB ASRS | 7,618.00 | 7,618.00 | 0.00 |
| 2054 · Defer Inflows PSPRS OPEB TR3 | 373.00 | 373.00 | 0.00 |
| Total Other Current Liabilities | 3,758,815.28 | 3,758,730.91 | 84.37 |
| Total Current Liabilities | 3,914,142.96 | 3,887,243.73 | 26,899.23 |
| Long Term Liabilities | | | |
| 2052 · Net Pension Liab OPEB PSPRS | 196,782.00 | 196,782.00 | 0.00 |
| 2053 · Net Pension Liab OPEB ASRS | 6,058.00 | 6,058.00 | 0.00 |
| 2200 · NBAZ Station Loan | 380,228.60 | 624,689.13 | -244,460.53 |
| 2201 · Net Pension Liability - ASRS | 1,331,431.00 | 1,331,431.00 | 0.00 |
| 2202 · Net Pension Liability - PSPRS | 22,567,549.00 | 22,567,549.00 | 0.00 |
| 2203 · Stryker Financing Lease | 7,409.76 | 37,832.26 | -30,422.50 |
| Total Long Term Liabilities | 24,489,458.36 | 24,764,341.39 | -274,883.03 |
| Total Liabilities | 28,403,601.32 | 28,651,585.12 | -247,983.80 |
| Equity | | | |
| 3000 · Opening Balance Equity | 5,149,965.20 | 5,149,965.20 | 0.00 |
| 3010 · Fund Balance | -2,425,281.46 | -2,425,281.46 | 0.00 |
| 3200 · Unrestricted Net Assets | 1,666,968.55 | -29,583.50 | 1,696,552.05 |
| Net Income | 4,452,069.87 | 3,364,079.69 | 1,087,990.18 |
| Total Equity | 8,843,722.16 | 6,059,179.93 | 2,784,542.23 |
| TOTAL LIABILITIES & EQUITY | 37,247,323.48 | 34,710,765.05 | 2,536,558.43 |

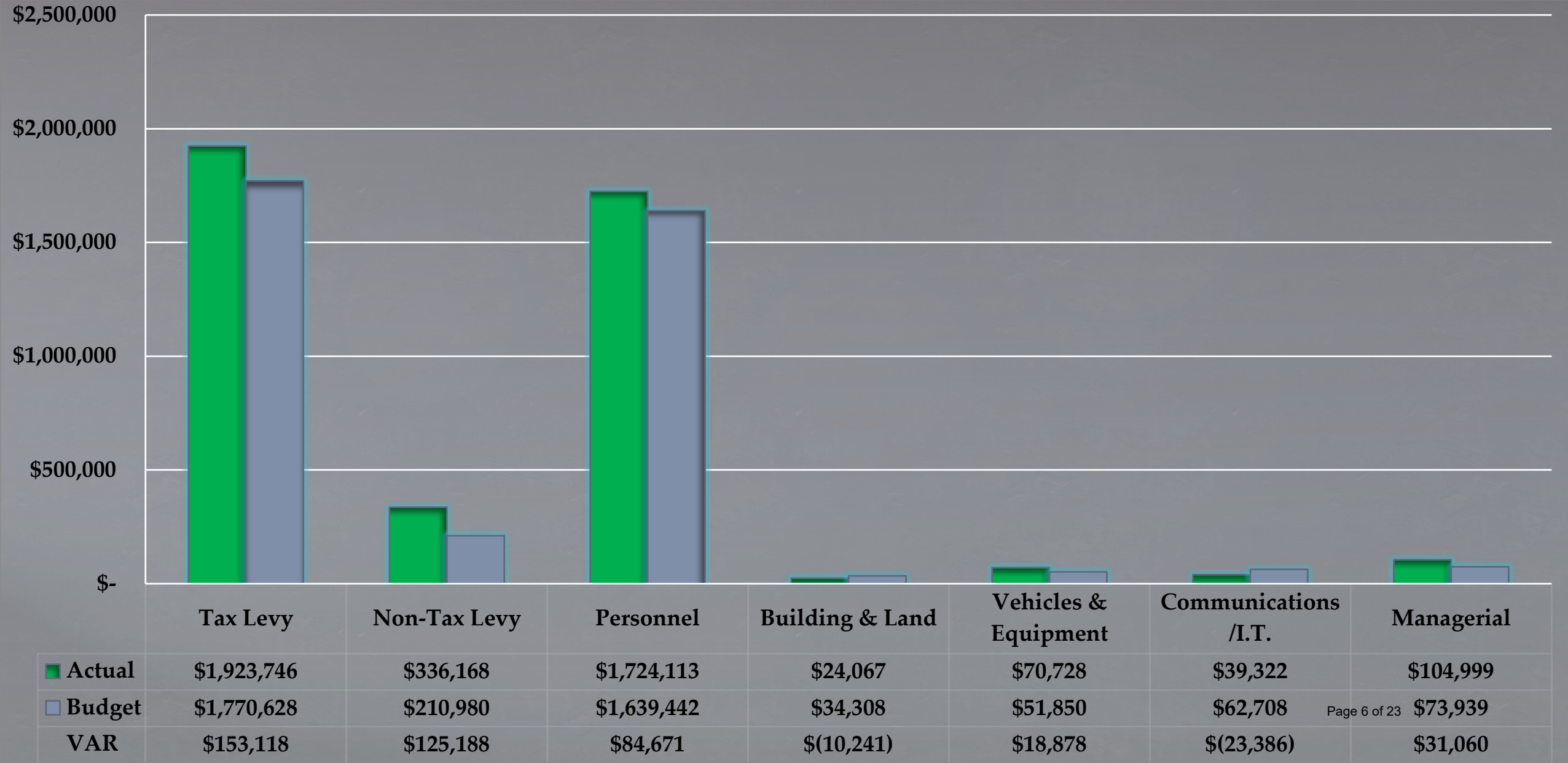
Sedona Fire District
Summary of Reconciled Cash Balances
 Period Ending 12/31/2021

