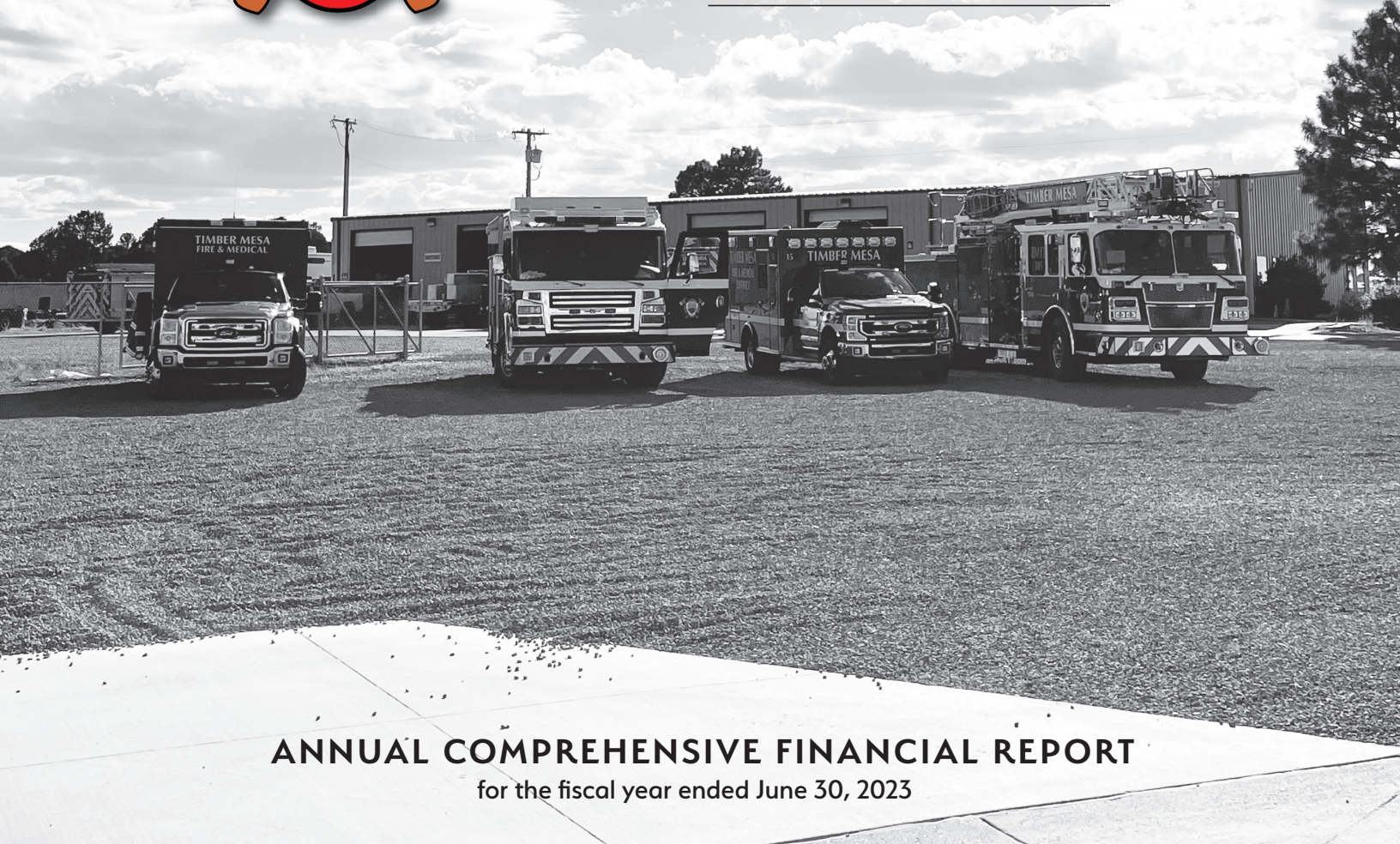




TIMBER MESA

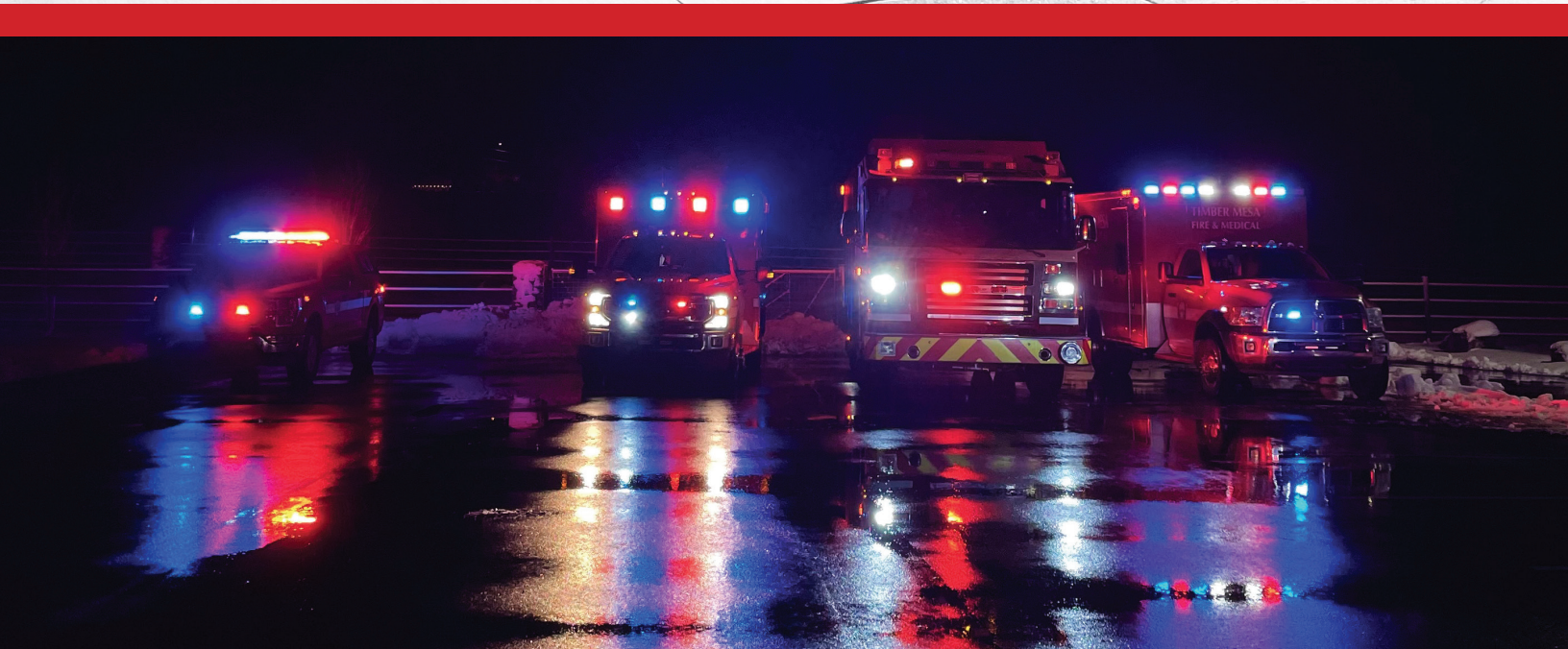
FIRE & MEDICAL DISTRICT

★ ARIZONA ★



ANNUAL COMPREHENSIVE FINANCIAL REPORT

for the fiscal year ended June 30, 2023





TIMBER MESA FIRE & MEDICAL DISTRICT

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Timber Mesa Fire and Medical District



Annual Comprehensive Financial Report

Fiscal Year Ended June 30, 2023

Prepared by:

The James Vincent Group

Timber Mesa Fire and Medical District

Year Ended June 30, 2023

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Timber Mesa Fire and Medical District

Year Ended June 30, 2023

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INTRODUCTORY SECTION



TIMBER MESA FIRE & MEDICAL DISTRICT

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Tuesday, December 19, 2023

To the Honorable Board and Citizens of Timber Mesa Fire and Medical District:

The following is the Annual Comprehensive Financial Report (ACFR) of Timber Mesa Fire and Medical District (TMFMD) for the fiscal year ending June 30, 2023. The Government of Finance Officers Association (GFOA) established the Certificate of Achievement for Excellence in Financial Reporting Program (ACFR Program) to encourage and assist state and local governments to go beyond the minimum requirements of generally accepted accounting principles to prepare comprehensive annual financial reports that evidence the spirit of transparency and full disclosure and then to recognize individual governments that succeed in achieving that goal. These goals are perfectly aligned with the goals of Timber Mesa Fire and Medical District.

Arizona Revised Statutes Article 9, §48-251 requires 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, 2023.

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.

BeachFleishman PLLC, a certified public accounting firm, have issued an unmodified (“clean”) opinion on the Timber Mesa Fire and Medical District financial statements for the year ended June 30, 2023.

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



TIMBER MESA FIRE & MEDICAL DISTRICT

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District Profile

In 2013 multiple fire districts throughout the White Mountain region began investigating the potential benefits, disadvantages, and feasibility of combining efforts and resources. Numerous different models were assessed including consolidation, shared services, and mergers. Ultimately it was determined that by combining the efforts and resources of three of those districts, the newly formed entity could more effectively provide risk management, medical and fire suppression services to the communities in the White Mountains. The newly formed entity, Timber Mesa Fire and Medical District (TMFMD) is a special taxing district and was formed on September 19th, 2014.

Recognized by the State of Arizona as a special taxing district, TMFMD 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 Board elected by the public, comprised of a Board Chair and four members, including a Board Clerk. All board members are elected at large and serve staggered four-year terms. The Board hires and has authority over a Fire Chief who is charged with managing day-to-day operations of the District.

One of the three Assistant Chiefs, the position of Assistance Chief of Operations will report directly to the Fire Chief with direct supervision of the three shift Battalion Chiefs, a Training Division Chief, the Medical Services Division Chief, and the Prevention Division along with indirect supervision of all operations personnel. The position of Assistant Chief of Logistics also reports directly to the Fire Chief and is responsible for all logistical needs including facilities, fleet maintenance, communications, supply, etc. The third position of Assistant Chief, the Assistant Chief of Administration, reports directly to the Fire Chief and is responsible for the administrative functions including human resources, public information, grants management, payroll, and works with the Finance Director on accounts payable and accounts receivable.

TMFMD provides all hazards response to the District and its citizens. These professional full-time fire and medical services include state of the art Advanced Life Support (ALS) and medical transportation services.

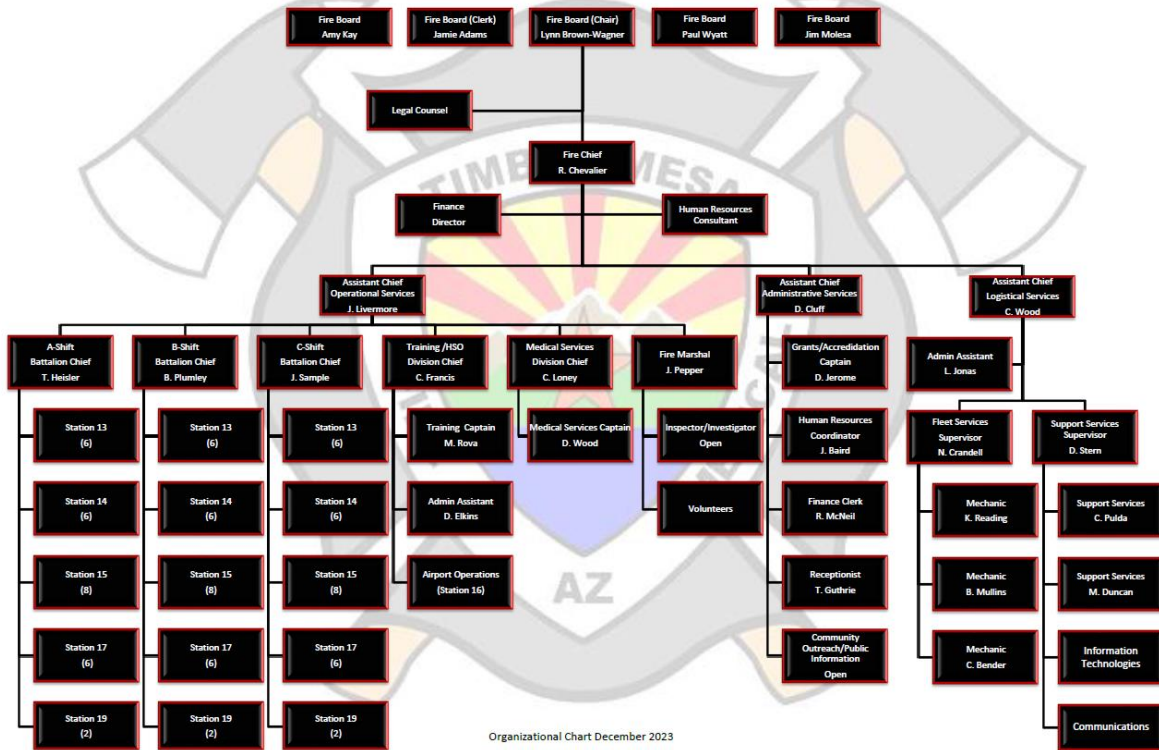
The Board is required to adopt an annual budget which serves as the foundation for financial planning and control. The budget is prepared by fund, function, and object and is approved at the fund level. A current organization chart follows:



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TIMBER MESA FIRE & MEDICAL DISTRICT



Current Intergovernmental agreements, state requirements and national standards suggest a staffing level of 4 firefighters for engine companies and 2 firefighters for rescues providing medical transport. This level is maintained to provide safe and effective fire suppression activities and life safety for our customers and members. TMFMD strives to maintain this level and provides Advanced Life Support medical treatment with every staffed unit. Emergency medical service is the most utilized service provided to our customers. Current staffing consists of 22 administrative and support members, 2 fire prevention and 87 fulltime fire suppression personnel. TMFMD 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, wildland fire response and a robust fleet services division that have reduced the burden on the primary revenue source and helped provide this higher level of service.

The District will respond to any emergency situation that threatens life, safety or property. The Fire District 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.



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We also respond to various non-emergency situations that are not routinely handled by other agencies or providers. These non-emergency responses would include things such as wellness checks, home safety surveys, in-home healthcare, pest removals, and other situations to assist our customers. Our community risk reduction strategies are based on the premise that we can proactively attempt to safely and effectively address our customer's needs and meet the basic goals of our mission before someone must access the 911 system.

In the Fiscal Year ending on June 30, 2019, the District was awarded an expanded Certificate of Necessity (CON). This new CON expands the District's area to include the communities of Lakeside, Show Low and Linden but also extends to the communities of Pinedale/Clay Springs, White Mountain Lake, as well as portions of Vernon. The CON also establishes the District as the sole ambulance provider in the area and for the local hospital. The addition of these new areas brings opportunities to dramatically improve services to the community but also brings challenges in terms of staffing and the assumption of nearly 1300 additional medical transports (estimated) to be performed by the Fire District.

Finally, in October of 2018, the Fire District absorbed (through the legal process of Fire District Consolidation A.R.S. 48-822) the White Mountain Lake Fire District. This former fire district had one station with two personnel assigned for response 12 hours per day. Timber Mesa has been able to improve staffing and response out of that facility by adding a Captain and a firefighter (one of whom is a paramedic), 24 hours per day, 365 days per year assigned to a rescue or ambulance.

