SUMMIT FIRE DISTRICT

FINANCIAL STATEMENTS

FISCAL YEAR ENDED JUNE 30, 2023

WITH REPORT OF

CERTIFIED PUBLIC ACCOUNTANTS

SUMMIT FIRE DISTRICT

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HINTON BURDICK
CPAs & ADVISORS

Independent Auditors' Report

To the Board of Directors of
Summit Fire District

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Summit Fire District, as of June 30, 2023, and the respective changes in financial position, and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Change in Accounting Principle

As described in Note 1 to the financial statements, in fiscal year 2023, the District implemented the provisions of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for one year after the date that the financial statements are issued or when applicable, one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Required Bond Disclosures are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 13, 2023 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

HintonBurdick, PLLC
Gilbert, Arizona
October 13, 2023

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BOARD OF DIRECTORS

Jim Timney	**Chair**
Robb Faus	**Clerk**
Jim Doskocil	**Member**
Rick Parker	**Member**
Scott Walton	**Member**

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Summit Fire District, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2023. Please read it in conjunction with the accompanying basic financial statements.

FINANCIAL HIGHLIGHTS

- Total liabilities exceed total assets (net position) by $825,595 at the close of the fiscal year.
- Total net position increased by $315,235.
- Total revenues from all sources were $6,229,417 and the total cost of all District programs was $5,914,182.
- Total revenue received in the General Fund was $990,204 less than the final budget and expenditures were $1,592,432 less than the final budget.

USING THIS ANNUAL REPORT

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

Reporting the District as a Whole

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

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

The Statement of Net Position presents financial information on all of the District's assets, liabilities, and deferred inflows/outflows 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.

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

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

- Government activities – All of the District's basic services are considered to be governmental activities. Property and fire assistance taxes, intergovernmental revenues and charges for services finance most of this activity.

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

Reporting the District's Most Significant Funds

Fund Financial Statements

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the District's financial position. The District's combined liabilities exceed assets by $825,595 as of June 30, 2023 as shown on the following condensed statement of net position.

	Governmental activities	
	June 30, 2023	June 30, 2022
Current and other assets	$ 5,820,662	$ 5,252,062
Capital assets	3,694,808	3,998,548
Total assets	9,515,470	9,250,610
Deferred outflows	1,967,498	7,626,414
Long-term liabilities outstanding	10,738,828	15,036,668
Other liabilities	941,229	942,744
Total liabilities	11,680,057	15,979,412
Deferred inflows	628,506	2,038,442
Net position:		
Net investment in capital assets	1,002,420	1,160,977
Restricted - debt service, contingency and capital outlay	1,812,188	1,812,807
Unrestricted	(3,640,203)	(4,114,614)
Total net position (deficit)	$ (825,595)	$ (1,140,830)

Governmental Activities

The cost of all Governmental activities this year was $5,914,182. Program revenues totaled $549,212 and general revenues, including taxes, investment earnings and other revenues totaled $5,680,205.

The District's programs includes: Public Safety (fire protection services). Each program's revenues and expenses are presented below.

	Governmental activities	
	June 30, 2023	June 30, 2022
Revenues:		
Program revenues:		
Charges for services	$ 293,959	$ 959,301
Operating grants and contributions	255,253	44,981
General revenues:		
Taxes	5,496,407	5,279,894
Unrestricted interest earnings	51,838	11,072
Other revenues	131,960	569,515
Total revenues	6,229,417	6,864,763
Expenses:		
Public Safety	5,914,182	6,192,031
Total expenses	5,914,182	6,192,031
Increase/(decrease) in net position	315,235	672,732
Net position (deficit), beginning	(1,140,830)	(1,813,562)
Net position (deficit), ending	$ (825,595)	$ (1,140,830)

Total resources available during the year to finance governmental operations were $5,088,587 consisting of net position at July 1, 2022 of ($1,140,830), program revenues of $549,212 and General Revenues of $5,680,205. Total Governmental Activities expenses during the year were $5,914,182; thus Governmental Net Position increased by $315,235 to ($825,595).

General Fund Budgetary Highlights

The final appropriations for the General Fund at year-end were $1,592,432 more than actual expenditures. Actual revenues were less than the final budget by $990,204.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The capital assets of the District are those assets that are used in performance of District functions. Capital Assets include land, buildings and improvements, emergency vehicles, equipment and furniture and fixtures. At the end of fiscal year 2023, net capital assets of the government activities totaled $3,694,808. Depreciation on capital assets is recognized in the Government-Wide financial statements. (See notes to the financial statements.)

Long-term Liabilities

At year end, the District had $11,496,205 in governmental-type long-term liabilities. This amount includes compensated absences, GO Bonds and related premium and net pension liability. (See note 6 to the financial statements for detailed descriptions.)

NEXT YEAR'S BUDGET AND ECONOMIC FACTORS

In considering the District Budget for fiscal year 2024, the District Board and management were cautious as to the growth of revenues and expenditures. Overall General Fund operating expenditures were budgeted so as to contain costs at the same level as fiscal year 2023.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Mark Gaillard, Chief, 8905 Koch Field Road, Flagstaff, AZ 86004 or call (928) 526-9537.

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BASIC FINANCIAL STATEMENTS

SUMMIT FIRE DISTRICT
Statement of Net Position
June 30, 2023

	Governmental Activities
Assets	
Cash and cash equivalents	$ 5,245,227
Receivables	386,457
Deposit	10,726
Inventory	2,514
Net OPEB asset	175,738
Capital assets not being depreciated:	
Land	616,598
Capital assets, net of accumulated depreciation:	
Buildings and improvements	2,018,045
Emergency vehicles	793,605
Equipment	249,022
Furniture and fixtures	17,538
Total assets	9,515,470
Deferred Outflows of Resources	
Deferred outflows related to pensions	1,946,220
Deferred outflows related to OPEB	21,278
Total deferred outflows	1,967,498
Liabilities	
Accounts payable and other current liabilities	183,852
Noncurrent liabilities:	
Due within one year	757,377
Due in more than one year	10,738,828
Total liabilities	11,680,057
Deferred Inflows of Resources	
Deferred inflows related to pensions	529,527
Deferred inflows related to OPEB	98,979
Total deferred inflows	628,506
Net Position	
Net investment in capital assets	1,002,420
Restricted for:	
Debt service, capital outlay and contingency	1,812,188
Unrestricted	(3,640,203)
Total net position (deficit)	$ (825,595)

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

SUMMIT FIRE DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2023

	Governmental Activities
Expenses-Public safety:	
Salaries, wages, and benefits	$ 4,316,242
Repairs and maintenance	205,699
Insurance	70,909
Legal and professional	287,164
Operating expenses	399,241
Depreciation	319,320
Interest	315,607
Total program expenses	5,914,182
Program revenues:	
Charges for services	293,959
Operating grants and contributions	255,253
Total program revenues	549,212
Net program expenses	5,364,970
General revenues	
Property taxes	5,135,228
Fire District Assistance Tax (FDAT)	361,179
Investment earnings	51,838
Other revenues	131,960
Total general revenues	5,680,205
Change in net position	315,235
Net position (deficit) - beginning	(1,140,830)
Net position (deficit) - ending	$ (825,595)

