



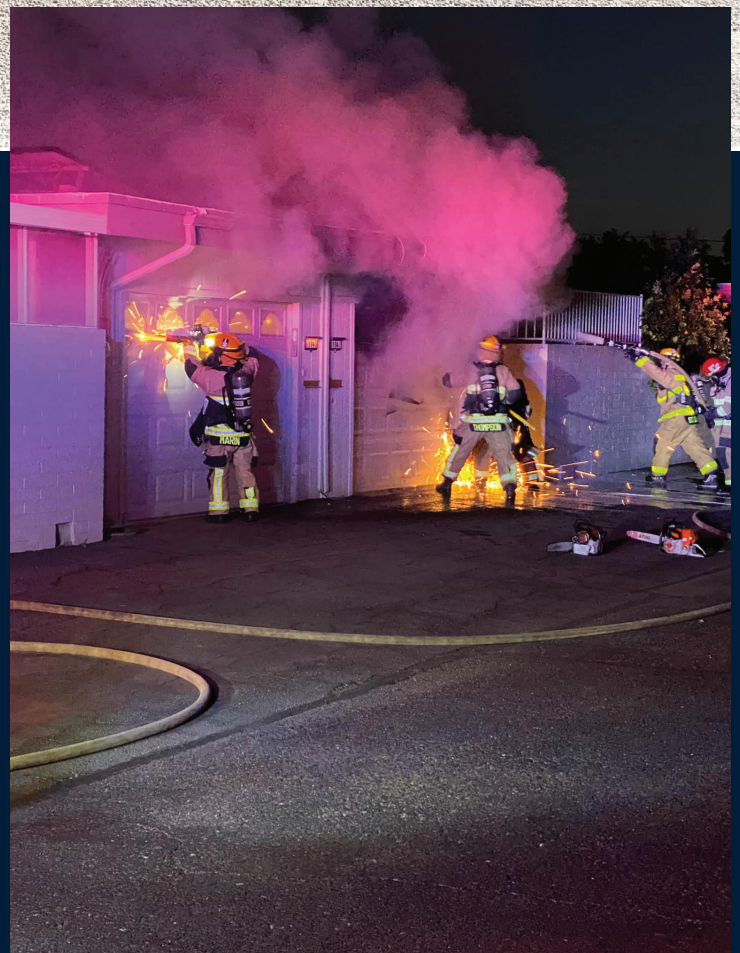
SUN CITY

FIRE & MEDICAL DEPARTMENT

★ ARIZONA ★



**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**
for the fiscal year ended June 30, 2023





Sun City Fire District
18602 North 99th Avenue, Sun City, Arizona 85373

SUN CITY FIRE DISTRICT



Annual Comprehensive Financial Report Fiscal Year Ended June 30, 2023

Prepared by:
The James Vincent Group

Sun City Fire District

Year Ended June 30, 2023

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Sun City Fire District

Year Ended June 30, 2023

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INTRODUCTORY SECTION



Sun City Fire District

18602 N. 99th Avenue, Sun City, Arizona, 85373

Tuesday, December 19, 2023

To the Honorable Members of the Board and Citizens of Sun City Fire District:

The following is the Annual Comprehensive Financial Report (ACFR) of Sun City Fire District (SCFD) for the fiscal year ending June 30, 2023. This ACFR report is intended to meet and exceed all legal reporting requirements that are borne by this jurisdiction. Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control established for this purpose. The cost of internal controls should not exceed anticipated benefits, and therefore the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of material misstatements. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Arizona Revised Statutes (ARS) 48-253 and 48-805(9) require an annual audit to be performed in accordance with the statutory requirements and in conformance to generally accepted government auditing standards. As such, the fiscal year audit has been performed by an independent certified public accounting firm, BeachFleischman PLLC. The auditors have issued an unmodified (“clean”) opinion on the Sun City Fire District’s financial statements for the year ended June 30, 2023.

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

District Profile

Fire protection for Sun City began in the early 1960's when the Del E. Webb Corporation first began building homes. In those early years each homeowner interested in having fire protection service would enter into an annual "subscription" with a local fire protection company and pay that company a fee based on property values. Limited first aid service was also available from the fire protection company.

In 1966 the Sun City Fire District was established under Arizona law (Title 48, Chapter 5) after an affirmative vote by the electors of Sun City and an order by the Maricopa County Board of Supervisors. The board elected in 1966 to enter into a master contract with the private fire protection company to cover the entire community. This eliminated the fire subscription fee program.

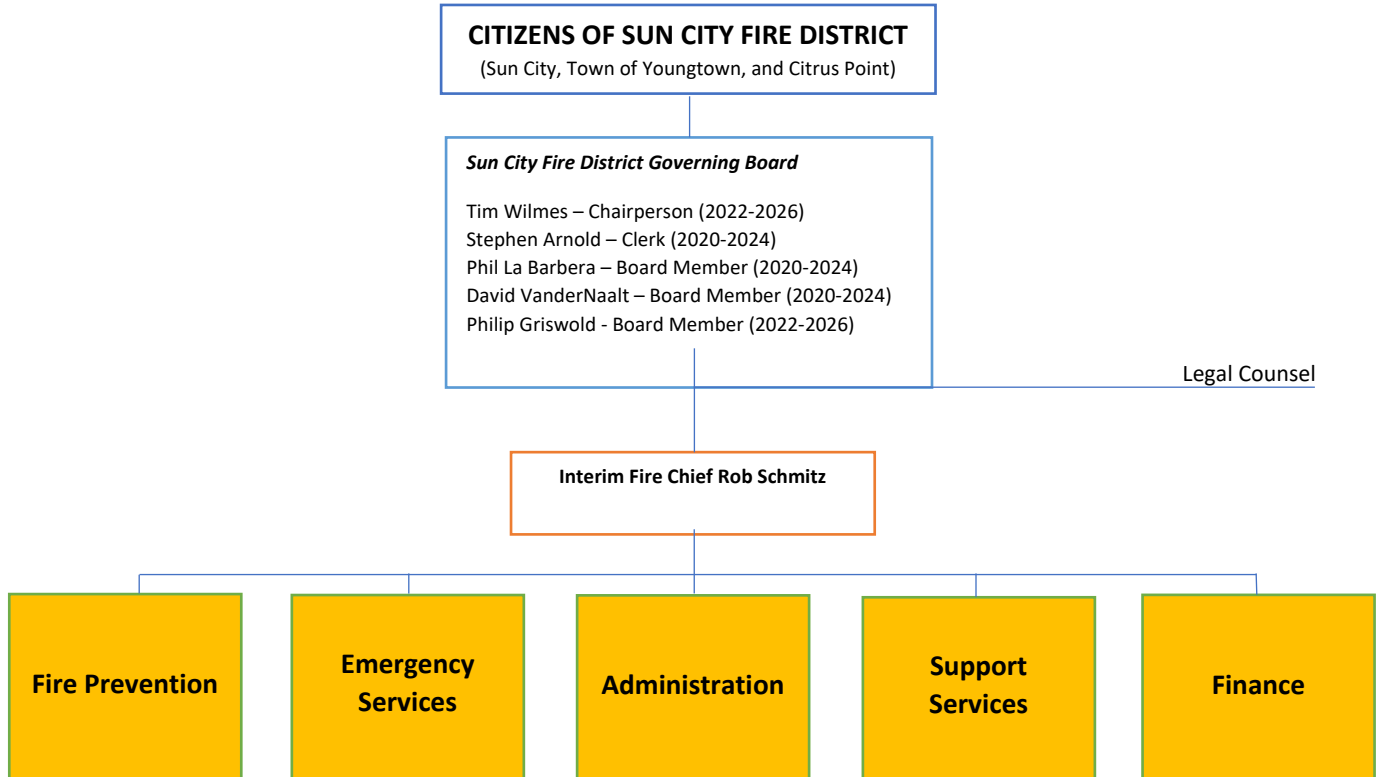


Sun City Fire District

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In 1988 the Sun City Fire District Board voted to hire their own personnel. At 8:00 a.m. on January 1, 1989 firefighters reported to duty for the first time as direct employees of the fire district. On this date the Sun City Fire District also began providing emergency services to the Town of Youngtown. Recognized by the State of Arizona as a special taxing district, SCFD operates under Arizona Revised Statutes (ARS) Title 48, Chapter 5. The District currently provides services to the citizens of Sun City, the Town of Youngtown, and Citrus Point. The District is a community service organization funded through limited assessed value property taxes. It is governed by a five-member Board elected by the public, comprised of a Board Chair and four Board Members, including a Board Clerk and Board Treasurer. All board members are elected at large and serve staggered four-year terms. The Board hires and has authority over a Fire Chief who is charged with managing day-to-day operations of the District. The Board is required to adopt an annual budget which serves as the foundation for financial planning and control. The budget is prepared by fund, function, and object. A current organization chart follows:

Sun City Fire District Organizational Chart





Sun City Fire District

18602 N. 99th Avenue, Sun City, Arizona, 85373

In 1990 SCFD became a participant in an automatic aid agreement consortium with multiple other Phoenix valley fire departments. The purpose of the agreement is to provide the most efficient, safe, and effective fire-rescue-emergency medical services to the community. It allows for adequate and appropriate resources from any fire department to respond to incidents outside their normal response areas. It also provides additional equipment and staffing from other jurisdictions when emergencies exceed the Districts resources. The Sun City Fire District contracts with the City of Phoenix for dispatch services and as an Automatic Aid partner, the district's protocols mirror those of its consortium partners. City of Phoenix communications employs dedicated fire call takers and dispatchers. All incoming requests are screened and triaged to establish the correct initial response. The first arriving officer can amend the response based on conditions found at the incident. This sharing of resources is a tremendous cost savings to the citizens within the system. This automatic aid agreement, state requirements and national standards suggest a staffing level of 4 firefighters for engine companies and 2 personnel for ambulances providing medical transport. This level is maintained to provide safe and effective fire suppression activities and life safety for our customers and members.

Sun City Fire has continued to evolve to ensure they meet the changing needs of the communities they serve. The District provides fire and emergency medical services, which include fire suppression, emergency medical services, fire prevention, public education, and various other non-emergency services. Sun City Fire District operates from three fire stations, with a minimum daily staffing that includes 29 operational personnel for twenty-four hours each day of the year. The District is outfitted with five Type 1 engines, six ALS ambulances, a ladder truck, a ladder tender, two command vehicles, and brush truck to meet the emergency response needs of the community.

Emergency Services

Fire Suppression - The Sun City Fire District is an all-hazards, full-service fire and emergency medical service provider. It utilizes a three-platoon system for community emergencies, 24 hours a day, 365 days a year. Each platoon has a battalion chief who directs day-to-day shift operations, while station captains direct station operations. All the fire stations are strategically located throughout the Fire District to provide effective coverage, a quick response time, and protect critical infrastructure. It is the responsibility of Emergency Operations to utilize the district's personnel and apparatus to deliver a wide variety of both emergency and non-emergency services:

- Advanced life support medical treatment
- Fire suppression
- Specialized rescue operations
- Response to weather-related emergencies
- Hazardous materials incident mitigation



Sun City Fire District

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EMS - Sun City Fire District's Emergency Medical Services Division's main priority is to provide exceptional and expedient customer service to the citizens and communities we serve. Sun City firefighters are trained to provide the highest possible level of care in the field. Additionally, all engine and ladder companies are constantly staffed with a minimum of 2 paramedics and 2 EMTs per unit. They work a 48/96 shift schedule and participate in the Phoenix Regional Automatic Aid System, which includes over 26 communities in the metropolitan area. Sun City Fire District's Emergency Medical Services Division also operates a civilian fleet of state-of-the-art Advanced Life Support (ALS) ambulances that are constantly staffed with a paramedic and an EMT. The ambulances run on the 48/96 hours operating schedule which coincides with the fire suppression personnel schedule. SCFD has been successful in the development of partnerships with local hospitals to further strengthen the overall emergency pre-hospital system. These partnerships have enabled us to provide the best emergency medical customer service delivery system to the citizens we serve in the communities of Sun City, Youngtown and Citrus Point.

Fire Prevention – The Sun City Fire Prevention Bureau enjoys one of the lowest fire losses for commercial and residential buildings in the nation for a city its size and age. The Fire Prevention Bureau is directed by Fire Marshal Jim Fox. The Fire Prevention Bureau is divided into four divisions: Inspections/Code Enforcement, Investigations, Community Outreach, and Public Education. The goal of the Fire Prevention Bureau is to provide information, training, and inspections to the Sun City Fire District. We believe that an informed, educated public will be better prepared to act in case of an emergency and will have an impact in lessening the frequency of these situations.

About the Area

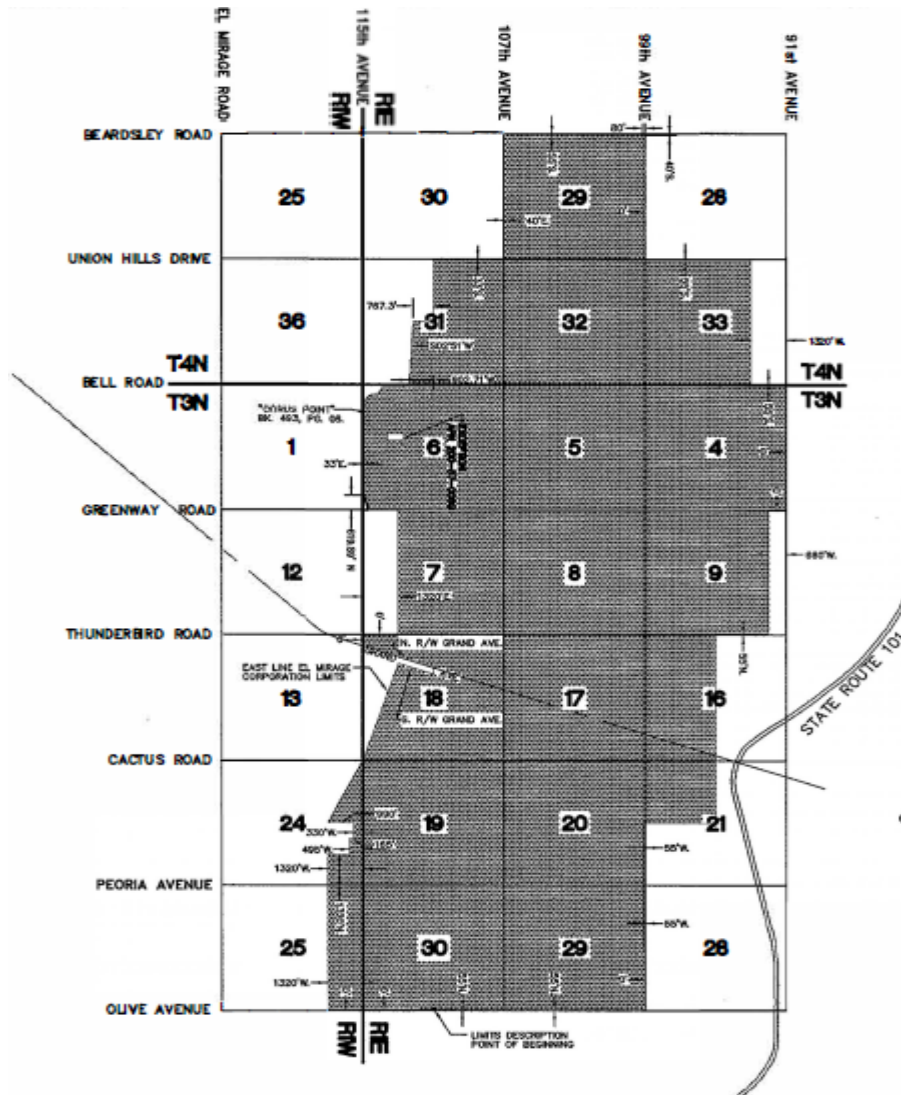
SCFD serves residents and visitors of the communities of Sun City, the Town of Youngtown, and Citrus Point, Arizona. The majority of the Sun City Fire District residents are over 55 and retired. The area was designed to provide a leisurely lifestyle and therefore offers multiple recreational choices. Covering 17 square miles with an ALS ambulance transport service area and 17 square miles of district response area the district has grown to serve an estimated 50,000 full time residents. The district provides fire protection and emergency medical services, ambulance transport, technical rescue, public education and fire prevention. Deploying daily minimum staffing of 29 Fire/EMS personnel, SCFD responds to approximately 15,500 calls per year.