About the Area

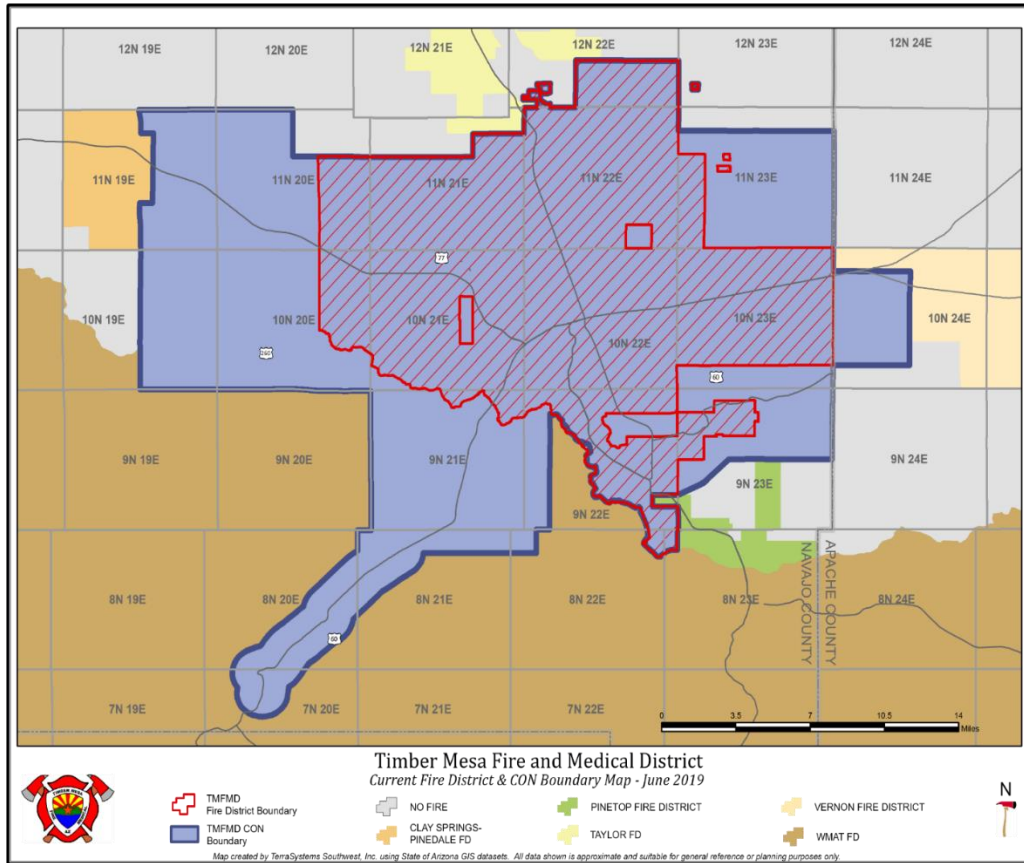
TMFMD serves residents and visitors of the communities of Show Low, Lakeside, Linden and White Mountain Lake who can enjoy the mild four seasons. At an elevation of between 6400' and 7,000' the area has an average high temperature of 67 and an average low temp of 39, with average annual rain fall of 16 inches and average snowfall of 22 inches. The area has more than 50 alpine lakes and 800 miles of cold, crystal clear rivers and springs.

Covering 216 square miles with an ambulance transport service area of nearly 440 square miles, the District has grown to serve an estimated 34,500 full time residents and a seasonal population estimated at 55,000. Operating out of five fully staffed fire stations, one administration office, one training facility, and one unstaffed station, the District provides fire protection and emergency medical services, inter-facility ambulance transport, hazardous materials response, technical rescue, public education and fire prevention. Deploying daily staffing of 28 Fire/EMS personnel, TMFMD responds to approximately 8,500 calls per year.



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A snapshot of TMFMD demographics and service levels includes:

| | |
|--|-------------------------------|
| District Size | 216 square miles |
| Ambulance Transport Service Area | Estimated 440 square miles |
| Full-time Resident Population | 34,500 |
| Part-time, Seasonal Population | 55,000 |
| Stations | 7 (5 with full-time staffing) |
| Fire and Rescue Service Staffing (Full-Time) | 87 |
| Administrative and Support | 7 (Including Chief Officers) |
| Training Division Staffing | 3 |
| Logistics Section Staffing | 5 |
| Prevention Diviosn | 2 |
| Fleet Staffing | 4 |



TIMBER MESA FIRE & MEDICAL DISTRICT

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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 of Directors annually 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 and to be in compliance with Arizona Revised Statute 48-805.02(A) which requires a detailed estimate of expenditures. Although the Board reviews the budget at the fund, function and object level, the budget is approved at the fund level and sets the level by which actual expenditures should not exceed budgeted expenditures. As outlined in the TMFMD bylaws, 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

The area has seen a significant jump in both residential and commercial construction in recent years, as well as rises in median home prices and median household incomes. Real estate within the region has stayed strong through Covid-19, partly due to the historic low interest rates, and that is a strong metric for the District as a significant amount of revenue is based on the assessed value of property. Increasing interest rates may influence real estate values but more time will be needed to understand that effect and potential effect on assessed value of property.

The area is known for its tourism and recreation, and they are therefore major contributors to the local economy. The uncertainty around Covid-19 and its effect on the local tourism economy will take time to understand its full impact on job growth, rising personal income, unemployment rate, the overall local economic activity.

The District's population is expected to continue to grow in the next 20 years and District management and staff are working proactively and cooperatively with other governments, surrounding fire districts, and regional planning groups to ensure continued ability to serve this future population while providing long-term financial sustainability.



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Long-term financial planning and major initiatives

The district has been working on a comprehensive five-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 will forecast 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 five years.

Using focused and detailed financial management, TMFMD has increased both its unrestricted fund balance and ability to fund capital needs. Given both GFOA recommendations on maintaining of regular fund operating revenues, and the volatility associated with TMFMD 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.

Relevant Financial Policies

TMFMD has adopted a comprehensive set of financial policies. The policies are constantly 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 Timber Mesa Fire and Medical District for its annual comprehensive financial report for the fiscal year ended June 30, 2022. This was the sixth consecutive 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 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.



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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 the District Board, the managers, employees and citizens of the District whose continued support is vital to the financial health of Timber Mesa Fire and Medical District.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Randy Chevalier".

Randy Chevalier
Fire Chief

A handwritten signature in black ink, appearing to read "The James Vincent Group".

The James Vincent Group
Finance Director



TIMBER MESA FIRE & MEDICAL DISTRICT

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Timber Mesa Fire and Medical District

List of Elected and Appointed Officials

June 30, 2023

Elected Board Members

| | Term Expires |
|--------------------------------|------------------|
| Board Chair Amy Kay | December 31 2024 |
| Board Clerk Lynn Browne Wagner | December 31 2026 |
| Board Member Jamie Adams | December 31 2024 |
| Board Member Paul Wyatt | December 31 2024 |
| Board Member James Molesa | December 31 2026 |

Regular meetings of the Fire District's Governing Board are held on the 4th Monday of each month at the administrative offices (address listed below). The Fire District's posting locations are at each of its four staffed fire stations and on the District's website:

Station 13 – 2922 W. White Mountain Blvd. Lakeside, Arizona 85929

Station 14 – 4092 Buckskin Ln. Show Low, Arizona 85901

Station 15 – 60 N. 6th St. Show Low, Arizona 85901

Station 17 – 6884 Arizona Hwy 260 Show Low, 85901

Station 19 – 1780 Silverlake Blvd., White Mountain Lake, 85912

www.timbermesafire.org



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Administrative Offices

3561 E. Deuce of Clubs, Show Low, AZ 85901

Fire Chief/Administrator

Chief Randy Chevalier

Finance Director

The James Vincent Group

Legal Counsel

Boyle, Pecharich, Cline, Whittington & Stallings, P.L.LC



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Timber Mesa Fire and Medical District
Arizona**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morill

Executive Director/CEO



FINANCIAL SECTION

Independent Auditors' Report

Governing Board and Management
Timber Mesa Fire and Medical District
Show Low, Arizona

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Timber Mesa Fire and Medical District, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Timber Mesa Fire and Medical District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Timber Mesa Fire and Medical District, as of June 30, 2023, 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.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2023, on our consideration of Timber Mesa Fire and Medical 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 Timber Mesa Fire and Medical 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 Timber Mesa Fire and Medical District's internal control over financial reporting and compliance.

BlackFleischman PLLC

Tucson, Arizona
December 19, 2023

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year Ended June 30, 2023

INTRODUCTION

The management of Timber Mesa Fire and Medical District (the District) presents these financial statements with a narrative overview and analysis of financial activities for the twelve months ended June 30, 2023. 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

- In the government-wide financial statements, the total assets and deferred outflows of the Timber Mesa Fire and Medical District were \$21,951,205 at the close of the fiscal year. The total assets and deferred outflows exceeded liabilities and deferred inflows by \$6,433,280. Of this amount \$254,085 represents the balance of the unrestricted net position.
- The District realized an increase in its net position of \$1,183,813 equal to the excess of revenues over expenses. Increases in revenue related to ambulance and grants were the predominate reason for this increase in net position. The District was awarded grant funds related to American Rescue Plan Act (ARPA) along with other fire districts in the state to help offset the costs related to COVID-19 in previous years. The District also benefited from the continued grant for Staffing for Adequate Fire and Emergency Response grant (SAFER) that allowed the District to increase staffing by 9 additional firefighters.
- Cash and investments decreased by \$288,537. The decrease in cash and investments was related to the purchase of capital assets in the fiscal year with reserves, offset by increase in revenue attributed to ambulance.
- As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$4,639,675, an increase of \$380,688 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balances for the general fund was \$3,537,413. The change in fund balance for the general fund was an increase of \$380,272 for the fiscal year. The District Board and Administration are continuing to work diligently to enhance the financial position of the organization while still providing a high level of service to the community it serves.
- The total long-term liabilities of the District increased by a net amount of \$3,920,691. Increases in the District's actuarially determined net pension/OPEB liability of \$4,362,414 contributed to this increase. There was no new debt issued in the current year.

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

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 27)* presents information of all District's assets plus deferred outflows of resources, less liabilities, less deferred inflows of resources, with the difference 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 28)* 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 maintains three individual government funds: the General Fund, the Capital Projects Fund, and the Debt Service Fund. Information is presented separately in the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balances for each of these funds, all of which are considered to be major funds of the District; the concept and determination of major funds has been established by the Governmental Accounting Standards Board (GASB). There are no non-major governmental funds.

The District adopts an annual appropriated budget to levy taxes and provide for its general fund. A budgetary comparison statement has been provided for the fund to demonstrate compliance with the budget and is presented on page 65.

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 Timber Mesa Fire and Medical District, assets and deferred outflows exceeded liabilities and deferred inflows by \$6,433,280 at the close of the 2023 fiscal year.

By far, the largest portion of net position of the District, \$5,959,323, reflects the District's investment in capital assets (land, buildings and improvements, fire equipment and vehicles), less any related debt still outstanding that was issued to acquire those items. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the District's investment in capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be liquidated to service these liabilities.

The restricted portion of net position of \$219,872 reflects amounts restricted for future pension contributions.

The remaining balance of unrestricted net position, \$254,085, reflects its cash and current account 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.

The following table reflects the condensed Statement of Net Position:

Timber Mesa Fire and Medical District
Condensed Statement of Net Position
As of June 30, 2023 and 2022

| | Governmental Activities | | Increase (decrease) |
|----------------------------------|-------------------------|---------------------|------------------------|
| | 2023 | 2022 | |
| Cash and investments | \$ 4,048,166 | \$ 4,336,703 | \$ (288,537) |
| Other assets | 2,485,213 | 1,748,052 | 737,161 |
| Capital assets | <u>9,377,304</u> | <u>9,056,814</u> | <u>320,490</u> |
| Total assets | <u>15,910,683</u> | <u>15,141,569</u> | <u>769,114</u> |
| Total deferred outflows | <u>6,040,522</u> | <u>4,528,449</u> | <u>1,512,073</u> |
| Other liabilities | 788,135 | 799,857 | (11,722) |
| Noncurrent liabilities | <u>13,571,732</u> | <u>9,651,041</u> | <u>3,920,691</u> |
| Total liabilities | <u>14,359,867</u> | <u>10,450,898</u> | <u>3,908,969</u> |
| Total deferred inflows | <u>1,158,058</u> | <u>3,969,653</u> | <u>(2,811,595)</u> |
| Net investment in capital assets | 5,959,323 | 5,113,587 | 845,736 |
| Restricted | 219,872 | - | 219,872 |
| Unrestricted | <u>254,085</u> | <u>135,880</u> | <u>118,205</u> |
| Total net position | <u>\$ 6,433,280</u> | <u>\$ 5,249,467</u> | <u>\$ 1,183,813</u> |

Statement of Activities – The net position of the District from governmental activities increased \$1,183,813. Key elements of this increase are as follows:

- Net investment in capital assets increased by \$845,736 primarily due to the acquisition of new capital assets, including the purchase of new land and a chassis for an ambulance.
- Property taxes increased by \$613,924 as a result of an increase in assessed valuation.
- Charges for services revenue represented an increase of about \$690,705, which includes ambulance revenue.

- Expenses for the District increased about \$3,265,597 from the prior year, due to increases in employee costs to continue to improve response times and service to the district residents and higher vehicle maintenance costs due to rising prices.
- Pension expense for the year ending June 30, 2023 was \$1,866,195, compared with \$1,155,109 in the year ending June 30, 2022.

The following table presents a comparative summary of the District's revenues and expenses for the current and preceding fiscal years.

Timber Mesa Fire and Medical District
Condensed Statement of Activities
For the Years Ended June 30, 2023 and 2022

| | Governmental Activities | | Increase (decrease) |
|------------------------------------|-------------------------|---------------------|------------------------|
| | 2023 | 2022 | |
| Program revenues: | | | |
| Charges for services | \$ 5,028,501 | \$ 4,337,796 | \$ 690,705 |
| Capital grants and contributions | 97,845 | 628,868 | (531,023) |
| Operating grants and contributions | 1,353,330 | 728,886 | 624,444 |
| General revenues: | | | |
| Property taxes | 11,210,310 | 10,596,386 | 613,924 |
| Fire district assistance tax | 473,018 | 473,018 | - |
| State shared tax revenues | 252,159 | 222,389 | 29,770 |
| Investment earnings | 92,081 | 16,369 | 75,712 |
| Miscellaneous | 324,541 | 158,148 | 166,393 |
| Total revenues | <u>18,831,785</u> | <u>17,161,860</u> | <u>1,669,925</u> |
| Expenses: | | | |
| Public safety | 17,547,868 | 14,272,880 | 3,274,988 |
| Interest on long-term debt | 100,104 | 109,495 | (9,391) |
| Total expenses | <u>17,647,972</u> | <u>14,382,375</u> | <u>3,265,597</u> |
| Change in net position | 1,183,813 | 2,779,485 | (1,595,672) |
| Beginning net position, restated | <u>5,249,467</u> | <u>2,469,982</u> | <u>2,779,485</u> |
| Ending net position | <u>\$ 6,433,280</u> | <u>\$ 5,249,467</u> | <u>\$ 1,183,813</u> |

DISTRICT FUNDS FINANCIAL ANALYSIS

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

Governmental Funds - 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 balances may serve as a useful measure of the District’s net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the District itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the District’s Governing Board.

At June 30, 2023, the governmental funds of the District reported a combined fund balance of \$4,639,675.

General Fund - The general fund accounts for all of the financial resources of the District, which are not accounted for in any other fund. As of June 30, 2023, total fund balance was \$4,619,933, of which \$66,520 was nonspendable because of prepaid items, \$1,016,000 was assigned for capital purchases, and \$3,537,413 was unassigned for financial reporting purposes. Total General Fund balance increased by \$380,272 due to an increase of 5.8% in property assessed valuation year over year, and an increase in call volume for ambulance services, while continuing to manage operational expenditures for the District.

Capital Projects Fund - The capital projects fund accounts for the accumulation of resources for future construction costs for new and existing facilities and for the purchase of large fire apparatus. As of June 30, 2023, the ending fund balance in the Capital Projects fund was \$19,742.

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

Timber Mesa Fire and Medical District
Governmental Funds – Fund Balances
As of June 30, 2023 and 2022

| Major funds | June 30, 2023 | | June 30, 2022 | |
|--------------------|---------------------|----------------|---------------------|----------------|
| | Amount | % | Amount | % |
| General | \$ 4,619,933 | 99.6 % | \$ 4,239,661 | 99.5 % |
| Capital | 19,742 | 0.4 | 19,326 | 0.5 |
| Total fund balance | <u>\$ 4,639,675</u> | <u>100.0 %</u> | <u>\$ 4,258,987</u> | <u>100.0 %</u> |

BUDGETARY HIGHLIGHTS

There were some variances of note for the fiscal year.

- Revenues were over budget by \$279,418, primarily due to higher than expected grant revenue offset but lower than anticipated out of district deployments. In 2023, the District was awarded \$566,533 in grant funds related to American Rescue Plan Act (ARPA) along with other fire districts in the state. This grant allowed for reimbursement of Covid-19 related costs from March 3, 2021 to June 30, 2023.
- Expenses were under budget by \$100,854 mainly due to management of operational and administration fees during the fiscal year.

Timber Mesa Fire and Medical District
Condensed Budget to Actual - General Fund
As of June 30, 2023

| | Budget | Actual | Variance with budget |
|----------------------------|-------------------|-------------------|-------------------------|
| Total revenues | \$ 18,350,746 | \$ 18,630,164 | \$ 279,418 |
| Total expenditures | <u>18,350,746</u> | <u>18,249,892</u> | <u>(100,854)</u> |
| Revenue over expenditures | - | 380,272 | 380,272 |
| Net change in fund balance | <u>\$ -</u> | <u>\$ 380,272</u> | <u>\$ 380,272</u> |

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The District's investment in capital assets for its governmental type activities as of June 30, 2023 totaled \$9,377,304 (net of accumulated depreciation). These assets include land, construction in progress, buildings and improvements, fire equipment, and vehicles.