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

SUMMIT FIRE DISTRICT
Balance Sheet
Governmental Funds
June 30, 2023

	General Fund	PSPRS Contingency Fund	Debt Service Fund	Total Governmental Funds
Assets:				
Cash	$ 3,321,710	$ 1,884,932	$ 38,585	$ 5,245,227
Property tax receivables	132,098	-	5,835	137,933
Due from other governments	248,524	-	-	248,524
Deposit	10,726	-	-	10,726
Inventory	2,514	-	-	2,514
Total Assets	$ 3,715,572	$ 1,884,932	$ 44,420	$ 5,644,924
Liabilities:				
Accounts payable	13,812	-	-	13,812
Accrued liabilities	170,040	-	-	170,040
Total Liabilities	183,852	-	-	183,852
Deferred Inflows of Resources				
Unavailable revenue - property taxes	113,327	-	4,705	118,032
Total deferred inflows of resources	113,327	-	4,705	118,032
Fund Balance:				
Nonspendable	13,240	-	-	13,240
Restricted	-	1,772,473	39,715	1,812,188
Assigned	960,241	112,459	-	1,072,700
Unassigned	2,444,912	-	-	2,444,912
Total Fund Balance	3,418,393	1,884,932	39,715	5,343,040
Total liabilities, deferred inflows of resources and fund balance	$ 3,715,572	$ 1,884,932	$ 44,420	$ 5,644,924

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

SUMMIT FIRE DISTRICT
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2023

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

Total governmental fund balances	$	5,343,040
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		3,694,808
Other long-term assets are not available to pay current-period expenditures and, therefore, are deferred in the funds.		118,032
Some liabilities, including notes payable and net pension/OPEB liabilities are not due and payable in the current period and therefore are not reported in the funds.		(11,496,205)
Some assets, including net OPEB assets are not available in the current period and therefore are not reported in the funds.		175,738
Deferred outflows and inflows of resources related to pensions and OPEB are applicable to future reporting periods and, therefore, are not reported in the funds.		1,338,992
Net position (deficit) of governmental activities	$	(825,595)

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

SUMMIT FIRE DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Fiscal Year Ended June 30, 2023

	General Fund	PSPRS Contingency Fund	Debt Service Fund	Total Governmental Funds
Revenues:				
Property taxes	$ 4,853,521	$ -	$ 291,534	$ 5,145,055
Fire district assistance tax	361,179	-	-	361,179
Grant income	255,253	-	-	255,253
Charges for services	293,959	-	-	293,959
Interest income	51,838	-	-	51,838
Miscellaneous income	131,960	-	-	131,960
Total Revenues	5,947,710	-	291,534	6,239,244
Expenditures:				
Public safety:				
Salaries and wages	2,954,927	-	-	2,954,927
Employee benefits	930,524	-	-	930,524
Legal and professional	287,164	-	350	287,514
Education and training	12,813	-	-	12,813
Insurance	70,909	-	-	70,909
Repairs and maintenance	205,699	-	-	205,699
Supplies	109,526	-	-	109,526
Utilities	105,124	-	-	105,124
Miscellaneous	71,915	-	-	71,915
Debt service:				
Principal	-	250,000	183,470	433,470
Interest	-	217,457	108,333	325,790
Capital outlay	115,093	-	-	115,093
Total Expenditures	4,863,694	467,457	292,153	5,623,304
Excess of Revenues Over (Under) Expenditures	1,084,016	(467,457)	(619)	615,940
Other financing sources (uses)				
Transfers in	-	476,458	-	476,458
Transfers out	(476,458)	-	-	(476,458)
Total other financing sources (uses):	(476,458)	476,458	-	-
Net change in fund balance	607,558	9,001	(619)	615,940
Fund Balance - Beginning of Year	2,810,835	1,875,931	40,334	4,727,100
Fund Balance - End of Year	$ 3,418,393	$ 1,884,932	$ 39,715	$ 5,343,040

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

SUMMIT FIRE DISTRICT
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Fiscal Year Ended June 30, 2023

Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balance - total governmental funds	$	615,940
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital outlay in the current period.		(303,740)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.		443,653
Pension contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the net pension liability is measured a year before the District's report date. Pension expense, which is the change in net pension liability adjusted for changed in deferred outflows and inflows of resources related to pension, is reported in the Statement of Activities.		(488,191)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This amount represents the change in unavailable revenue - property taxes.		(9,827)
Some 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. This amount represent the change in accrued compensated absences and PSPRS refunds payable.		57,400
Change in net position of governmental activities	$	315,235

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

SUMMIT FIRE DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balance
General Fund – Budget and Actual
For the Fiscal Year Ended June 30, 2023

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Property taxes	$ 4,871,914	$ 4,871,914	$ 4,853,521	$ (18,393)
Fire district assistance tax	360,000	360,000	361,179	1,179
Grant income	550,000	550,000	255,253	(294,747)
Charges for services	1,105,188	1,105,188	293,959	(811,229)
Interest income	414	414	51,838	51,424
Miscellaneous income	50,398	50,398	131,960	81,562
Total Revenues	6,937,914	6,937,914	5,947,710	(990,204)
Expenditures:				
Public safety:				
Salaries and wages	3,693,947	3,693,947	2,954,927	739,020
Employee benefits	1,115,236	1,115,236	930,524	184,712
Legal and professional	399,844	399,844	287,164	112,680
Education and training	19,000	19,000	12,813	6,187
Insurance	70,000	70,000	70,909	(909)
Repairs and maintenance	182,474	182,474	205,699	(23,225)
Supplies	155,642	155,642	109,526	46,116
Utilities	110,040	110,040	105,124	4,916
Grant related expense	459,000	459,000	-	459,000
Miscellaneous	134,943	134,943	71,915	63,028
Capital outlay	116,000	116,000	115,093	907
Total Expenditures	6,456,126	6,456,126	4,863,694	1,592,432
Excess of Revenues Over/(Under) Expenditures	481,788	481,788	1,084,016	602,228
Other Financing Sources (Uses):				
Transfers out	(467,458)	(467,458)	(476,458)	9,000
Total other financing sources (uses):	(467,458)	(467,458)	(476,458)	9,000
Net change in fund balance	14,330	14,330	607,558	593,228
Fund Balance - Beginning of Year	2,810,835	2,810,835	2,810,835	-
Fund Balance - End of Year	$ 2,825,165	$ 2,825,165	$ 3,418,393	$ 593,228

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

Note 1. Summary of Significant Accounting Policies

Description of government-wide financial statements

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

Reporting entity

Summit Fire District (the District) was organized as a Special Service District pursuant to the provisions of Chapter 5 of Title 48 of the Arizona Revised Statutes – Special Taxing Districts, which sets forth the legal framework for a fire district. The District is located north of Flagstaff, Arizona and is established to provide fire services to the citizens in the communities of Doney Park, Timberline, Fernwood and Highway 180 identified as the Fort Valley area. The District is governed by a board of directors that is elected by the residents of the District. The terms of the directors are staggered and each director serves for four years. The District has five fire stations to serve the residents of the District and also assists in out-of-district fires. The District does not have any component units, meaning entities for which the District is considered to be financially accountable.

Basis of presentation – government-wide financial statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds.

Basis of presentation – fund financial statements

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

The District reports the following major governmental funds:

> The **General Fund** is the government's primary operating fund. It accounts for all financial resources of the general government.
>
> The **PSPRS Contingency Fund** is used to record activity related to the COP bond issuance and related restricted cash. The cash is to offset the volatility in the PSPRS pension liability in future years.
>
> The **Debt Service Fund** is used to account for legally restricted tax levies of the District which are used to meet ongoing debt service requirements.

Note 1. Summary of Significant Accounting Policies (Continued)

Measurement focus and basis of accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

The governmental fund financial statements are reported using the *current financial resources measurement* focus and the *modified accrual basis of accounting.* Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under leases are reported as other financing sources.

Property taxes, Fire District Assistance Taxes (FDAT), and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

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

Cash, cash equivalents, and investments

Cash includes cash on hand, demand deposits with banks and deposits with the Coconino County Treasurer. The District's policy allows for the investment of funds in time certificates of deposit with federally insured depositories and other investments as allowed by state statutes.