Sun City Fire District

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Sun City Fire District Boundary Map



A snapshot of SCFD-Demographics and service levels includes:

District Size	17 square miles
Ambulance Transport Service Area	17 square miles
Full-time Resident Population	50,000
Stations	3
Fire and Rescue Service Staffing	94
Administrative and Support	7
Fire Prevention	2



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Budget Overview

The District budgets all funds in accordance with the requirements of state law. All funds are budgeted on the modified accrual basis of accounting.

The Board adopts the general fund budget prior to July 1st, the beginning of the fiscal year of the District. The budget process begins in early January and consists of multiple analysis of historical revenue and expenditures, future projections and numerous meetings and budget workshops with the Board and public. Throughout the budget process the Board reviews the budgeted expenses at the fund, function and object level. This is done to allow the Board, and participating community members, to gain a more detailed understanding of the budget and to be compliant with Arizona Revised Statute 48-805.02(A) which requires a detailed estimate of expenditures. The Board adopts the budget at the fund level which is the legal level of budgetary control.

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

Local Economy and Outlook

Although the district has been able to diversify its revenue sources, property values play a significant role in its funding mechanism. Local property values are continuing to recover but have not yet fully recovered. Recently, the District has experienced consistent growth in assessed valuation with both existing property valuation growth as well as new property valuation growth. Increasing interest rates may influence real estate values but more time will be needed to understand that effect and potential effect on assessed value of property.

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

Long-term financial planning and major initiatives

The district has developed a comprehensive ten-year capital improvement plan. The capital improvement plan will sustain and enhance emergency response infrastructure by maintaining and replacing aging facilities and capital assets. This capital improvement plan forecasts the life expectancy and replacement and or maintenance costs for each of the District's long-term assets, as well as define the funding levels needed over each of the five years.

Future projections are consistently utilized, and long-term financial sustainability is a major factor in all decisions made by the organization. A continued focus on alternative revenue initiatives that help



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diversify the districts revenue sources and therefore help insulate the district from fluctuations in one revenue source is important to the districts long-term financial planning. In partnership with the focus on revenue is the focus on providing more efficient services. The district continues to investigate different options of cost reduction while still ensuring that the level of service provided to the community served continues to excel.

Relevant Financial Policies

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

Awards and Acknowledgements

Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Sun City Fire District for its annual comprehensive financial report for the fiscal year ended June 30, 2022. This was the fourth year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

Respectfully submitted,

Fire Chief

The James Vincent Group
Finance Director



Sun City Fire District
18602 N. 99th Avenue, Sun City, Arizona, 85373

Sun City Fire District

List of Elected and Appointed Officials

Elected Board Members

	Term Expires
Board Chair Tim Wilmes	November 30, 2026
Board Clerk Stephen Arnold	November 30, 2024
Board Member Phil La Barbera	November 30, 2024
Board Member David VanderNaalt	November 30, 2024
Board Member Philip Griswold	November 30, 2026

Administrative Offices

18602 N. 99th Avenue, Sun City, Arizona, 85373

Fire Chief/Administrator

Interim Fire Chief Rob Schmitz

Finance Director

The James Vincent Group

Legal Counsel

Robert P. Solliday, Solliday Law



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Sun City Fire District
Arizona**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morill

Executive Director/CEO



FINANCIAL SECTION

Independent Auditors' Report

Governing Board and Management
Sun City Fire District
Sun City, Arizona

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Sun City Fire District, as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Sun City Fire 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 Sun City Fire District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2023, on our consideration of Sun City Fire District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Sun City Fire District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Sun City Fire District's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "BeachFleischman PLLC".

Tucson, Arizona
December 19, 2023

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year Ended June 30, 2023

INTRODUCTION

The management of Sun City Fire District (the District) presents these financial statements with a narrative overview and analysis of financial activities for the twelve months ended June 30, 2023. We encourage readers to consider the information presented here in conjunction with the accompanying basic financial statements and the accompanying notes to those statements in their understanding of the District's financial position.

FINANCIAL HIGHLIGHTS FOR THE YEAR

- In the government-wide financial statements, the total assets and deferred outflows of the Sun City Fire District were \$34,594,708 at the close of the fiscal year. The total liabilities and deferred inflow exceeded total assets and deferred outflows by \$26,664,693. Of this amount \$36,619,821 represents a deficit in unrestricted net position.
- The District realized a decrease in its net position of \$1,753,509 equal to the excess of expenses over revenues. The primary driver was the increase in personnel expenses due a 5.9% cost of living increase that was given to all eligible employees at the start of 2023.
- The District has 103 full-time employees. Of these employees, 72 participate in the Public Safety Personnel Retirement System (PSPRS) and 31 participate in the Arizona State Retirement System (ASRS).
- As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$14,417,835, an increase of \$663,010 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balances for the general fund was \$4,422,847. The change in fund balance for the general fund was an increase of \$627,438 for the fiscal year.
- The total long-term liabilities of the District decreased by a net amount of \$30,415,040. During fiscal year 2022, the District issued Certificates of Participation (COPs) to reduce the District's unfunded pension liability with the Public Safety Personnel Retirement System (PSPRS) and to set aside funds for future pension obligations. The District contributed \$37.3 million to PSPRS during fiscal year 2022, and the contribution was recorded as deferred outflows of resources, since the contribution was made subsequent to the measurement date of the net pension liability. In fiscal year 2023, the net pension liability was reduced by this additional contribution. The remaining \$6.2 million proceeds from the sale of the COPs is restricted for future pension obligations.
- The District strives to provide the best possible service while minimizing the tax rate.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

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

Statement of Net Position - The *Statement of Net Position (page 25)* presents information of all District's assets plus deferred outflows of resources, less liabilities, less deferred inflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

Statement of Activities - The *Statement of Activities (page 26)* presents information showing how the net position of the District changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Fund Financial Statements

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

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

The District maintains three individual government funds: the General Fund, the Capital Projects Fund, and the Debt Service Fund. Information is presented separately in the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balances for each of these funds, all of which are considered to be major funds of the District; the concept and determination of major funds has been established by the Governmental Accounting Standards Board (GASB). There are no non-major governmental funds.

The District adopts an annual appropriated budget to levy taxes and provide for its general fund. A budgetary comparison statement has been provided for the fund to demonstrate compliance with the budget and is presented on page 29.

Fiduciary Funds. The District is the trustee, or fiduciary, for certain funds held on behalf of the Sun City Firefighters Relief and Pension Fund. The District's fiduciary activities are reported in a separate statement of fiduciary net position and statement of changes in fiduciary net position that is presented on pages 31 - 32. We exclude this activity from the District's other financial statements because the District cannot use these assets to finance its operations. The District is responsible for ensuring the assets reported in these funds are used for their intended purposes.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the financial position of a government entity. In the case of the Sun City Fire District, liabilities and deferred inflows exceeded assets and deferred outflows by \$26,664,693 at the close of the 2023 fiscal year.

\$2,847,547 reflects the District's investment in capital assets (land, construction in progress, buildings and improvements, equipment, and vehicles), less any related debt still outstanding that was issued to acquire those items. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the District's investment in capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be liquidated to service these liabilities.

The restricted portion of net position of \$616,188 reflects amounts restricted for debt service obligations and \$6,491,393 reflects amounts restricted for future pension contributions.

The remaining deficit in unrestricted net position, \$(36,619,821), reflects its cash and current account receivable less any current liabilities (e.g. accounts payable, accrued payroll, and compensated absences) and long-term liabilities not associated with capital assets. The District uses the cash balances to pay current and ongoing financial obligations in order to provide services to residents.

At the end of fiscal year 2023, the District has a negative balance in unrestricted net position. In fiscal year 2015, the District adopted Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions, which requires the District to report a net liability for pensions of \$8,454,520. In fiscal year 2018, the District adopted Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions, which requires the District to report a net liability for OPEB of \$1,503. The District pays for pensions and OPEB on a pay-as-you go basis with current financial resources each year. However, the net pension/OPEB liability required to be reported is an actuarially determined amount for resources that are required sometime in the future.

The following table reflects the condensed Statement of Net Position:

Sun City Fire District
Condensed Statement of Net Position
As of June 30, 2023 and 2022

	Governmental Activities		Increase (decrease)
	2023	2022	
Cash and investments	\$ 13,619,333	\$ 13,743,661	\$ (124,328)
Other assets	2,224,947	1,595,808	629,139
Capital assets	<u>11,179,266</u>	<u>11,993,835</u>	<u>(814,569)</u>
Total assets	<u>27,023,546</u>	<u>27,333,304</u>	<u>(309,758)</u>
Total deferred outflows	<u>7,571,162</u>	<u>43,175,866</u>	<u>(35,604,704)</u>
Other liabilities	593,542	704,358	(110,816)
Long-term liabilities	<u>60,403,792</u>	<u>90,818,832</u>	<u>(30,415,040)</u>
Total liabilities	<u>60,997,334</u>	<u>91,523,190</u>	<u>(30,525,856)</u>
Total deferred inflows	<u>262,067</u>	<u>3,897,164</u>	<u>(3,635,097)</u>
Net investment in capital assets	2,847,547	3,201,621	(354,074)
Restricted	7,107,581	6,910,329	197,252
Unrestricted	<u>(36,619,821)</u>	<u>(35,023,134)</u>	<u>(1,596,687)</u>
Total net position	<u>\$ (26,664,693)</u>	<u>\$ (24,911,184)</u>	<u>\$ (1,753,509)</u>

Statement of Activities – The net position of the District from governmental activities decreased \$1,753,509. Key elements of this increase are as follows:

- Net investment in capital assets decreased by \$354,074, which is due to the recognition of depreciation in the current year on capital assets accompanied with the decrease in the principal balance of the District’s general obligation bond from scheduled debt payments. The decrease was slightly offset by the acquisition of capital assets in the current year.
- Property taxes increased by \$926,332 as a result of an increase in assessed valuation of 4.60%.

- Charges for services revenue represented a decrease of about \$933, which is due to a decline in revenues in the current year from wildland deployments and permit fees. The declines in both revenues streams were largely made up for by an increase in ambulance revenue, resulting from increased charge rates and increased activity from population growth.
- Expenses for the District increased about \$1,437,383 from the prior year, which is a result of increased personnel expenses and interest expenses in current year. The increase in personnel expenses is primarily a result of the District providing a 5.9% cost of living increase at the start of 2023 to all eligible employees. Additionally, the District saw a sharp incline in employee benefits costs in 2023, resulting from a high inflationary economy. The increase in interest expense is due to a full year of debt and interest payments on the Certificates of Participation debt compared to the prior year when the debt was issued in the middle of the year.
- Pension expense for the year ending June 30, 2023 was \$4,186,087, compared with \$4,236,877 in the year ending June 30, 2022.

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

Sun City Fire District
Condensed Statement of Activities
For the Years Ended June 30, 2023 and 2022

	Governmental Activities		Increase (decrease)
	<u>2023</u>	<u>2022</u>	
Program revenues:			
Charges for services	\$ 4,227,847	\$ 4,228,780	\$ (933)
Grants and contributions	886,173	209,091	677,082
General revenues:			
Property taxes	13,740,127	12,813,795	926,332
Fire district assistance tax	403,924	406,255	(2,331)
State shared tax revenue	184,917	156,688	28,229
Investment earnings	220,055	58,356	161,699
Miscellaneous	-	59,487	(59,487)
Total revenues	<u>19,663,043</u>	<u>17,932,452</u>	<u>1,730,591</u>
Expenses:			
Public safety	19,832,877	18,824,721	1,008,156
Interest on long-term debt	<u>1,583,675</u>	<u>1,154,448</u>	<u>429,227</u>
Total expenses	<u>21,416,552</u>	<u>19,979,169</u>	<u>1,437,383</u>
Change in net position	(1,753,509)	(2,046,717)	293,208
Beginning net position	<u>(24,911,184)</u>	<u>(22,864,467)</u>	<u>(2,046,717)</u>
Ending net position	<u>\$ (26,664,693)</u>	<u>\$ (24,911,184)</u>	<u>\$ (1,753,509)</u>

DISTRICT FUNDS FINANCIAL ANALYSIS

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

Governmental Funds - The focus of the District’s *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District’s financing requirements. In particular, unassigned fund balances may serve as a useful measure of the District’s net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the District itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the District’s Governing Board.

At June 30, 2023, the governmental funds of the District reported a combined fund balance of \$14,417,835.

General Fund - The general fund accounts for all of the financial resources of the District, which are not accounted for in any other fund. As of June 30, 2023, total fund balance was \$11,009,892, of which \$260,277 was nonspendable because of prepaid items, \$6,326,768 is restricted for future pension contributions, and \$4,422,847 was unassigned for financial reporting purposes. Assessed value increased 4.60%, which caused an increase in tax revenue. Ambulance operations experienced more activity due to population growth in fiscal year 2023 as well as receiving an increase in ambulance charge rates during the middle of the year, which resulted in increased ambulance revenues. The District also received ARPA monies from the State of Arizona that were intended to cover payroll costs for employees who spent 50% of their time responding to the COVID-19 public health emergency. As a result of the above, the increases in revenue caused a General Fund balance increase of \$627,438.

Capital Projects Fund - The capital projects fund accounts for the accumulation of resources for future construction costs for new and existing facilities and for the purchase of large fire apparatus. Most of the activity in the capital fund during 2023 was capital outlay for fire operations, which was offset by a transfer of funds from the general fund. As of June 30, 2023, the ending fund balance in the Capital Projects fund was \$2,791,755.

Debt Service Fund - The debt service fund accounts for the property tax levy dedicated to the payment of principal and interest on general obligation bonds. The decrease in the fund balance was \$37,470, which is primarily due to a decrease in property tax revenue in the current year, resulting from the District lowering the bond rate from \$.2054 in 2022 to \$.1772 in 2023. The bond rate is adjusted on a yearly basis to fulfil debt service obligations.

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

Sun City Fire District Governmental Funds – Fund Balances As of June 30, 2023 and 2022				
Major funds	June 30, 2023		June 30, 2022	
	Amount	%	Amount	%
General	\$ 11,009,892	76.4 %	\$ 10,382,454	75.5 %
Capital	2,791,755	19.4 %	2,718,713	19.8 %
Debt services	616,188	4.7 %	653,658	4.8 %
Total fund balance	\$ 14,417,835	100.0 %	\$ 13,754,825	100.0 %

BUDGETARY HIGHLIGHTS

There were some variances of note for the fiscal year.