During the year, the District purchased or placed in service capital assets of \$1,154,576. This included a purchase of land off of State Route 260 for a potential future station given the growth in the area, new chassis for an ambulance, two cardiac heart monitors and two gurneys to continue to support the need of emergency medical services in the area.

The District depreciates capital assets, except for land and construction in progress, consistent with generally accepted accounting principles, utilizing the straight-line depreciation method. The cost of the asset is divided by its expected useful life in years and the result is charged to expense each year until the asset is fully depreciated. Major outlays for capital assets and improvements are capitalized as projects are completed and placed into service. Additional information on the District's capital assets can be found in the notes to the financial statements at page 43 of this report.

Timber Mesa Fire and Medical District
 Capital Assets (net of depreciation)
 As of June 30, 2023 and 2022

| | Governmental Activities | | Increase (decrease) |
|--------------------------|-------------------------|---------------------|------------------------|
| | 2023 | 2022 | |
| Land and buildings | \$ 9,862,082 | \$ 9,339,020 | \$ 523,062 |
| Fire equipment | 2,666,217 | 2,527,904 | 138,313 |
| Vehicles | 6,804,168 | 6,310,967 | 493,201 |
| Accumulated depreciation | <u>(9,955,163)</u> | <u>(9,121,077)</u> | <u>(834,086)</u> |
| | <u>\$ 9,377,304</u> | <u>\$ 9,056,814</u> | <u>\$ 320,490</u> |

Long-Term Liabilities

At the end of the current fiscal year, the District had approximately \$14 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, 2023, the District had total long-term debt (financed purchases) outstanding of \$3,417,981. This debt currently requires annual debt service payments that consist of principal and interest of approximately \$448,000. All debt is backed by the full faith and credit of the District. The District has adequate funding capacity to support the continued debt services obligations.

In accordance with GASB Statements No. 68 and 75, the District is required to include the net pension/OPEB liability (asset) on the financial statements. The net pension/OPEB liability is measured as the total pension/OPEB liability, less the plan's fiduciary net position. Relating to the District's participation in the Public Safety Personnel Retirement System (PSPRS), a net pension/OPEB liability is recorded at June 30, 2023 of \$8,292,196. Relating to the District's participation in the Arizona State Retirement System (ASRS), a net pension/OPEB liability is recorded at June 30, 2023 of \$1,055,017.

The following table shows the District’s Long-term Liabilities:

Timber Mesa Fire and Medical District
Long-term Liabilities
As of June 30, 2023 and 2022

| | Governmental Activities | | Increase (decrease) |
|------------------------------|-------------------------|---------------------|------------------------|
| | 2023 | 2022 | |
| Compensated absences | \$ 806,538 | \$ 721,639 | \$ 84,899 |
| Financed purchases | 3,417,981 | 3,943,227 | (525,246) |
| Net pension/OPEB liability | <u>9,347,213</u> | <u>4,986,175</u> | <u>4,361,038</u> |
| Total noncurrent liabilities | <u>\$ 13,571,732</u> | <u>\$ 9,651,041</u> | <u>\$ 3,920,691</u> |

Additional information regarding the long-term debt and noncurrent liabilities of the District can be found in the notes to the financial statements at pages 44 of this report.

ECONOMIC FACTORS AND FY 2024 BUDGET/TAX RATE

The District was formed on September 19, 2014 from three other Districts in the area. This was the most feasible method of reducing operational costs while providing the highest level of service to the community. In doing this, the organization not only reduced the tax burden on the area, but enhanced the level of service provided.

For fiscal year 2024, the District realized a 7.39% increase in assessed value and increased its tax rate to \$3.3000 to ensure funding for capital needs while maintaining operations.

FINANCIAL CONTACT

The financial statements of the District are designed to present users (citizens, taxpayers, customers, investors and creditors) with a general overview of the finances of the District and to demonstrate accountability. If you have questions regarding the report or need additional financial information, please contact the Finance Director of the District at 3561 E. Deuce of Clubs, Show Low, AZ 85901 or at (928) 537-5100.

Basic Financial Statements

Timber Mesa Fire and Medical District

Statement of Net Position

June 30, 2023

| | <u>Governmental activities</u> |
|--|------------------------------------|
| Assets: | |
| Cash and investments | \$ 4,048,166 |
| Receivables: | |
| Property taxes, net | 328,359 |
| Ambulance, net | 572,711 |
| Other | 932,455 |
| Prepaid items | 66,520 |
| Lease receivables | 365,296 |
| Capital assets, not depreciated | 1,320,159 |
| Capital assets, depreciated, net | 8,057,145 |
| Net pension/OPEB asset | <u>219,872</u> |
| Total assets | <u>15,910,683</u> |
| Deferred outflows of resources: | |
| Deferred outflows related to pensions/OPEB | <u>6,040,522</u> |
| Total deferred outflows of resources | <u>6,040,522</u> |
| Liabilities: | |
| Accounts payable | 578,589 |
| Accrued payroll and related benefits | 198,453 |
| Accrued interest | 11,093 |
| Noncurrent liabilities: | |
| Due within one year | 835,769 |
| Due in more than one year | <u>12,735,963</u> |
| Total liabilities | <u>14,359,867</u> |
| Deferred inflows of resources: | |
| Deferred inflows related to pensions/OPEB | 801,830 |
| Deferred inflows related to leases | <u>356,228</u> |
| Total deferred inflows of resources | <u>1,158,058</u> |
| Commitments and contingencies | |
| Net position: | |
| Net investment in capital assets | 5,959,323 |
| Restricted - pension | 219,872 |
| Unrestricted | <u>254,085</u> |
| Total net position | <u>\$ 6,433,280</u> |

See notes to financial statements.

Timber Mesa Fire and Medical District

Statement of Activities

Year Ended June 30, 2023

| | <u>Governmental activities</u> |
|-------------------------------------|------------------------------------|
| Expenses: | |
| Public safety: | |
| Communications | \$ 515,851 |
| Depreciation | 834,086 |
| Insurance | 189,010 |
| Managerial | 629,340 |
| Meetings and training | 251,776 |
| Other | 125,992 |
| Payroll taxes and employee benefits | 3,961,545 |
| Salaries and wages | 9,518,153 |
| Utilities and station | 374,384 |
| Vehicles and equipment | 1,147,731 |
| Interest | <u>100,104</u> |
| Total program expenses | <u>17,647,972</u> |
| Program revenues: | |
| Charges for services | 5,028,501 |
| Capital grants and contributions | 97,845 |
| Operating grants and contributions | <u>1,353,330</u> |
| Total program revenues | <u>6,479,676</u> |
| Net program expense | <u>11,168,296</u> |
| General revenues: | |
| Property taxes | 11,210,310 |
| Fire district assistance tax | 473,018 |
| State shared tax revenues | 252,159 |
| Investment earnings | 92,081 |
| Other | <u>324,541</u> |
| Total general revenues | <u>12,352,109</u> |
| Change in net position | 1,183,813 |
| Net position, beginning of year | <u>5,249,467</u> |
| Net position, end | <u>\$ 6,433,280</u> |

See notes to financial statements.

Timber Mesa Fire and Medical District

Balance Sheet - Governmental Funds

June 30, 2023

| | General fund | Capital projects | Total governmental funds |
|--|--------------|------------------|--------------------------------|
| Assets: | | | |
| Cash and investments | \$ 4,028,424 | \$ 19,742 | \$ 4,048,166 |
| Receivables: | | | |
| Property taxes, net | 328,359 | - | 328,359 |
| Ambulance, net | 572,711 | - | 572,711 |
| Other | 932,455 | - | 932,455 |
| Prepaid items | 66,520 | - | 66,520 |
| Lease receivables | 365,296 | - | 365,296 |
| Total assets | \$ 6,293,765 | \$ 19,742 | \$ 6,313,507 |
| | | | |
| Liabilities: | | | |
| Accounts payable | \$ 578,589 | \$ - | \$ 578,589 |
| Accrued payroll and related benefits | 198,453 | - | 198,453 |
| Total liabilities | 777,042 | - | 777,042 |
| | | | |
| Deferred inflows of resources: | | | |
| Unavailable revenue - property taxes | 235,035 | - | 235,035 |
| Unavailable revenue - ambulance | 223,879 | - | 223,879 |
| Unavailable revenue - other | 81,648 | - | 81,648 |
| Deferred inflows related to leases | 356,228 | - | 356,228 |
| Total deferred inflows of resources | 896,790 | - | 896,790 |
| | | | |
| Fund balance: | | | |
| Nonspendable: | | | |
| Prepaid items | 66,520 | - | 66,520 |
| Committed to: | | | |
| Capital projects | - | 19,742 | 19,742 |
| Assigned to: | | | |
| Capital projects | 1,016,000 | - | 1,016,000 |
| Unassigned | 3,537,413 | - | 3,537,413 |
| Total fund balance | 4,619,933 | 19,742 | 4,639,675 |
| Total liabilities, deferred inflows of resources and fund balance | \$ 6,293,765 | \$ 19,742 | \$ 6,313,507 |

Timber Mesa Fire and Medical District

Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position

June 30, 2023

| | | |
|---|----|------------------|
| Total fund balances - governmental funds | \$ | 4,639,675 |
| 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. | | 9,377,304 |
| Some receivables are not available to pay for current period expenditures and, therefore, are reported as deferred inflows in the funds. | | 540,562 |
| Net pension/OPEB assets held in trust for future benefits are not available for District operations and, therefore, are not reported in the funds. | | 219,872 |
| Certain liabilities are not due and payable in the current period and, therefore, are not reported in the funds: | | |
| Accrued interest | | (11,093) |
| Accrued compensated absences | | (806,538) |
| Financed purchases | | (3,417,981) |
| Net pension/OPEB liability | | (9,347,213) |
| 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 | | 6,040,522 |
| Deferred inflows of resources related to pensions/OPEB | | <u>(801,830)</u> |
| Net position of governmental activities | \$ | <u>6,433,280</u> |

Timber Mesa Fire and Medical District

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

Year Ended June 30, 2023

| | General fund | Capital projects | Total governmental funds |
|------------------------------|---------------|------------------|--------------------------------|
| Revenues: | | | |
| Property taxes | \$ 11,198,474 | \$ - | \$ 11,198,474 |
| Fire district assistance tax | 473,018 | - | 473,018 |
| State shared tax revenues | 252,159 | - | 252,159 |
| Charges for services | 4,920,780 | - | 4,920,780 |
| Grants and contributions | 1,369,527 | - | 1,369,527 |
| Investment earnings | 91,665 | 416 | 92,081 |
| Other | 324,541 | - | 324,541 |
| Total revenues | 18,630,164 | 416 | 18,630,580 |
| Expenditures: | | | |
| Public safety: | | | |
| Emergency operations | 11,898,852 | - | 11,898,852 |
| Administration | 4,568,471 | - | 4,568,471 |
| Capital outlay: | | | |
| Land | 500,000 | - | 500,000 |
| Buildings and improvements | 23,062 | - | 23,062 |
| Fire equipment | 138,313 | - | 138,313 |
| Vehicles | 493,201 | - | 493,201 |
| Debt service: | | | |
| Principal | 525,246 | - | 525,246 |
| Interest | 102,747 | - | 102,747 |
| Total expenditures | 18,249,892 | - | 18,249,892 |
| Net change in fund balances | 380,272 | 416 | 380,688 |
| Fund balances, beginning | 4,239,661 | 19,326 | 4,258,987 |
| Fund balances, end | \$ 4,619,933 | \$ 19,742 | \$ 4,639,675 |

Timber Mesa Fire and Medical District

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities

Year Ended June 30, 2023

| | | |
|---|----|-------------|
| Net change in fund balances - governmental funds | \$ | 380,688 |
| <p>Amounts reported for governmental activities in the statement of activities are different because:</p> | | |
| <p>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 year, these amounts are:</p> | | |
| Capital outlay | | 1,154,576 |
| Depreciation expense | | (834,086) |
| <p>Certain revenues relating to property taxes and charges for services in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p> | | |
| | | 201,205 |
| <p>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 liability is measured a year before the District's report date. Pension/OPEB expense, which is the change in the net pension/OPEB liability adjusted for changes in deferred outflows and inflows of resources related to pensions/OPEB, is reported in the statement of activities.</p> | | |
| Pension/OPEB contributions | | 1,704,635 |
| Pension/OPEB expense | | (1,866,195) |
| <p>In the statement of activities, interest is accrued on long-term debt, whereas in the governmental funds it is recorded as an interest expenditure when paid.</p> | | |
| | | 2,643 |
| <p>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:</p> | | |
| Change in compensated absences | | (84,899) |
| <p>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:</p> | | |
| Principal paid | | 525,246 |
| Change in net position of governmental activities | \$ | 1,183,813 |

Timber Mesa Fire and Medical District

Notes to Financial Statements

Year Ended June 30, 2023

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

The accounting policies of Timber Mesa Fire and Medical 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, established in 2014 pursuant to Arizona Revised Statute Title 48, is a special-purpose local government organized to provide fire protection and other emergency services to residents within the District boundaries. The District formed as the result of a merger between Lakeside Fire District, Linden Fire District, and Show Low Fire District. On October 30, 2018, the District consolidated with a separate neighboring fire district, White Mountain Lake Fire District in order to provide financial stability to that area and greater coordination of resources throughout the region.

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.

Timber Mesa Fire and Medical District

Notes to Financial Statements (continued)

Year Ended June 30, 2023

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 year-end. The District's major revenue sources that are susceptible to accrual are tax revenues, charges for services, and investment earnings. 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, acquisitions under lease contracts, and subscription-based information technology 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 Navajo County and remitted to the District. In the governmental fund financial statements, property taxes are reflected as revenues in the fiscal period 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.

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.

Timber Mesa Fire and Medical District

Notes to Financial Statements (continued)

Year Ended June 30, 2023

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. Management evaluates its estimates and assumptions on an ongoing basis. 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 with a maturity of three months or less when purchased. Investments are stated at fair value.

Investment earnings are comprised primarily of interest earnings.

Fair value measurements:

Fair value is defined as the price to sell an asset or transfer a liability 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 an allowance for doubtful accounts, if any. Property taxes receivable for the governmental fund types, which have been remitted within 60 days subsequent to June 30, 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. Amounts not collected by the District within 60 days subsequent to June 30 are recorded as deferred inflows of resources in the fund financial statements.

Timber Mesa Fire and Medical District

Notes to Financial Statements (continued)

Year Ended June 30, 2023

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 June 30 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.

Leases:

The District is a lessor for noncancelable leases of a building and cell towers. The District recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the District determines the discount rate it uses to discount the expected lease receipts to present value, the lease term, and the lease receipts. The District uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancelable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

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

Capital assets:

Capital assets, which include land, buildings and improvements, fire 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.

Timber Mesa Fire and Medical District

Notes to Financial Statements (continued)

Year Ended June 30, 2023

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

Capital assets (continued):

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 |
| Buildings and improvements | 27.5 to 40 years |
| Fire equipment | 5 to 10 years |
| Vehicles | 5 to 10 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.

Long-term obligations:

In the government-wide financial statements, long-term debt, lease liabilities, 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 expenditures in the statement of revenues, expenditures and changes in fund balances.

Deferred outflows and inflows of resources:

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has deferred outflows related to pension and OPEB. The deferred amounts related to pension and OPEB relate differences between estimated and actual investment earnings, changes in actuarial assumptions, and other pension and OPEB related changes.

Timber Mesa Fire and Medical District

Notes to Financial Statements (continued)

Year Ended June 30, 2023

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

Deferred outflows and inflows of resources (continued):

In addition to liabilities, the statement of net position includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. In the government-wide financial statements, the District reports deferred amounts related to leases and deferred amounts related to pension and OPEB. In the governmental funds balance sheet, the District reports unavailable revenue. The governmental funds report unavailable revenues primarily from the following sources: property taxes and ambulance charges. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Postemployment benefits:

For purposes of measuring the net pension and other postemployment benefits (OPEB) liabilities or assets, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension and OPEB expense, information about the 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.
- 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.
- 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.

Timber Mesa Fire and Medical District

Notes to Financial Statements (continued)

Year Ended June 30, 2023

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

Fund balance (continued):

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.

Budgetary information:

The District is required, under Arizona Revised Statutes, to adopt a budget each fiscal year and to submit it to the County Treasurer and the County Board of Supervisors no later than the first day of August each year; under 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 year-end.