| | County General Fund | Capital Reserves | Chase Operating Account | Chase Payroll Account |
|------------------------------------------|-----------------------------|----------------------------|-------------------------------|--------------------------|
| | <u>12/31/2021</u> | <u>12/31/2021</u> | <u>12/31/2021</u> | <u>12/31/2021</u> |
| Beginning Balance | 10,991,473.79 | 3,487,332.68 | 423,960.34 | 211,370.29 |
| Cleared Transactions | | | | |
| Checks and Payments | (1,135,279.04) | - | (454,108.79) | (1,333,026.69) |
| Deposits and Credits | 2,199,597.81 | 1,273.81 | 403,040.50 | 1,450,000.00 |
| Total Cleared Transactions | <u>1,064,318.77</u> | <u>1,273.81</u> | <u>(51,068.29)</u> | <u>116,973.31</u> |
| Cleared Balance | <u><u>12,055,792.56</u></u> | <u><u>3,488,606.49</u></u> | <u><u>372,892.05</u></u> | <u><u>328,343.60</u></u> |
| Uncleared Transactions | | | | |
| Checks and Payments | (511,712.65) | | (334.16) | - |
| Deposits and Credits | 604,552.15 | - | 2,178.02 | - |
| Total Uncleared Transactions | <u>92,839.50</u> | <u>-</u> | <u>1,843.86</u> | <u>-</u> |
| Register Balance as of 12/31/2021 | <u><u>12,148,632.06</u></u> | <u><u>3,488,606.49</u></u> | <u><u>374,735.91</u></u> | <u><u>328,343.60</u></u> |

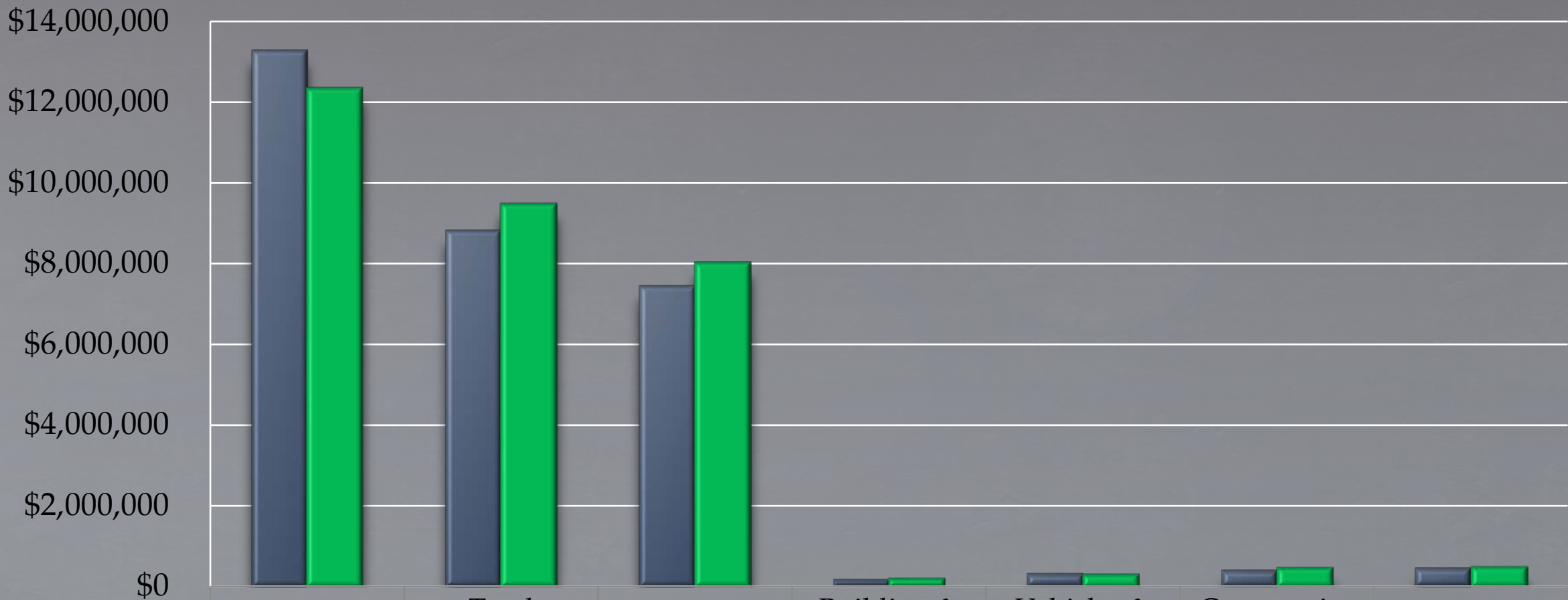
Sedona Fire District
Profit & Loss Budget Performance
December 2021