- Revenues were over budget by \$1,257,065, which is a result of higher than expected collections from ambulance operations and grant activities. Ambulance revenues were higher than budgeted due to an unforeseen population growth within the District and an unexpected increase in ambulance charge rates that went into effect during the middle of the year. Further, grant revenues were higher than budgeted due to the unbudgeted receipt of ARPA monies from the State of Arizona that were intended to cover payroll costs for employees who spent 50% of their time responding to the COVID-19 public health emergency.
- Expenses were over budget by \$549,186 mainly due to an unforeseen one-time assessment in the District’s self-insured workers’ compensation pool that was a result of an increase in claims due to the COVID pandemic in prior years. Also, contributing to the increase was higher than expected costs related to counseling services for employees exposed to traumatic events in the course of duty.

Sun City Fire District
Condensed Budget to Actual - General Fund
As of June 30, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance with budget</u>
Total revenues	\$ 17,509,906	\$ 18,766,971	\$ 1,257,065
Total expenditures	<u>17,450,103</u>	<u>17,999,289</u>	<u>549,186</u>
Revenue over (under) expenditures	59,803	767,682	707,879
Total other financing sources (uses)	<u>(59,803)</u>	<u>(140,244)</u>	<u>(80,441)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 627,438</u>	<u>\$ 627,438</u>

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The District’s investment in capital assets for its governmental type activities as of June 30, 2023 totaled \$11,179,266 (net of accumulated depreciation). These assets include land, buildings and improvements, equipment, and vehicles.

During the year, the District purchased capital assets of \$286,479, which consisted of equipment and vehicles for emergency services.

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

Sun City Fire District
Capital Assets (net of depreciation)
As of June 30, 2023 and 2022

	Governmental Activities		Increase (decrease)
	2023	2022	
Land and buildings	\$ 12,641,993	\$ 12,598,099	\$ 43,894
Fire equipment	2,965,970	2,960,389	5,581
Vehicles	6,165,763	6,516,805	(351,042)
Accumulated depreciation	(10,594,460)	(10,081,458)	(513,002)
	\$ 11,179,266	\$ 11,993,835	\$ (814,569)

Long-Term Liabilities

At the end of the current fiscal year, the District had approximately \$60 million in long-term liabilities outstanding.

The District continues to retire and manage debt to fund various capital projects which support program services. As of June 30, 2023, the District had general obligation bonds (long-term debt) outstanding of \$7,645,000. This debt currently requires annual debt service payments that consist of principal and interest of approximately \$678,000. During fiscal year 2022, the District issued Certificates of Participation (COPs) in the amount of \$44,665,000. As of June 30, 2023, the amount that is outstanding on the COPs (long-term debt) was \$43,395,000. This debt currently requires annual debt service payments that consist of principal and interest of approximately \$2,496,842. All debt is backed by the full faith and credit of the District. The District has adequate funding capacity to support the continued debt services obligations.

In accordance with GASB Statements No. 68 and 75, the District is required to include the net pension/OPEB liability (asset) on the financial statements. The net pension/OPEB liability is measured as the total pension/OPEB liability, less the plan's fiduciary net position. Relating to the District's participation in the Public Safety Personnel Retirement System (PSPRS), a net pension liability is recorded at June 30, 2023 of \$5,825,010 and a net OPEB asset of \$(72,483). Relating to the District's participation in the Arizona State Retirement System (ASRS), a net pension liability is recorded at June 30, 2023 of \$2,629,510 and a net OPEB asset for health insurance premium OPEB plan of \$(92,142) and a net OPEB liability for the long-term disability OPEB plan of \$1,503.

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

Sun City Fire District
Long-term Liabilities
As of June 30, 2023 and 2022

	Governmental Activities		Increase (decrease)
	2023	2022	
Compensated absences	\$ 1,018,270	\$ 988,871	\$ 29,399
General obligation bonds	7,645,000	8,075,000	(430,000)
Unamortized premium	686,719	717,214	(30,495)
Certificates of participation	43,395,000	44,365,000	(970,000)
Unamortized discount	(797,220)	(803,052)	5,832
Net pension/OPEB liability	<u>8,456,023</u>	<u>37,475,799</u>	<u>(29,019,776)</u>
Total noncurrent liabilities	<u>\$ 60,403,792</u>	<u>\$ 90,818,832</u>	<u>\$ (30,415,040)</u>

Additional information regarding the long-term debt and noncurrent liabilities of the District can be found in the notes to the financial statements at pages 45 - 47 of this report.

ECONOMIC FACTORS AND FY 2024 BUDGET/TAX RATE

For fiscal year 2024, the board of directors and management of the District increased the operating tax rate to \$3.5000. The District slightly decreased the bond rate from \$.1772 to \$.1687 for fiscal year 2024. The bond tax rate is to fulfil debt service obligations and does not affect the operational budget of the District. The District expects net assessed values to continue to increase in Maricopa County.

FINANCIAL CONTACT

The financial statements of the District are designed to present users (citizens, taxpayers, customers, investors and creditors) with a general overview of the finances of the District and to demonstrate accountability. If you have questions regarding the report or need additional financial information, please contact the Finance Director of the District at 18602 N. 99th Avenue, Sun City, Arizona 85373.

Basic Financial Statements

Sun City Fire District

Statement of Net Position

June 30, 2023

	<u>Governmental activities</u>
Assets:	
Cash and investments	\$ 7,292,565
Cash and investments, restricted	6,326,768
Receivables:	
Property taxes, net	217,016
Ambulance, net	465,555
Other	639,196
Prepaid items	260,277
Investment in joint venture	478,278
Net pension/OPEB asset	164,625
Capital assets, not depreciated	1,324,820
Capital assets, depreciated, net	<u>9,854,446</u>
Total assets	<u>27,023,546</u>
Deferred outflows of resources:	
Deferred outflows related to pensions/OPEB	<u>7,571,162</u>
Total deferred outflows of resources	<u>7,571,162</u>
Liabilities:	
Accounts payable	167,525
Accrued payroll and related benefits	273,117
Accrued interest	152,900
Noncurrent liabilities:	
Due within one year	2,280,000
Due in more than one year	<u>58,123,792</u>
Total liabilities	<u>60,997,334</u>
Deferred inflows of resources:	
Deferred inflows related to pensions/OPEB	<u>262,067</u>
Total deferred inflows of resources	<u>262,067</u>
Net position:	
Net investment in capital assets	2,847,547
Restricted:	
Debt service	616,188
Pension	6,491,393
Unrestricted	<u>(36,619,821)</u>
Total net position	<u>\$ (26,664,693)</u>

See notes to financial statements.

Sun City Fire District

Statement of Activities

Year Ended June 30, 2023

	<u>Governmental activities</u>
Expenses:	
Public safety:	
Administration	\$ 164,146
Communications	643,845
Depreciation	906,544
Fire prevention	48,537
Insurance	126,438
Medical supplies	303,802
Payroll taxes and employee benefits	7,799,137
Professional services	268,292
Repairs and maintenance	138,314
Salaries and wages	8,831,064
Training	66,167
Utilities	158,293
Vehicles and equipment	378,298
Interest	<u>1,583,675</u>
Total program expenses	<u>21,416,552</u>
Program revenues:	
Charges for services	4,227,847
Capital grants and contributions	252,885
Operating grants and contributions	<u>633,288</u>
Total program revenues	<u>5,114,020</u>
Net program expense	<u>16,302,532</u>
General revenues:	
Property taxes	13,740,127
Fire district assistance tax	403,924
State shared tax revenue	184,917
Investment earnings	<u>220,055</u>
Total general revenues	<u>14,549,023</u>
Change in net position	(1,753,509)
Net position, beginning	<u>(24,911,184)</u>
Net position, ending	<u>\$ (26,664,693)</u>

See notes to financial statements.

Sun City Fire District

Balance Sheet - Governmental Funds

June 30, 2023

	General fund	Capital projects	Debt service	Total governmental funds
Assets:				
Cash and investments	\$ 3,731,722	\$ 2,791,755	\$ 769,088	\$ 7,292,565
Cash and investments, restricted	6,326,768	-	-	6,326,768
Receivables:				
Property taxes, net	217,016	-	-	217,016
Ambulance, net	465,555	-	-	465,555
Other	639,196	-	-	639,196
Prepaid items	260,277	-	-	260,277
Total assets	<u>\$ 11,640,534</u>	<u>\$ 2,791,755</u>	<u>\$ 769,088</u>	<u>\$ 15,201,377</u>
 Liabilities:				
Accounts payable	\$ 167,525	\$ -	\$ -	\$ 167,525
Accrued payroll and related benefits	273,117	-	-	273,117
Accrued interest	-	-	152,900	152,900
Total liabilities	440,642	-	152,900	593,542
 Deferred inflows of resources:				
Unavailable revenue - property taxes	71,000	-	-	71,000
Unavailable revenue - ambulance	119,000	-	-	119,000
Total deferred inflows of resources	190,000	-	-	190,000
 Fund balance:				
Nonspendable:				
Prepaid items	260,277	-	-	260,277
Restricted:				
Debt service	-	-	616,188	616,188
Pension	6,326,768	-	-	6,326,768
Assigned to:				
Capital projects	-	2,791,755	-	2,791,755
Unassigned	4,422,847	-	-	4,422,847
Total fund balance	11,009,892	2,791,755	616,188	14,417,835
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 11,640,534</u>	<u>\$ 2,791,755</u>	<u>\$ 769,088</u>	<u>\$ 15,201,377</u>

See notes to financial statements.

Sun City Fire District

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

June 30, 2023

Total fund balances - governmental funds	\$ 14,417,835
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	11,179,266
Some receivables are not available to pay for current period expenditures and, therefore, are reported as deferred inflows in the funds.	190,000
Investment in joint venture is not a current financial resource and, therefore, is not reported in the funds.	478,278
Net pension/OPEB assets held in trust for future benefits are not available for District operations and, therefore, are not reported in the funds.	164,625
Certain liabilities are not due and payable in the current period and, therefore, are not reported in the funds:	
Accrued compensated absences	(1,018,270)
General obligation bonds	(7,645,000)
Unamortized premium	(686,719)
Certificates of participation	(43,395,000)
Unamortized discount	797,220
Net pension/OPEB liability	(8,456,023)
Deferred outflows and inflows of resources related to pensions/OPEB are applicable to future reporting periods and, therefore, are not reported in the funds:	
Deferred outflows of resources related to pensions/OPEB	7,571,162
Deferred inflows of resources related to pensions/OPEB	<u>(262,067)</u>
Net position of governmental activities	<u>\$ (26,664,693)</u>

Sun City Fire District

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

Year Ended June 30, 2023

	General fund	Capital projects	Debt service	Total governmental funds
Revenues:				
Property taxes	\$ 13,010,757	\$ -	\$ 690,881	\$ 13,701,638
Fire district assistance tax	403,924	-	-	403,924
State shared tax revenue	184,917	-	-	184,917
Charges for services	4,143,632	-	-	4,143,632
Grants and contributions	886,173	-	-	886,173
Investment earnings	<u>137,568</u>	<u>73,042</u>	<u>9,445</u>	<u>220,055</u>
Total revenues	<u>18,766,971</u>	<u>73,042</u>	<u>700,326</u>	<u>19,540,339</u>
Expenditures:				
Public safety:				
Emergency services	14,262,194	-	-	14,262,194
Administration	1,466,553	-	-	1,466,553
Capital outlay:				
Buildings and improvements	-	43,894	-	43,894
Equipment	-	5,581	-	5,581
Vehicles	-	215,656	-	215,656
Debt service:				
Principal	970,000	-	430,000	1,400,000
Interest	<u>1,300,542</u>	<u>-</u>	<u>307,796</u>	<u>1,608,338</u>
Total expenditures	<u>17,999,289</u>	<u>265,131</u>	<u>737,796</u>	<u>19,002,216</u>
Revenues over (under) expenditures	<u>767,682</u>	<u>(192,089)</u>	<u>(37,470)</u>	<u>538,123</u>
Other financing sources (uses):				
Transfers in	-	265,131	-	265,131
Transfers out	(265,131)	-	-	(265,131)
Proceeds from sale of capital assets	<u>124,887</u>	<u>-</u>	<u>-</u>	<u>124,887</u>
Total other financing sources (uses)	<u>(140,244)</u>	<u>265,131</u>	<u>-</u>	<u>124,887</u>
Net change in fund balances	627,438	73,042	(37,470)	663,010
Fund balances, beginning	<u>10,382,454</u>	<u>2,718,713</u>	<u>653,658</u>	<u>13,754,825</u>
Fund balances, end	<u>\$ 11,009,892</u>	<u>\$ 2,791,755</u>	<u>\$ 616,188</u>	<u>\$ 14,417,835</u>

See notes to financial statements.

Sun City Fire District

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

Year Ended June 30, 2023

Net change in fund balances - governmental funds	\$ 663,010
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those capital assets is allocated over their estimated useful lives as depreciation expense. In the current year, these amounts are:	
Capital outlay	265,131
Depreciation expense	(906,544)
Gain on disposal of capital assets	(48,269)
Proceeds from sale of capital assets	(124,887)
Changes in the investment in joint venture do not provide current financial resources.	(50,371)
Certain revenues relating to property taxes and charges for services in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	122,704
District pension/OPEB contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the statement of net position because the reported net pension/OPEB liability is measured a year before the District's report date. Pension/OPEB expense, which is the change in the net pension/OPEB liability adjusted for changes in deferred outflows and inflows of resources related to pensions/OPEB, is reported in the statement of activities.	
Pension/OPEB contributions	1,116,540
Pension/OPEB expense	(4,186,087)
Certain expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:	
Change in compensated absences	(29,399)
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces noncurrent liabilities in the statement of net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. In the current period, the amount consists of:	
Principal paid	1,400,000
Amortization of premium	30,495
Amortization of discount	(5,832)
Change in net position of governmental activities	<u>\$ (1,753,509)</u>

See notes to financial statements.

Sun City Fire District

Statement of Fiduciary Net Position

June 30, 2023

	<u>Pension Trust Funds</u>
Assets:	
Cash and cash equivalents	\$ 37,022
Investments	<u>185,861</u>
Total assets	<u>222,883</u>
Net position restricted for pensions	<u><u>\$ 222,883</u></u>

Sun City Fire District

Statement of Changes in Fiduciary Net Position

June 30, 2023

	<u>Pension Trust Funds</u>
Additions:	
Investment income	\$ <u>3,662</u>
Total additions	<u>3,662</u>
Deductions:	
Benefits paid	<u>9,600</u>
Total deductions	<u>9,600</u>
Change in net position restricted for pensions	(5,938)
Net position restricted for pensions, beginning	<u>228,821</u>
Net position restricted for pensions, end	<u>\$ <u>222,883</u></u>

Sun City Fire District

Notes to Financial Statements

Year Ended June 30, 2023

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

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

Reporting entity:

The District, established in 1996 pursuant to Arizona Revised Statute Title 48, is a special-purpose local government organized to provide fire protection and other emergency services to residents within the communities of Sun City, Youngtown and Citrus.