2. Cash and investments:

Deposits:

| | |
|--------------------|------------|
| Operating accounts | \$ 694,593 |
|--------------------|------------|

Investments:

| | |
|---|---------------------|
| Navajo County Treasurer investment pool | 3,333,831 |
| Navajo County Treasurer investment pool - segregated for capital outlay | <u>19,742</u> |
| | <u>\$ 4,048,166</u> |

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.

Timber Mesa Fire and Medical District

Notes to Financial Statements (continued)

Year Ended June 30, 2023

2. Cash and investments (continued):

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, 2023, deposits with financial institutions have a carrying value \$694,593 and a bank balance of \$846,322. The difference represents deposits in transit, outstanding checks, and other reconciling items at the year-end.

Investments:

Currently, monies levied by the District are invested with the Navajo 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 Navajo 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 3.

The District's investments at June 30, 2023 were as follows:

| | <u>Rating</u> | <u>Rating Agency</u> | <u>Amount</u> |
|---|---------------|----------------------|---------------|
| Navajo County Treasurer's investment pool | Unrated | Not applicable | \$ 3,353,573 |

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 these 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.

Timber Mesa Fire and Medical District

Notes to Financial Statements (continued)

Year Ended June 30, 2023

2. Cash and investments (continued):

Investments (continued):

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 unless the investment is denominated in the United States dollars.

3. Fair value:

The District measures and categorizes its investments using fair value measurement guidelines established by GAAP. These guidelines establish a multi-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.

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.

Timber Mesa Fire and Medical District

Notes to Financial Statements (continued)

Year Ended June 30, 2023

3. Fair value (continued):

At June 30, 2023, 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: | | | | | |
| Navajo County Treasurer | \$ 3,333,831 | \$ 3,333,831 | \$ - | \$ - | \$ - |
| Navajo County Treasurer - segregated for capital outlay | 19,742 | 19,742 | - | - | - |
| | \$ 3,353,573 | \$ 3,353,573 | \$ - | \$ - | \$ - |

The fair value of a participant's portion in the Navajo County Treasurer's investment pool 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 Navajo County Treasurer's investment pool invests primarily in agency and treasury bonds.

4. Receivables:

| | |
|--|--------------|
| Property taxes | \$ 328,359 |
| Ambulance receivables | 2,603,227 |
| Other | 932,455 |
| | 3,864,041 |
| Less allowance for doubtful accounts and contractual adjustments | 2,030,516 |
| | \$ 1,833,525 |

5. Lease receivables:

The District leases building space and cell towers to third parties under the provisions of various lease agreements. The leases have 5-year terms, with various options to renew for additional 5-year periods. During the fiscal year ended June 30, 2023, the District recognized total lease-related revenues of \$41,532.

Timber Mesa Fire and Medical District

Notes to Financial Statements (continued)

Year Ended June 30, 2023

6. Capital assets:

Capital asset activity for the period ended June 30, 2023 was as follows.

| | Beginning balance | Increases | Decreases | Ending balance |
|---|----------------------|-------------------|-------------|---------------------|
| Capital assets, not depreciated: | | | | |
| Land | \$ 562,465 | \$ 500,000 | \$ - | \$ 1,062,465 |
| Vehicles, not yet in service | - | 257,694 | - | 257,694 |
| Total capital assets, not depreciated | <u>562,465</u> | <u>757,694</u> | <u>-</u> | <u>1,320,159</u> |
| Capital assets, depreciated: | | | | |
| Buildings and improvements | 8,776,555 | 23,062 | - | 8,799,617 |
| Fire equipment | 2,527,904 | 138,313 | - | 2,666,217 |
| Vehicles | <u>6,310,967</u> | <u>235,507</u> | <u>-</u> | <u>6,546,474</u> |
| Total capital assets, depreciated | <u>17,615,426</u> | <u>396,882</u> | <u>-</u> | <u>18,012,308</u> |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | (2,860,324) | (260,857) | - | (3,121,181) |
| Fire equipment | (1,671,321) | (179,991) | - | (1,851,312) |
| Vehicles | <u>(4,589,432)</u> | <u>(393,238)</u> | <u>-</u> | <u>(4,982,670)</u> |
| Total accumulated depreciation and amortization | <u>(9,121,077)</u> | <u>(834,086)</u> | <u>-</u> | <u>(9,955,163)</u> |
| Total capital assets, depreciated, net | <u>8,494,349</u> | <u>(437,204)</u> | <u>-</u> | <u>8,057,145</u> |
| Total capital assets, net | <u>\$ 9,056,814</u> | <u>\$ 320,490</u> | <u>\$ -</u> | <u>\$ 9,377,304</u> |

Timber Mesa Fire and Medical District

Notes to Financial Statements (continued)

Year Ended June 30, 2023

7. Changes in noncurrent liabilities:

A summary of the changes in noncurrent liabilities for the period ended June 30, 2023 was as follows:

| | Beginning balance | Additions | Reductions | Ending balance | Due within one year |
|-----------------------|----------------------|---------------------|-----------------------|----------------------|------------------------|
| Compensated absences | \$ 721,639 | \$ 562,550 | \$ (477,651) | \$ 806,538 | \$ 483,000 |
| Financed purchases | 3,943,227 | - | (525,246) | 3,417,981 | 352,769 |
| Net pension liability | 4,984,885 | 4,361,726 | - | 9,346,611 | - |
| Net OPEB liability | 1,290 | - | (688) | 602 | - |
| | <u>\$ 9,651,041</u> | <u>\$ 4,924,276</u> | <u>\$ (1,003,585)</u> | <u>\$ 13,571,732</u> | <u>\$ 835,769</u> |

The general fund has typically been used to liquidate the liability for pensions and OPEB in prior years.

8. Financed purchases:

The District has acquired land, buildings and vehicles under contract agreements at a total purchase price of \$5,420,251. The following schedule details debt service requirements to maturity of the District's financed purchases at June 30, 2023.

| Year ending <u>June 30,</u> | Principal | Interest | Total |
|--------------------------------|---------------------|-------------------|---------------------|
| 2024 | \$ 352,769 | \$ 95,154 | \$ 447,923 |
| 2025 | 249,588 | 86,998 | 336,586 |
| 2026 | 256,501 | 80,085 | 336,586 |
| 2027 | 263,247 | 73,339 | 336,586 |
| 2028 | 270,156 | 66,416 | 336,572 |
| 2029 - 2033 | 1,179,000 | 227,249 | 1,406,249 |
| 2034 - 2038 | 846,720 | 57,762 | 904,482 |
| | <u>\$ 3,417,981</u> | <u>\$ 687,003</u> | <u>\$ 4,104,984</u> |

Timber Mesa Fire and Medical District

Notes to Financial Statements (continued)

Year Ended June 30, 2023

9. 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.

10. Commitments and contingencies:

Purchase commitments:

As of June 30, 2023, the District had entered into agreements to purchase a Type 1 pumper and a Tanker pumper, for a combined total of \$1,016,000. In September 2023, the District financed the purchase of the Type 1 pumper for \$780,000 at 4.9% interest with annual principal and interest payments of \$134,311 through September 2030. The District also expects to fund the purchase of the Tanker in fiscal year 2024.

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:

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.

11. 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.

Timber Mesa Fire and Medical District

Notes to Financial Statements (continued)

Year Ended June 30, 2023

11. Pension and other postemployment benefits (continued):

At June 30, 2023, 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:

| | Net pension/ OPEB liability | Net pension/ OPEB asset | Deferred outflows of resources | Deferred inflows of resources | Pension/ OPEB expense |
|--|--------------------------------|----------------------------|--------------------------------------|-------------------------------------|--------------------------|
| Pension plans: | | | | | |
| ASRS | \$ 1,054,415 | \$ - | \$ 221,592 | \$ 27,774 | \$ 135,919 |
| PSPRS - Tier 1 & 2 | 8,292,196 | - | 5,359,361 | 574,921 | 1,784,567 |
| PSPRS - Tier 3 Risk Pool | - | (59,158) | 402,121 | 39,092 | (45,160) |
| Total pension plans | 9,346,611 | (59,158) | 5,983,074 | 641,787 | 1,875,326 |
| OPEB plans: | | | | | |
| ASRS - health insurance premium benefit | - | (36,946) | 1,674 | 21,545 | (5,224) |
| ASRS - long-term disability | 602 | - | 2,245 | 2,184 | 219 |
| PSPRS - Tier 1 & 2 | - | (110,747) | 52,654 | 133,500 | 720 |
| PSPRS - Tier 3 Risk Pool | - | (13,021) | 875 | 2,814 | (4,846) |
| Total OPEB plans | 602 | (160,714) | 57,448 | 160,043 | (9,131) |
| | \$ 9,347,213 | \$ (219,872) | \$ 6,040,522 | \$ 801,830 | \$ 1,866,195 |

The District's accrued payroll and related benefits includes \$30,332 of outstanding pension and OPEB contribution amounts payable to all plans for the year ended June 30, 2023.

The District reported \$1,704,635 of pension and OPEB contributions as expenditures in the governmental funds related to all plans to which it contributes.

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.

Timber Mesa Fire and Medical District

Notes to Financial Statements (continued)

Year Ended June 30, 2023

11. Pension and other postemployment benefits (continued):

Arizona State Retirement System (ASRS) (continued):

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.

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.

Timber Mesa Fire and Medical District

Notes to Financial Statements (continued)

Year Ended June 30, 2023

11. Pension and other postemployment benefits (continued):

Arizona State Retirement System (ASRS) (continued):

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

The District's contributions to the pension, health insurance premium benefit, and long-term disability plans for the year ended June 30, 2023, were \$114,335, \$1,055, and \$1,343. During fiscal year 2023, the District paid for the ASRS pension and OPEB contributions from the general fund.

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

| | <u>Net pension/OPEB (asset) liability</u> |
|----------------------------------|---|
| Pension | \$ 1,054,415 |
| Health insurance premium benefit | (36,946) |
| Long-term disability | 602 |

The net asset and net liabilities were measured as of June 30, 2022. The total liability used to calculate the net asset or net liability was determined using updated procedures to roll forward the total liability from an actuarial valuation as of June 30, 2021, to the measurement date of June 30, 2022.

The District's proportion of the net asset or net liability was based on the District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2022. The District's proportions measured as of June 30, 2022, and the change from its proportions measured as of June 30, 2021 were:

| | <u>Proportion June 30, 2022</u> | <u>Increase from June 30, 2021</u> |
|----------------------------------|-------------------------------------|--|
| Pension | 0.00646 % | 0.00029 |
| Health insurance premium benefit | 0.00662 % | 0.00029 |
| Long-term disability | 0.00652 % | 0.00027 |

Timber Mesa Fire and Medical District

Notes to Financial Statements (continued)

Year Ended June 30, 2023

11. Pension and other postemployment benefits (continued):

Arizona State Retirement System (ASRS) (continued):

Pension/OPEB expense - For the year ended June 30, 2023, the District recognized the following pension and OPEB expense:

| | Pension/OPEB expense |
|----------------------------------|-------------------------|
| Pension | \$ 135,919 |
| Health insurance premium benefit | (5,224) |
| Long-term disability | 219 |

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

| | Pension | | Health insurance premium benefit | | Long-term disability | |
|---|---|--|---|--|---|--|
| | Deferred outflows of resources | Deferred inflows of resources | Deferred outflows of resources | Deferred inflows of resources | Deferred outflows of resources | Deferred inflows of resources |
| Differences between expected and actual experience | \$ 8,984 | \$ - | \$ - | \$ 18,855 | \$ 313 | \$ 561 |
| Net difference between projected and actual earnings on pension plan investments | - | 27,774 | - | 1,245 | - | 19 |
| Changes in assumptions | 52,333 | - | 600 | 1,008 | 328 | 1,470 |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 45,940 | - | 19 | 437 | 261 | 134 |
| Contributions subsequent to the measurement date | 114,335 | - | 1,055 | - | 1,343 | - |
| | <u>\$ 221,592</u> | <u>\$ 27,774</u> | <u>\$ 1,674</u> | <u>\$ 21,545</u> | <u>\$ 2,245</u> | <u>\$ 2,184</u> |

Timber Mesa Fire and Medical District

Notes to Financial Statements (continued)

Year Ended June 30, 2023

11. 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and OPEB will be recognized as expenses as follows:

| Year ending <u>June 30,</u> | Pension | Health insurance premium benefit | Long-term disability |
|--------------------------------|-----------|---|-------------------------|
| 2024 | \$ 82,087 | \$ (5,741) | \$ (116) |
| 2025 | 1,165 | (6,236) | (149) |
| 2026 | (48,223) | (6,833) | (285) |
| 2027 | 44,454 | (1,095) | (25) |
| 2028 | - | (1,021) | (276) |
| Thereafter | - | - | (431) |
| | \$ 79,483 | \$ (20,926) | \$ (1,282) |

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

| | |
|-----------------------------|---|
| Actuarial valuation date | June 30, 2021 |
| Actuarial roll forward date | June 30, 2022 |
| Actuarial cost method | Entry age normal |
| Investment rate of return | 7.0% |
| Projected salary increases | 2.9% - 8.4% 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, 2021 valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2020.

Timber Mesa Fire and Medical District

Notes to Financial Statements (continued)

Year Ended June 30, 2023

11. 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 7.0% using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage.

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

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-term expected geometric real rate of return</u> |
|--|--------------------------|---|
| Equity | 50 % | 3.90 % |
| Fixed income credit | 20 % | 5.30 % |
| Fixed income - interest rate sensitive | 10 % | (0.20)% |
| Real estate | 20 % | 6.00 % |
| | <u>100 %</u> | |

Discount rate - At June 30, 2022, the discount rate used to measure the ASRS total pension/OPEB liability was 7.0%. 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 7.0%, as well as what the District's proportionate share of the net pension/OPEB (asset) liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.0%) or 1 percentage point higher (8.0%) than the current rate:

Timber Mesa Fire and Medical District

Notes to Financial Statements (continued)

Year Ended June 30, 2023

11. Pension and other postemployment benefits (continued):

Arizona State Retirement System (ASRS) (continued):

| | 1% decrease (6.0%) | Current discount rate (7.0%) | 1% increase (8.0%) |
|---|-----------------------|------------------------------------|-----------------------|
| Net pension liability | \$ 1,555,759 | \$ 1,054,415 | \$ 636,374 |
| Net insurance premium benefit liability (asset) | (26,566) | (36,946) | (45,753) |
| Net long-term disability liability | 998 | 602 | 218 |

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).

The PSPRS issues a publicly available financial report that include financial statements and required supplementary information. The reports 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:

Timber Mesa Fire and Medical District

Notes to Financial Statements (continued)

Year Ended June 30, 2023

11. Pension and other postemployment benefits (continued):

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

| | Initial membership date: | | |
|--|--|--|---|
| | Tier 1: Before January 1, 2012 | Tier 2: On or after January 1, 2012 and before July 1, 2017 | Tier 3: 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 | | |

Timber Mesa Fire and Medical District

Notes to Financial Statements (continued)

Year Ended June 30, 2023

11. 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, 2023, the following employees were covered by the agent pension plan benefit terms:

| | Pension | Health |
|--|---------|--------|
| Inactive employees or beneficiaries currently receiving benefits | 11 | 11 |
| Inactive employees entitled to but not yet receiving benefits | 5 | 2 |
| Active employees | 58 | 58 |
| | 74 | 71 |

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, 2023 are indicated below:

| | Tier 1 & 2 | Tier 3 |
|--|----------------|--------|
| Active members - pension | 7.65% - 11.65% | 9.94 % |
| District: | | |
| Pension | 20.16 % | 9.81 % |
| Health insurance | 0.29 % | 0.13 % |
| Legacy cost - Tiers 1 & 2 unfunded liabilities | - % | 6.50 % |

Timber Mesa Fire and Medical District

Notes to Financial Statements (continued)

Year Ended June 30, 2023

11. Pension and other postemployment benefits (continued):

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

In addition, the District is required to contribute at the actuarially determined rate of 8.00% 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.

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

| | Tier 1 & 2 | Tier 3 |
|------------------|--------------|------------|
| Pension | \$ 1,462,882 | \$ 103,977 |
| Health insurance | 21,043 | - |

During fiscal year 2023, the District paid for the pension and OPEB contributions from the general fund.

PSPRS agent multiple employer plans (Tier 1 & 2):

Liability (asset) - At June 30, 2023, the District reported net pension liability of \$8,292,196 and a net OPEB liability (asset) of \$(110,747). The net assets and net liabilities were measured as of June 30, 2022 and the total liability used to calculate the net asset or liability was determined by an actuarial valuation as of that date. The total liabilities as of June 30, 2022 reflect changes of actuarial assumptions, including decreasing the investment rate of return from 7.3% to 7.2%, changing the wage inflation from 3.5% to a range to 3.0% - 6.25%, and increasing the cost-of-living adjustment from 1.75% to 1.85%.