Note 1. Summary of Significant Accounting Policies (Continued)

Inventories and prepaid items

The costs of governmental fund-type inventories are recorded as expenditures when purchased rather than when consumed. The District's inventory of materials and supplies related to the maintenance facility is recorded at cost.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government–wide and fund financial statements. The cost of prepaid items is recorded as an expenditure when consumed rather than when purchased.

Capital Assets

Capital assets, which include land, buildings, improvements, vehicles, equipment and furniture and fixtures, are reported in the governmental activities column in the government-wide statement of net position. In accordance with GASB 34, the District has opted not to retroactively report infrastructure assets. Capital assets are defined by the District as assets with an individual cost of more than $5,000 and an estimated useful life in excess of two years. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Depreciation of capital assets is computed and recorded by the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows:

Buildings and improvements	5-39 years
Vehicles and equipment	5-20 years
Furniture and fixtures	5-15 years

Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. The government currently has one type of item which qualifies for reporting in this category. It is pension and OPEB related items reported on the government-wide financial statements. See footnote 8 for more information.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has two types of items that qualify for reporting in this category. The item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from only one source, property taxes.

Note 1. Summary of Significant Accounting Policies (Continued)

These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The other item is pension and OPEB related items reported on the government-wide financial statements. See footnote 8 for more information.

Postemployment benefits

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

Net position flow assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Leases and Subscription-based information technology arrangements

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

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

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

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

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position. At June 30, 2023, the District had no leases.

Subscription-based information technology arrangements: The District recognizes a subscription liability and an intangible right-to-use subscription asset in the government-wide financial statements. The District recognizes subscription liabilities with an initial, individual value of $5,000 or more. The District uses its estimated incremental borrowing rate to measure subscription liabilities unless it can readily determine the interest rate implicit in the arrangement. At June 30, 2023, the District had no SBITAs.

Fund balance flow assumptions

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund balance policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The governing board is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Note 1. Summary of Significant Accounting Policies (Continued)

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

Revenues and expenditures/expenses

Program revenues

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Property taxes

Property tax revenues are recognized as revenues in the year collected or if collected within 60 days thereafter unless they are prepaid.

The County levies real property taxes on or before the third Monday in August, which become due and payable in two equal installments. The first installment is due on the first day of October and becomes delinquent after the first business day of November. The second installment is due on the first day of March of the next year and becomes delinquent after the first business day of May. The County also levies various personal property taxes during the year, which are due the second Monday of the month following receipt of the tax notice and become delinquent 30 days thereafter. A lien against real and personal property assessed attaches on the first day of January preceding the assessment and levy thereof.

Compensated Absences

Compensated absences consist of vacation leave earned by employees based on services rendered to the District. Fifty-six hour employees may accumulate up to 240 hours and forty hour employees may accumulate up to 160 hours of vacation depending on years of service, but any vacation hours in excess of the maximum amount that are unused at year-end are forfeited. General sick leave benefits are cumulative and vest with employees based on years of service with the District and are accrued as compensated balances. The liability for vested compensated absences is recorded in the government-wide statements as a non-current liability.

Note 1. Summary of Significant Accounting Policies (Continued)

Use of Estimates

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

New Pronouncements

For the year ended June 30, 2023, Summit Fire District implemented the provisions of GASB Statement No. 96, Subscription-Based Information Technology Arrangements, which (1) defines a subscription-based information technology arrangement (SBITA); (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The District had no SBITAs as of June 30, 2023.

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

Explanation of certain differences between the governmental fund balance sheet and government-wide statement of net position:

The governmental fund balance sheet includes a reconciliation between total governmental fund balances and net position of governmental activities as reported in the government-wide statement of net position. The differences primarily result from the long-term economic focus of the statement of net position versus the current financial resources focus of the governmental fund balance sheet.

When capital assets (property, plant and equipment) that are to be used in governmental activities are purchased or constructed, the cost of those assets are reported as expenditures in governmental funds. However, the statement of net position includes those capital assets among the assets of the District as a whole.

Cost of capital assets	$ 7,998,556
Accumulated depreciation	(4,303,748)
Net adjustment to increase fund balance - total governmental funds to arrive at net position - governmental activities	$ 3,694,808

Note 2. Reconciliation of Government-Wide and Fund Financial Statements (Continued)

Explanation of differences between governmental fund statement of revenues, expenditures, and changes in fund balance and the government-wide statement of activities:

The governmental fund statement of revenues, expenditures, and changes in fund balance includes a reconciliation between net changes in fund balances-total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. The first element of this reconciliation states that capital outlays are reported in the governmental funds as expenditures while the government-wide statement of activities allocates these costs over the useful lives of the assets as depreciation. While shown in the reconciliation as the net difference, the elements of this difference are as follows:

Capital outlay	$ 15,580
Depreciation expense	(319,320)
Net adjustment to decrease net changes in fund balance - total governmental funds to arrive at changes in net position - governmental activities	$ (303,740)

Note 3. Stewardship, Compliance and Accountability

Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with GAAP for all governmental funds. Budgeted amounts are as originally adopted, or as amended by the Board.

Budgetary Process: State law requires that on or before the third Monday in July of each fiscal year, the Board must adopt a tentative budget. Once this tentative budget has been adopted, the expenditures may not be increased upon final adoption, however, they may be decreased.

Final Budget Adoption: State law specifies that exactly seven days prior to the day the property tax levy is adopted, the Board must adopt the final budget for the fiscal year. The date in State law for adoption of the tax levy is on or before the third Monday in August. The adopted budget then becomes the amount proposed for expenditure in the upcoming fiscal year. The adoption of the final budget may take place through a simple motion approved by the Board.

For management purposes, the District adopts a budget for departments within the General Fund. The Fire Chief is authorized to transfer budgeted amounts within departments; however, any revisions that alter total expenditures must be approved by the Board. Budget amendments are required to increase expenditure budgets. Expenditures may not legally exceed budgeted appropriations at the local activity level.

Note 3. Stewardship, Compliance and Accountability (Continued)

Expenditures over Appropriations

Expenditures may not legally exceed budgeted appropriations at the fund level. The Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual report as listed in the table of contents present expenditures/expenses over appropriations for the year ended June 30, 2023, if any.

Note 4. Deposits and Investments

Deposits as of the District at June 30, 2023 consist of the following:

	Fair Value
Deposits:	
Cash on hand (General Fund)	$ 2,759
Cash on deposit with the	
Coconino County Treasurer (General Fund)	3,318,951
Coconino County Treasurer (Debt Service Fund)	38,585
Coconino County Treasurer (PSPRS Contingency Fund)	1,884,932
Total deposits	$ 5,245,227

Deposits

Custodial Credit Risk

For deposits this is the risk that in the event of a bank failure, the government's deposit may not be returned to it. The District does not have a formal policy for custodial credit risk. As of June 30, 2023, none of the District's bank balance of $5,344,523 was exposed to custodial credit risk because it was insured and collateralized.

The District maintains a bank account at a local bank to record bank activity related to wildland suppression.

Note 4. Deposits and Investments (Continued)

Investments

The District's policy allows for the investment of funds in time certificates of deposit with federally insured depositories, investment in the county treasurer's pool, and other investments as allowed by state statutes. Eligible Arizona depositories as defined by state statutes are any commercial bank or savings and loan association with its principal place of business in the state of Arizona, which are insured by the federal deposit insurance corporation, or any other insuring instrumentality of the United States. The District had no investments as of June 30, 2023.

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District had no assets measured at fair value as of June 30, 2023.