| | <u>Dec 21</u> | <u>Budget</u> | <u>\$ Over Budget</u> | <u>Jul - Dec 21</u> | <u>YTD Budget</u> | <u>\$ Over Budget</u> | <u>Annual Budget</u> |
|-----------------------------------------------|--------------------------|--------------------------|--------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| Income | | | | | | | |
| 4001 · Tax Levy Revenue | 1,923,746.43 | 1,770,628.00 | 153,118.43 | 11,023,051.86 | 10,745,800.00 | 277,251.86 | 16,679,184.00 |
| 4100 · Non-Tax Levy Revenue | 336,168.13 | 210,980.00 | 125,188.13 | 2,268,372.43 | 1,602,495.00 | 665,877.43 | 3,056,961.00 |
| Total Income | <u>2,259,914.56</u> | <u>1,981,608.00</u> | <u>278,306.56</u> | <u>13,291,424.29</u> | <u>12,348,295.00</u> | <u>943,129.29</u> | <u>19,736,145.00</u> |
| Gross Profit | 2,259,914.56 | 1,981,608.00 | 278,306.56 | 13,291,424.29 | 12,348,295.00 | 943,129.29 | 19,736,145.00 |
| Expense | | | | | | | |
| 5001 · Personnel Cost | 1,724,112.55 | 1,639,442.00 | 84,670.55 | 7,467,017.56 | 8,025,358.00 | -558,340.44 | 15,395,007.00 |
| 6001 · Building & Land | 24,066.57 | 34,308.00 | -10,241.43 | 176,996.95 | 199,848.00 | -22,851.05 | 405,700.00 |
| 6101 · Vehicles & Equipment | 70,727.70 | 51,850.00 | 18,877.70 | 321,403.94 | 303,801.00 | 17,602.94 | 614,946.00 |
| 6300 · Communications | 39,322.48 | 62,708.00 | -23,385.52 | 409,478.29 | 465,425.00 | -55,946.71 | 841,663.00 |
| 6401 · Meetings, Travel & Training | 7,187.86 | 16,460.00 | -9,272.14 | 106,272.16 | 140,726.00 | -34,453.84 | 253,894.00 |
| 7001 · Managerial Cost | 96,821.78 | 55,213.00 | 41,608.78 | 351,607.61 | 330,741.00 | 20,866.61 | 575,337.00 |
| 8001 · Other Expense | 989.80 | 2,266.00 | -1,276.20 | 6,577.91 | 15,067.00 | -8,489.09 | 26,571.14 |
| Total Expense | <u>1,963,228.74</u> | <u>1,862,247.00</u> | <u>100,981.74</u> | <u>8,839,354.42</u> | <u>9,480,966.00</u> | <u>-641,611.58</u> | <u>18,113,118.14</u> |
| Net Income | <u>296,685.82</u> | <u>119,361.00</u> | <u>177,324.82</u> | <u>4,452,069.87</u> | <u>2,867,329.00</u> | <u>1,584,740.87</u> | <u>1,623,026.86</u> |

December 2021



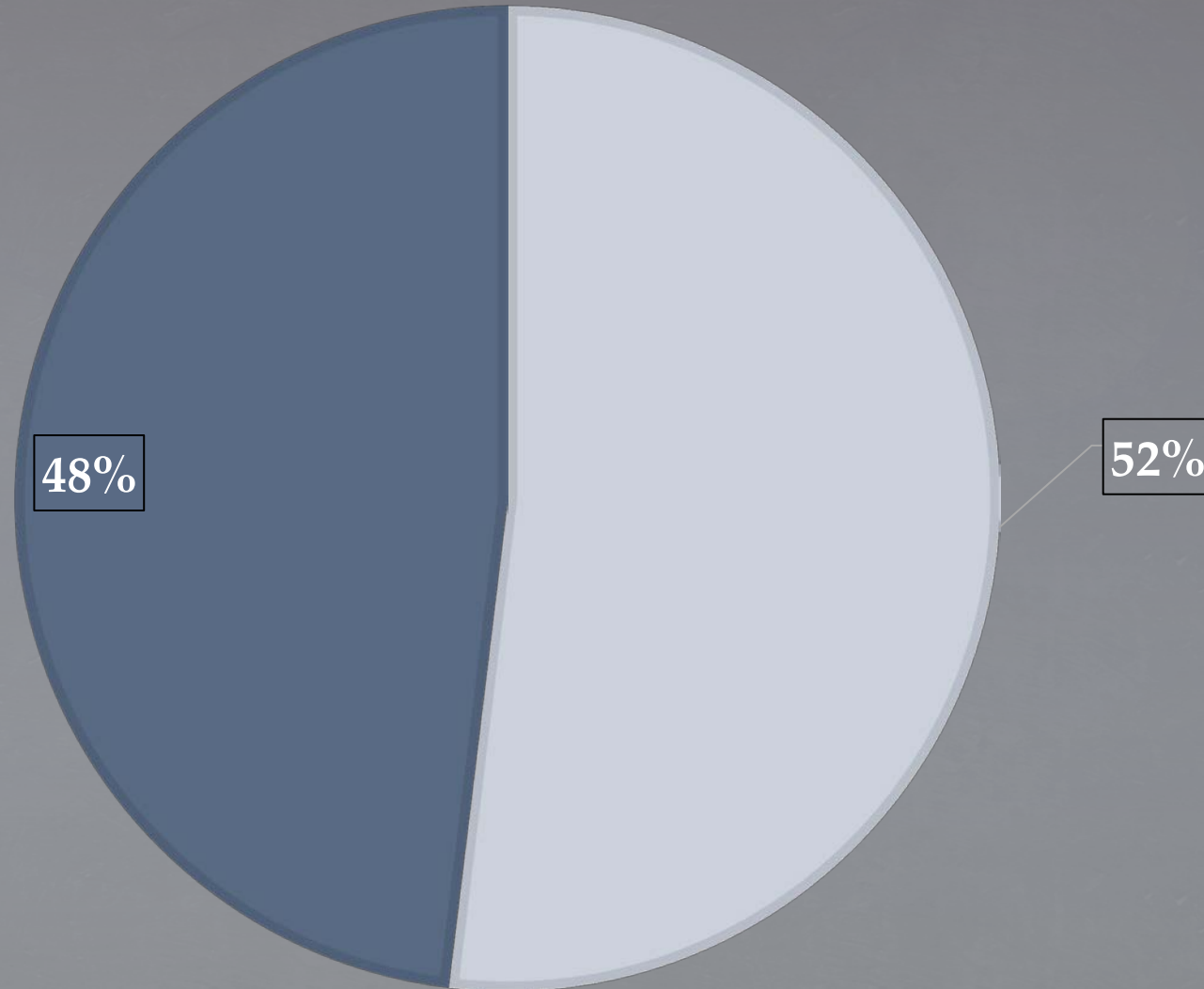
Fiscal Year to Date Budget to Actual



| | | | | | | | |
|----------------------|--------------|-------------|-------------|-----------|-----------|-----------|-----------|
| Actual | \$13,291,424 | \$8,839,354 | \$7,467,018 | \$176,997 | \$321,404 | \$409,478 | \$464,458 |
| Budget | \$12,348,295 | \$9,480,966 | \$8,025,358 | \$199,848 | \$303,801 | \$465,425 | \$486,534 |
| Budget to Actual Var | 943,129 | (641,612) | (558,340) | (22,851) | 17,603 | (55,947) | (22,076) |