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

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

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

Timber Mesa Fire and Medical District

Notes to Financial Statements (continued)

Year Ended June 30, 2023

11. Pension and other postemployment benefits (continued):

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

PSPRS agent multiple employer plans (Tier 1 & 2) (continued):

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

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

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

Discount rate - At June 30, 2022, the discount rate used to measure the total pension/OPEB liability was 7.20%, which was a decrease of 0.1 from the discount rate used as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the actuarially determined contribution rate and the member rate. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension/OPEB liability.

Timber Mesa Fire and Medical District

Notes to Financial Statements (continued)

Year Ended June 30, 2023

11. Pension and other postemployment benefits (continued):

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

PSPRS agent multiple employer plans (Tier 1 & 2) (continued):

Changes in the net pension liability -

| | Total pension liability (a) | Plan fiduciary net position (b) | Net pension liability (a) - (b) |
|--|-----------------------------------|---------------------------------------|---------------------------------------|
| | <u>(a)</u> | <u>(b)</u> | <u>(a) - (b)</u> |
| Balances at June 30, 2022 | \$ 28,744,624 | \$ 24,570,450 | \$ 4,174,174 |
| Changes for the year: | | | |
| Service cost | 1,156,420 | - | 1,156,420 |
| Interest on the total pension liability | 2,164,234 | - | 2,164,234 |
| Differences between expected and actual experience in the measurement of the pension liability | 1,069,012 | - | 1,069,012 |
| Changes of assumptions or other inputs | 241,310 | - | 241,310 |
| Contributions - employer | - | 1,051,820 | (1,051,820) |
| Contributions - employee | - | 472,371 | (472,371) |
| Net investment income | - | (993,334) | 993,334 |
| Benefit payments, including refunds of employee contributions | (508,002) | (508,002) | - |
| Administrative expense | - | (17,903) | 17,903 |
| Net changes | <u>4,122,974</u> | <u>4,952</u> | <u>4,118,022</u> |
| Balances at June 30, 2023 | <u>\$ 32,867,598</u> | <u>\$ 24,575,402</u> | <u>\$ 8,292,196</u> |

Timber Mesa Fire and Medical District

Notes to Financial Statements (continued)

Year Ended June 30, 2023

11. Pension and other postemployment benefits (continued):

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

PSPRS agent multiple employer plans (Tier 1 & 2) (continued):

Changes in the net OPEB liability -

| | Total OPEB liability (a) | Plan fiduciary net position (b) | Net OPEB liability (asset) (a) - (b) |
|---|--------------------------------|---------------------------------------|--|
| | <u> </u> | <u> </u> | <u> </u> |
| Balances at June 30, 2022 | \$ 470,215 | \$ 635,555 | \$ (165,340) |
| Changes for the year: | | | |
| Service cost | 23,335 | - | 23,335 |
| Interest on the total OPEB liability | 35,963 | - | 35,963 |
| Differences between expected and actual experience in the measurement of the OPEB liability | (30,181) | - | (30,181) |
| Changes of assumptions or other inputs | 16,573 | - | 16,573 |
| Contributions - employer | - | 16,450 | (16,450) |
| Net investment income | - | (24,910) | 24,910 |
| Benefit payments, including refunds of employee contributions | (1,800) | (1,800) | - |
| Administrative expense | <u> </u> | <u> (443)</u> | <u> 443</u> |
| Net changes | <u> 43,890</u> | <u> (10,703)</u> | <u> 54,593</u> |
| Balances at June 30, 2023 | <u>\$ 514,105</u> | <u>\$ 624,852</u> | <u>\$ (110,747)</u> |

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

| | 1% decrease (6.2%) | Current discount rate (7.2%) | 1% increase (8.2%) |
|---------------------------------------|-----------------------|------------------------------------|-----------------------|
| | <u> </u> | <u> </u> | <u> </u> |
| District's net pension liability | \$ 13,839,778 | \$ 8,292,196 | \$ 3,838,482 |
| District's net OPEB liability (asset) | \$ (38,106) | \$ (110,747) | \$ (171,356) |

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

Timber Mesa Fire and Medical District

Notes to Financial Statements (continued)

Year Ended June 30, 2023

11. Pension and other postemployment benefits (continued):

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

PSPRS agent multiple employer plans (Tier 1 & 2) (continued):

Expense - For the year ended June 30, 2023, the District recognized pension expense for PSPRS of \$1,784,567 and OPEB expense of \$720.

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

| | Pension | | Health | |
|--|--------------------------------|-------------------------------|--------------------------------|-------------------------------|
| | Deferred outflows of resources | Deferred inflows of resources | Deferred outflows of resources | Deferred inflows of resources |
| Differences between expected and actual experience | \$ 2,278,890 | \$ 574,921 | \$ - | \$ 125,552 |
| Changes in assumptions | 1,200,670 | - | 19,232 | 7,948 |
| Net difference between projected and actual earnings on plan investments | 416,919 | - | 12,379 | - |
| Contributions subsequent to the measurement date | <u>1,462,882</u> | <u>-</u> | <u>21,043</u> | <u>-</u> |
| | <u>\$ 5,359,361</u> | <u>\$ 574,921</u> | <u>\$ 52,654</u> | <u>\$ 133,500</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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and OPEB will be recognized as expenses as follows:

| Year ending <u>June 30,</u> | Pension | Health |
|--------------------------------|---------------------|---------------------|
| 2024 | \$ 611,863 | \$ (16,152) |
| 2025 | 548,521 | (17,858) |
| 2026 | 313,192 | (23,578) |
| 2027 | 1,084,376 | (4,169) |
| 2028 | 434,543 | (18,534) |
| Thereafter | <u>329,063</u> | <u>(21,598)</u> |
| | <u>\$ 3,321,558</u> | <u>\$ (101,889)</u> |

Timber Mesa Fire and Medical District

Notes to Financial Statements (continued)

Year Ended June 30, 2023

11. Pension and other postemployment benefits (continued):

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

PSPRS cost-sharing multiple-employer plans (Tier 3 Risk Pool):

Pension and OPEB assets/liabilities - At June 30, 2023, the District reported the following asset and liabilities for its proportionate share of the PSPRS Tier 3 Risk Pool net pension/OPEB asset or liability.

| | <u>Net pension/OPEB (asset) liability</u> |
|----------------------------------|---|
| Pension | \$ (59,158) |
| Health insurance premium benefit | (13,021) |

The net asset and net liabilities were measured as of June 30, 2022. The total liability used to calculate the net asset or net liability was determined using update procedures to roll forward the total liability from an actuarial valuation as of June 30, 2021, to the measurement date of June 30, 2022. The total liabilities as of June 30, 2022 reflect changes of actuarial assumptions, including changing the projected salary increases from 3.5% - 7.5% to 2.75% - 15%, and increasing the future benefit increases from 1.75% to 1.85%.

The District's proportion of the net asset or net liability was based on the District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2022. The District's proportion measured as of June 30, 2022, and the change in proportions measured as of June 30, 2021, were:

| | <u>Proportion</u> | <u>Increase (decrease)</u> |
|----------------------------------|-------------------|--------------------------------|
| Pension | 1.09430 % | 0.04120 |
| Health insurance premium benefit | 1.09650 % | 0.18463 |

Pension/OPEB expense - For the year ended June 30, 2023, the District recognized pension and OPEB expense (income) for PSPRS Tier 3 Risk Pool as follows:

| | <u>Expense (income)</u> |
|----------------------------------|-----------------------------|
| Pension | \$ (45,160) |
| Health insurance premium benefit | (4,846) |

Timber Mesa Fire and Medical District

Notes to Financial Statements (continued)

Year Ended June 30, 2023

11. Pension and other postemployment benefits (continued):

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

PSPRS cost-sharing multiple-employer plans (Tier 3 Risk Pool) (continued):

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

| | Pension | | Health | |
|---|--------------------------------|-------------------------------|--------------------------------|-------------------------------|
| | Deferred outflows of resources | Deferred inflows of resources | Deferred outflows of resources | Deferred inflows of resources |
| Differences between expected and actual experience | \$ 283,521 | \$ - | \$ 297 | \$ 1,104 |
| Net difference between projected and actual earnings on pension plan investments | 13,910 | - | 239 | - |
| Changes in assumptions | 713 | 14,712 | 339 | 3 |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | - | 24,380 | - | 1,707 |
| Contributions subsequent to the measurement date | <u>103,977</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| | <u>\$ 402,121</u> | <u>\$ 39,092</u> | <u>\$ 875</u> | <u>\$ 2,814</u> |

The amounts reported as deferred outflows of resources related to PSPRS Tier 3 Risk Pool pensions and OPEB resulting from District contributions subsequent to the measurement date will be recognized as an increase of the net asset and a reduction of the net liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and OPEB will be recognized as expenses as follows:

| Year ending <u>June 30,</u> | Pension | Health |
|--------------------------------|-------------------|-------------------|
| 2024 | \$ 22,680 | \$ (235) |
| 2025 | 22,803 | (227) |
| 2026 | 21,252 | (283) |
| 2027 | 39,332 | 359 |
| 2028 | 23,039 | (157) |
| Thereafter | <u>129,946</u> | <u>(1,396)</u> |
| | <u>\$ 259,052</u> | <u>\$ (1,939)</u> |

Timber Mesa Fire and Medical District

Notes to Financial Statements (continued)

Year Ended June 30, 2023

11. Pension and other postemployment benefits (continued):

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

PSPRS cost-sharing multiple-employer plans (Tier 3 Risk Pool) (continued):

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

| | |
|------------------------------|--|
| Valuation (measurement) date | June 30, 2022 |
| Actuarial cost method | Entry age normal |
| Investment rate of return | 7.0% |
| Projected salary increases | 2.75% - 15% for pensions/not applicable for OPEB |
| Price inflation | 2.5% for pensions/not applicable for OPEB |
| Future benefit increases | 1.85% for pensions/not applicable for OPEB |
| Mortality rates | PubS-2010 tables |

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

The long-term expected rate of return on PSPRS Tier 3 Risk Pool pension plan investments was determined to be 7% 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.

The target allocation and best estimates of geometric real rates of return for each major asset class are consistent with the allocations disclosed for the PSPRS agent multiple-employer plans (Tier 1 & 2).

Discount rate - The discount rate used to measure the PSPRS Tier 3 Risk Pool total pension/OPEB liability was 7%. 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 those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension/OPEB liability.

Sensitivity of the District's proportionate share of the PSPRS Tier 3 Risk Pool 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 7.0%, as well as what the District's proportionate share of the net pension/OPEB (asset) liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.0%) or 1 percentage point higher (8.0%) than the current rate:

Timber Mesa Fire and Medical District

Notes to Financial Statements (continued)

Year Ended June 30, 2023

11. Pension and other postemployment benefits (continued):

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

PSPRS cost-sharing multiple-employer plans (Tier 3 Risk Pool) (continued):

| | 1% decrease (6.0%) | Current discount rate (7.0%) | 1% increase (8.0%) |
|--|-----------------------|------------------------------------|-----------------------|
| Net pension liability (asset) | \$ 144,485 | \$ (59,158) | \$ (211,190) |
| Net health insurance premium liability (asset) | \$ (10,331) | \$ (13,021) | \$ (15,162) |

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, 2023, 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.

Required Supplementary Information

Timber Mesa Fire and Medical District

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual - General Fund

Year Ended June 30, 2023

| | <u>Budgeted amounts</u> | | <u>Actual</u> | <u>Variance with final budget</u> |
|---------------------------------|-------------------------|-------------------|---------------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues: | | | | |
| Property taxes | \$ 11,219,912 | \$ 11,219,912 | \$ 11,198,474 | \$ (21,438) |
| Fire district assistance tax | 473,018 | 473,018 | 473,018 | - |
| State shared tax revenues | 115,000 | 115,000 | 252,159 | 137,159 |
| Charges for services | 5,013,225 | 5,613,225 | 4,920,780 | (692,445) |
| Grants and contributions | 622,291 | 622,291 | 1,369,527 | 747,236 |
| Investment earnings | 25,000 | 25,000 | 91,665 | 66,665 |
| Other | <u>282,300</u> | <u>282,300</u> | <u>324,541</u> | <u>42,241</u> |
| Total revenues | <u>17,750,746</u> | <u>18,350,746</u> | <u>18,630,164</u> | <u>279,418</u> |
| Expenditures: | | | | |
| Public safety: | | | | |
| Emergency operations | 9,418,591 | 10,018,591 | 11,898,852 | 1,880,261 |
| Administration | 6,457,999 | 6,457,999 | 4,568,471 | (1,889,528) |
| Capital outlay | 1,183,000 | 1,183,000 | 1,154,576 | (28,424) |
| Debt service | <u>691,156</u> | <u>691,156</u> | <u>627,993</u> | <u>(63,163)</u> |
| Total expenditures | <u>17,750,746</u> | <u>18,350,746</u> | <u>18,249,892</u> | <u>(100,854)</u> |
| Net change in fund balance | - | - | 380,272 | 380,272 |
| Fund balance, beginning of year | <u>-</u> | <u>-</u> | <u>4,239,661</u> | <u>4,239,661</u> |
| Fund balance, end of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 4,619,933</u> | <u>\$ 4,619,933</u> |

Timber Mesa Fire and Medical District

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

Year Ended June 30, 2023

ASRS Pension (schedule to be built prospectively from 2015; 2014 information not available)

| Reporting date (Measurement date) | 2023 (2022) | 2022 (2021) | 2021 (2020) | 2020 (2019) | 2019 (2018) | 2018 (2017) | 2017 (2016) | 2016 (2015) | 2015 (2014) | 2014 (2013) |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| District's proportion of the net pension liability | 0.006460 % | 0.006170 % | 0.005820 % | 0.006190 % | 0.006270 % | 0.006340 % | 0.004790 % | 0.004590 % | 0.002283 % | - % |
| District's proportionate share of the net pension liability | \$ 1,054,415 | \$ 810,711 | \$ 1,008,403 | \$ 900,717 | \$ 874,444 | \$ 987,648 | \$ 773,154 | \$ 714,460 | \$ 337,767 | \$ - |
| District's covered payroll | \$ 770,335 | \$ 693,742 | \$ - | \$ 639,209 | \$ 614,771 | \$ 451,809 | \$ 424,027 | \$ 202,185 | \$ 185,000 | \$ - |
| District's proportionate share of the net pension liability as a percentage of its covered payroll | 137 % | 117 % | 165 % | 141 % | 142 % | 219 % | 182 % | 353 % | 183 % | - % |
| Plan fiduciary net position as a percentage of total pension liability | 74 % | 79 % | 69 % | 73 % | 73 % | 70 % | 67 % | 68 % | 69 % | - % |

ASRS Health insurance premium benefit (schedule to be built prospectively from 2018; 2017 - 2014 information not available)

| Reporting date (Measurement date) | 2023 (2022) | 2022 (2021) | 2021 (2020) | 2020 (2019) | 2019 (2018) | 2018 (2017) | 2017 (2016) | 2016 (2015) | 2015 (2014) | 2014 (2013) |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| District's proportion of the net OPEB (asset) | 0.006620 % | 0.006330 % | 0.005970 % | 0.006350 % | 0.006390 % | 0.006340 % | - % | - % | - % | - % |
| District's proportionate share of the net OPEB (asset) | \$ (36,946) | \$ (30,840) | \$ (4,227) | \$ (1,755) | \$ (2,301) | \$ (3,500) | \$ - | \$ - | \$ - | \$ - |
| District's covered payroll | \$ 770,335 | \$ 693,742 | \$ 612,249 | \$ 639,209 | \$ 614,771 | \$ 451,809 | \$ - | \$ - | \$ - | \$ - |
| District's proportionate share of the net OPEB (asset) as a percentage of its covered payroll | (4.80)% | (4.45)% | (0.69)% | (0.27)% | (0.37)% | (0.77)% | - % | - % | - % | - % |
| Plan fiduciary net position as a percentage of total OPEB (asset) | 138 % | 130 % | 104 % | 102 % | 102 % | 104 % | - % | - % | - % | - % |