Interest rate risk

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

Credit risk

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

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Note 5. Capital Assets

The following table summarizes changes to capital assets for the year ended June 30, 2023:

Governmental Activities:	Balance 06/30/22	Additions	Deletions	Balance 06/30/23
Capital assets, not being depreciated:				
Land and land improvements	$ 616,598	$ -	$ -	$ 616,598
Total capital assets, not being depreciated	616,598	-	-	616,598
Capital assets, being depreciated:				
Buildings and improvements	3,899,628	-	-	3,899,628
Emergency vehicles	2,505,125	15,580	-	2,520,705
Equipment	919,844	-	-	919,844
Furniture and fixtures	41,781	-	-	41,781
Total capital assets, being depreciated	7,366,378	15,580	-	7,381,958
Less accumulated depreciation for:				
Buildings and improvements	(1,755,577)	(126,006)	-	(1,881,583)
Emergency vehicles	(1,616,716)	(110,384)	-	(1,727,100)
Equipment	(591,201)	(79,621)	-	(670,822)
Furniture and fixtures	(20,934)	(3,309)	-	(24,243)
Total accumulated depreciation	(3,984,428)	(319,320)	-	(4,303,748)
Total capital assets, being depreciated, net	3,998,548	(303,740)	-	3,694,808
Governmental activities capital assets, net	$ 3,998,548	$ (303,740)	$ -	$ 3,694,808

Depreciation expense of $319,320 was charged to the public safety function of the District.

Note 6. Long-Term Liabilities

The following is a summary of changes in long-term liabilities for the year ended June 30, 2023:

Governmental Activities:	Balance 06/30/22	Additions	Retirements	Balance 06/30/23	Current Portion
Compensated absences	$ 389,392	$ 192,583	$ (249,983)	$ 331,992	$ 282,193
Net Pension/OPEB Liabilities	4,840,872	-	(3,814,047)	1,026,825	-
Notes from Direct Borrowings					
County Loan	48,470	-	(48,470)	-	-
Bonds from Direct Placements					
GO Bond, Series 2017	2,695,000	-	(135,000)	2,560,000	140,000
Unamortized premium	142,571	-	(10,183)	132,388	10,184
Certificates of Participation					
Taxable Series 2021	7,695,000	-	(250,000)	7,445,000	325,000
Total	$ 15,811,305	$ 192,583	$ (4,507,683)	$ 11,496,205	$ 757,377

In February 2017, the District entered into a bond purchase agreement with Stifel, Nicolaus & Company, Incorporated. The Arizona General Obligation Bonds, Series 2017 have a par amount of $3,300,000. Under the terms of the agreement, the average annual payment is $242,160 with an all-in true interest cost of 3.78%. The balance outstanding at June 30, 2023 was $2,560,000.

In June 2018, the District entered into a loan agreement with Coconino County in order to finance the first year's bond payments on the Arizona General Obligation Bonds, Series 2017 mentioned above. The loan payable to Coconino County totaled $242,350. Under the terms of the agreement, annual principal payments were made in the amount of $48,470 with semi-annual interest payments at a rate of 2.20%. The balance was paid in full at June 30, 2023.

In November 2021, the District issued the Taxable Series 2021 certificates of participation to pay the unfunded PSPRS net pension liability. Payments are due in annual principal and semiannual interest installments, bearing interest at 0.60% to 3.4%, maturing June 15, 2038. The certificates of participation are secured by fire stations #31, #33, and #37. $5,767,773 of the debt proceeds were remitted to PSPRS during the year ended June 30, 2022. Due to the one-year reporting delay by PSPRS, this was not reflected in the District's pension/OPEB liability until fiscal year 2023. The balance outstanding at June 30, 2023 was $7,445,000.

Note 6. Long-Term Liabilities (Continued)

Debt service maturities are as follows:

Year Ending June 30	Bonds Payable from Direct Placements: GO Bond, Series 2017	Bonds Payable from Direct Placements: COP Taxable Series 2021	Total
2024	$ 140,000	$ 325,000	$ 465,000
2025	145,000	395,000	540,000
2026	150,000	430,000	580,000
2027	155,000	450,000	605,000
2028	165,000	455,000	620,000
2029-2033	920,000	2,485,000	3,405,000
2034-2038	885,000	2,905,000	3,790,000
Total	$ 2,560,000	$ 7,445,000	$ 10,005,000

Note 7. Interfund Transfers

As of June 30, 2023 interfund transfers are as follows:

Transfers In:	Transfers Out: General Fund	Total
PSPRS Contingency Fund	$ 476,458	$ 476,458
Total	$ 476,458	$ 476,458

This transfer occurred to provide for the PSPRS COP debt payments.

Note 8. Pensions and Other Postemployment Benefits

The District contributes to the plans described below. The plans are component units of the State of Arizona.

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

Statement of Net Position and Statement of Activities	ASRS	PSPRS	Governmental Activities
Net pension and OPEB asset	$ 9,153	$ 166,585	$ 175,738
Net pension and OPEB liability	261,318	765,507	1,026,825
Deferred outflows of resources	45,911	1,921,587	1,967,498
Deferred inflows of resources	43,029	585,477	628,506
Pension/OPEB expense	15,486	761,658	777,144

The District's accounts payable and other current liabilities includes $19,210 of outstanding pension and OPEB contribution amounts payable to all pension plans for the year ended June 30, 2023. Also, the District reported $278,011 of pension and OPEB contributions as expenditures in the governmental funds related to all pension plans to which it contributes.

Arizona State Retirement System (ASRS)

Plan description – The District participates 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.

Note 8. Pensions and Other Postemployment Benefits (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	**Initial Membership Date 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%

* With actuarially reduced benefits.

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 earning. 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 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.

Note 8. Pensions and Other Postemployment Benefits (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 percent (12.03 percent for retirement and 0.14 percent 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 percent (11.92 percent for retirement, 0.11 percent for health insurance premium benefit, and 0.14 percent 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 $26,566, $245, and $312, respectively.

Liability – 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.

	Net pension/OPEB (asset) liability
Pension	$ 261,156
Health insurance premium benefit	(9,153)
Long-term disability	162

The net asset and 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 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:

	Proportion June 30, 2021	Proportion June 30, 2022	Increase (decrease) from June 30, 2021
Pension	0.00190%	0.00160%	-0.00030%
Health insurance premium benefit	0.00195%	0.00164%	-0.00031%
Long-term disability	0.00194%	0.00175%	-0.00019%

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

	Net pension/OPEB (asset) liability
Pension	$ 261,156
Health insurance premium benefit	(9,153)
Long-term disability	162

Note 8. Pensions and Other Postemployment Benefits (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 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	$ 2,225	$ -	$ -	$ 4,671	$ 84	$ 151
Changes of assumptions or other inputs	12,962	-	149	250	88	394
Net difference between projected and actual earnings on pension plan investments	-	6,879	-	308	-	5
Changes in proportion and differences between contributions and proportionate share of contributions	2,865	30,265	358	20	57	86
Contributions subsequent to the measurement date	26,566	-	245	-	312	-
Total	$ 44,618	$ 37,144	$ 752	$ 5,249	$ 541	$ 636

Note 8. Pensions and Other Postemployment Benefits (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 of 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 ASRS pensions and OPEB will be recognized as expense as follows:

Year Ended June 30,	Pension	Health Insurance Premium Benefit	Long-term disability
2024	$ (694)	$ (1,322)	$ (34)
2025	(17,464)	(1,445)	(44)
2026	(11,944)	(1,591)	(82)
2027	11,010	(168)	(11)
2028	-	(216)	(83)
Thereafter	-	-	(153)

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 pensions/not applicable for OPEB
Mortality rates	2017 SRA Scale U-MP for pensions and health insurance
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.