In accordance with GAAP, the financial reporting entity consists of a primary government and its component units. The District is a primary government because it is a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. Furthermore, there are no component units combined with the District for financial statement presentation purposes and it is not included in any other governmental reporting entity.

Government-wide and fund financial statements:

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

The government-wide financial statements include a statement of net position and a statement of activities. These statements report the financial activities of the overall government, but do not include fiduciary activities of the District.

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

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

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

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

Sun City Fire District

Notes to Financial Statements (continued)

Year Ended June 30, 2023

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

Measurement focus, basis of accounting and financial statement presentation:

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

Governmental funds in the fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after year-end. The District's major revenue sources that are susceptible to accrual are tax revenues, charges for services, and investment earnings. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they are due and payable. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt, acquisitions under lease contracts, and subscription-based information technology arrangements are reported as other financing sources.

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

The District reports the following major governmental funds:

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

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

The debt service fund is used to account for financial resources that are restricted, committed, or assigned to expenditure for principal and interest of general obligation bonds.

Sun City Fire District

Notes to Financial Statements (continued)

Year Ended June 30, 2023

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

Measurement focus, basis of accounting and financial statement presentation (continued):

Fiduciary funds are used to account for resources held for the benefit of parties outside of the District. Fiduciary funds are presented on the accrual basis of accounting and have been excluded from the government-wide financial statements because the resources of this fund are not available to support the District's own programs.

The Firefighters Relief and Pension Fund is reported as a fiduciary fund and accumulates resources held in trust for benefit payments to qualified beneficiaries.

Estimates:

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

Cash and investments:

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, investments in the County Treasurer's local government investment pool and highly liquid investments with a maturity of three months or less when purchased. Investments are stated at fair value. Investment earnings are comprised primarily of interest earnings.

Cash and investments, restricted:

Certain proceeds of the District's long-term debt are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited to reduce future pension obligations.

Fair value measurements:

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

Sun City Fire District

Notes to Financial Statements (continued)

Year Ended June 30, 2023

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

Receivables, unearned revenue and deferred inflows of resources:

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

Revenue from emergency medical and transportation services are recognized as charges for services. These charges for services are reported at their estimated net realizable amounts from patients, third-party payers, and other for services rendered, including estimated retroactive adjustments under reimbursement allowances with third-party payers, provisions for bad debt, uncompensated care, and other adjustments. The allowance for doubtful accounts at June 30, 2023 is \$1,317,885. Amounts not collected by the District within 60 days subsequent to June 30 are recorded as deferred inflows of resources in the fund financial statements.

Federal and state grants and contracts are recorded as receivables and revenues when the related expenditures are incurred. The portion of reimbursement in excess of expenditures are recorded as unearned revenues and amounts not remitted within 60 days subsequent to June 30 are recorded as deferred inflows of resources.

Prepaid items:

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

Capital assets:

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

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

Sun City Fire District

Notes to Financial Statements (continued)

Year Ended June 30, 2023

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

Capital assets (continued):

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

Land	Not depreciated
Construction in progress	Not depreciated
Vehicles not yet in service	Not depreciated
Buildings and improvements	15 to 40 years
Equipment	5 to 10 years
Vehicles	5 to 15 years

Compensated absences:

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

Long-term obligations:

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

In the fund financial statements, proceeds from debt issued are reported as other financing sources and principal and interest payments are recognized as expenditures in the statement of revenues, expenditures and changes in fund balances.

Deferred outflows and inflows of resources:

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

Sun City Fire District

Notes to Financial Statements (continued)

Year Ended June 30, 2023

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

Deferred outflows and inflows of resources (continued):

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

Postemployment benefits:

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

Fund balance:

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

- Nonspendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
- Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
- Committed – includes fund balance amounts that can only be used for the specific purposes imposed by formal action (resolution) of the Governing Board. Those committed amounts cannot be used for any other purpose unless the Governing Board removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those accounts.
- Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance may be assigned by the Governing Board or District officials delegated the authority by the Governing Board.
- Unassigned – includes those fund balances within the general fund, which have not been classified within the above mentioned categories. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

Sun City Fire District

Notes to Financial Statements (continued)

Year Ended June 30, 2023

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

Fund balance (continued):

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

Net position:

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

Budgetary information:

The District is required, under Arizona Revised Statutes, to adopt a budget each fiscal year and to submit it to the County Treasurer and the County Board of Supervisors no later than the first day of August each year; under statute only the general fund must legally adopt an annual budget. The adopted budget is on the modified accrual basis of accounting, which is a legally allowable basis for budgetary purposes. All annual appropriations lapse at fiscal year-end.

2. Cash and investments:

Deposits:

Cash on hand	\$ 310
Operating accounts	1,118,485
Money market accounts	<u>1,973,783</u>
	<u>3,092,578</u>

Investments:

Maricopa County Treasurer investment pool	4,731,200
U.S. Government Treasuries	<u>5,795,555</u>
	<u>10,526,755</u>
	<u>\$ 13,619,333</u>

Sun City Fire District

Notes to Financial Statements (continued)

Year Ended June 30, 2023

2. Cash and investments (continued):

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

Deposits:

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

At June 30, 2023, deposits with financial institutions have a carrying value \$3,092,578 and a bank balance of \$3,092,578. The difference represents deposits in transit, outstanding checks, and other reconciling items at June 30, 2023.

Investments:

Currently, monies levied by the District are invested in US Government Treasuries and with the Maricopa County Treasurer's Office and included in the Local Government Investment Pool (LGIP). The District's investment in the County's LGIP represents a proportionate interest in the pool's portfolio; however, the District's portion is not identified with specific investments. No oversight is provided for the Maricopa County investment pool, nor does the structure of the pool provide for shares. Participation in the pool is involuntary. The fair value of the investment pool is discussed in note 3.

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

	<u>Average Rating</u>	<u>Rating Agency</u>	<u>Amount</u>	<u>% of Total</u>
Maricopa County Treasurer's investment pool	Unrated	Not applicable	\$ 4,731,200	45 %
U.S. Government Treasuries	AA+	S&P	\$ 5,795,555	55 %

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

Sun City Fire District

Notes to Financial Statements (continued)

Year Ended June 30, 2023

2. Cash and investments (continued):

Investments (continued):

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

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

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

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

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

The weighted average maturity of the County Treasurer's investment pool varies by type of investment, and averages between 1 and 2 years. The weighted average maturity of the U.S Treasuries is 1.1 years.

Foreign currency risk - The Arizona Revised Statutes do not allow foreign investments unless the investment is denominated in the United States dollars.

3. Fair value:

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

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

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

Sun City Fire District

Notes to Financial Statements (continued)

Year Ended June 30, 2023

3. Fair value (continued):

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

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

At June 30, 2023, the fair value of investments measured on a recurring basis is as follows:

	<u>Fair value</u>	<u>Other investments at fair value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
External investment pools:					
Maricopa County Treasurer	\$ 4,731,200	\$ 4,731,200	\$ -	\$ -	\$ -
U.S. Government Treasuries	<u>5,795,555</u>	<u>-</u>	<u>5,795,555</u>	<u>-</u>	<u>-</u>
	<u>\$ 10,526,755</u>	<u>\$ 4,731,200</u>	<u>\$ 5,795,555</u>	<u>\$ -</u>	<u>\$ -</u>

The fair value of a participant's portion in the Maricopa County Treasurer's investment pool approximates the value of that participant's pool shares and the participant's shares are not identified with specific investments. The investment pool is not registered with the Securities and Exchange Commission as an investment company and there is no regulatory oversight of its operations. There are no unfunded commitments or redemption restrictions related to these investments.

The Maricopa County Treasurer's investment pool invests primarily in agency and treasury securities, bonds, commercial paper, and money market funds.

U.S. Treasuries classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for identical securities.

4. Interfund transfers:

Interfund transfers during the fiscal year are used to transfer funds between the capital projects fund and general fund. During the year ended June 30, 2023, the general fund transferred \$265,131 to the capital projects fund.

Sun City Fire District

Notes to Financial Statements (continued)

Year Ended June 30, 2023

5. Receivables:

Property taxes	\$ 217,016
Ambulance receivables	1,783,440
Other	<u>639,196</u>
	2,639,652
Less allowance for doubtful accounts and contractual adjustments	<u>1,317,885</u>
	<u><u>\$ 1,321,767</u></u>

6. Capital assets:

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

	Beginning balance	Increases	Decreases	Ending balance
Capital assets, not depreciated:				
Land	\$ 809,651	\$ -	\$ -	\$ 809,651
Vehicles, not yet in service	<u>527,901</u>	<u>8,616</u>	<u>(21,348)</u>	<u>515,169</u>
Total capital assets, not depreciated	<u>1,337,552</u>	<u>8,616</u>	<u>(21,348)</u>	<u>1,324,820</u>
Capital assets, depreciated:				
Buildings and improvements	11,788,448	43,894	-	11,832,342
Equipment	2,960,389	5,581	-	2,965,970
Vehicles	<u>5,988,905</u>	<u>228,388</u>	<u>(566,699)</u>	<u>5,650,594</u>
Total capital assets, depreciated	<u>20,737,742</u>	<u>277,863</u>	<u>(566,699)</u>	<u>20,448,906</u>
Less accumulated depreciation for:				
Buildings and improvements	(4,058,454)	(393,010)	-	(4,451,464)
Equipment	(2,084,388)	(210,519)	-	(2,294,907)
Vehicles	<u>(3,938,616)</u>	<u>(303,015)</u>	<u>393,542</u>	<u>(3,848,089)</u>
Total accumulated depreciation	<u>(10,081,458)</u>	<u>(906,544)</u>	<u>393,542</u>	<u>(10,594,460)</u>
Total capital assets, depreciated, net	<u>10,656,284</u>	<u>(628,681)</u>	<u>(173,157)</u>	<u>9,854,446</u>
Total capital assets, net	<u><u>\$ 11,993,836</u></u>	<u><u>\$ (620,065)</u></u>	<u><u>\$ (194,505)</u></u>	<u><u>\$ 11,179,266</u></u>

Sun City Fire District

Notes to Financial Statements (continued)

Year Ended June 30, 2023

7. Joint venture:

The District currently participates with nineteen other cities and districts in the Regional Wireless Cooperative (RWC), an association of municipalities formed to oversee the administration, operation, management, and maintenance of an expanding regional communications network. Financial responsibilities are shared by all members based on their relative size and number of radios on the system. Currently, the City of Phoenix is responsible for the day-to-day operations and maintenance of the network, as well as the management of the RWC's organization and finances.

The District records its share of contributions to the RWC and the equity in the joint venture in the government-wide financial statements. As of June 30, 2023, based on the latest information available, the District's net investment in RWC was \$478,278, or 1% of the RWC's total net position.

The Annual Comprehensive Financial Report for fiscal year ended June 30, 2022 for the RWC may be obtained from the Regional Wireless Cooperative, 200 West Washington Street, 7th Floor, Phoenix, Arizona, 85003-1611.

8. Line of credit:

The Board of Supervisors of Maricopa County, on behalf of the District, established a line of credit in the amount of \$3,000,000 with JP Morgan Chase. In accordance with the Arizona Revised Statutes, the line of credit can only be drawn on by the County Treasurer in order to pay warrants issued by the District to fund operations prior to the collection of the property tax levy in the current year. Interest is payable at the bank's prime rate (8.25% at June 30, 2023) and the line matures in June 2024. The balance on the line at the beginning and end of the year was \$0.

Sun City Fire District

Notes to Financial Statements (continued)

Year Ended June 30, 2023

9. Changes in noncurrent liabilities:

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

	Beginning balance	Additions	Reductions	Ending balance	Due within one year
Compensated absences	\$ 988,871	\$ 822,788	\$ (793,389)	\$ 1,018,270	\$ 700,000
General obligation bonds	8,075,000	-	(430,000)	7,645,000	380,000
Unamortized premium	717,214	-	(30,495)	686,719	-
Certificates of participation	44,365,000	-	(970,000)	43,395,000	1,200,000
Unamortized discount	(803,052)	-	5,832	(797,220)	-
Net pension liability	37,472,403	-	(29,017,883)	8,454,520	-
Net OPEB liability	3,396	-	(1,893)	1,503	-
	<u>\$ 90,818,832</u>	<u>\$ 822,788</u>	<u>\$ (31,237,828)</u>	<u>\$ 60,403,792</u>	<u>\$ 2,280,000</u>

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

10. General obligation bonds:

The District, pursuant to a special bond election, received voter approval to issue up to \$10,000,000 in general obligation debt to construct a new fire station and pay costs incurred in connection with delivery of the bonds.

Series 2017:

In February 2017, the Series 2017 General Obligation Bonds were issued by the District in the amount of \$9,245,000. The interest rate ranges from 2% - 4% and the bonds mature July 1, 2037.

The Series 2017 bonds were issued with a premium of \$751,345 that is being amortized over the life of the debt.

Series 2018:

In January 2018, the Series 2017B General Obligation Bonds were issued by the District in the amount of \$234,000. Interest is at 6.14% and the bonds mature July 1, 2022.

The Series 2017B bonds were issued with a premium of \$24,979 that is being amortized over the life of the debt.

Sun City Fire District

Notes to Financial Statements (continued)

Year Ended June 30, 2023

10. General obligation bonds (continued):

Annual debt service requirements to maturity for the general obligation bonds are as follows:

Year ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 380,000	\$ 298,200	\$ 678,200
2025	395,000	282,700	677,700
2026	410,000	266,600	676,600
2027	430,000	249,800	679,800
2028	445,000	232,300	677,300
2029 - 2033	2,515,000	873,300	3,388,300
2034 - 2038	<u>3,070,000</u>	<u>304,300</u>	<u>3,374,300</u>
	<u>\$ 7,645,000</u>	<u>\$ 2,507,200</u>	<u>\$ 10,152,200</u>

11. Certificates of participation:

In November 2021, the District issued Certificates of Participation (COPs) in the amount of \$44,665,000, which are debt instruments representing a fractional share of the District's interest in a tax-exempt lease marketed to investors. The District used the proceeds from the COPs to reduce the District's unfunded pension liability with Public Safety Personnel Retirement System (PSPRS) and to set aside funds for future pension obligations. The District's lease-purchase payments to the trustee repay the COPs. The lease-purchase payments are payable in semi-annual installments of principal and interest, with a coupon range from .568% to 3.431%. Ownership of the underlying assets transfer to the District at the end of the contract. The COPs are secured by the leased assets and mature July 1, 2047.