See accompanying notes to required supplementary information

Timber Mesa Fire and Medical District

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

Year Ended June 30, 2023

ASRS Long-term disability (schedule to be built prospectively from 2018; 2017 - 2014 information not available)

| Reporting date (Measurement date) | 2023 (2022) | 2022 (2021) | 2021 (2020) | 2020 (2019) | 2019 (2018) | 2018 (2017) | 2017 (2016) | 2016 (2015) | 2015 (2014) | 2014 (2013) |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| District's proportion of the net OPEB liability | 0.006520 % | 0.006250 % | 0.005900 % | 0.006290 % | 0.006290 % | 0.006370 % | - % | - % | - % | - % |
| District's proportionate share of the net OPEB liability | \$ 602 | \$ 1,290 | \$ 4,476 | \$ 4,098 | \$ 3,287 | \$ 2,309 | \$ - | \$ - | \$ - | \$ - |
| District's covered payroll | \$ 770,335 | \$ 693,742 | \$ 612,249 | \$ 639,209 | \$ 614,771 | \$ 451,809 | \$ - | \$ - | \$ - | \$ - |
| District's proportionate share of the net OPEB liability as a percentage of its covered payroll | 0.08 % | 0.19 % | 0.73 % | 0.64 % | 0.53 % | 0.51 % | - % | - % | - % | - % |
| Plan fiduciary net position as a percentage of total OPEB liability | 95 % | 90 % | 68 % | 78 % | 78 % | 84 % | - % | - % | - % | - % |

Timber Mesa Fire and Medical District

Schedule of Changes in Net Pension Liability and Related Ratios - Agent Retirement Plan (PSPRS)

Year Ended June 30, 2023

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

| Reporting date (Measurement date) | 2023 (2022) | 2022 (2021) | 2021 (2020) | 2020 (2019) | 2019 (2018) | 2018 (2017) | 2017 (2016) | 2016 (2015) | 2015 (2014) | 2014 (2013) |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------|
| Total pension liability | | | | | | | | | | |
| Service cost | \$ 1,156,420 | \$ 1,094,675 | \$ 1,097,214 | \$ 1,124,509 | \$ 1,063,071 | \$ 1,041,409 | \$ 840,308 | \$ 774,187 | \$ 770,228 | \$ - |
| Interest | 2,164,234 | 1,875,858 | 1,725,671 | 1,565,178 | 1,370,967 | 1,187,356 | 907,545 | 855,470 | 728,385 | - |
| Benefit changes | - | - | - | - | - | 254,688 | 1,457,993 | - | 25,804 | - |
| Difference between expected and actual experience | 1,069,012 | 1,356,392 | (451,281) | (440,112) | 173,738 | 106,044 | 561,388 | (691,884) | (52,069) | - |
| Assumption changes | 241,310 | - | - | 664,775 | - | 558,357 | 703,722 | - | 376,185 | - |
| Benefit payments, including refunds of employee contributions | (508,002) | (368,621) | (254,802) | (542,745) | (609,813) | (317,221) | (285,139) | (329,770) | (133,428) | - |
| Net change in total pension liability | 4,122,974 | 3,958,304 | 2,116,802 | 2,371,605 | 1,997,963 | 2,830,633 | 4,185,817 | 608,003 | 1,715,105 | - |
| Total pension liability, beginning | 28,744,624 | 24,786,320 | 22,669,518 | 20,297,913 | 18,299,950 | 15,469,317 | 11,283,500 | 10,675,497 | 8,960,392 | - |
| Total pension liability, ending (a) | \$ 32,867,598 | \$ 28,744,624 | \$ 24,786,320 | \$ 22,669,518 | \$ 20,297,913 | \$ 18,299,950 | \$ 15,469,317 | \$ 11,283,500 | \$ 10,675,497 | \$ - |
| Plan fiduciary net position | | | | | | | | | | |
| Adjustment to beginning of year | \$ - | \$ - | \$ 1 | \$ (5,177) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Contributions - employer | 1,051,820 | 1,025,438 | 1,033,154 | 1,016,092 | 1,070,486 | 590,577 | 610,185 | 476,770 | 545,301 | - |
| Contributions - employee | 472,371 | 439,994 | 418,713 | 433,247 | 400,610 | 511,035 | 515,430 | 451,335 | 422,123 | - |
| Pension plan net investment income | (993,334) | 5,247,691 | 221,539 | 835,742 | 971,784 | 1,437,614 | 65,212 | 372,057 | 1,129,216 | - |
| Benefit payments, including refunds of employee contributions | (508,002) | (368,621) | (254,802) | (542,745) | (609,813) | (317,221) | (285,139) | (329,770) | (133,428) | - |
| Hall/Parker settlement | - | - | - | - | (690,726) | - | - | - | - | - |
| Administrative expenses | (17,903) | (24,349) | (18,063) | (15,518) | (15,490) | (13,120) | (9,784) | (10,226) | - | - |
| Other | - | - | - | - | 5,460 | 10,303 | 41,174 | (7,371) | (10,756) | - |
| Net change in fiduciary net position | 4,952 | 6,320,153 | 1,400,542 | 1,721,641 | 1,132,311 | 2,219,188 | 937,078 | 952,795 | 1,952,456 | - |
| Plan fiduciary net position, beginning | 24,570,450 | 18,250,297 | 16,849,755 | 15,128,114 | 13,995,803 | 11,776,615 | 10,839,537 | 9,886,742 | 7,934,286 | - |
| Plan fiduciary net position, ending (b) | \$ 24,575,402 | \$ 24,570,450 | \$ 18,250,297 | \$ 16,849,755 | \$ 15,128,114 | \$ 13,995,803 | \$ 11,776,615 | \$ 10,839,537 | \$ 9,886,742 | \$ - |
| Net pension liability, ending (a) - (b) | \$ 8,292,196 | \$ 4,174,174 | \$ 6,536,023 | \$ 5,819,763 | \$ 5,169,799 | \$ 4,304,147 | \$ 3,692,702 | \$ 443,963 | \$ 788,755 | \$ - |
| Plan fiduciary net position as a percentage of total pension liability | 74.77 % | 85.48 % | 73.63 % | 74.33 % | 74.53 % | 76.48 % | 76.13 % | 96.07 % | 92.61 % | - % |
| Covered valuation payroll | \$ 5,034,343 | \$ 5,048,611 | \$ 5,488,954 | \$ 5,043,650 | \$ 5,642,856 | \$ 4,541,687 | \$ 4,356,185 | \$ 3,870,372 | \$ 3,922,070 | \$ - |
| Net pension liability as a percentage of covered valuation payroll | 164.71 % | 82.68 % | 119.08 % | 115.39 % | 91.62 % | 94.77 % | 84.77 % | 11.47 % | 20.11 % | - % |

Timber Mesa Fire and Medical District

Schedule of Changes in Net OPEB Liability and Related Ratios - Agent Retirement Plan (PSPRS)

Year Ended June 30, 2023

(schedule to be built prospectively from 2018; 2017 - 2014 information not available)

| Reporting date (Measurement date) | 2023 (2022) | 2022 (2021) | 2021 (2020) | 2020 (2019) | 2019 (2018) | 2018 (2017) | 2017 (2016) | 2016 (2015) | 2015 (2014) | 2014 (2013) |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|----------------|----------------|----------------|----------------|
| Total OPEB liability | | | | | | | | | | |
| Service cost | \$ 23,335 | \$ 24,058 | \$ 24,343 | \$ 15,852 | \$ 16,813 | \$ 15,896 | \$ - | \$ - | \$ - | \$ - |
| Interest on total OPEB liability | 35,963 | 33,954 | 31,283 | 32,387 | 29,932 | 30,194 | - | - | - | - |
| Benefit changes | - | - | - | - | - | 1,237 | - | - | - | - |
| Difference between expected and actual experience | (30,181) | (27,965) | (11,158) | (77,730) | (19,215) | (27,093) | - | - | - | - |
| Assumption changes | 16,573 | - | - | 7,877 | - | (16,462) | - | - | - | - |
| Benefit payments | (1,800) | (1,800) | (1,800) | (1,800) | (1,800) | (2,840) | - | - | - | - |
| Net change in total OPEB liability | 43,890 | 28,247 | 42,668 | (23,414) | 25,730 | 932 | - | - | - | - |
| Total OPEB liability, beginning | 470,215 | 441,968 | 399,300 | 422,714 | 396,984 | 396,052 | - | - | - | - |
| Total OPEB liability, ending (a) | \$ 514,105 | \$ 470,215 | \$ 441,968 | \$ 399,300 | \$ 422,714 | \$ 396,984 | \$ - | \$ - | \$ - | \$ - |
| Plan fiduciary net position | | | | | | | | | | |
| Adjustment to beginning of year | \$ - | \$ - | \$ - | \$ 5,177 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Contributions - employer | 16,450 | 19,890 | 16,123 | 17,733 | 14,770 | 18,721 | - | - | - | - |
| Contributions - employee | - | - | - | - | - | - | - | - | - | - |
| Net investment income | (24,910) | 133,086 | 5,868 | 23,220 | 26,996 | 39,311 | - | - | - | - |
| Benefit payments | (1,800) | (1,800) | (1,800) | (1,800) | (1,800) | (2,840) | - | - | - | - |
| Administrative expenses | (443) | (547) | (477) | (401) | (411) | (348) | - | - | - | - |
| Other | - | - | - | - | 1 | - | - | - | - | - |
| Net change in fiduciary net position | (10,703) | 150,629 | 19,714 | 43,929 | 39,556 | 54,844 | - | - | - | - |
| Plan fiduciary net position, beginning | 635,555 | 484,926 | 465,212 | 421,283 | 381,727 | 326,883 | - | - | - | - |
| Plan fiduciary net position, ending (b) | \$ 624,852 | \$ 635,555 | \$ 484,926 | \$ 465,212 | \$ 421,283 | \$ 381,727 | \$ - | \$ - | \$ - | \$ - |
| Net OPEB liability (asset), ending (a) - (b) | \$ (110,747) | \$ (165,340) | \$ (42,958) | \$ (65,912) | \$ 1,431 | \$ 15,257 | \$ - | \$ - | \$ - | \$ - |
| Plan fiduciary net position as a percentage of total OPEB liability | 121.54 % | 135.16 % | 109.72 % | 116.51 % | 99.66 % | 96.16 % | - % | - % | - % | - % |
| Covered valuation payroll | \$ 5,034,343 | \$ 5,048,611 | \$ 5,488,954 | \$ 5,043,650 | \$ 5,642,856 | \$ 4,541,687 | \$ - | \$ - | \$ - | \$ - |
| Net OPEB liability as a percentage of covered valuation payroll | (2.20)% | (3.27)% | (0.78)% | (1.31)% | 0.03 % | 0.34 % | - % | - % | - % | - % |

See accompanying notes to required supplementary information

Timber Mesa Fire and Medical District

Schedule of the District's Proportionate Share of the Net Pension Liability (Asset) - Cost Sharing Plan (PSPRS Tier 3 Risk Pool)

Year Ended June 30, 2023

(schedule to be built prospectively from 2019; 2018 - 2014 information not available)

| Reporting date (Measurement date) | 2023 (2022) | 2022 (2021) | 2021 (2020) | 2020 (2019) | 2019 (2018) | 2018 (2017) | 2017 (2016) | 2016 (2015) | 2015 (2014) | 2014 (2013) |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| District's proportionate share of the net pension liability | 1.094 % | 1.053 % | 1.000 % | 0.746 % | 0.518 % | - % | - % | - % | - % | - % |
| District's proportionate share of the net pension liability (asset) | \$ (59,158) | \$ (97,503) | \$ 2,996 | \$ (10,707) | \$ 1,021 | \$ - | \$ - | \$ - | \$ - | \$ - |
| District's covered payroll | \$ 809,135 | \$ 1,000,694 | \$ 669,657 | \$ 276,318 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| District's proportionate share of the net pension liability as a percentage of its covered payroll | (7.3)% | (9.7)% | 0.4 % | (3.9)% | - % | - % | - % | - % | - % | - % |
| Plan fiduciary net position as a percentage of total pension liability | 108 % | 122 % | 99 % | 118 % | 89 % | - % | - % | - % | - % | - % |

See accompanying notes to required supplementary information

Timber Mesa Fire and Medical District

Schedule of Pension/OPEB Contributions

Year Ended June 30, 2023

ASRS Pension (schedule to be built prospectively from 2015; 2014 information not available)

| Reporting fiscal year | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|--|----------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|-------------|
| Statutorily required contribution | \$ 114,335 | \$ 90,756 | \$ 80,821 | \$ 75,558 | \$ 73,016 | \$ 67,010 | \$ 48,705 | \$ 46,007 | \$ 22,018 | \$ - |
| Contributions in relation to the contractually required contribution | <u>114,335</u> | <u>90,756</u> | <u>80,821</u> | <u>75,558</u> | <u>73,016</u> | <u>67,010</u> | <u>48,705</u> | <u>46,007</u> | <u>22,018</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 | \$ 939,939 | \$ 770,335 | \$ 693,742 | \$ 612,249 | \$ 639,209 | \$ 614,771 | \$ 451,809 | \$ 424,027 | \$ 202,185 | \$ - |
| Contributions as a percentage of covered payroll | 12.16 % | 11.78 % | 11.65 % | 12.34 % | 11.42 % | 10.90 % | 10.78 % | 10.85 % | 10.89 % | - % |

ASRS Health insurance premium benefit (schedule to be built prospectively from 2018; 2017 - 2014 information not available)

| Reporting fiscal year | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|--|--------------|--------------|--------------|--------------|--------------|--------------|-------------|-------------|-------------|-------------|
| Statutorily required contribution | \$ 1,055 | \$ 2,056 | \$ 2,706 | \$ 3,233 | \$ 3,004 | \$ 2,705 | \$ - | \$ - | \$ - | \$ - |
| Contributions in relation to the contractually required contribution | <u>1,055</u> | <u>2,056</u> | <u>2,706</u> | <u>3,233</u> | <u>3,004</u> | <u>2,705</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 | \$ 939,939 | \$ 770,335 | \$ 693,742 | \$ 612,249 | \$ 639,209 | \$ 614,771 | \$ - | \$ - | \$ - | \$ - |
| Contributions as a percentage of covered payroll | 0.11 % | 0.27 % | 0.39 % | 0.53 % | 0.47 % | 0.44 % | - % | - % | - % | - % |

ASRS Long-term disability (schedule to be built prospectively from 2018; 2017 - 2014 information not available)

| Reporting fiscal year | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|--|--------------|-------------|--------------|--------------|--------------|-------------|-------------|-------------|-------------|-------------|
| Statutorily required contribution | \$ 1,343 | \$ 967 | \$ 1,249 | \$ 1,122 | \$ 1,045 | \$ 984 | \$ - | \$ - | \$ - | \$ - |
| Contributions in relation to the contractually required contribution | <u>1,343</u> | <u>967</u> | <u>1,249</u> | <u>1,122</u> | <u>1,045</u> | <u>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 | \$ 939,939 | \$ 770,335 | \$ 693,742 | \$ 612,249 | \$ 639,209 | \$ 614,771 | \$ - | \$ - | \$ - | \$ - |
| Contributions as a percentage of covered payroll | 0.14 % | 0.13 % | 0.18 % | 0.18 % | 0.16 % | 0.16 % | - % | - % | - % | - % |

See accompanying notes to required supplementary information

Timber Mesa Fire and Medical District

Schedule of Pension/OPEB Contributions (continued)

Year Ended June 30, 2023

PSPRS Pension (schedule to be built prospectively from 2015; 2014 information not available)

| Reporting fiscal year | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|--|------------------|------------------|------------------|------------------|------------------|-------------------|----------------|----------------|----------------|-------------|
| Actuarially determined contribution | \$ 1,462,882 | \$ 1,174,451 | \$ 1,206,090 | \$ 1,040,441 | \$ 1,045,614 | \$ 933,082 | \$ 610,185 | \$ 476,770 | \$ 545,301 | \$ - |
| Contributions in relation to the actuarially determined contribution | <u>1,462,882</u> | <u>1,174,451</u> | <u>1,206,090</u> | <u>1,040,441</u> | <u>1,045,614</u> | <u>242,356</u> | <u>610,185</u> | <u>476,770</u> | <u>545,301</u> | <u>-</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 690,726</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| District's covered payroll | \$ 5,334,098 | \$ 5,034,343 | \$ 5,048,611 | \$ 5,488,954 | \$ 5,043,650 | \$ 5,642,856 | \$ 4,541,687 | \$ 4,356,185 | \$ 3,870,372 | \$ - |
| Contributions as a percentage of covered payroll | 27.43 % | 23.33 % | 23.89 % | 18.96 % | 20.73 % | 4.29 % | 14.01 % | 12.32 % | 13.90 % | - % |

PSPRS Health (schedule to be built prospectively from 2018; 2017 - 2014 information not available)

| Reporting fiscal year | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|--|---------------|---------------|---------------|---------------|---------------|--------------|-------------|-------------|-------------|-------------|
| Actuarially determined contribution | \$ 21,043 | \$ 20,151 | \$ 23,008 | \$ 17,288 | \$ 18,317 | \$ 4,871 | \$ - | \$ - | \$ - | \$ - |
| Contributions in relation to the actuarially determined contribution | <u>21,043</u> | <u>20,151</u> | <u>23,008</u> | <u>17,288</u> | <u>18,317</u> | <u>4,871</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 | \$ 5,334,098 | \$ 5,034,343 | \$ 5,048,611 | \$ 5,488,954 | \$ 5,043,650 | \$ 5,642,856 | \$ - | \$ - | \$ - | \$ - |
| Contributions as a percentage of covered payroll | 0.39 % | 0.40 % | 0.46 % | 0.31 % | 0.36 % | 0.09 % | - % | - % | - % | - % |

PSPRS Tier 3 Risk Pool - Pension (schedule to be built prospectively from 2019; 2018 - 2014 information not available)

| Reporting fiscal year | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|--|----------------|---------------|---------------|---------------|---------------|-------------|-------------|-------------|-------------|-------------|
| Statutorily required contribution | \$ 103,977 | \$ 80,428 | \$ 99,469 | \$ 66,564 | \$ 27,466 | \$ - | \$ - | \$ - | \$ - | \$ - |
| Contributions in relation to the statutorily required contribution | <u>103,977</u> | <u>80,428</u> | <u>99,469</u> | <u>66,564</u> | <u>27,466</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 | \$ 1,046,046 | \$ 809,135 | \$ 1,000,694 | \$ 669,657 | \$ 276,318 | \$ - | \$ - | \$ - | \$ - | \$ - |
| Contributions as a percentage of covered payroll | 9.94 % | 9.94 % | 9.94 % | 9.94 % | 9.94 % | - % | - % | - % | - % | - % |

See accompanying notes to required supplementary information

Timber Mesa Fire and Medical District

Notes to Required Supplementary Information

Year Ended June 30, 2023

1. Budgetary basis of accounting:

The District prepares its annual budget on the modified accrual basis of accounting. The level of budgetary control is at the fund level. A budgetary comparison schedule for the general fund is included as required supplementary information to provide meaningful comparison of actual results to budget on a budget basis.