Note 8. Pensions and Other Postemployment Benefits (Continued)

The long-term expected rate of return on ASRS plan investments was determined to be 7.0 percent 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:

Asset Class	**Target Asset Allocation**	**Long-Term Expected Geometric Real Rate of Return**
Equity	50%	3.90%
Fixed income-credit	20%	5.30%
Fixed income-interest rate sensitive	10%	(0.20%)
Real estate	20%	6.00%
Totals	100%	

Discount Rate – At June 30, 2022, the discount rate used to measure the ASRS total pension/OPEB liability was 7.0 percent. 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 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 proportionate share of the 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 percent, 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 percent) or 1 percentage point higher (8.0 percent) than the current rate:

Proportionate share of the	1% Decrease (6.0%)	Discount Rate (7.0%)	1% Increase (8.0%)
Net pension liability	$ 385,327	$ 261,156	$ 157,616
Net insurance premium benefit liability (asset)	(6,581)	(9,153)	(11,335)
Net long-term disability liability	268	162	59

Plan fiduciary net position – Detailed information about the plan's fiduciary net position is available in the separately issued ASRS financial report.

Note 8. Pensions and Other Postemployment Benefits (Continued)

Public Safety Personnel Retirement System (PSPRS)

Plan description – 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 includes financial statements and required supplementary information for PSPRS. The report is available on the PSPRS website at www.psprs.com.

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Note 8. Pensions and Other Postemployment Benefits (Continued)

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:

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

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

Note 8. Pensions and Other Postemployment Benefits (Continued)

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

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

	Pension	Health
Inactive employees or beneficiaries currently receiving benefits	13	13
Inactive employees entitled to but not yet receiving benefits	11	3
Active employees	23	23
Total	47	39

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

	Active member - Pension	District - Pension	District-Health insurance premium
PSPRS	7.65%	34.99%	0.00%
PSPRS Tier 3 risk pool	9.94%	9.82%	0.12%

Also, statute required the District to contribute at the actuarially determined rate of 22.07 percent (21.80 percent for pension and 0.27 percent for health insurance premium benefit) of the annual covered payroll of District employees who were PSPRS Tier 3 Risk Pool members, in addition to the District's required contributions to the PSPRS Tier 3 Risk Pool for these District employees.

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

	Pension	Health insurance premium benefit
PSPRS	$ 211,162	$ -
PSPRS Tier 3 risk pool	60,636	-

Note 8. Pensions and Other Postemployment Benefits (Continued)

Liability – At June 30, 2023, the District reported a net pension liability of $765,507 and a net OPEB asset of $166,585. The net assets and net liabilities were measured as of June 30, 2022, and the total liability used to calculate the net asset or liability was determined by an actuarial valuation as of that date. The total liabilities as of June 30, 2022, reflect changes of actuarial assumptions, including decreasing the investment rate of return from 7.3 percent to 7.2 percent, changing the wage inflation from 3.5 percent to a range of 3.0 – 6.25 percent, and increasing the cost-of-living adjustment from 1.75 percent to 1.85 percent.

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

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

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

The long-term expected rate of return on PSPRS plan investments was determined to be 7.2 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. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Geometric Real Rate of Return
U.S public equity	24.00%	3.49%
International public equity	16.00%	4.47%
Global private equity	20.00%	7.18%
Other assets (capital appreciation)	7.00%	4.83%
Core bonds	2.00%	0.45%
Private credit	20.00%	5.10%
Diversifying strategies	10.00%	2.68%
Cash-Mellon	1.00%	-0.35%
Total	100.00%	

Note 8. Pensions and Other Postemployment Benefits (Continued)

Discount Rate – At June 30, 2022, the discount rate used to measure the PSPRS total pension/OPEB liabilities was 7.2 percent, which was a decrease of 0.1 from the discount rate used as of June 30, 2021. The projection of cash flows used to determine this Single Discount Rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the 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.

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Note 8. Pensions and Other Postemployment Benefits (Continued)

Changes in the Net Pension/OPEB Liability

	Pension Increase (decrease)			Health insurance premium benefit Increase (decrease)		
	Total Pension Liablity (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)	Total OPEB Liablity (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at June 30, 2022	$ 19,447,530	$ 14,856,710	$ 4,590,820	$ 271,110	$ 490,605	$ (219,495)
Changes for the year:		-			-	
Service cost	443,453	-	443,453	10,132	-	10,132
Interest on total pension/OPEB liability	1,429,763	-	1,429,763	20,417	-	20,417
Changes of benefit terms	-	-	-	-	-	-
Difference between expected and actual experience in the measurement of the pension/OPEB liability	(283,544)	-	(283,544)	(8,975)	-	(8,975)
Changes of assumptions	319,754	-	319,754	12,032	-	12,032
Contributions - employer	-	6,331,314	(6,331,314)	-	371	(371)
Contributions - employee	-	170,381	(170,381)	-	-	-
Net investment income	-	(753,591)	753,591	-	(19,331)	19,331
Benefit payments, including refunds of employee contributions	(610,372)	(610,372)	-	(3,124)	(3,124)	-
Plan administrative expenses	-	(13,365)	13,365		(344)	344
Other changes*	-	-	-	-	-	-
Net changes	1,299,054	5,124,367	(3,825,313)	30,482	(22,428)	52,910
Balances at June 30, 2023	$ 20,746,584	$ 19,981,077	$ 765,507	$ 301,592	$ 468,177	$ (166,585)

Note 8. Pensions and Other Postemployment Benefits (Continued)

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

	1% Decrease (6.20%)	Discount Rate (7.20%)	1% Increase (8.20%)
Proportionate share of			
Net pension (asset) / liability	$ 3,876,477	$ 765,507	$ (1,752,329)
Net OPEB (asset)/ liability	(127,878)	(166,585)	(199,090)

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

Expense and deferred outflows/inflows of resources – For the year ended June 30, 2023, the District recognized pension expense for PSPRS of $271,798 and OPEB expense of $0. 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	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 482,226	$ 492,383	$ 404	$ 86,343
Changes in assumptions	615,486	-	11,705	6,751
Net difference between projected and actual earnings on pension/OPEB plan investments	532,092	-	7,876	-
Contributions subsequent to the measurement date	271,798	-	-	-
Total	$ 1,901,602	$ 492,383	$ 19,985	$ 93,094

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 Ended June 30	Pension	Health Insurance Premium Benefit
2024	$ 350,692	$ (14,994)
2025	232,799	(16,389)
2026	49,006	(20,965)
2027	505,046	(5,400)
2028	(122)	(14,968)
Thereafter	-	(393)

Note 9. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets and natural disasters. The District has insurance protection and the limit for basic coverage is for $1,000,000 per occurrence on a claims made basis. No significant reduction in insurance coverage occurred during the year and no settlements exceeded insurance coverage during any of the past three fiscal years.

Note 10. Intergovernmental Agreements

On January 1, 2016, the District entered into an agreement with the City of Flagstaff (City) for the City to provide management services to the District. The purpose of this agreement is to authorize the City Fire Chief to also function as the District Fire Chief. The initial term of the agreement is two years. The District and City extended the agreement effective September 2018. The District will compensate the City $142,500 annually for the management services provided. The agreement may be terminated by either party upon thirty days written notice.

Note 11. Contingencies

The District is involved with various matters of litigation from year to year. It is the opinion of the District that these cases will be handled by the District's insurance coverage or that they will not have a material effect on the District's financial condition.