Sun City Fire District

Notes to Financial Statements (continued)

Year Ended June 30, 2023

11. Certificates of participation (continued):

Future principal and interest payments are as follows:

Year ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 1,200,000	\$ 1,296,842	\$ 2,496,842
2025	1,215,000	1,283,654	2,498,654
2026	1,230,000	1,265,952	2,495,952
2027	1,330,000	1,244,956	2,574,956
2028	1,430,000	1,219,047	2,649,047
2029 - 2033	7,730,000	5,561,577	13,291,577
2034 - 2038	8,955,000	4,335,483	13,290,483
2039 - 2043	10,520,000	2,770,135	13,290,135
2044 - 2048	<u>9,785,000</u>	<u>853,290</u>	<u>10,638,290</u>
	<u>\$ 43,395,000</u>	<u>\$ 19,830,936</u>	<u>\$ 63,225,936</u>

12. Risk management:

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

13. Commitments and contingencies:

Intergovernmental agreements:

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

Legal:

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

Sun City Fire District

Notes to Financial Statements (continued)

Year Ended June 30, 2023

14. Pension and other postemployment benefits:

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

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

	Net pension/ OPEB liability	Net pension/ OPEB asset	Deferred outflows of resources	Deferred inflows of resources	Pension/ OPEB expense
Pension plans:					
ASRS	\$ 2,629,510	\$ -	\$ 451,794	\$ 82,535	\$ 449,076
PSPRS - Tier 1 & 2	5,825,010	-	6,746,211	-	3,736,397
PSPRS - Tier 3 Risk Pool	-	29,414	306,379	14,730	32,338
OPEB plans:					
ASRS - health insurance premium benefit	-	92,142	4,034	53,049	(13,576)
ASRS - long-term disability	1,503	-	6,786	5,197	1,017
PSPRS - Tier 1 & 2	-	36,601	55,413	105,651	(16,803)
PSPRS - Tier 3 Risk Pool	-	6,468	545	905	(2,362)
	\$ 8,456,023	\$ 164,625	\$ 7,571,162	\$ 262,067	\$ 4,186,087

The District's accrued payroll and related benefits includes \$51,587 of outstanding pension and OPEB contribution amounts payable to all plans for the year ended June 30, 2023.

The District reported \$1,116,540 of pension and OPEB contributions as expenditures in the governmental funds related to all plans to which it contributes.

Arizona State Retirement System (ASRS):

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

Sun City Fire District

Notes to Financial Statements (continued)

Year Ended June 30, 2023

14. Pension and other postemployment benefits (continued):

Arizona State Retirement System (ASRS) (continued):

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

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

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

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

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

Sun City Fire District

Notes to Financial Statements (continued)

Year Ended June 30, 2023

14. Pension and other postemployment benefits (continued):

Arizona State Retirement System (ASRS) (continued):

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

The District's contributions for the year ended June 30, 2023 were as follows:

	<u>Contributions</u>
Pension	\$ 255,197
Health insurance premium	2,355
Long-term disability	2,997

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

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

	<u>Net pension/OPEB (asset) liability</u>
Pension	\$ 2,629,510
Health insurance premium benefit	(92,142)
Long-term disability	1,503

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

Sun City Fire District

Notes to Financial Statements (continued)

Year Ended June 30, 2023

14. Pension and other postemployment benefits (continued):

Arizona State Retirement System (ASRS) (continued):

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, 2022	Increase (decrease) from June 30, 2021
Pension	0.01611 %	(0.00013)
Health insurance premium benefit	0.01651 %	(0.00014)
Long-term disability	0.01627 %	(0.00018)

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

	Pension/OPEB expense (benefit)
Pension	\$ 449,076
Health insurance premium benefit	(13,576)
Long-term disability	1,017

Sun City Fire District

Notes to Financial Statements (continued)

Year Ended June 30, 2023

14. Pension and other postemployment benefits (continued):

Arizona State Retirement System (ASRS) (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:

	<u>Pension</u>		<u>Health insurance premium benefit</u>		<u>Long-term disability</u>	
	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>
Differences between expected and actual experience	\$ 22,405	\$ -	\$ -	\$ 47,024	\$ 782	\$ 1,400
Net difference between projected and actual earnings on pension plan investments	-	69,264	-	3,104	-	47
Changes in assumptions	130,508	-	1,495	2,513	818	3,668
Changes in proportion and differences between employer contributions and proportionate share of contributions	43,684	13,271	184	408	2,189	82
Contributions subsequent to the measurement date	<u>255,197</u>	<u>-</u>	<u>2,355</u>	<u>-</u>	<u>2,997</u>	<u>-</u>
	<u>\$ 451,794</u>	<u>\$ 82,535</u>	<u>\$ 4,034</u>	<u>\$ 53,049</u>	<u>\$ 6,786</u>	<u>\$ 5,197</u>

Sun City Fire District

Notes to Financial Statements (continued)

Year Ended June 30, 2023

14. Pension and other postemployment benefits (continued):

Arizona State Retirement System (ASRS) (continued):

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

Year ending <u>June 30,</u>	Pension	Health insurance premium benefit	Long-term disability
2024	\$ 161,252	\$ (14,148)	\$ 184
2025	(37,792)	(15,407)	100
2026	(120,258)	(16,849)	(252)
2027	110,860	(2,503)	229
2028	-	(2,463)	(522)
Thereafter	-	-	(1,147)
	\$ 114,062	\$ (51,370)	\$ (1,408)

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

Actuarial valuation date	June 30, 2021
Actuarial roll forward date	June 30, 2022
Actuarial cost method	Entry age normal
Investment rate of return	7.0%
Projected salary increases	2.9% - 8.4% for pensions/ not applicable for OPEB
Inflation	2.3%
Permanent benefit increase	Included for pension/ not applicable for OPEB
Mortality rates	2017 SRA Scale U-MP for pensions and health insurance premium benefit
Recovery rates	2012 GLDT for long-term disability
Healthcare cost trend rate	Not applicable

Actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2020.

Sun City Fire District

Notes to Financial Statements (continued)

Year Ended June 30, 2023

14. Pension and other postemployment benefits (continued):

Arizona State Retirement System (ASRS) (continued):

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

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

Asset Class	Target 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 %
	100 %	

Discount rate - At June 30, 2022, the discount rate used to measure the ASRS total pension/OPEB (asset) liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board's funding policy, which establishes the contractually required rate under Arizona statute. Based on those assumptions, the plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension/OPEB (asset) liability.

Sensitivity of the District's proportionate share of the ASRS net pension/OPEB (asset) liability to changes in the discount rate - The following table presents the District's proportionate share of the net pension/OPEB (asset) liability calculated using the discount rate of 7.0%, as well as what the District's proportionate share of the net pension/OPEB (asset) liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.0%) or 1 percentage point higher (8.0%) than the current rate:

Sun City Fire District

Notes to Financial Statements (continued)

Year Ended June 30, 2023

14. Pension and other postemployment benefits (continued):

Arizona State Retirement System (ASRS) (continued):

	1% decrease (6.0%)	Current discount rate (7.0%)	1% increase (8.0%)
Net pension liability	\$ 3,879,764	\$ 2,629,510	\$ 1,586,994
Net insurance premium benefit liability (asset)	\$ (66,255)	\$ (92,142)	\$ (114,107)
Net long-term disability liability	\$ 2,491	\$ 1,503	\$ 545

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

Public Safety Personnel Retirement System (PSPRS):

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

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

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

	Initial membership date:		
	Tier 1	Tier 2	Tier 3
	Before January 1, 2012	On or after January 1, 2012 and before July 1, 2017	On or after July 1, 2017
Years of service and age required to receive benefit	20 years of service, any age 15 years of service, age 62	25 years of service or 15 years of credited service, age 52.5	15 years of credited service, age 52.5, 15 or more years of service, age 55

Sun City Fire District

Notes to Financial Statements (continued)

Year Ended June 30, 2023

14. Pension and other postemployment benefits (continued):

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

	Initial membership date:		
	Tier 1	Tier 2	Tier 3
	Before January 1, 2012	On or after January 1, 2012 and before July 1, 2017	On or after July 1, 2017
Final average salary is based on	Highest 36 consecutive months of last 20 years	Highest 60 consecutive months of last 20 years	Highest 60 consecutive months of last 15 years
Benefit percent:			
Normal retirement	50% less 2.0% for each year of credited service less than 20 years OR plus 2.0% to 2.5% for each year of credited service over 20 years, not to exceed 80%	1.5% to 2.5% per year of credited service, not to exceed 80%	
Accidental disability retirement	50% or normal retirement, whichever is greater		
Catastrophic disability retirement	90% for the first 60 months then reduced to either 62.5% or normal retirement, whichever is greater		
Ordinary disability retirement	Normal retirement calculated with actual years of credited service or 20 years of credited service, whichever is greater, multiplied by years of credited service (not to exceed 20 years) divided by 20		
Survivor benefit:			
Retired members	80% to 100% of retired member's pension benefit		
Active member	80% to 100% of accidental disability retirement benefit or 100% of average monthly compensation if death was the result of injuries received on the job		

Sun City Fire District

Notes to Financial Statements (continued)

Year Ended June 30, 2023

14. Pension and other postemployment benefits (continued):

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

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

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

Employees covered by benefit terms - At June 30, 2023, the following employees were covered by the agent pension plan benefit terms:

	Pension	Health
Inactive employees or beneficiaries currently receiving benefits	38	38
Inactive employees entitled to but not yet receiving benefits	12	11
Active employees	41	41
	91	90

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

	Tier 1 & 2	Tier 3
Active members - pension	7.65% - 11.65%	9.94 %
District:		
Pension	15.38 %	9.81 %
Health insurance	0.28 %	0.13 %
Legacy cost - Tiers 1 & 2 unfunded liabilities	- %	0.77 %

In addition, the District is required to contribute at the actuarially determined rate of 8.00% of annual covered payroll of retired members who worked for the District in positions that an employee who contributes to the PSPRS would typically fill and of employees participating in the PSPRS Tier 3 Risk Pool and PSPDCRP members in addition to the District's required contributions to the PSPRS Tier 3 Risk Pool and PSPDCRP.

Sun City Fire District

Notes to Financial Statements (continued)

Year Ended June 30, 2023

14. Pension and other postemployment benefits (continued):

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

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

	Tier 1 & 2	Tier 3
Pension	\$ 688,297	\$ 155,163
Health insurance	12,531	-

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

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

Liability (asset) - At June 30, 2023, the District reported net pension liability of \$5,825,010 and a net OPEB liability (asset) of \$(36,601). The net assets and net liabilities were measured as of June 30, 2022 and the total liability used to calculate the net asset or liability was determined by an actuarial valuation as of that date. The total liabilities as of June 30, 2022 reflect changes of actuarial assumptions, including decreasing the investment rate of return from 7.3% to 7.2%, changing the wage inflation from 3.5% to a range of 3.0% - 6.25%, and increasing the cost-of-living adjustment from 1.75% to 1.85%.

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

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

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

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

Sun City Fire District

Notes to Financial Statements (continued)

Year Ended June 30, 2023

14. Pension and other postemployment benefits (continued):

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

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

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

Asset Class	Target Allocation	Long-term expected geometric real rate of return
U.S. public equity	24 %	3.49 %
International public equity	16 %	4.47 %
Global private equity	20 %	7.18 %
Other assets (capital appreciation)	7 %	4.86 %
Core bonds	2 %	0.45 %
Private credit	20 %	5.10 %
Diversifying strategies	10 %	2.68 %
Cash - Mellon	1 %	(0.35)%
	100 %	

Discount rate - At June 30, 2022, the discount rate used to measure the total pension/OPEB liability was 7.20%, which was a decrease of 0.1 from the discount rate used as of June 21, 2021. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the actuarially determined contribution rate and the member rate. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension/OPEB liability.

Sun City Fire District

Notes to Financial Statements (continued)

Year Ended June 30, 2023

14. Pension and other postemployment benefits (continued):

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

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

Changes in the net pension liability -

	Total pension liability (a)	Plan fiduciary net position (b)	Net pension liability (a) - (b)
	<u> </u>	<u> </u>	<u> </u>
Balances at June 30, 2022	\$ 65,606,073	\$ 30,267,534	\$ 35,338,539
Changes for the year:			
Service cost	910,808	-	910,808
Interest on the total pension liability	4,731,103	-	4,731,103
Differences between expected and actual experience in the measurement of the pension liability	719,084	-	719,084
Changes of assumptions or other inputs	1,002,042	-	1,002,042
Contributions - employer	-	38,713,768	(38,713,768)
Contributions - employee	-	360,954	(360,954)
Net investment income	-	(2,159,439)	2,159,439
Benefit payments, including refunds of employee contributions	(3,414,495)	(3,414,495)	-
Administrative expense	-	(38,717)	38,717
Net changes	<u>3,948,542</u>	<u>33,462,071</u>	<u>(29,513,529)</u>
Balances at June 30, 2023	<u>\$ 69,554,615</u>	<u>\$ 63,729,605</u>	<u>\$ 5,825,010</u>

Sun City Fire District

Notes to Financial Statements (continued)

Year Ended June 30, 2023

14. Pension and other postemployment benefits (continued):

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

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

Changes in the net OPEB liability (asset) -

	<u>Total OPEB liability (a)</u>	<u>Plan fiduciary net position (b)</u>	<u>Net OPEB liability (asset) (a) - (b)</u>
Balances at June 30, 2022	\$ 952,443	\$ 1,102,867	\$ (150,424)
Changes for the year:			
Service cost	15,746	-	15,746
Interest on the total OPEB liability	68,848	-	68,848
Differences between expected and actual experience in the measurement of the OPEB liability	(7,468)	-	(7,468)
Changes of assumptions or other inputs	9,920	-	9,920
Contributions - employer	-	16,732	(16,732)
Net investment income	-	(42,748)	42,748
Benefit payments, including refunds of employee contributions	(50,137)	(50,137)	-
Administrative expense	<u>-</u>	<u>(761)</u>	<u>761</u>
Net changes	<u>36,909</u>	<u>(76,914)</u>	<u>113,823</u>
Balances at June 30, 2023	<u>\$ 989,352</u>	<u>\$ 1,025,953</u>	<u>\$ (36,601)</u>

Sensitivity of the District's net pension/OPEB (asset) liability to changes in the discount rate - The following table presents the District's net pension/OPEB (assets) liabilities calculated using the discount rate of 7.2% 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%) or 1 percentage point higher (8.2%) than the current rate:

	<u>1% decrease (6.2%)</u>	<u>Current discount rate (7.2%)</u>	<u>1% increase (8.2%)</u>
District's net pension liability (asset)	\$ 14,872,915	\$ 5,825,010	\$ (1,623,165)
District's net OPEB liability (asset)	\$ 68,078	\$ (36,601)	\$ (125,407)

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

Sun City Fire District

Notes to Financial Statements (continued)

Year Ended June 30, 2023

14. Pension and other postemployment benefits (continued):

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

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

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

	Expense (benefit)
Pension	\$ 3,736,397
Health insurance	(16,803)

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

	Pension		Health	
	Deferred outflows of resources	Deferred inflows of resources	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	\$ 2,454,142	\$ -	\$ 15,768	\$ 98,591
Changes in assumptions	1,358,985	-	10,888	7,060
Net difference between projected and actual earnings on plan investments	2,244,787	-	16,226	-
Contributions subsequent to the measurement date	688,297	-	12,531	-
	\$ 6,746,211	\$ -	\$ 55,413	\$ 105,651

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:

Sun City Fire District

Notes to Financial Statements (continued)

Year Ended June 30, 2023

14. Pension and other postemployment benefits (continued):

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

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

Year ending <u>June 30,</u>	<u>Pension</u>	<u>Health</u>
2024	\$ 1,834,212	\$ (25,862)
2025	1,463,917	(21,909)
2026	1,131,043	(30,463)
2027	<u>1,628,742</u>	<u>15,465</u>
	<u>\$ 6,057,914</u>	<u>\$ (62,769)</u>

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

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

	<u>Net pension/OPEB (asset) liability</u>
Pension	\$ (29,414)
Health insurance premium benefit	(6,468)

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

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

	<u>Proportion</u>	<u>Increase (decrease)</u>
Pension	0.54410 %	0.02667
Health insurance premium benefit	0.54470 %	0.04084

Sun City Fire District

Notes to Financial Statements (continued)

Year Ended June 30, 2023

14. Pension and other postemployment benefits (continued):

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

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

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

	Expense (benefit)
Pension	\$ 32,338
Health insurance premium benefit	(2,362)

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

	Pension		Health	
	Deferred outflows of resources	Deferred inflows of resources	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	\$ 140,971	\$ -	\$ 148	\$ 549
Net difference between projected and actual earnings on pension plan investments	6,916	-	119	-
Changes in assumptions	355	7,315	168	2
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,974	7,415	110	354
Contributions subsequent to the measurement date	155,163	-	-	-
	\$ 306,379	\$ 14,730	\$ 545	\$ 905

Sun City Fire District

Notes to Financial Statements (continued)

Year Ended June 30, 2023

14. Pension and other postemployment benefits (continued):

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

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

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

Year ending <u>June 30,</u>	<u>Pension</u>	<u>Health</u>
2024	\$ 12,014	\$ (71)
2025	12,075	(67)
2026	11,304	(95)
2027	20,294	224
2028	12,193	(32)
Thereafter	<u>68,606</u>	<u>(319)</u>
	<u>\$ 136,486</u>	<u>\$ (360)</u>

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

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

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

The long-term expected rate of return on PSPRS Tier 3 Risk Pool pension plan investments was determined to be 7.0% using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage.