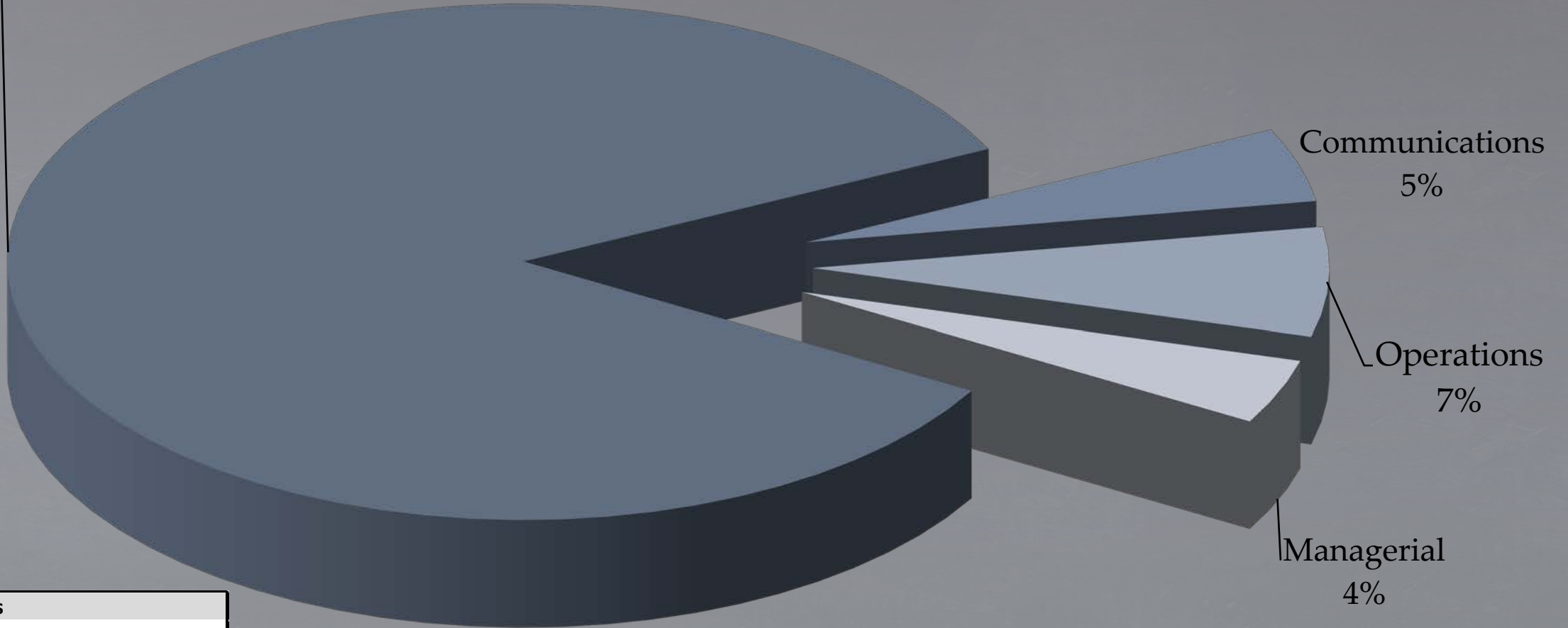
YEAR TO DATE EXPENSES AS PERCENTAGE OF BUDGET