Required Supplementary Information

SUMMIT FIRE DISTRICT
Schedule of the Proportionate Share of the Net Pension/OPEB Liability
June 30, 2023

ASRS - Pension

	Reporting Fiscal Year (Measurement Date)								
	2023 (2022)	**2022 (2021)**	**2021 (2020)**	**2020 (2019)**	**2019 (2018)**	**2018 (2017)**	**2017 (2016)**	**2016 (2015)**	**2015 (2014)**
Proportion of the net pension liability (asset)	0.001600%	0.001900%	0.001840%	0.001850%	0.001760%	0.001760%	0.001780%	0.001148%	0.001148%
Proportionate share of the net pension liability (asset)	$ 261,156	$ 249,652	$ 318,808	$ 269,197	$ 245,458	$ 274,174	$ 287,310	$ 181,849	$ 169,899
Covered payroll	$ 210,626	$ 183,361	$ 200,624	$ 194,654	$ 174,784	$ 171,421	$ 171,772	$ 116,192	$ 79,080
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	123.99%	136.15%	140.44%	140.44%	140.44%	159.94%	167.26%	156.51%	214.84%
Plan fiduciary net position as a percentage of the total pension liability	74.26%	78.58%	69.33%	73.24%	73.40%	69.92%	67.06%	68.35%	69.49%

Note: The District implemented GASB 68 in fiscal year 2015. Prior year information is not available.

SUMMIT FIRE DISTRICT
Schedule of the Proportionate Share of the Net Pension/OPEB Liability
June 30, 2023

ASRS - Health insurance premium benefit

	Reporting Fiscal Year (Measurement Date)					
	2023 (2022)	**2022 (2021)**	**2021 (2020)**	**2020 (2019)**	**2019 (2018)**	**2018 (2017)**
Proportion of the net OPEB (asset)	0.001640%	0.001950%	0.001880%	0.001790%	0.001790%	0.001780%
Proportionate share of the net OPEB (asset)	$ (9,153)	$ (9,501)	$ (1,331)	$ (522)	$ (645)	$ (969)
Covered payroll	$ 210,626	$ 183,361	$ 200,624	$ 194,654	$ 174,784	$ 171,421
Proportionate share of the net OPEB (asset) as a percentage of its covered payroll	-4.35%	-5.18%	-0.66%	-0.27%	-0.37%	-0.57%
Plan fiduciary net position as a percentage of the total OPEB liability	137.79%	130.24%	104.33%	101.62%	102.20%	103.57%

ASRS - Long-term disability

	Reporting Fiscal Year (Measurement Date)					
	2023 (2022)	**2022 (2021)**	**2021 (2020)**	**2020 (2019)**	**2019 (2018)**	**2018 (2017)**
Proportion of the net OPEB (asset)	0.001750%	0.001940%	0.001860%	0.001870%	0.001760%	0.001760%
Proportionate share of the net OPEB (asset)	$ 162	$ 400	$ 1,411	$ 1,218	$ 920	$ 638
Covered payroll	$ 210,626	$ 183,361	$ 200,624	$ 194,654	$ 174,784	$ 171,421
Proportionate share of the net OPEB (asset) as a percentage of its covered payroll	0.08%	0.22%	0.70%	0.63%	0.53%	0.37%
Plan fiduciary net position as a percentage of the total OPEB liability	95.40%	90.38%	72.85%	72.85%	77.83%	84.44%

Note: The District implemented GASB 75 in fiscal year 2018. Prior year information is not available.

SUMMIT FIRE DISTRICT
Schedule of Changes in the Net Pension/OPEB Liability and Related Ratios
June 30, 2023

PSPRS - Pension

	Reporting Fiscal Year (Measurement Date)								
	2023 (2022)	**2022 (2021)**	**2021 (2020)**	**2020 (2019)**	**2019 (2018)**	**2018 (2017)**	**2017 (2016)**	**2016 (2015)**	**2015 (2014)**
Total pension liability									
Service cost	$ 443,453	$ 448,043	$ 446,975	$ 508,129	$ 482,000	$ 538,989	$ 405,614	$ 422,334	$ 439,618
Interest on total pension liability	1,429,763	1,306,231	1,221,503	1,159,552	1,098,327	1,002,553	878,953	771,693	708,033
Changes of benefit terms*	-	-	-	-	-	98,111	1,268,601	-	11,561
Difference between expected and actual experience of the total net pension liability	(283,544)	526,926	42,215	(162,718)	(249,080)	131,152	(301,119)	683,292	(478,387)
Changes of assumptions	319,754	-	-	331,352	-	332,203	511,145	-	335,837
Benefit payments, including refunds of employee contributions	(610,372)	(558,403)	(543,817)	(879,914)	(662,109)	(537,134)	(781,596)	(223,585)	(170,546)
Net change in total pension liability	1,299,054	1,722,797	1,166,876	956,401	669,138	1,565,874	1,981,598	1,653,734	846,116
Total pension liability - beginning	19,447,530	17,724,733	16,557,857	15,601,456	14,932,318	13,366,444	11,384,846	9,731,112	8,884,996
Total pension liability - ending (a)	$ 20,746,584	$ 19,447,530	$ 17,724,733	$ 16,557,857	$ 15,601,456	$ 14,932,318	$ 13,366,444	$ 11,384,846	$ 9,731,112
Plan fiduciary net position									
Contributions - employer	$ 6,331,314	$ 912,290	$ 811,960	$ 682,642	$ 743,606	$ 469,097	$ 378,117	$ 341,378	$ 358,783
Contributions - employee	170,381	186,480	186,639	194,706	219,044	269,996	266,970	304,232	229,772
Net investment income	(753,591)	3,182,638	138,082	542,929	658,019	976,342	48,805	291,993	910,407
Benefit payments, including refunds of employee contributions	(610,372)	(558,403)	(543,817)	(879,914)	(662,109)	(537,134)	(781,596)	(223,585)	(170,546)
Other (net transfer)	(13,365)	(14,819)	(11,259)	(10,433)	(357,842)	(8,930)	(126,556)	(13,579)	(303,804)
Net change in plan fiduciary net position	5,124,367	3,708,186	581,605	529,930	600,718	1,169,371	(214,260)	700,439	1,024,612
Plan fiduciary net position - beginning	14,856,710	11,148,524	10,566,918	10,041,017	9,440,299	8,270,928	8,485,188	7,784,749	6,760,137
Adjustment to beginning of year	-	-	1	(4,029)	-	-	-	-	-
Plan fiduciary net position - ending (b)	$ 19,981,077	$ 14,856,710	$ 11,148,524	$ 10,566,918	$ 10,041,017	$ 9,440,299	$ 8,270,928	$ 8,485,188	$ 7,784,749
Net pension liability - ending (a) - (b)	$ 765,507	$ 4,590,820	$ 6,576,209	$ 5,990,939	$ 5,560,439	$ 5,492,019	$ 5,095,516	$ 2,899,658	$ 1,946,363
Plan fiduciary net position as a percentage of the total pension liability	96.31%	76.39%	62.90%	63.82%	64.36%	63.22%	61.88%	74.53%	80.00%
Covered employee payroll	$ 1,733,686	$ 2,004,731	$ 2,072,602	$ 2,034,325	$ 2,238,735	$ 2,427,878	$ 2,164,428	$ 2,250,452	$ 2,220,970
Net pension liability as a percentage of covered-employee payroll	44.15%	229.00%	317.29%	294.49%	248.37%	226.21%	235.42%	128.85%	87.64%

Note: The District implemented GASB 68 in fiscal year 2015. Information prior to 2015 is not available.