Sun City Fire District

Notes to Financial Statements (continued)

Year Ended June 30, 2023

14. Pension and other postemployment benefits (continued):

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

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

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

Discount rate - The discount rate used to measure the PSPRS Tier 3 Risk Pool total pension/OPEB liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension/OPEB liability.

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

	1% decrease (6.0%)	Current discount rate (7.0%)	1% increase (8.0%)
Net pension liability (asset)	\$ 71,840	\$ (29,414)	\$ (105,007)
Net health insurance premium liability (asset)	\$ (5,132)	\$ (6,468)	\$ (7,532)

PSPDCRP plan:

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

For the year ended June 30, 2023, active PSPDCRP members were required by statute to contribute at least 9 percent of the members' annual covered payroll, and the District was required by statute to contribute 9 percent of active members' annual covered payroll to an individual employee account. Employees are immediately vested in their own contributions and the earnings on those contributions. Employees vest in a portion of the District's contributions each year as set forth in statute. The plan retains nonvested District contributions when forfeited because of employment terminations.

Required Supplementary Information

Sun City Fire District

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

Year Ended June 30, 2023

	Budgeted amounts		Actual	Variance with final budget
	Original	Final		
Revenues:				
Property taxes	\$ 13,052,906	\$ 13,052,906	\$ 13,010,757	\$ (42,149)
Fire district assistance tax	400,000	400,000	403,924	3,924
State shared tax revenue	100,000	100,000	184,917	84,917
Charges for services	3,682,000	3,682,000	4,143,632	461,632
Grants and contributions	250,000	250,000	886,173	636,173
Investment earnings	25,000	25,000	137,568	112,568
Total revenues	<u>17,509,906</u>	<u>17,509,906</u>	<u>18,766,971</u>	<u>1,257,065</u>
Expenditures:				
Public safety:				
Emergency services	13,639,821	13,639,821	14,262,194	622,373
Administration	1,536,475	1,536,475	1,466,553	(69,922)
Debt service	<u>2,273,807</u>	<u>2,273,807</u>	<u>2,270,542</u>	<u>(3,265)</u>
Total expenditures	<u>17,450,103</u>	<u>17,450,103</u>	<u>17,999,289</u>	<u>549,186</u>
Revenues over (under) expenditures	<u>59,803</u>	<u>59,803</u>	<u>767,682</u>	<u>707,879</u>
Other financing sources (uses):				
Transfers out	(59,803)	(59,803)	(265,131)	(205,328)
Proceeds from sale of capital assets	<u>-</u>	<u>-</u>	<u>124,887</u>	<u>124,887</u>
Total other financing sources (uses)	<u>(59,803)</u>	<u>(59,803)</u>	<u>(140,244)</u>	<u>(80,441)</u>
Net change in fund balance	-	-	627,438	627,438
Fund balance, beginning	<u>-</u>	<u>-</u>	<u>10,382,454</u>	<u>10,382,454</u>
Fund balance, end	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,009,892</u>	<u>\$ 11,009,892</u>

Sun City Fire District

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

Year Ended June 30, 2023

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

Reporting date (Measurement date)	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	2014 (2013)
District's proportion of the net pension liability	0.016110 %	0.016240 %	0.015330 %	0.012970 %	0.011340 %	0.007190 %	0.004080 %	0.004590 %	0.003515 %	- %
District's proportionate share of the net pension liability	\$ 2,629,510	\$ 2,133,864	\$ 2,656,156	\$ 1,887,286	\$ 1,581,531	\$ 1,120,062	\$ 658,553	\$ 714,444	\$ 520,045	\$ -
District's covered payroll	\$ 1,918,218	\$ 1,825,708	\$ 1,613,755	\$ 1,055,318	\$ 657,461	\$ 361,656	\$ 396,603	\$ 293,731	\$ 245,135	\$ -
District's proportionate share of the net pension liability as a percentage of its covered payroll	137 %	117 %	165 %	179 %	142 %	310 %	166 %	243 %	212 %	- %
Plan fiduciary net position as a percentage of total pension liability	74 %	79 %	69 %	73 %	73 %	70 %	67 %	68 %	69 %	- %

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

Reporting date (Measurement date)	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	2014 (2013)
District's proportion of the net OPEB (asset)	0.016510 %	0.016650 %	0.015700 %	0.013290 %	0.011550 %	0.007300 %	- %	- %	- %	- %
District's proportionate share of the net OPEB (asset)	\$ (92,142)	\$ (81,120)	\$ (11,116)	\$ (3,673)	\$ (4,159)	\$ (3,974)	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 1,918,218	\$ 1,825,708	\$ 1,613,755	\$ 1,055,318	\$ 657,461	\$ 361,656	\$ -	\$ -	\$ -	\$ -
District's proportionate share of the net OPEB (asset) as a percentage of its covered payroll	(4.80)%	(4.44)%	(0.69)%	(0.35)%	(0.63)%	(1.10)%	- %	- %	- %	- %
Plan fiduciary net position as a percentage of total OPEB (asset)	138 %	130 %	104 %	102 %	102 %	104 %	- %	- %	- %	- %

See accompanying notes to required supplementary information

Sun City Fire District

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

Year Ended June 30, 2023

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

Reporting date (Measurement date)	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	2014 (2013)
District's proportion of the net OPEB liability	0.016270 %	0.016450 %	0.015540 %	0.013170 %	0.011360 %	0.007220 %	- %	- %	- %	- %
District's proportionate share of the net OPEB liability	\$ 1,503	\$ 3,396	\$ 11,789	\$ 8,580	\$ 5,936	\$ 2,617	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 1,918,218	\$ 1,825,708	\$ 1,613,755	\$ 1,055,318	\$ 657,461	\$ 361,656	\$ -	\$ -	\$ -	\$ -
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	0.08 %	0.19 %	0.73 %	0.81 %	0.90 %	0.72 %	- %	- %	- %	- %
Plan fiduciary net position as a percentage of total OPEB liability	95 %	90 %	68 %	78 %	78 %	84 %	- %	- %	- %	- %

See accompanying notes to required supplementary information

Sun City Fire District

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

Year Ended June 30, 2023

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

Reporting date (Measurement date)	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	2014 (2013)
Total pension liability										
Service cost	\$ 910,808	\$ 920,812	\$ 957,488	\$ 1,004,044	\$ 1,014,001	\$ 1,012,376	\$ 838,991	\$ 674,372	\$ 746,642	\$ -
Interest	4,731,103	4,505,834	4,233,701	4,009,947	3,815,832	3,538,509	3,106,921	2,962,042	2,702,167	-
Benefit changes	-	-	-	-	-	211,877	3,622,866	-	334,270	-
Difference between expected and actual experience	719,084	904,118	1,469,690	626,847	485,788	1,015,299	685,009	392,021	(1,382,081)	-
Assumption changes	1,002,042	-	-	932,633	-	1,306,714	1,635,396	-	2,533,687	-
Benefit payments, including refunds of employee contributions	<u>(3,414,495)</u>	<u>(3,055,261)</u>	<u>(2,737,441)</u>	<u>(2,701,523)</u>	<u>(3,677,474)</u>	<u>(1,723,333)</u>	<u>(3,025,398)</u>	<u>(1,504,925)</u>	<u>(1,671,143)</u>	-
Net change in total pension liability	3,948,542	3,275,503	3,923,438	3,871,948	1,638,147	5,361,442	6,863,785	2,523,510	3,263,542	-
Total pension liability, beginning	<u>65,606,073</u>	<u>62,330,570</u>	<u>58,407,132</u>	<u>54,535,184</u>	<u>52,897,037</u>	<u>47,535,595</u>	<u>40,671,810</u>	<u>38,148,300</u>	<u>34,884,758</u>	-
Total pension liability, ending (a)	<u>\$ 69,554,615</u>	<u>\$ 65,606,073</u>	<u>\$ 62,330,570</u>	<u>\$ 58,407,132</u>	<u>\$ 54,535,184</u>	<u>\$ 52,897,037</u>	<u>\$ 47,535,595</u>	<u>\$ 40,671,810</u>	<u>\$ 38,148,300</u>	\$ -
Plan fiduciary net position										
Contributions - employer	\$ 38,713,768	\$ 2,629,060	\$ 2,421,427	\$ 2,178,594	\$ 2,427,578	\$ 1,997,495	\$ 1,567,268	\$ 1,233,455	\$ 1,078,421	\$ -
Contributions - employee	360,954	361,648	363,161	322,776	420,627	767,374	486,770	459,518	468,414	-
Pension plan net investment income	(2,159,439)	6,635,221	301,173	1,210,731	1,513,473	2,337,104	114,979	700,311	2,297,822	-
Benefit payments, including refunds of employee contributions	(3,414,495)	(3,055,261)	(2,737,441)	(2,701,523)	(3,677,474)	(1,723,333)	(3,025,398)	(1,504,925)	(1,671,143)	-
Hall/Parker settlement	-	-	-	-	(723,016)	-	-	-	-	-
Administrative expenses	(38,717)	(30,967)	(24,559)	(22,039)	(23,735)	(21,079)	(16,945)	(17,470)	-	-
Other	-	-	-	-	258	237	243,081	(41,434)	(746,768)	-
Net change in fiduciary net position	33,462,071	6,539,701	323,761	988,539	(62,289)	3,357,798	(630,245)	829,455	1,426,746	-
Plan fiduciary net position, beginning	<u>30,267,534</u>	<u>23,727,833</u>	<u>23,537,636</u>	<u>22,563,378</u>	<u>22,625,667</u>	<u>19,267,869</u>	<u>19,898,114</u>	<u>19,068,659</u>	<u>17,641,913</u>	-
Adjustment to beginning of year	-	-	(133,564)	(14,281)	-	-	-	-	-	-
Plan fiduciary net position, ending (b)	<u>\$ 63,729,605</u>	<u>\$ 30,267,534</u>	<u>\$ 23,727,833</u>	<u>\$ 23,537,636</u>	<u>\$ 22,563,378</u>	<u>\$ 22,625,667</u>	<u>\$ 19,267,869</u>	<u>\$ 19,898,114</u>	<u>\$ 19,068,659</u>	\$ -
Net pension liability, ending (a) - (b)	\$ 5,825,010	\$ 35,338,539	\$ 38,602,737	\$ 34,869,496	\$ 31,971,806	\$ 30,271,370	\$ 28,267,726	\$ 20,773,696	\$ 19,079,641	\$ -
Plan fiduciary net position as a percentage of total pension liability	91.63 %	46.14 %	38.07 %	40.30 %	41.37 %	42.77 %	40.53 %	48.92 %	49.99 %	- %
Covered valuation payroll	\$ 3,911,262	\$ 3,852,515	\$ 4,014,338	\$ 4,228,573	\$ 4,389,616	\$ 4,483,508	\$ 4,356,133	\$ 3,463,772	\$ 3,543,949	\$ -
Net pension liability as a percentage of covered valuation payroll	148.93 %	917.28 %	961.62 %	824.62 %	728.35 %	675.17 %	648.92 %	599.74 %	538.37 %	- %

See accompanying notes to required supplementary information

Sun City Fire District

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

Year Ended June 30, 2023

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

Reporting date (Measurement date)	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	2014 (2013)
Total OPEB liability										
Service cost	\$ 15,746	\$ 16,939	\$ 18,095	\$ 13,169	\$ 13,608	\$ 13,899	\$ -	\$ -	\$ -	\$ -
Interest on total OPEB liability	68,848	71,965	68,354	70,107	69,664	71,359	-	-	-	-
Benefit changes	-	(80,212)	-	-	-	1,373	-	-	-	-
Difference between expected and actual experience	(7,468)	-	27,596	(64,772)	(33,311)	(2,591)	-	-	-	-
Assumption changes	9,920	-	-	6,885	-	(50,602)	-	-	-	-
Benefit payments	(50,137)	(50,268)	(51,256)	(56,763)	(43,928)	(42,748)	-	-	-	-
Net change in total OPEB liability	36,909	(41,576)	62,789	(31,374)	6,033	(9,310)	-	-	-	-
Total OPEB liability, beginning	952,443	994,019	931,230	962,604	956,571	965,881	-	-	-	-
Total OPEB liability, ending (a)	\$ 989,352	\$ 952,443	\$ 994,019	\$ 931,230	\$ 962,604	\$ 956,571	\$ -	\$ -	\$ -	\$ -
Plan fiduciary net position										
Contributions - employer	\$ 16,732	\$ 15,760	\$ 15,033	\$ 17,403	\$ 5,232	\$ 24,561	\$ -	\$ -	\$ -	\$ -
Contributions - employee	-	-	-	-	-	-	-	-	-	-
Net investment income	(42,748)	241,917	11,426	47,802	60,205	93,844	-	-	-	-
Benefit payments	(50,137)	(50,268)	(51,256)	(56,763)	(43,928)	(42,748)	-	-	-	-
Administrative expenses	(761)	(995)	(929)	(825)	(916)	(831)	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Net change in fiduciary net position	(76,914)	206,414	(25,726)	7,617	20,593	74,826	-	-	-	-
Plan fiduciary net position, beginning	1,102,867	896,453	922,179	900,281	879,688	804,862	-	-	-	-
Adjustment to beginning of year	-	-	-	14,281	-	-	-	-	-	-
Plan fiduciary net position, ending (b)	\$ 1,025,953	\$ 1,102,867	\$ 896,453	\$ 922,179	\$ 900,281	\$ 879,688	\$ -	\$ -	\$ -	\$ -
Net OPEB liability (asset), ending (a) - (b)	\$ (36,601)	\$ (150,424)	\$ 97,566	\$ 9,051	\$ 62,323	\$ 76,883	\$ -	\$ -	\$ -	\$ -
Plan fiduciary net position as a percentage of total OPEB liability	103.70 %	115.79 %	90.18 %	99.03 %	93.53 %	91.96 %	- %	- %	- %	- %
Covered valuation payroll	\$ 3,911,262	\$ 3,852,515	\$ 4,014,338	\$ 4,228,573	\$ 4,389,616	\$ 4,483,508	\$ -	\$ -	\$ -	\$ -
Net OPEB liability as a percentage of covered valuation payroll	(0.94)%	(3.90)%	2.43 %	0.21 %	1.42 %	1.71 %	- %	- %	- %	- %