Actual YTD Budget Remaining



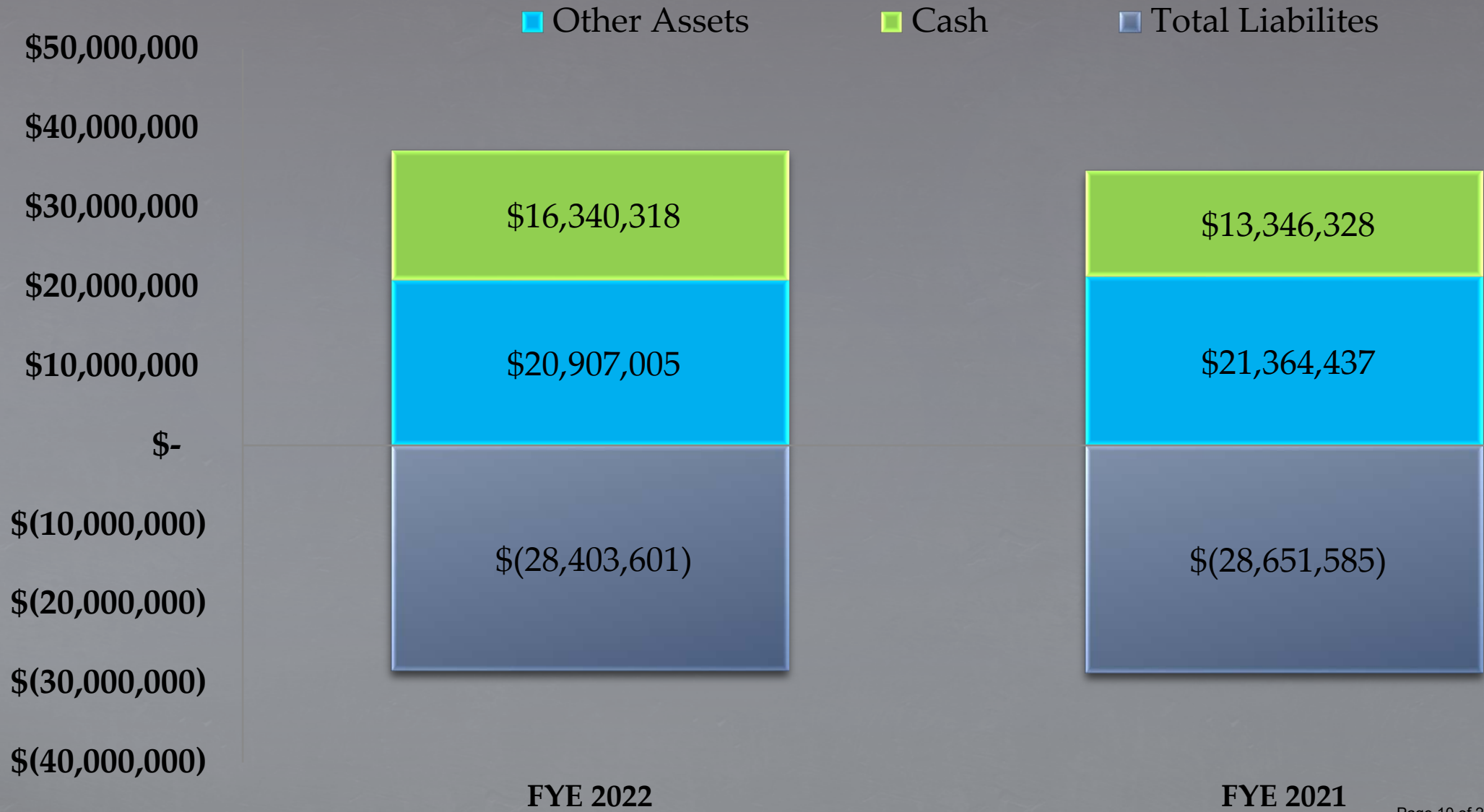
Percentage of Expenses Year to Date

Personnel
84%



| Function Expenses | |
|--------------------|--------|
| Salaries and Wages | 81.21% |
| Operations | 11.10% |
| Communications | 2.27% |
| Managerial | 5.42% |

Cash Position



Sedona Fire District

Fiscal Year
Begins: Jul-21

Twelve-Month Cash Flow

Sedona Fire District

| | Beginning | Jul-21 | Aug-21 | Sep-21 | Oct-21 | Nov-21 | Dec-21 | Jan-22 | Feb-22 | Mar-22 | Apr-22 | May-22 | Jun-22 | Monthly Average | Overview |
|-------------------------------------------------------------|------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|----------|
| Cash Summary | | | | | | | | | | | | | | | |
| Cash on Hand (beginning of month) | 12,652,592 | 12,652,592 | 11,058,368 | 10,041,875 | 9,064,055 | 14,418,564 | 15,988,295 | 16,340,318 | 15,685,831 | 14,996,262 | 14,441,636 | 15,974,737 | 15,837,558 | 13,875,008 | |
| Cash Available (on hand + receipts, before cash out) | 12,652,592 | 13,246,323 | 11,647,883 | 10,631,413 | 16,002,324 | 17,080,780 | 18,320,271 | 17,179,101 | 16,335,283 | 15,767,633 | 17,487,380 | 17,194,598 | 16,423,197 | 15,609,682 | |
| Cash Position (end of month) | 12,652,592 | 11,058,368 | 10,041,875 | 9,064,055 | 14,418,564 | 15,988,183 | 16,340,318 | 15,685,831 | 14,996,262 | 14,441,636 | 15,974,737 | 15,837,558 | 14,785,712 | 14,052,758 | |
| Cash Receipts | | | | | | | | | | | | | | | |
| Tax Levy Revenue | | 89,721 | 13,409 | 228,236 | 6,411,932 | 2,356,007 | 1,923,746 | 627,803 | 438,472 | 560,391 | 2,771,907 | 946,024 | 311,787 | 1,389,953 | |
| Non-Tax Levy Revenue | | 504,010 | 576,105 | 361,301 | 526,337 | 306,209 | 408,230 | 210,980 | 210,980 | 210,980 | 273,837 | 273,837 | 273,852 | 344,722 | |
| Line of Credit | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Total Cash Receipts | | 593,731 | 589,515 | 589,537 | 6,938,269 | 2,662,216 | 2,331,977 | 838,783 | 649,452 | 771,371 | 3,045,744 | 1,219,861 | 585,639 | 1,734,675 | |
| Cash Paid Out | | | | | | | | | | | | | | | |
| Disbursements | | 2,187,955 | 1,606,007 | 1,567,357 | 1,583,760 | 1,092,597 | 1,979,953 | 1,493,270 | 1,339,021 | 1,325,997 | 1,512,643 | 1,357,040 | 1,637,485 | 1,556,924 | |
| Capital Budget | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Repayment of LOC | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Total Cash Paid Out | | 2,187,955 | 1,606,007 | 1,567,357 | 1,583,760 | 1,092,597 | 1,979,953 | 1,493,270 | 1,339,021 | 1,325,997 | 1,512,643 | 1,357,040 | 1,637,485 | 1,556,924 | |
| | | (Actual) | (Actual) | (Actual) | (Actual) | (Actual) | (Actual) | (Budget) | (Budget) | (Budget) | (Budget) | (Budget) | (Budget) | (Budget) | |