2. 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:

| | |
|--|---|
| Actuarial cost method | Entry age normal |
| Amortization method | Level percent-of-pay, closed |
| Remaining amortization period as of the 2021 actuarial valuation | 15 years |
| Asset valuation method | 7 year smoothed market; 80%/120% corridor |
| Actuarial assumptions: | |
| Investment rate of return | In the 2019 actuarial valuation, the investment rate of return was decreased from 7.4% to 7.3%. In the 2017 actuarial valuation, the investment rate of return was decreased from 7.5% 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%. |
| 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%. |

Timber Mesa Fire and Medical District

Notes to Required Supplementary Information (continued)

Year Ended June 30, 2023

2. Pension and OPEB plan schedules (continued):

Actuarially determined contribution rates (continued):

| | |
|----------------|--|
| 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 2019 actuarial valuation, changed to PubS-2010 tables. In the 2017 actuarial valuation, changed to RP-2014 tables, with 75% of MP-2016 fully generational projection scales. RP-2000 mortality table (adjusted by 105% for both males and females). |

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 and 2019.



STATISTICAL SECTION

Statistical Section

This part of the annual comprehensive 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.

Timber Mesa Fire and Medical District

Net Position by Component

LAST TEN FISCAL YEARS

(Accrual Basis of Accounting)

(District was established in 2015 - schedule to be built prospectively from 2015; 2014 information not available)

| | Fiscal year | | | | | | | | | |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|-------------|
| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
| Governmental Activities | | | | | | | | | | |
| Net investments in capital assets | \$ 5,959,323 | \$ 5,113,587 | \$ 4,219,707 | \$ 4,157,702 | \$ 4,259,336 | \$ 4,066,259 | \$ 3,925,410 | \$ 3,830,436 | \$ 3,768,360 | \$ - |
| Restricted | 219,872 | - | - | - | - | - | - | - | - | - |
| Unrestricted | <u>254,085</u> | <u>135,880</u> | <u>(1,749,725)</u> | <u>(2,052,704)</u> | <u>(1,891,247)</u> | <u>(1,739,701)</u> | <u>(65,683)</u> | <u>2,633,054</u> | <u>3,114,253</u> | <u>-</u> |
| Total governmental activities net position | <u>\$ 6,433,280</u> | <u>\$ 5,249,467</u> | <u>\$ 2,469,982</u> | <u>\$ 2,104,998</u> | <u>\$ 2,368,089</u> | <u>\$ 2,326,558</u> | <u>\$ 3,859,727</u> | <u>\$ 6,463,490</u> | <u>\$ 6,882,613</u> | <u>\$ -</u> |

Source: District financial records.

Timber Mesa Fire and Medical District

Changes in Net Position

LAST TEN FISCAL YEARS

(Accrual Basis of Accounting)

(District was established in 2015 - schedule to be built prospectively from 2015; 2014 information not available)

| | Fiscal year | | | | | | | | | |
|--|---------------------|---------------------|--------------------|---------------------|---------------------|-----------------------|-----------------------|---------------------|--------------------|-------------|
| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
| Expenses | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Public Safety | \$ 17,547,868 | \$ 14,272,880 | \$ 13,478,708 | \$ 11,810,992 | \$ 11,597,538 | \$ 11,076,465 | \$ 11,450,257 | \$ 9,008,325 | \$ 6,567,793 | \$ - |
| Interest | 100,104 | 109,495 | 129,554 | 146,055 | 158,055 | 157,258 | 87,470 | 157,013 | 72,933 | - |
| Total primary government expenses | <u>17,647,972</u> | <u>14,382,375</u> | <u>13,608,262</u> | <u>11,957,047</u> | <u>11,755,593</u> | <u>11,233,723</u> | <u>11,537,727</u> | <u>9,165,338</u> | <u>6,640,726</u> | <u>-</u> |
| Program revenues | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Charges for services | 5,028,501 | 4,337,796 | 3,515,616 | 2,327,978 | 2,090,090 | 1,689,332 | 1,358,247 | 1,239,532 | 508,134 | - |
| Capital grants and contributions | 97,845 | 628,868 | 173,998 | 13,308 | 333,948 | 2,459 | - | 5,982 | 37,695 | - |
| Operating grants and contributions | <u>1,353,330</u> | <u>728,886</u> | <u>233,096</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total primary government revenues | <u>6,479,676</u> | <u>5,695,550</u> | <u>3,922,710</u> | <u>2,341,286</u> | <u>2,424,038</u> | <u>1,691,791</u> | <u>1,358,247</u> | <u>1,245,514</u> | <u>545,829</u> | <u>-</u> |
| Total primary government net expenses | <u>(11,168,296)</u> | <u>(8,686,825)</u> | <u>(9,685,552)</u> | <u>(9,615,761)</u> | <u>(9,331,555)</u> | <u>(9,541,932)</u> | <u>(10,179,480)</u> | <u>(7,919,824)</u> | <u>(6,094,897)</u> | <u>-</u> |
| General revenues and other changes in net position | | | | | | | | | | |
| Property taxes | 11,210,310 | 10,596,386 | 9,441,031 | 8,750,112 | 8,006,024 | 7,759,831 | 7,216,046 | 6,898,288 | 5,765,711 | - |
| Fire district assistance tax | 473,018 | 473,018 | 476,441 | 473,018 | 465,107 | 446,983 | 439,280 | 400,000 | 379,631 | - |
| State shared tax revenues | 252,159 | 222,389 | - | - | - | - | - | - | - | - |
| Investment earnings | 92,081 | 16,369 | 17,286 | 26,511 | 25,615 | 23,890 | 18,760 | 21,403 | 27,283 | - |
| Other | 324,541 | 158,148 | 115,778 | 103,029 | 91,128 | 60,365 | 126,610 | 60,760 | 53,910 | - |
| Gain (loss) on sale of capital assets | - | - | - | - | 137,002 | (232,038) | 452,455 | 70,250 | 87,810 | - |
| Total primary government | <u>12,352,109</u> | <u>11,466,310</u> | <u>10,050,536</u> | <u>9,352,670</u> | <u>8,724,876</u> | <u>8,059,031</u> | <u>8,253,151</u> | <u>7,450,701</u> | <u>6,314,345</u> | <u>-</u> |
| Extraordinary item | - | - | - | - | - | - | (677,434) | - | - | - |
| Change in net position | | | | | | | | | | |
| Total primary government | <u>\$ 1,183,813</u> | <u>\$ 2,779,485</u> | <u>\$ 364,984</u> | <u>\$ (263,091)</u> | <u>\$ (606,679)</u> | <u>\$ (1,482,901)</u> | <u>\$ (2,603,763)</u> | <u>\$ (469,123)</u> | <u>\$ 219,448</u> | <u>\$ -</u> |

Source: District financial records.

Timber Mesa Fire and Medical District

Fund Balances of Governmental Funds

LAST TEN FISCAL YEARS

(Modified Accrual Basis of Accounting)

(District was established in 2015 - schedule to be built prospectively from 2015; 2014 information not available)

| | Fiscal year | | | | | | | | | |
|------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|-------------|
| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
| General fund | | | | | | | | | | |
| Nonspendable | \$ 66,520 | \$ 212,530 | \$ 56,050 | \$ 25,375 | \$ 32,850 | \$ 28,007 | \$ 173,856 | \$ 100,561 | \$ 26,437 | \$ - |
| Restricted | - | - | - | - | - | - | - | - | - | - |
| Committed | - | - | - | - | - | - | 220,414 | - | - | - |
| Assigned | 1,016,000 | 1,016,000 | - | - | - | - | - | 78,838 | 161,657 | - |
| Unassigned | <u>3,537,413</u> | <u>3,011,131</u> | <u>2,557,931</u> | <u>1,577,392</u> | <u>1,588,823</u> | <u>1,645,531</u> | <u>1,790,939</u> | <u>3,280,319</u> | <u>3,833,047</u> | <u>-</u> |
| Total general fund | <u>\$ 4,619,933</u> | <u>\$ 4,239,661</u> | <u>\$ 2,613,981</u> | <u>\$ 1,602,767</u> | <u>\$ 1,621,673</u> | <u>\$ 1,673,538</u> | <u>\$ 2,185,209</u> | <u>\$ 3,459,718</u> | <u>\$ 4,021,141</u> | <u>\$ -</u> |
| All other governmental funds | | | | | | | | | | |
| Nonspendable | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Restricted | - | - | - | - | - | - | - | - | - | - |
| Committed | 19,742 | 19,326 | 19,215 | 18,962 | 18,594 | 18,935 | 3,250,400 | - | - | - |
| Assigned | - | - | - | - | - | - | - | - | - | - |
| Unassigned | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total all other governmental funds | <u>\$ 19,742</u> | <u>\$ 19,326</u> | <u>\$ 19,215</u> | <u>\$ 18,962</u> | <u>\$ 18,594</u> | <u>\$ 18,935</u> | <u>\$ 3,250,400</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

Source: District financial records.

Timber Mesa Fire and Medical District

Changes in Fund Balances - Governmental Funds and Debt Service Ratio

LAST TEN FISCAL YEARS

(Modified Accrual Basis of Accounting)

(District was established in 2015 - schedule to be built prospectively from 2015; 2014 information not available)

| | Fiscal year | | | | | | | | | |
|--|-------------------|---------------------|---------------------|--------------------|---------------------|-----------------------|---------------------|---------------------|---------------------|-------------|
| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
| Revenues | | | | | | | | | | |
| Taxes | \$ 11,198,474 | \$ 10,569,582 | \$ 9,461,115 | \$ 8,769,747 | \$ 8,142,520 | \$ 7,740,468 | \$ 7,192,863 | \$ 6,962,934 | \$ 5,677,030 | \$ - |
| Fire district assistance tax | 473,018 | 473,018 | 476,441 | 473,018 | 465,107 | 446,983 | 439,280 | 400,000 | 379,631 | - |
| State shared tax revenues | 252,159 | 222,389 | - | - | - | - | - | - | - | - |
| Grants and contributions | 1,369,527 | 1,357,754 | 407,094 | 13,308 | 333,948 | 2,459 | - | 5,982 | 37,695 | - |
| Charges for services | 4,920,780 | 4,256,638 | 3,747,359 | 2,232,313 | 2,136,745 | 1,550,156 | 1,340,563 | 1,326,760 | 451,151 | - |
| Investment earnings | 92,081 | 16,369 | 17,286 | 26,511 | 25,615 | 23,890 | 18,760 | 21,403 | 27,283 | - |
| Other | 324,541 | 158,148 | 115,778 | 103,029 | 91,128 | 60,365 | 126,610 | 60,760 | 53,910 | - |
| Total revenues | 18,630,580 | 17,053,898 | 14,225,073 | 11,617,926 | 11,195,063 | 9,824,321 | 9,118,076 | 8,777,839 | 6,626,700 | - |
| Expenditures | | | | | | | | | | |
| Public Safety | 16,467,323 | 13,636,261 | 12,272,131 | 10,838,922 | 10,816,222 | 9,883,972 | 9,283,895 | 8,627,541 | 6,316,678 | - |
| Capital outlay | 1,154,576 | 1,163,341 | 310,891 | 158,214 | 359,746 | 3,592,687 | 483,286 | 1,293,653 | 2,244,281 | - |
| Debt service: | | | | | | | | | | |
| Principal | 525,246 | 514,406 | 500,558 | 488,892 | 476,975 | 426,694 | 324,788 | 178,561 | 773,758 | - |
| Interest | 102,747 | 114,099 | 130,026 | 150,436 | 160,416 | 153,342 | 83,001 | 159,757 | 72,603 | - |
| Total expenditures | 18,249,892 | 15,428,107 | 13,213,606 | 11,636,464 | 11,813,359 | 14,056,695 | 10,174,970 | 10,259,512 | 9,407,320 | - |
| Revenues over (under) expenditures | 380,688 | 1,625,791 | 1,011,467 | (18,538) | (618,296) | (4,232,374) | (1,056,894) | (1,481,673) | (2,780,620) | - |
| Other financing sources (uses) | | | | | | | | | | |
| Proceeds from sale of capital assets | - | - | - | - | 166,537 | 15,000 | 482,785 | 70,250 | 87,810 | - |
| Issuance of capital lease obligations | - | - | - | - | - | 473,238 | 2,550,000 | 2,061,168 | 1,700,000 | - |
| Payment on refinanced capital leases | - | - | - | - | - | - | - | (1,261,168) | - | - |
| Total other financing sources (uses) | - | - | - | - | 166,537 | 488,238 | 3,032,785 | 870,250 | 1,787,810 | - |
| Special item | - | - | - | - | - | - | - | 50,000 | - | - |
| Net change in fund balances | \$ 380,688 | \$ 1,625,791 | \$ 1,011,467 | \$ (18,538) | \$ (451,759) | \$ (3,744,136) | \$ 1,975,891 | \$ (561,423) | \$ (992,810) | \$ - |
| Debt service as a percentage of noncapital expenditures | 3.67 % | 4.41 % | 4.89 % | 5.57 % | 5.56 % | 5.54 % | 4.21 % | 3.77 % | 11.82 % | - % |

Source: District financial records.