See accompanying notes to required supplementary information

Sun City Fire District

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

Year Ended June 30, 2023

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

Reporting date (Measurement date)	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	2014 (2013)
District's proportion of the net pension liability	0.544 %	0.517 %	0.541 %	0.563 %	0.330 %	- %	- %	- %	- %	- %
District's proportionate share of the net pension liability (asset)	\$ (29,414)	\$ (47,908)	\$ 1,621	\$ (8,089)	\$ 651	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 946,125	\$ 362,434	\$ 208,742	\$ 26,197	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's proportionate share of the net pension liability as a percentage of its covered payroll	(3.1)%	(13.2)%	0.8 %	(30.9)%	- %	- %	- %	- %	- %	- %
Plan fiduciary net position as a percentage of total pension liability	108 %	122 %	99 %	118 %	89 %	- %	- %	- %	- %	- %

Sun City Fire District

Schedule of Pension/OPEB Contributions

Year Ended June 30, 2023

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

Reporting fiscal year	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Statutorily required contribution	\$ 255,197	\$ 230,378	\$ 212,695	\$ 184,775	\$ 122,839	\$ 75,608	\$ 41,482	\$ 46,006	\$ 33,900	\$ -
Contributions in relation to the contractually required contribution	<u>255,197</u>	<u>230,378</u>	<u>212,695</u>	<u>184,775</u>	<u>122,839</u>	<u>75,608</u>	<u>41,482</u>	<u>46,006</u>	<u>33,900</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 2,140,908	\$ 1,918,218	\$ 1,825,708	\$ 1,613,755	\$ 1,055,318	\$ 657,461	\$ 361,656	\$ 396,603	\$ 293,761	\$ -
Contributions as a percentage of covered payroll	11.92 %	12.01 %	11.65 %	11.45 %	11.64 %	11.50 %	11.47 %	11.60 %	11.54 %	- %

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

Reporting fiscal year	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Statutorily required contribution	\$ 2,355	\$ 4,028	\$ 7,120	\$ 7,907	\$ 4,959	\$ 3,928	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>2,355</u>	<u>4,028</u>	<u>7,120</u>	<u>7,907</u>	<u>4,959</u>	<u>3,928</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 2,140,908	\$ 1,918,218	\$ 1,825,708	\$ 1,613,755	\$ 1,055,318	\$ 657,461	\$ -	\$ -	\$ -	\$ -
Contributions as a percentage of covered payroll	0.11 %	0.21 %	0.39 %	0.49 %	0.47 %	0.60 %	- %	- %	- %	- %

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

Reporting fiscal year	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Statutorily required contribution	\$ 2,997	\$ 3,645	\$ 3,287	\$ 2,744	\$ 1,803	\$ 982	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>2,997</u>	<u>3,645</u>	<u>3,287</u>	<u>2,744</u>	<u>1,803</u>	<u>982</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 2,140,908	\$ 1,918,218	\$ 1,825,708	\$ 1,613,755	\$ 1,055,318	\$ 657,461	\$ -	\$ -	\$ -	\$ -
Contributions as a percentage of covered payroll	0.14 %	0.19 %	0.18 %	0.17 %	0.17 %	0.15 %	- %	- %	- %	- %

See accompanying notes to required supplementary information

Sun City Fire District

Schedule of Pension/OPEB Contributions (continued)

Year Ended June 30, 2023

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

Reporting fiscal year	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 688,297	\$ 2,408,164	\$ 2,745,907	\$ 2,432,037	\$ 2,427,578	\$ 1,997,495	\$ 1,567,268	\$ 1,233,455	\$ 1,078,421	\$ -
Contributions in relation to the actuarially determined contribution	<u>688,297</u>	<u>38,725,327</u>	<u>2,745,907</u>	<u>2,432,037</u>	<u>2,427,578</u>	<u>1,997,495</u>	<u>1,567,268</u>	<u>1,233,455</u>	<u>1,078,421</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ (36,317,163)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 3,905,130	\$ 3,911,262	\$ 3,852,515	\$ 4,014,338	\$ 4,228,573	\$ 4,389,616	\$ 4,483,508	\$ 4,356,133	\$ 3,463,772	\$ -
Contributions as a percentage of covered payroll	17.63 %	990.10 %	58.25 %	54.39 %	57.41 %	45.51 %	34.96 %	28.32 %	31.13 %	- %

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

Reporting fiscal year	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 12,531	\$ 19,220	\$ 17,913	\$ 16,097	\$ 5,232	\$ 24,561	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the actuarially determined contribution	<u>12,531</u>	<u>19,220</u>	<u>17,913</u>	<u>16,097</u>	<u>5,232</u>	<u>24,561</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 3,905,130	\$ 3,911,262	\$ 4,714,003	\$ 4,471,478	\$ 4,228,573	\$ 4,389,616	\$ -	\$ -	\$ -	\$ -
Contributions as a percentage of covered payroll	0.32 %	0.49 %	0.38 %	0.36 %	0.12 %	0.56 %	- %	- %	- %	- %

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

Reporting fiscal year	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Statutorily required contribution	\$ 155,163	\$ 94,045	\$ 36,026	\$ 20,749	\$ 2,604	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the statutorily required contribution	<u>155,163</u>	<u>94,045</u>	<u>36,026</u>	<u>20,749</u>	<u>2,604</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 1,560,996	\$ 946,125	\$ 362,434	\$ 208,742	\$ 26,197	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions as a percentage of covered payroll	9.94 %	9.94 %	9.94 %	9.94 %	9.94 %	- %	- %	- %	- %	- %

See accompanying notes to required supplementary information

Sun City Fire District

Notes to Required Supplementary Information

Year Ended June 30, 2023

1. Budgetary basis of accounting:

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

2. Pension and OPEB plan schedules:

Actuarially determined contribution rates:

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

Actuarial cost method	Entry age normal
Amortization method	Level percent-of-pay, closed
Remaining amortization period as of the 2021 actuarial valuation	15 years
Asset valuation method	7-year smoothed fair-value; 80%/120% corridor
Actuarial assumptions:	
Investment rate of return	In the 2019 actuarial valuation, the investment rate of return was decreased from 7.4% to 7.3%. In the 2017 actuarial valuation, the investment rate of return was decreased from 7.5% to 7.4%. In the 2016 actuarial valuation, the investment rate of return was decreased from 7.85% to 7.5%. In the 2013 actuarial valuation, the investment rate of return was decreased from 8.0% to 7.85%.
Salary increase	In the 2017 actuarial valuation, projected salary increases were decreased from 4.0% - 8.0% to 3.5% - 7.5%. In the 2014 actuarial valuation, projected salary increases were decreased from 4.5% - 8.5% to 4.0% - 8.0%. In the 2013 actuarial valuation, projected salary increases were decreased from 5.0% - 9.0% to 4.5% - 8.5%.

Sun City Fire District

Notes to Required Supplementary Information (continued)

Year Ended June 30, 2023

2. Pension and OPEB plan schedules (continued):

Actuarially determined contribution rates (continued):

Wage growth	In the 2017 actuarial valuation, wage growth was decreased from 4% to 3.5%. In the 2014 actuarial valuation, wage growth was decreased from 4.5% to 4.0%. In the 2013 actuarial valuation, wage growth was decreased from 5.0% to 4.5%.
Retirement age	Experience-based table of rates that is specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period July 1, 2006 - June 30, 2011.
Mortality	In the 2019 actuarial valuation, changed to PubS-2010 tables. In the 2017 actuarial valuation, changed to RP-2014 tables, with 75% of MP-2016 fully generational projection scales. RP-2000 mortality table (adjusted by 105% for both males and females).

Factors that affect trends:

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



STATISTICAL SECTION

Statistical Section

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

This section contains the following tables and information:

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

Sun City Fire District

Net Position by Component

LAST TEN FISCAL YEARS

(Accrual Basis of Accounting)

	Fiscal year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Governmental Activities										
Net investments in capital assets	\$ 2,847,547	\$ 3,201,621	\$ 2,683,507	\$ 3,407,114	\$ 13,335,941	\$ 6,486,311	\$ 5,383,121	\$ 5,125,006	\$ 5,340,785	\$ 5,570,115
Restricted	7,107,581	6,910,329	621,884	-	-	-	-	-	-	-
Unrestricted	<u>(36,619,821)</u>	<u>(35,023,134)</u>	<u>(26,169,858)</u>	<u>(23,277,124)</u>	<u>(29,315,595)</u>	<u>(21,376,322)</u>	<u>(18,885,530)</u>	<u>(14,085,539)</u>	<u>(13,299,072)</u>	<u>4,412,476</u>
Total governmental activities net position	<u>\$(26,664,693)</u>	<u>\$(24,911,184)</u>	<u>\$(22,864,467)</u>	<u>\$(19,870,010)</u>	<u>\$(15,979,654)</u>	<u>\$(14,890,011)</u>	<u>\$(13,502,409)</u>	<u>\$(8,960,533)</u>	<u>\$(7,958,287)</u>	<u>\$ 9,982,591</u>

Source: District financial records.

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

Sun City Fire District

Changes in Net Position

LAST TEN FISCAL YEARS

(Accrual Basis of Accounting)

	Fiscal year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Expenses										
Governmental activities:										
Public Safety	\$ 19,832,877	\$ 18,824,721	\$ 19,475,120	\$ 18,646,657	\$ 16,312,121	\$ 15,443,650	\$ 17,805,674	\$ 11,631,047	\$ 10,472,078	\$ 9,657,292
Interest	<u>1,583,675</u>	<u>1,154,448</u>	<u>324,117</u>	<u>345,948</u>	<u>379,524</u>	<u>517,497</u>	<u>86,230</u>	<u>-</u>	<u>-</u>	<u>6,673</u>
Total primary government expenses	<u>21,416,552</u>	<u>19,979,169</u>	<u>19,799,237</u>	<u>18,992,605</u>	<u>16,691,645</u>	<u>15,961,147</u>	<u>17,891,904</u>	<u>11,631,047</u>	<u>10,472,078</u>	<u>9,663,965</u>
Program revenues										
Governmental activities:										
Charges for services	4,227,847	4,228,780	4,154,733	2,947,036	3,122,241	3,098,441	1,481,791	639,003	552,195	452,416
Capital grants and contributions	252,885	209,091	-	-	651,424	451,395	1,121,521	406,149	-	-
Operating grants and contributions	<u>633,288</u>	<u>-</u>	<u>20,155</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total primary government revenues	<u>5,114,020</u>	<u>4,437,871</u>	<u>4,174,888</u>	<u>2,947,036</u>	<u>3,773,665</u>	<u>3,549,836</u>	<u>2,603,312</u>	<u>1,045,152</u>	<u>552,195</u>	<u>452,416</u>
Total primary government net expenses	<u>(16,302,532)</u>	<u>(15,541,298)</u>	<u>(15,624,349)</u>	<u>(16,045,569)</u>	<u>(12,917,980)</u>	<u>(12,411,311)</u>	<u>(15,288,592)</u>	<u>(10,585,895)</u>	<u>(9,919,883)</u>	<u>(9,211,549)</u>
General revenues and other changes in net position										
Property taxes	13,740,127	12,813,795	12,190,024	11,827,965	11,257,458	10,646,932	9,507,563	9,161,527	8,901,911	8,578,929
Fire district assistance tax	403,924	406,255	407,699	394,151	406,465	405,903	406,810	408,401	406,117	404,965
State shared tax revenue	184,917	156,688	-	-	-	-	-	-	-	-
Investment earnings	220,055	58,356	32,169	115,562	118,392	107,331	8,275	11,422	13,975	215,103
Gain on sale of capital assets	<u>-</u>	<u>59,487</u>	<u>-</u>	<u>244,783</u>	<u>46,022</u>	<u>-</u>	<u>-</u>	<u>2,300</u>	<u>-</u>	<u>-</u>
Total primary government	<u>14,549,023</u>	<u>13,494,581</u>	<u>12,629,892</u>	<u>12,582,461</u>	<u>11,828,337</u>	<u>11,160,166</u>	<u>9,922,648</u>	<u>9,583,650</u>	<u>9,322,003</u>	<u>9,198,997</u>
Change in net position										
Total primary government	<u>\$ (1,753,509)</u>	<u>\$ (2,046,717)</u>	<u>\$ (2,994,457)</u>	<u>\$ (3,463,108)</u>	<u>\$ (1,089,643)</u>	<u>\$ (1,251,145)</u>	<u>\$ (5,365,944)</u>	<u>\$ (1,002,245)</u>	<u>\$ (597,880)</u>	<u>\$ (12,552)</u>

Source: District financial records.

Sun City Fire District

Fund Balances of Governmental Funds

LAST TEN FISCAL YEARS

(Modified Accrual Basis of Accounting)

	Fiscal year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
General fund										
Nonspendable	\$ 260,277	\$ 264,078	\$ 307,418	\$ 302,591	\$ 326,645	\$ 331,856	\$ 79,088	\$ 264,334	\$ 57,859	\$ 31,055
Restricted	6,326,768	6,256,671	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	<u>4,422,847</u>	<u>3,861,705</u>	<u>3,678,082</u>	<u>3,012,384</u>	<u>2,699,432</u>	<u>5,405,136</u>	<u>1,573,132</u>	<u>813,930</u>	<u>2,531,463</u>	<u>2,157,715</u>
Total general fund	<u>\$ 11,009,892</u>	<u>\$ 10,382,454</u>	<u>\$ 3,985,500</u>	<u>\$ 3,314,975</u>	<u>\$ 3,026,077</u>	<u>\$ 5,736,992</u>	<u>\$ 1,652,220</u>	<u>\$ 1,078,264</u>	<u>\$ 2,589,322</u>	<u>\$ 2,188,770</u>
All other governmental funds										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	616,188	653,658	621,884	707,760	1,498,591	5,752,699	9,158,837	-	-	-
Committed	-	-	-	2,718,169	2,667,954	2,630,709	3,081,753	4,063,422	2,760,354	2,755,889
Assigned	2,791,755	2,718,713	2,718,441	-	-	-	-	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total all other governmental funds	<u>\$ 3,407,943</u>	<u>\$ 3,372,371</u>	<u>\$ 3,340,325</u>	<u>\$ 3,425,929</u>	<u>\$ 4,166,545</u>	<u>\$ 8,383,408</u>	<u>\$ 12,240,590</u>	<u>\$ 4,063,422</u>	<u>\$ 2,760,354</u>	<u>\$ 2,755,889</u>

Source: District financial records.