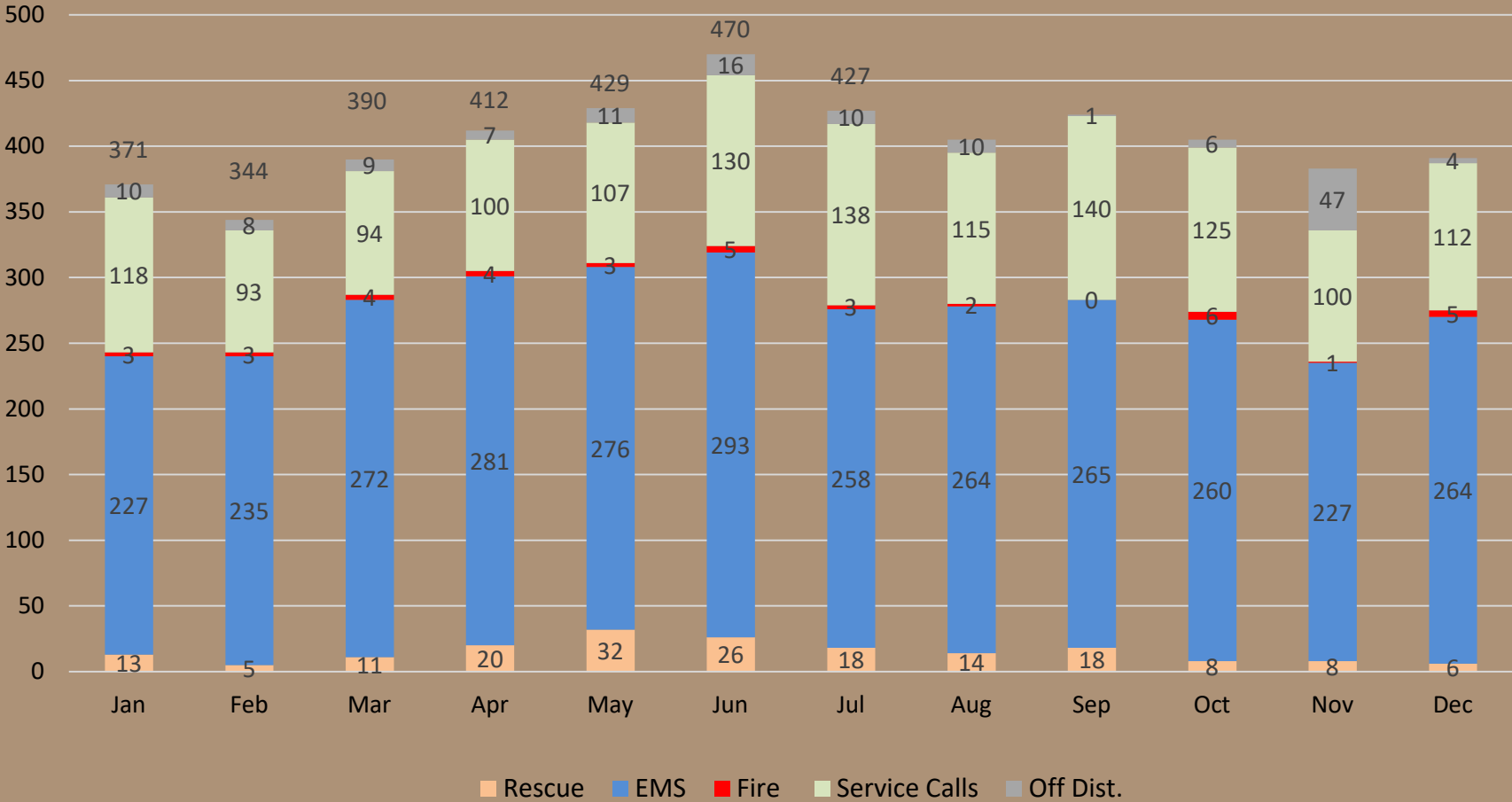
Sedona Fire District Fire Chief's Report

Presented to the Board
January 18, 2022.

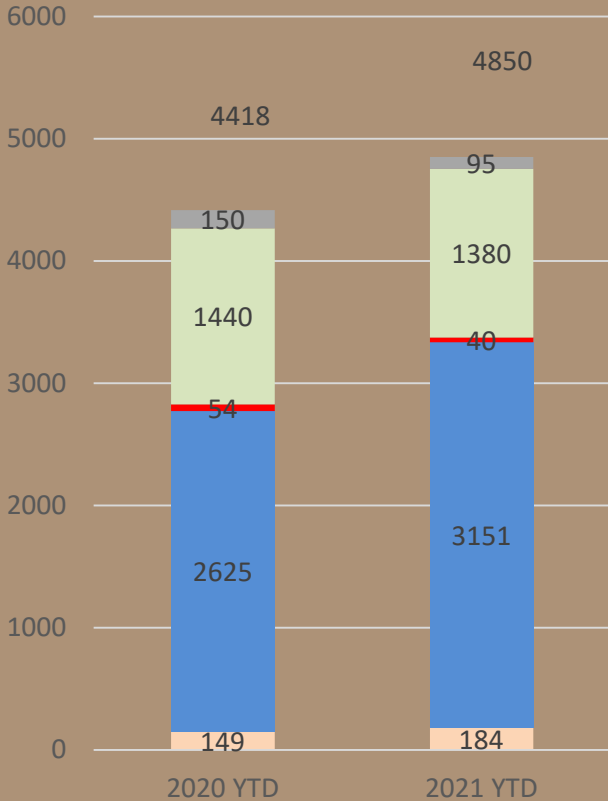


The Incident Summary provides an overview of the number of calls for each month and the type of incidents. A Year to Date comparison to the prior year is provided to view how SFD's calls are trending from the year prior.