SUMMIT FIRE DISTRICT
Schedule of Changes in the Net Pension/OPEB Liability and Related Ratios
June 30, 2023

PSPRS-Health Insurance Premium Benefit	Reporting Fiscal Year (Measurement Date) 2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)
Total OPEB liability						
Service cost	$ 10,132	$ 10,988	$ 11,256	$ 7,612	$ 7,388	$ 8,255
Interest on total OPEB liability	20,417	20,922	19,265	23,449	21,724	20,938
Changes of benefit terms*	-	-	-	-	-	3,362
Difference between expected and actual experience of the total net OPEB liability	(8,975)	(34,939)	(760)	(90,133)	(6,323)	992
Changes of assumptions or other inputs	12,032	-	-	3,021	-	(16,681)
Benefit payments	(3,124)	(2,940)	(3,529)	(4,744)	(2,041)	(2,025)
Net change in total OPEB liability	30,482	(5,969)	26,232	(60,795)	20,748	14,841
Total OPEB liability - beginning	271,110	277,079	250,847	311,642	290,894	276,053
Total OPEB liability - ending (a)	$ 301,592	$ 271,110	$ 277,079	$ 250,847	$ 311,642	$ 290,894
Plan fiduciary net position						
Contributions - employer	$ 371	$ 3,115	$ 7,378	$ 7,235	$ 4,066	$ 8,398
Net investment income	(19,331)	105,918	4,749	19,109	22,851	34,094
Benefit payments	(3,124)	(2,940)	(3,529)	(4,744)	(2,041)	(2,025)
Administrative expense	(344)	(436)	(386)	(330)	(348)	(302)
Net change in plan fiduciary net position	(22,428)	105,657	8,212	21,270	24,528	40,165
Plan fiduciary net position - beginning	490,605	384,948	376,736	351,437	326,909	286,744
Adjustment to beginning of year	-	-	-	4,029	-	-
Plan fiduciary net position - ending (b)	$ 468,177	$ 490,605	$ 384,948	$ 376,736	$ 351,437	$ 326,909
Net OPEB liability - ending (a) - (b)	$ (166,585)	$ (219,495)	$ (107,869)	$ (125,889)	$ (39,795)	$ (36,015)
Plan fiduciary net position as a percentage of the total OPEB liability	155.24%	180.96%	138.93%	150.19%	112.77%	112.38%
Covered employee payroll	$ 1,733,686	$ 2,004,731	$ 2,072,602	$ 2,034,325	$ 2,238,735	$ 2,427,878
Net OPEB liability as a percentage of covered-employee payroll	-9.61%	-10.95%	-5.20%	-6.19%	-1.78%	-1.48%

Note: The District implemented GASB 75 in fiscal year 2018. Information prior to 2018 is not available.

SUMMIT FIRE DISTRICT
Schedule of Contributions
June 30, 2023

ASRS - Pension

	Reporting Fiscal Year									
	2023	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**
Contractually required contribution	$ 26,566	$ 22,886	$ 24,853	$ 22,971	$ 21,762	$ 19,051	$ 18,479	$ 11,803	$ 11,075	$ 11,086
Contributions in relation to the contractually required contribution	(26,566)	(22,886)	(24,853)	(22,971)	(21,762)	(19,051)	(18,479)	(11,803)	(11,075)	(11,086)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 223,147	$ 210,626	$ 183,361	$ 200,624	$ 194,654	$ 174,784	$ 171,421	$ 171,772	$ 116,192	$ 79,080
Contributions as a percentage of covered payroll	11.91%	10.87%	13.55%	11.45%	11.18%	10.90%	10.78%	6.87%	9.53%	14.02%

Note: The District implemented GASB 68 in fiscal year 2015. Prior year information is not available.

SUMMIT FIRE DISTRICT
Schedule of Contributions
June 30, 2023

ASRS - Health insurance premium benefit	Reporting Fiscal Year					
	2023	2022	2021	2020	2019	2018
Contractually required contribution	$ 245	$ 400	$ 832	$ 983	$ 895	$ 962
Contributions in relation to the contractually required contribution	(245)	(400)	(832)	(983)	(895)	(962)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 223,147	$ 210,626	$ 183,361	$ 200,624	$ 194,654	$ 174,784
Contributions as a percentage of covered payroll	0.11%	0.19%	0.45%	0.49%	0.46%	0.55%

ASRS - Long-term disability	Reporting Fiscal Year					
	2023	2022	2021	2020	2019	2018
Contractually required contribution	$ 312	$ 392	$ 388	$ 341	$ 311	$ 280
Contributions in relation to the contractually required contribution	(312)	(392)	(388)	(341)	(311)	(280)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 223,147	$ 210,626	$ 183,361	$ 200,624	$ 194,654	$ 174,784
Contributions as a percentage of covered payroll	0.14%	0.19%	0.21%	0.17%	0.16%	0.16%

Note: The District implemented GASB 75 in fiscal year 2018. Prior year information is not available.

SUMMIT FIRE DISTRICT
Schedule of Contributions
June 30, 2023

PSPRS-Pensions

	Reporting Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	$ 271,798	$ 500,959	$ 786,567	$ 811,960	$ 682,642	$ 743,606	$ 469,097	$ 378,117	$ 341,378	$ 385,783
Contributions in relation to the actuarially determined contribution	$ (271,798)	$ (6,331,314)	$ (912,290)	$ (811,960)	$ (682,642)	$ (743,606)	$ (469,097)	$ (378,117)	$ (341,378)	$ (385,783)
Contribution deficiency (excess)	$ -	$ (5,830,355)	$ (125,723)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered-employee payroll	$ 1,610,882	$ 1,733,686	$ 2,004,731	$ 2,072,602	$ 2,034,325	$ 2,238,735	$ 2,427,878	$ 2,164,428	$ 2,250,452	$ 220,970
Contributions as a percentage of covered-employee payroll	16.87%	365.19%	45.51%	39.18%	33.56%	33.22%	19.32%	17.47%	15.17%	174.59%

Note: The District implemented GASB 68 in fiscal year 2015. Information prior to 2014 is not available.

PSPRS-Health Insurance Premium Benefit

	Reporting Fiscal Year						
	2023	2022	2021	2020	2019	2018	2017
Actuarially determined contribution	$ -	$ 371	$ 3,115	$ 7,378	$ 7,235	$ 4,066	$ 8,398
Contributions in relation to the actuarially determined contribution	$ -	$ (371)	$ (3,115)	$ (7,378)	$ (7,235)	$ (4,066)	$ (8,398)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered-employee payroll	$ 1,610,882	$ 1,733,686	$ 2,004,731	$ 2,072,602	$ 2,034,325	$ 2,238,735	$ 2,427,878
Contributions as a percentage of covered-employee payroll	0.00%	0.02%	0.16%	0.36%	0.36%	0.18%	0.35%

Note: The District implemented GASB 75 in fiscal year 2018. Information prior to 2018 is not available.

Note 1. Actuarially Determined Contribution Rates

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

Actuarial cost method	Individual Entry Age Normal
Amortization Method	Level Percentage of Pay, Closed
Remaining Amortization Period	17 years for unfunded liabilities
Asset valuation method	7-Year smoothed market; 80%/120% market corridor
Actuarial assumptions:	
Investment rate of return	In the 2019 actuarial valuation, the investment rate of return was decreased from 7.4% to 7.3%. In the 2017 actuarial valuation, the investment rate of return was decreased from 7.5% 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%.
Projected salary increases	In the 2017 actuarial valuation, the 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 2014 actuarial valuation, projected salary increases were decreased from 4.5%–8.5% to 4.0%–8.0%
Wage growth	In the 2017 actuarial valuation, wage growth was decreased from 4% to 3.5% for PSPRS. In the 2014 actuarial valuation, wage growth was decreased from 4.5% to 4.0% for PSPRS. In the 2013 actuarial valuation, wage growth was decreased from 5.0% to 4.5% for PSPRS

Note 1. Actuarially Determined Contribution Rates (Continued)

Retirement age	Experience-based table of rates that is specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period July 1, 2006 - June 30, 2011.
Mortality	In the 2019 actuarial valuation, changed to PubS-2010 tables. In the 2017 actuarial valuation, changed to RP-2014 tables, with 75% of MP-2016 fully generational projection scales. RP-2000 mortality table (adjusted by 105% for both males and females)

Note 2. Intergovernmental Agreements

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 2029.