Timber Mesa Fire and Medical District

Assessed and Estimated Actual Value of Taxable Property

LAST TEN FISCAL YEARS

(District was established in 2015 - schedule to be built prospectively from 2015; 2014 information not available)

| 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 | |
| 2014 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | - | \$ - | - % |
| 2015 | 52,230,645 | 29,447,661 | 78,328,894 | 96,732,453 | - | 13,384,532 | 243,355,121 | 3.0598 | 1,871,962,469 | 13 % |
| 2016 | 52,524,844 | 29,613,531 | 78,770,097 | 98,831,406 | - | 15,014,012 | 244,725,866 | 2.8488 | 1,921,497,700 | 13 % |
| 2017 | 53,326,792 | 30,065,670 | 79,972,757 | 99,321,820 | - | 14,224,702 | 248,462,337 | 2.8901 | 2,136,436,673 | 12 % |
| 2018 | 55,546,905 | 31,317,370 | 83,302,201 | 103,078,816 | - | 14,438,916 | 258,806,376 | 2.9997 | 2,228,458,600 | 12 % |
| 2019 | 57,453,360 | 32,392,230 | 86,161,260 | 105,132,561 | - | 13,450,403 | 267,689,008 | 2.9997 | 2,419,192,315 | 11 % |
| 2020 | 60,051,245 | 33,856,919 | 90,057,238 | 110,010,677 | - | 14,182,902 | 279,793,177 | 2.9789 | 2,544,341,153 | 11 % |
| 2021 | 67,746,634 | 38,195,583 | 101,597,806 | 123,073,292 | - | 14,965,475 | 315,647,840 | 2.9964 | 2,882,667,229 | 11 % |
| 2022 | 72,327,666 | 38,607,724 | 110,757,863 | 128,471,733 | - | 15,918,292 | 334,246,694 | 3.1564 | 3,062,967,020 | 11 % |
| 2023 | 70,993,166 | 38,385,865 | 118,969,422 | 141,380,213 | - | 16,172,909 | 353,555,748 | 3.1734 | 3,269,693,991 | 11 % |

Source: Navajo County Tax Assessor

Timber Mesa Fire and Medical District

Property Tax Rates - All Direct and Overlapping Governments

LAST TEN FISCAL YEARS

(District was established in 2015 - schedule to be built prospectively from 2015; 2014 information not available)

| Fiscal year | Overlapping Rates | | | | | | | Total direct and overlapping rates |
|-------------|---------------------------------------|---------------|----------------------------------|------------------------------------|--|------------------------------------|--|------------------------------------|
| | Timber Mesa Fire and Medical District | Navajo County | Show Low Unified School District | Blue Ridge Unified School District | City of Show Low Street Light District | Pinetop-Lakeside Sanitary District | Show Low Bluff Community Facilities District | |
| 2014 | - | - | - | - | - | - | - | - |
| 2015 | 2.9286 | 2.9884 | 3.7136 | 5.2569 | 0.1291 | 0.2890 | 3.5500 | 18.8556 |
| 2016 | 2.8488 | 3.0894 | 4.2625 | 5.2154 | 0.1401 | 0.2890 | 3.5500 | 19.3952 |
| 2017 | 2.8901 | 3.1365 | 4.7800 | 5.4904 | 0.1401 | 0.2795 | 3.5500 | 20.2666 |
| 2018 | 2.9997 | 3.9145 | 4.2377 | 6.1809 | 0.1401 | 0.2727 | 3.5500 | 21.2956 |
| 2019 | 2.9997 | 3.9128 | 4.5940 | 6.0160 | 0.1401 | 0.2642 | 3.5500 | 21.4768 |
| 2020 | 2.9789 | 3.8707 | 4.6385 | 5.9954 | 0.1401 | 0.2531 | - | 17.8767 |
| 2021 | 2.9964 | 3.7920 | 4.1726 | 5.4109 | 0.1401 | 0.2389 | - | 16.7509 |
| 2022 | 3.1564 | 3.7140 | 4.2411 | 5.2089 | 0.1401 | 0.2281 | - | 16.6886 |
| 2023 | 3.1734 | 3.2243 | 4.1683 | 4.1515 | 0.1401 | 0.2150 | - | 15.0726 |

Source: Navajo County Tax Assessor

Timber Mesa Fire and Medical District

Principal Property Taxpayers

CURRENT AND NINE YEARS AGO

| | | June 30, 2023 | |
|---------------------------------|--------------------|----------------|-------------------------------------|
| Taxpayer | Type of business | Assessed value | Percent of total assessed valuation |
| Navopache Electric Co-op INC | Utility | \$ 4,271,071 | 1.21 % |
| Arizona Public Service Company | Utility | 4,241,974 | 1.20 |
| Unisource Energy Corporation | Utility | 2,651,986 | 0.75 |
| Smith Bagley INC | Telecommunications | 2,554,381 | 0.72 |
| Walmart Stores INC | Retail | 2,029,502 | 0.57 |
| Citizens Telecomm Of White Mtns | Telecommunications | 1,479,127 | 0.42 |
| Lowes HIW Inc | Retail | 1,439,175 | 0.41 |
| Home Depot USA Inc | Retail | 1,108,198 | 0.31 |
| Cable One | Utility | 944,203 | 0.27 |
| Elk Ridge Apartments | Hospitality | 938,067 | 0.27 |
| | | \$ 21,657,684 | 6.13 % |
| Total assessed value | | \$ 353,555,748 | |

| | | June 30, 2014 * | |
|----------------------|------------------|-----------------|-------------------------------------|
| Taxpayer | Type of business | Assessed value | Percent of total assessed valuation |
| | | \$ - | - |
| | | - | % |
| | | - | |
| | | - | |
| | | - | |
| | | - | |
| | | - | |
| | | - | |
| | | - | |
| | | - | |
| | | \$ - | % |
| Total assessed value | | \$ - | |

Source: Navajo County Assessor

* District was established in 2015; therefore, information regarding the top 10 taxpayers within their boundaries is not available for this date.

Timber Mesa Fire and Medical District

Property Tax Levies and Collections

LAST TEN FISCAL YEARS

(District was established in 2015 - schedule to be built prospectively from 2015; 2014 information not available)

| 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 |
| 2014 | \$ - | \$ - | \$ - | \$ - | - % | \$ - | \$ - | - % |
| 2015 | 7,687,570 | (4,742) | 7,682,828 | 6,931,912 | 90.2 | 748,728 | 7,680,640 | 99.97 |
| 2016 | 7,386,351 | (6,267) | 7,380,084 | 6,665,357 | 90.2 | 711,990 | 7,377,347 | 99.96 |
| 2017 | 7,622,294 | 8,364 | 7,630,658 | 6,943,248 | 91.1 | 648,764 | 7,592,012 | 99.49 |
| 2018 | 8,213,570 | (2,023) | 8,211,547 | 7,936,197 | 96.6 | 267,053 | 8,203,250 | 99.90 |
| 2019 | 8,300,963 | 206,724 | 8,507,687 | 7,574,302 | 91.2 | 923,100 | 8,497,402 | 99.88 |
| 2020 | 8,751,649 | (2,829) | 8,748,820 | 8,058,823 | 92.1 | 679,617 | 8,738,440 | 99.88 |
| 2021 | 9,440,318 | (450) | 9,439,868 | 9,214,770 | 97.6 | 212,507 | 9,427,277 | 99.87 |
| 2022 | 10,556,774 | (1,605) | 10,555,169 | 10,277,534 | 97.4 | 259,049 | 10,536,583 | 99.82 |
| 2023 | 11,214,798 | 4,087 | 11,218,885 | 10,921,705 | 97.4 | - | 10,921,705 | 97.35 |

Source: Navajo County Treasurer

Timber Mesa Fire and Medical District

Ratios of General Bonded Debt Outstanding

LAST TEN FISCAL YEARS

(District was established in 2015 - schedule to be built prospectively from 2015; 2014 information not available)

| Fiscal year | General obligation bonds | | Financed purchases | Total outstanding debt | | |
|-------------|--------------------------|-------------|--------------------|------------------------|-----------------|-------------------------------|
| | Outstanding | Legal limit | | Amount | Debt per capita | Percentage of personal income |
| 2014 | \$ - | \$ - | \$ - | \$ - | - | - % |
| 2015 | - | 14,601,307 | 3,030,863 | 3,030,863 | 27.76 | 0.10 |
| 2016 | - | 14,863,552 | 3,652,302 | 3,652,302 | 33.30 | 0.12 |
| 2017 | - | 14,907,740 | 5,877,514 | 5,877,514 | 53.23 | 0.19 |
| 2018 | - | 15,528,383 | 5,924,058 | 5,924,058 | 53.24 | 0.18 |
| 2019 | - | 16,060,740 | 5,447,083 | 5,447,083 | 48.31 | 0.15 |
| 2020 | - | 16,787,591 | 4,958,191 | 4,958,191 | 43.95 | 0.14 |
| 2021 | - | 18,938,870 | 4,457,633 | 4,457,633 | 39.35 | 0.14 |
| 2022 | - | 20,054,802 | 3,943,227 | 3,943,227 | 36.60 | 0.09 |
| 2023 | - | 21,213,345 | 3,417,981 | 3,417,981 | 31.48 | 0.07 |

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

Timber Mesa Fire and Medical District

Direct and Overlapping Governmental Activities Debt

| Governmental Unit | Debt outstanding at June 30, 2022 * | Estimated percentage applicable | Estimated share of overlapping debt |
|---|---|---------------------------------------|---|
| Debt repaid with property taxes: | | | |
| Navajo County | \$ 100,101,724 | 16.67 % | \$ 16,686,957 |
| Show Low Bluff Community Facilities District | 1,155,000 | 100.00 | 1,155,000 |
| Blue Ridge Unified School District | 17,848,035 | 100.00 | 17,848,035 |
| City of Show Low | 17,842,229 | 100.00 | 17,842,229 |
| Pinetop-Lakeside Sanitary District | - | 100.00 | - |
| Town of Pinetop-Lakeside | 11,948,636 | 78.25 | <u>9,349,808</u> |
| Subtotal, overlapping debt | | | 62,882,029 |
| Timber Mesa Fire and Medical District direct debt | | | <u>3,417,981</u> |
| Total direct and overlapping debt | | | <u><u>\$ 66,300,010</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

* Outstanding debt as of June 30, 2022 is the most recent information available.

Timber Mesa Fire and Medical District

Legal Debt Margin Information

LAST TEN FISCAL YEARS

(District was established in 2015 - schedule to be built prospectively from 2015; 2014 information not available)

| | Fiscal year | | | | | | | | | |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|---------------------|---------------------|----------------------|----------------------|-------------|
| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
| Net assessed value | \$ 353,555,748 | \$ 334,246,694 | \$ 315,647,840 | \$ 279,793,177 | \$ 267,679,008 | \$ 258,806,376 | \$ 248,462,337 | \$ 244,725,866 | \$ 243,355,121 | \$ - |
| Debt limit rate | 6 % | 6 % | 6 % | 6 % | 6 % | 6 % | 6 % | 6 % | 6 % | 6 % |
| Debt limit | 21,213,345 | 20,054,802 | 18,938,870 | 16,787,591 | 16,060,740 | 15,528,383 | 14,907,740 | 14,683,552 | 14,601,307 | - |
| Less bond and other obligations | (3,417,981) | (3,943,227) | (4,457,633) | (4,958,191) | (5,447,083) | (5,924,058) | (5,877,514) | (3,652,302) | (3,030,863) | - |
| Legal debt margin | <u>\$ 17,795,364</u> | <u>\$ 16,111,575</u> | <u>\$ 14,481,237</u> | <u>\$ 11,829,400</u> | <u>\$ 10,613,657</u> | <u>\$ 9,604,325</u> | <u>\$ 9,030,226</u> | <u>\$ 11,031,250</u> | <u>\$ 11,570,444</u> | <u>\$ -</u> |
| Total net debt applicable to the limit as a percentage of debt limit | 16.11 % | 19.66 % | 23.54 % | 29.53 % | 33.92 % | 38.15 % | 39.43 % | 24.87 % | 20.76 % | - % |

Timber Mesa Fire and Medical District

Demographic and Economic Statistics

LAST TEN FISCAL YEARS

| <u>Fiscal year</u> | <u>Population (Navajo County)</u> | <u>Personal income (thousands of dollars)</u> | <u>Per capita income (Navajo County)</u> | <u>Unemployment rate (Navajo County)</u> |
|--------------------|---------------------------------------|---|--|--|
| 2014 | 108,694 | 2,869,655 | 26,401 | 13.1 |
| 2015 | 109,185 | 2,965,679 | 27,162 | 11.2 |
| 2016 | 109,671 | 2,991,865 | 27,280 | 9.6 |
| 2017 | 110,413 | 3,154,284 | 28,568 | 9.4 |
| 2018 | 111,266 | 3,315,634 | 29,799 | 7.5 |
| 2019 | 112,746 | 3,521,607 | 31,235 | 6.8 |
| 2020 | 112,825 | 3,552,491 | 31,487 | 4.2 |
| 2021 | 113,276 | 3,163,799 | 27,930 | 6.0 |
| 2022 | 107,748 | 4,490,937 | 41,680 | 5.8 |
| 2023 | 108,580 | 4,573,766 | 42,123 | 5.5 |

Sources: Navajo County Finance Department and Office of Economic Opportunity - Arizona Labor Statistics

Timber Mesa Fire and Medical District

Principal Employers

CURRENT AND NINE YEARS AGO

| Employer | June 30, 2022 | |
|----------------------------------|---------------|------|
| | Employees | Rank |
| Government | 9,525 | 1 |
| Trade, Transportation, Utilities | 5,163 | 2 |
| Education & Health Services | 4,259 | 3 |
| Leisure & Hospitality | 3,986 | 4 |
| Professional & Business Services | 1,469 | 5 |
| Mining & Construction | 1,359 | 6 |
| Financial Activities | 577 | 7 |
| Other Services | 554 | 8 |
| Manufacturing | 321 | 9 |
| Information | 165 | 10 |
| Total | 27,378 | |

| Employer | June 30, 2014 | |
|----------------------------------|---------------|------|
| | Employees | Rank |
| Government | 9,675 | 1 |
| Trade, Transportation, Utilities | 5,175 | 2 |
| Leisure & Hospitality | 3,875 | 3 |
| Education & Health Services | 3,575 | 4 |
| Mining & Construction | 1,600 | 5 |
| Information | 1,175 | 6 |
| Professional & Business Services | 1,175 | 7 |
| Other Services | 1,050 | 8 |
| Financial Activities | 600 | 9 |
| Manufacturing | 125 | 10 |
| Total | 28,025 | |

Source: Estimate of various employers and sources

Note: The best available resource is principal employment sectors for Navajo County as principal employers within district boundaries was not available. The most recent year available is June 30, 2022.

Timber Mesa Fire and Medical District

Operating Indicators by Function

LAST TEN FISCAL YEARS

(District was established in 2015 - schedule to be built prospectively from 2015; 2014 information not available)

| Function | Fiscal year | | | | | | | | | |
|---|-------------|-------|-------|-------|-------|-------|-------|-------|-------|------|
| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
| Public safety | | | | | | | | | | |
| Fire prevention inspections | 169 | 390 | 845 | 272 | 453 | 404 | 269 | 95 | 265 | - |
| Emergency medical service calls | 4,911 | 5,468 | 5,056 | 3,908 | 2,678 | 3,158 | 2,821 | 2,682 | 2,048 | - |
| Fire responses | 187 | 153 | 122 | 253 | 492 | 126 | 129 | 101 | 69 | - |
| Other responses - including hazardous materials, mutual aid, public service | 659 | 902 | 757 | 617 | 416 | 636 | 901 | 513 | 635 | - |
| Miscellaneous - including false alarms, good intent | 767 | 982 | 643 | 457 | 1,795 | 2,001 | 1,757 | 1,766 | 623 | - |

Source: various District departments

Timber Mesa Fire and Medical District

Full-Time Equivalent Employees by Function

LAST TEN FISCAL YEARS

(District was established in 2015 - schedule to be built prospectively from 2015; 2014 information not available)

| Function | Fiscal year | | | | | | | | | |
|----------------------------|-------------|------------|------------|-----------|-----------|-----------|-----------|-----------|-----------|----------|
| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
| Public Safety | | | | | | | | | | |
| Fire and rescue service | 88 | 88 | 80 | 70 | 72 | 60 | 60 | 60 | 60 | - |
| Fire prevention | 3 | 3 | 3 | 2 | 2 | 2 | 2 | 2 | 2 | - |
| Administrative and support | 20 | 20 | 20 | 16 | 16 | 16 | 16 | 16 | 14 | - |
| Total | 111 | 111 | 103 | 88 | 90 | 78 | 78 | 78 | 76 | - |

Source: District HR department

Timber Mesa Fire and Medical District

Capital Asset Statistics by Function

LAST TEN FISCAL YEARS

(District was established in 2015 - schedule to be built prospectively from 2015; 2014 information not available)

| Function | Fiscal year | | | | | | | | | |
|---------------------|-------------|------|------|------|------|------|------|------|------|------|
| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
| Public safety | | | | | | | | | | |
| Number of Stations | 5 | 5 | 5 | 5 | 5 | 4 | 4 | 4 | 4 | - |
| Equipment: | | | | | | | | | | |
| Engines | 9 | 9 | 7 | 4 | 4 | 4 | 4 | 5 | 6 | - |
| Ladder trucks | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 2 | 1 | - |
| Brush rigs | 3 | 3 | 3 | 3 | 3 | 4 | 4 | 7 | 8 | - |
| Rescue units | 8 | 7 | 7 | 6 | 6 | 5 | 5 | 5 | 4 | - |
| Tenders | 3 | 3 | 3 | 4 | 3 | 3 | 3 | 3 | 5 | - |
| Hazmat squad | - | - | - | - | - | - | - | - | 1 | - |
| Squad/support units | 24 | 23 | 22 | 20 | 19 | 19 | 19 | 18 | 22 | - |

Source: District logistics department