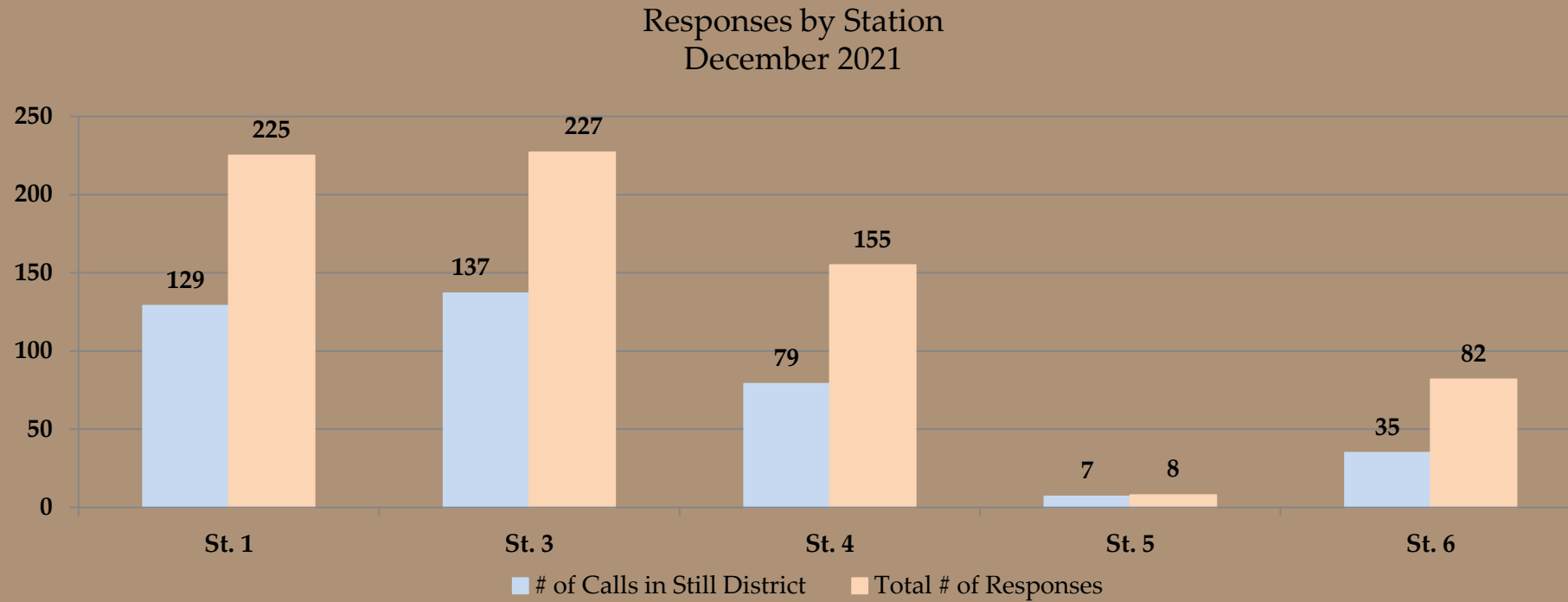
2021 Monthly Incident Summary



YTD Totals



The chart shows the total number of calls received in each station's response area compared to the total number of calls to which each station's crews responded. Station crews not only respond to their own area, but when needed, to other areas of the fire district.



◆ News and Events

- ◆ Budget Kick-Off!

- ◆ AFDA Conference, Jan 20-21

- ◆ “Stop the Bleed” Training – Jan 26

- ◆ Annual Awards

◆ Staffing Updates

- ◆ Recruitment and New Hire Updates

◆ Upcoming

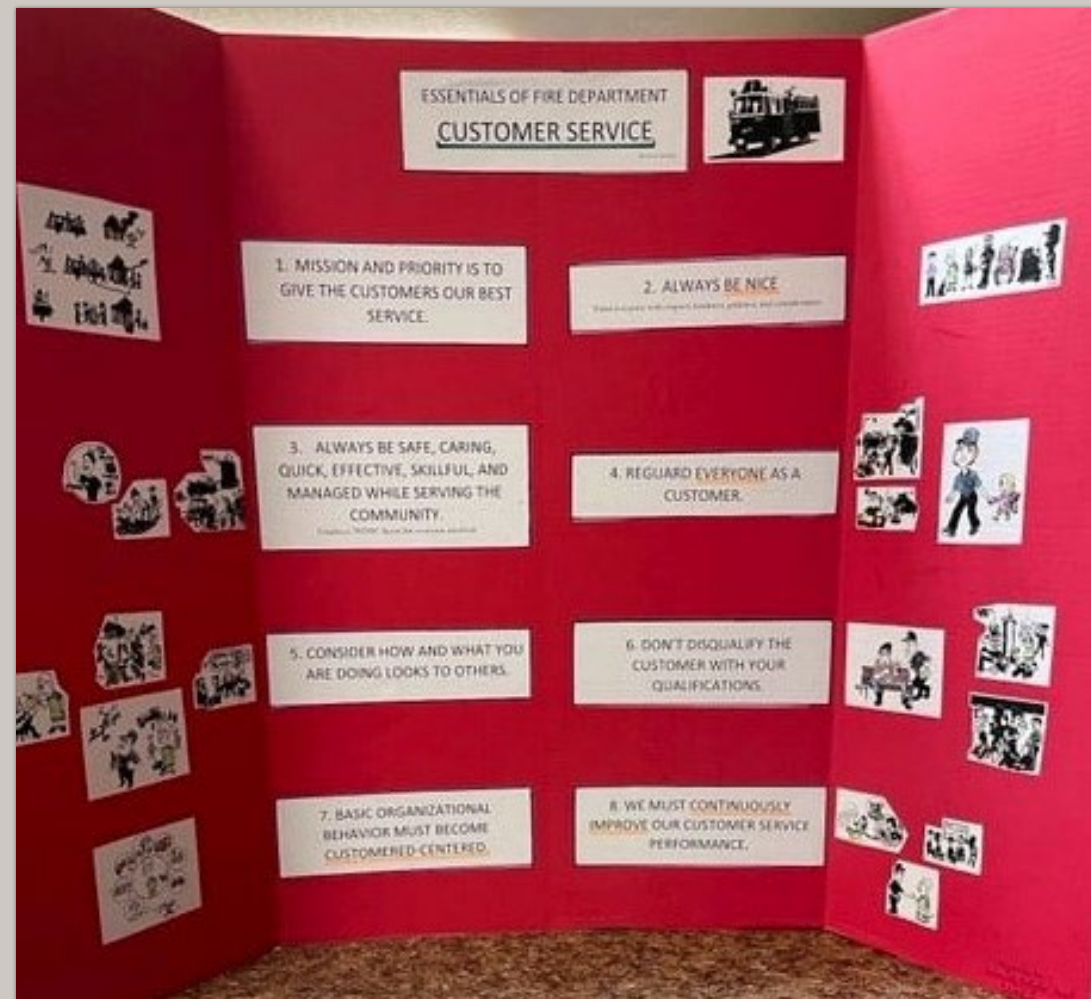
- ◆ Planning for Annual Awards and SFD vs SPD Picnic