Supplementary Information

SUMMIT FIRE DISTRICT
Supplementary Information
Required Bond Disclosures
June 30, 2023

Real and Secured Property Taxes Levied and Collected (a)

			Collected to June 30th of Initial Fiscal Year		Cumulative Collections to August 30, 2023	
Fiscal year	Secondary tax rate	Adjusted District tax levy	Amount	% of Levy	Amount	% of Levy
2022/23	3.4451	$ 5,141,987	$ 5,066,160	98.53%	$ 5,087,240	98.94%
2021/22	3.4580	4,913,543	4,817,395	98.32%	4,903,293	99.79%
2020/21	3.4710	4,662,040	4,548,872	98.19%	4,623,746	99.18%
2019/20	3.4860	4,387,965	4,274,844	97.43%	4,353,354	99.21%
2018/19	3.4985	4,167,983	4,093,892	98.28%	4,147,645	99.51%
2017/18	3.2500	3,653,769	3,577,742	97.96%	3,621,703	99.12%

(a) Taxes are collected by the Treasurer of the County. Taxes in support of debt service are levied by the Board of Supervisors of the County as required by Arizona Revised Statutes. Delinquent taxes are subject to an interest and penalty charge of 16% per annum, which is prorated at a monthly rate of 1.33%. Interest and penalty collections for delinquent taxes are not included in the collection figures above, but are deposited in the County's General Fund. Interest and penalties with respect to the first half tax collects (delinquent November 1) are waived if the full year's taxes are paid by December 31.

Net Limited Assessed Property Value by Property Classification (a)

Class	2022/23	2021/22
Commercial, industrial, utilities and mines	$ 11,983,277	$ 11,153,619
Agricultural and vacant	10,908,263	10,878,428
Residential (owner occupied)	101,159,108	94,677,760
Residential (rental)	25,588,373	24,893,319
Railroad	213,302	218,593
Totals	$ 149,852,323	$ 141,821,719

(a) Determined by Net Assessed Property Value. See "PROPERTY TAXES - Limited Property Value" and - "Secondary Taxes" herein for a discussion of the use of Net Limited Assessed Property Value for fiscal years 2015-16 and thereafter.

(b) Total may not add up due to rounding

2022/23 Net Limited Assessed Property Value of Major Taxpayers

Major Taxpayer (a)	2022/23 Net Limited Assessed Property Value	As % of 2022/23 Net Limited Assessed Property Value
Transwestern Pipeline Company LLC	$ 1,654,939	1.10%
Arizona Public Service Company	1,636,775	1.09%
Unisource Energy Corporation	1,256,574	0.84%
Doney Park Water	843,470	0.56%
El Paso Natural Gas Company	694,667	0.46%
Blazing Oak Inc.	506,353	0.34%
Macarco VII LLC	497,692	0.33%
D & G Development LLC	424,743	0.28%
Stilley Properties LLC	374,380	0.25%
KDJ Enterprises LLC	367,393	0.25%
	$ 6,602,047	4.40%

(a)

Some of such taxpayers or their parent corporations are subject to the informational requirements of the Securities Exchange Act of 1934, as amended, and in accordance therewith file reports, proxy statements and other information with the Securities and Exchange Commission (the "Commission"). Such reports, proxy statements and other information (collectively, the "Fillings") may be inspected, copied and obtained at prescribed rates at the Commission's public reference facilities at 100 F Street, N.E., Washington, D.C. 20549-2736. In addition, the Fillings may also be inspected at the offices of the New York Stock Exchange at 20 Broad Street, New York, New York 10005. The Fillings may also be obtained through the Internet on the Commission's EDGAR data base at http://www.sec.gov. No representation of the District, the Underwriter, Bond Counsel, or counsel to the Underwriter has examined the information set forth in the Fillings for accuracy or completeness, nor does any such representation assume responsibility for the same.

Direct General Obligation Bonded Debt Outstanding and to be Outstanding

Total General Obligation Bonded Debt Outstanding	$ 2,560,000
Total General Obligation Bonded Debt Outstanding and to be Outstanding	$ 2,560,000

Statutory Debt Limited/Unused Borrowing Capacity after Bond Issuance

2022/23 Debt limitation	
(6% of Net Limited Assessed Property Value)	$ 8,991,139
Less: General Obligation Bonds Outstanding and to be Outstanding (a)	(2,560,000)
Unused Borrowing Capacity	$ 6,431,139

(a) Includes the Bonds

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SUMMIT FIRE DISTRICT
Supplementary Information
Required Bond Disclosures
June 30, 2023

Direct and Overlapping General Obligation Bonded Debt

Overlapping Jurisdiction	General Obligation Bonded Debt (b)	Portion Applicable to the District (a) Approximate Percent	Portion Applicable to the District (a) Net Debt Amount
State of Arizona	None	0.19%	None
Coconino County	None	6.78	None
Coconino County Community College District	$ 5,990,000	6.78	$ 406,122
Flagstaff Unified School District No. 1*	40,390,000	9.88	3,990,532
Summit Fire and Medical District	3,300,000	100.00	3,300,000 (c)
Net Direct and Overlapping General Obligation Bonded Debt			$ 7,696,654

(a) Proportion applicable to the District is computed on the ratio of Net Limited Assessed Property Value for 2016/17

(b) Includes total stated principal amount of general obligation bonds outstanding. Does not include outstanding principal amount of certificates of participation, revenue obligations or loan obligations outstanding for the jurisdictions listed above. Does not include outstanding principal amounts of various County and City improvement districts, as the bonds of these districts are presently being paid from special assessments against property within the various improvement districts.

Does not inlcude presently authorized general obligation bonds of such jurisdictions which may be issued in the future as indicated in the following table. Additional bonds may also be authorized by voters within overlapping jurisdictions pursuant to future elections.

Overalpping Jurisdiction	General Obligation Bonds Authorized but Unissued
Flagstaff Unified District No. 1	None *
Summit Fire and Medical District	None

* Reflects Flagstaff Unified School District No. 1's anticipated sale of $10,190,000 remaining bonds pn February 8, 2017.

(c) Includes the Bonds

Other Communications from Independent Auditors

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

To the Board of Directors of
Summit Fire District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Summit Fire District, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Summit Fire District's basic financial statements, and have issued our report thereon dated October 13, 2023.

Internal Control Over Financial Reporting

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

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

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

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Compliance and Other Matters

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

Purpose of this Report

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

HintonBurdick, PLLC
Gilbert, Arizona
October 13, 2023

HINTON BURDICK
CPAs & ADVISORS

Independent Auditors' Report on
State Legal Compliance

Summit Fire District
Flagstaff, Arizona

We have audited the basic financial statements of Summit Fire District (the District) for the year ended June 30, 2023, and have issued our report thereon dated October 13, 2023. Our audit also included test work on the District's compliance with selected requirements identified in the State of Arizona Revised Statutes and the Arizona State Constitution including, but not limited to, Title 48, Chapter 5, Article 1.

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

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

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

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

In our opinion, the Summit Fire District complied, in all material respects, with the requirements identified above for the year ended June 30, 2023.

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

Sincerely,

HintonBurdick, PLLC
Gilbert, Arizona
October 13, 2023