- ◆ Run Sedona! – Feb 5

◆ Mental Health Moment

- ◆ January is Mental Wellness Month

◆ Questions / Comments



Administration

Director of Administrative Services

Heidi Robinson

◆ COVID 19

◆ Significant Incidents

◆ Wildland Seasonal Outlook

◆ GIS Updates

◆ Telecom Updates

◆ Questions / Comments



Operations

Assistant Chief

Jayson Coil

- ◇ CRR Activities – December 2021
- ◇ Code Consultations - 7
- ◇ Inspections – 74
 - ◇ Fire & Life Safety Systems – 43
 - ◇ Occupancy – 17
 - ◇ Special Events - 1
 - ◇ Engine Company – 27 Scheduled for Jan
- ◇ Plan Reviews – 61
- ◇ Firewise® Home Assessments – 1
- ◇ Fire Investigations – 2
- ◇ The Compliance Engine
 - ◇ 92 System Reports
- ◇ Notable Events
 - ◇ Toys for Tots Bicycle Rodeo
- ◇ Fire Marshal Safety Message
 - ◇ Space Heaters
- ◇ Questions / Comments



Community Risk Reduction

Division Chief

Dori Booth

◇ EMS Activities and Updates

◇ Fleet Activities and Updates

◇ Training Report

◇ Fire Credit Training Hours

◇ ISO hours 1148

◇ EMS Credit Training Hours

◇ EMS 259 hours

◇ Other

◇ Other 152 hours

◇ Total Training Hours – 1459

◇ Mutual-aid training with Sedona PD

◇ DPS Re-certification (Helicopter rescue)

◇ 2021 Training Hours

◇ Fire: 25,191

◇ EMS: 1,721

◇ Other: 813

◇ Total: 27,725

◇ Questions / Comments



Operational Support
(formerly EMS, Fleet, & Training)
Division Chief
Ed Mezulis

- ◇ **Strategic Plan**
- ◇ **Station 4 Construction**
- ◇ **Purchase Orders (\$10,000 - \$50,000)**
 - ◇ \$15,885 –iProject Solutions, CRR iPlan Review Table
- ◇ **Public Outreach and Communication**
 - ◇ **Social Media**
 - ◇ 58 New Page Followers (13,652)
 - ◇ 41,500 Post Reach
 - ◇ 10,700 Engagement
 - ◇ Most Engagement
 - ◇ Dec. 3, Vehicle in structure-29.2k reached
 - ◇ Jan. 3, Bear Mountain Rescue – 13k reached
- ◇ **Correspondence / Thank you letters**
 - ◇ Christmas Card-Guardian Air
- ◇ **Donations**
 - ◇ \$200 - Showalter
- ◇ **Questions / Comments**



Fire Chief Items

Fire Chief

Jon Trautwein

MERRY CHRISTMAS



From all of us at Guardian Air Transport



Merry Christmas



Christmas Greetings

AND BEST WISHES FOR THE NEW YEAR

*Just a small way to say Thank You
for your dedication and service!
Lancy, Jerry & Jason Sawalter*



**SEDONA FIRE DISTRICT
FIRE BOARD AGENDA COMMUNICATION**

Submitted by: Fire Chief Jon Trautwein Date: 1/11/2022

| | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------|
| SUBJECT: | BOARD MEETING DATE: 1/18/2022 |
| AGENDA ITEM #: 2 | DIVISION / SECTION: Personnel |
| ACTION REQUIRED: <input type="checkbox"/> Resolution <input checked="" type="checkbox"/> Motion <input type="checkbox"/> Information <input type="checkbox"/> Other (Explain) | BOARD RECOMMENDATION: <input checked="" type="checkbox"/> Approval <input type="checkbox"/> Denial <input type="checkbox"/> None Forwarded |

Project/issue relates to SFD Strategic Plan X or Not Applicable ____.

ISSUE: As a result of the classification study, a general update of all executive management classes and a reclassification of the Human Resources (HR) Specialist III classification to Human Resources Analyst was conducted.

BACKGROUND: After the classification study and in alignment with Subject Matter Expert recommendation, the District requested RGS conduct a compensation study for the classifications of Administrative Services Director and the newly created Human Resources Analyst. Sedona Fire District (SFD) ensured the classifications studied from the comparator agencies match as closely as possible the study classification. This assessment included education and experience requirements, scope and complexity of the work, knowledge, skills, and abilities required to perform the work, supervision received and exercised, consequence of error, and organizational structure of the division/department where the classification is found.

As a result of this compensation study, I recommend SFD adjust our wage scale based on the salary recommendations for the positions of HR Analyst and Administrative Services Director.

FINANCIAL PERSPECTIVE: Aligning with the recommendations will have an impact to the current operational budget of less than \$10,000.

PROS & CONS:

PROS

- *Recognize the change in the complexity and responsibility of the positions.*
- *Use an analytical approach to ensure pay is internally equitable.*
- *Properly addressing pay equity issues increases the perception of fairness and reduces potential organizational liability.*
- *Leverages market data appropriately to establish externally equitable compensation based on job analysis and expert consultation.*

CONS

- *Creates a potential need to communicate how salaries are determined based on job analysis, internal pay equity, and external pay equity to ensure the process is well understood.*
- *Increases upfront position cost (although aligning with best practice reduces downstream organizational costs and liability)*

INTERNAL PROCESS PERSPECTIVE:

The actions outlined above are outcomes of a strategic management process to ensure we are maintaining fair and competitive compensation based on job descriptions that were created through a thorough job analysis process. External experts were used to conduct the process to reduce the potential for bias.

BOARD ATTORNEY APPROVAL: Confirmed with Mr. Whittington that as a pure policy matter public discussion and approval was appropriate.

FIRE CHIEF RECOMMENDATION:

A fair employee compensation plan has many dimensions and should be designed to retain and reward our employees. The proposed change is based on market data and internal metrics and the fact that job content not job title should drive compensation schedules. The changes proposed better enables SFD to meet the right of employees to fair and equitable compensation and for these reasons I fully support the change proposed.

SUGGESTED MOTION(S): I move to authorize the Chief to adjust the wage scale in a manner consistent with the compensation study conducted by RGS.

ATTACHMENTS: None.