Sun City Fire District

Changes in Fund Balances - Governmental Funds and Debt Service Ratio

LAST TEN FISCAL YEARS

(Modified Accrual Basis of Accounting)

	Fiscal year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Revenues										
Taxes	\$ 13,701,638	\$ 12,867,013	\$ 12,290,293	\$ 11,753,233	\$ 10,506,245	\$ 9,974,054	\$ 9,491,496	\$ 9,174,801	\$ 8,921,002	\$ 9,575,913
Fire district assistance tax	403,924	406,255	407,699	394,151	406,465	405,903	406,810	408,401	406,117	404,965
State shared tax revenue	184,917	156,688	-	-	-	-	-	-	-	-
Grants and contributions	886,173	209,091	20,155	-	651,424	451,395	1,121,521	406,149	-	-
Charges for services	4,143,632	4,269,686	4,226,573	3,239,906	2,978,475	2,882,606	1,481,791	639,003	552,195	642,386
Investment earnings	220,055	58,356	32,169	115,562	118,392	107,331	8,275	11,422	13,975	25,133
Total revenues	19,540,339	17,967,089	16,976,889	15,502,852	14,661,001	13,821,289	12,509,893	10,639,776	9,893,289	10,648,397
Expenditures										
Public Safety	15,728,747	52,247,179	15,596,395	14,758,669	13,923,875	12,231,624	12,724,238	10,611,089	9,244,309	9,243,479
Capital outlay	265,131	1,063,780	50,175	697,669	7,807,484	1,780,483	788,890	238,977	243,963	10,895
Debt service:										
Principal	1,400,000	717,000	403,000	384,000	200,000	-	-	-	-	1,031,429
Interest	1,608,338	1,176,123	342,398	360,129	379,524	493,250	86,230	-	-	6,673
Debt issuance cost	-	255,260	-	-	-	24,247	155,756	-	-	-
Total expenditures	19,002,216	55,459,342	16,391,968	16,200,467	22,310,883	14,529,604	13,755,114	10,850,066	9,488,272	10,292,476
Revenues under expenditures	538,123	(37,492,253)	584,921	(697,615)	(7,649,882)	(708,315)	(1,245,221)	(210,290)	405,017	355,921
Other financing sources (uses)										
Proceeds from sale of capital assets	124,887	62,270	-	245,896	-	-	-	2,300	-	-
Bonds issues	-	-	-	-	722,104	910,926	9,245,000	-	-	-
Premium on bonds	-	-	-	-	-	24,979	751,345	-	-	-
Certificates of participation issued	-	44,665,000	-	-	-	-	-	-	-	-
Discount on certificates of participation	-	(806,017)	-	-	-	-	-	-	-	-
Total other financing sources (uses)	124,887	43,921,253	-	245,896	722,104	935,905	9,996,345	2,300	-	-
Special item	-	-	-	-	-	-	-	50,000	-	-
Net change in fund balances	\$ 663,010	\$ 6,429,000	\$ 584,921	\$ (451,719)	\$ (6,927,778)	\$ 227,590	\$ 8,751,124	\$ (157,990)	\$ 405,017	\$ 355,921
Debt service as a percentage of noncapital expenditures	16.06 %	3.48 %	4.56 %	4.80 %	4.00 %	3.87 %	0.67 %	- %	- %	10.10 %

Source: District financial records.

Sun City Fire District

Assessed and Estimated Actual Value of Taxable Property

LAST TEN FISCAL YEARS

Fiscal year	Commercial, Industrial, Utilities & Mines	Agriculture & Vacant	Residential (owner occupied)	Residential (rental)	Railroad	Less: Tax exempt real property	Total			Assessed value as a % of actual value
							Taxable assessed value	Direct tax rate	Estimated actual value	
2014	\$ 56,414,036	\$ 34,719,691	\$ 151,092,755	\$ 57,684,227	\$ 906,870	\$ 36,959,133	\$ 263,858,446	3.25	\$ 2,600,116,063	10 %
2015	56,328,658	36,404,098	152,087,377	67,244,497	974,457	38,636,190	274,402,897	3.25	2,723,401,305	10
2016	57,054,173	33,956,232	153,768,200	74,095,615	899,644	37,158,608	282,615,256	3.25	2,805,197,314	10
2017	57,119,565	35,141,811	159,190,543	79,588,261	815,017	38,400,164	293,455,033	3.25	2,945,209,597	10
2018	59,143,768	38,492,124	167,895,884	81,947,496	821,626	40,280,482	308,020,416	3.25	3,089,091,714	10
2019	62,111,759	39,226,467	177,390,496	86,373,333	766,760	43,214,884	322,653,931	3.25	3,249,677,584	10
2020	65,049,417	41,714,631	185,359,593	91,645,566	788,186	42,133,506	342,423,887	3.24	3,414,795,796	10
2021	75,862,575	38,007,642	194,993,873	96,006,500	761,932	48,865,396	356,767,126	3.24	3,589,890,516	10
2022	75,884,544	44,810,241	200,648,504	98,380,777	788,395	52,879,618	367,632,843	3.24	3,780,710,948	10
2023	78,203,990	46,996,118	219,767,388	100,985,540	965,827	55,708,812	391,210,051	3.34	3,974,119,483	10

Source: Maricopa County Tax Assessor

Sun City Fire District

Property Tax Rates - All Direct and Overlapping Governments

LAST TEN FISCAL YEARS

Fiscal year	Sun City Fire District	Sun City Fire District Debt Service	Total District	Overlapping Rates						
				Maricopa County	Maricopa County Community College	County Special Health Care District	Water Conservation District	County Library District	Flood Control District	
2014	3.2500	-	3.2500	1.2807	1.2896	0.1939	0.1400	0.0438	0.1392	
2015	3.2500	-	3.2500	1.3209	1.2824	0.1856	0.1400	0.0556	0.1592	
2016	3.2500	-	3.2500	1.3609	1.2628	0.0085	0.1400	0.0556	0.1792	
2017	3.2500	-	3.2500	1.4009	1.2376	0.3053	0.1400	0.0556	0.1792	
2018	3.2500	0.2229	3.4729	1.4009	1.1956	0.2851	0.1400	0.0556	0.1792	
2019	3.2500	0.2170	3.4670	1.4009	1.1708	0.2941	0.1400	0.0556	0.1792	
2020	3.2400	0.2445	3.4845	1.4009	1.1720	0.3333	0.1400	0.0556	0.1792	
2021	3.2400	0.2149	3.4549	1.4009	1.1250	0.3046	0.1400	0.0556	0.1792	
2022	3.2400	0.2054	3.4454	1.3459	1.1112	0.2970	0.1400	0.0556	0.1792	
2023	3.3400	0.1772	3.5172	1.2473	1.0865	0.2488	0.1400	0.0505	0.1592	

Fiscal year	Town of Youngtown	Peoria Unified School District #11	Dysart Unified School District #89	Overlapping Rates				Central Arizona Groundwater Replenishment District	Total direct and overlapping rates
				Western Maricopa Educational Center	Electrical District #7	McMicken Irrigation District	Agua Fria Ranch CFD		
2014	-	4.1765	4.6232	0.0592	0.0112	1.0455	5.0514	1.0000	22.3042
2015	-	4.4291	4.3489	0.0810	0.0102	1.0460	4.8172	1.0000	22.1261
2016	-	4.9320	4.2672	0.0698	0.0085	1.0494	4.7500	1.0000	22.3339
2017	-	4.7845	4.2197	0.0840	0.0093	1.0493	3.4900	1.0000	21.2054
2018	-	4.5091	4.1562	0.1780	0.0104	1.0505	3.3200	1.0000	20.9535
2019	-	3.9990	4.1089	0.1494	0.0084	1.0536	3.2100	1.0000	20.2369
2020	-	3.8591	3.9117	0.1634	0.0081	1.0562	2.6900	1.0000	19.4540
2021	-	3.7467	3.8251	0.1655	0.0066	1.0565	2.8400	1.0000	19.3006
2022	-	3.7238	3.8026	0.1579	0.0061	1.1366	2.7500	1.0000	19.1513
2023	-	3.5630	3.5443	0.1538	0.0057	1.1369	2.6600	1.0000	18.5132

Source: Maricopa County Tax Assessor

Sun City Fire District

Principal Property Taxpayers

CURRENT AND NINE YEARS AGO

		June 30, 2023	
Taxpayer	Type of business	Assessed value	Percent of total assessed valuation
Arizona Public Service Company	Utility	\$ 17,484,536	4.47 %
EPCOR (Sun City Water Division)	Utility	3,373,130	0.86
Stellar Sun City LLC	Real Estate	3,004,358	0.77
EPCOR (Sun City Sewer)	Utility	2,473,983	0.63
CPI AHP Sun City MOB Owner LLC	Real Estate	1,808,033	0.46
Southwest Gas Corporation (T&D)	Utility	1,671,302	0.43
Qwest Corporation	Utility	1,538,029	0.39
Fountains 182 LP	Real Estate	1,389,631	0.36
Bell Plaza Arizona LLC	Real Estate	1,287,292	0.33
HTA - SC Boswell West LLC (IMPS)	Real Estate	1,275,044	0.33
		<u>\$ 35,305,338</u>	<u>9.03 %</u>
Total assessed value		<u>\$ 391,210,051</u>	

		June 30, 2014	
Taxpayer	Type of business	Assessed value	Percent of total assessed valuation
Arizona Public Service Company	Utility	\$ 14,025,736	5.32 %
Sun Health Properties Inc	Real Estate	3,159,767	1.20
EPCOR (Sun City Water Division)	Utility	2,763,628	1.05
Qwest Corporation	Utility	2,132,847	0.81
CNL Retirement HB2 Sun City AZ LP	Real Estate	2,042,536	0.77
EPCOR (Sun City Sewer)	Utility	1,502,592	0.57
Recreation Centers of Sun City Inc	Real Estate	1,129,299	0.43
MSP La Ronde LLC	Real Estate	947,612	0.36
Smiths Food & Drug Centers Inc	Commercial	941,831	0.36
Bell Plaza Holdings LLC	Real Estate	930,753	0.35
		<u>\$ 29,576,601</u>	<u>11.22 %</u>
Total assessed value		<u>\$ 263,858,446</u>	

Source: Maricopa County Assessor

Sun City Fire District

Property Tax Levies and Collections

LAST TEN FISCAL YEARS

Fiscal year	Operating property tax levy	Tax roll corrections	Property tax levy (adjusted)	Collected within the fiscal year of the levy		Collections in subsequent years	Total collections to date	
				Amount	% of levy		Amount	% of levy
2014	\$ 8,586,323	\$ (20,928)	\$ 8,565,395	\$ 8,565,366	99.8 %	\$ - *	\$ 8,565,366	99.8 %
2015	8,921,527	(29,750)	8,891,777	8,891,738	99.7	- *	8,891,738	99.7
2016	9,189,806	(35,392)	9,154,414	9,152,997	99.6	- *	9,152,997	99.6
2017	9,528,513	(26,897)	9,501,616	9,498,914	99.7	- *	9,498,914	99.7
2018	10,688,955	(30,977)	10,657,978	10,542,859	98.6	146,096 *	10,688,955	100.0
2019	11,242,483	(81,297)	11,161,186	11,104,608	98.8	137,875	11,242,483	100.0
2020	11,824,112	(17,239)	11,806,873	11,594,440	98.1	208,282	11,802,722	99.8
2021	12,283,301	(20,413)	12,262,888	12,111,546	98.8	-	12,111,546	98.6
2022	12,889,906	(47,743)	12,842,163	12,687,181	98.8	146,048	12,833,229	99.6
2023	13,759,644	(28,850)	13,730,794	13,527,943	98.5	-	13,527,943	98.5

Source: Maricopa County Treasurer

* Collections for this fiscal year subsequent to yearend is unavailable.

Sun City Fire District

Ratios of Outstanding Debt by Type

LAST TEN FISCAL YEARS

Fiscal year	General obligation bonds		Certificates of participation	Leases payable	Total outstanding debt		
	Outstanding	Legal limit			Amount	Debt per capita	Percentage of personal income
2014	\$ -	\$ 18,782,345	\$ -	\$ -	\$ -	0.00	0.00 %
2015	-	19,186,432	-	-	-	0.00	0.00
2016	-	19,911,314	-	-	-	0.00	0.00
2017	9,996,345	10,901,709	-	-	9,996,345	2.37	0.01
2018	10,255,324	11,696,805	-	-	10,255,324	2.39	0.00
2019	10,053,316	13,020,134	-	-	10,053,316	2.30	0.00
2020	9,655,135	20,360,072	-	-	9,655,135	2.21	0.00
2021	9,233,854	21,406,028	-	-	9,233,854	2.08	0.00
2022	8,792,214	22,057,971	43,561,948	-	52,354,162	11.62	0.00
2023	8,331,719	23,472,603	42,597,780	-	50,929,499	11.10	0.00

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

Sun City Fire District

Ratios of Net General Bonded Debt Outstanding

LAST TEN FISCAL YEARS

Fiscal year	General obligation bonds (1)	Less: amounts available in debt service fund (2)	Total	Percentage of estimated actual taxable value of property (3)	Per capita (4)
2014	\$ -	\$ -	\$ -	- %	\$ -
2015	-	-	-	-	-
2016	-	-	-	-	-
2017	9,996,345	-	9,996,345	0.34 %	2.36
2018	10,255,324	200,000	10,055,324	0.33 %	2.33
2019	10,053,316	385,000	9,668,316	0.30 %	2.21
2020	9,655,135	404,000	9,251,135	0.27 %	2.12
2021	9,233,854	417,000	8,816,854	0.25 %	1.99
2022	8,792,214	430,000	8,362,214	0.22 %	1.86
2023	8,331,719	380,000	7,951,719	0.20 %	1.73

Note: Details regarding the District's outstanding debt can be found in the notes to the financial statements.

(1) This is the general bonded debt, net of any issuance discounts and premiums.

(2) This is the amount restricted for debt service principal payments.

(3) See schedule of Assessed and Estimated Actual Value of Taxable Property for property value data.

(4) Population data can be found in the schedule of Demographic and Economic Statistics.

Sun City Fire District

Direct and Overlapping Governmental Activities Debt

Governmental Unit	Debt outstanding at June 30, 2022*	Estimated percentage applicable	Estimated share of overlapping debt
Debt repaid with property taxes:			
Maricopa County	\$ 722,116,468	6.74 %	\$ 48,651,550
Maricopa County Community College	184,715,000	5.87	10,840,527
Maricopa County Special Health Care District	600,335,000	1.34	8,067,938
Water Conservation District	13,551,400	0.73	99,064
Peoria Unified School District #11	167,005,000	19.44	32,472,832
Dysart Unified School District #89	83,570,000	19.86	16,593,301
Western Maricopa Educational Center	-	0.82	-
Electrical District #7	-	0.03	-
McMicken Irrigation District	-	5.93	-
Agua Fria Ranch CFD	1,500,000	14.36	215,390
Central Arizona Groundwater Replenishment District	-	5.22	-
Subtotal, overlapping debt			<u>116,940,602</u>
Sun City Fire District direct debt			<u>50,929,499</u>
Total direct and overlapping debt			<u><u>\$ 167,870,101</u></u>

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

Source: Arizona Department of Administration

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

Sun City Fire District

Legal Debt Margin Information

LAST TEN FISCAL YEARS

	Fiscal year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Net assessed value	\$ 391,210,051	\$ 367,632,843	\$ 356,767,126	\$ 339,334,532	\$ 324,271,117	\$ 307,781,976	\$ 293,183,908	\$ 282,762,205	\$ 274,506,319	\$ 264,192,425
Debt limit rate	6 %	6 %	6 %	6 %	6 %	6 %	6 %	6 %	6 %	6 %
Debt limit	23,472,603	22,057,971	21,406,028	20,360,072	19,456,267	18,466,919	17,591,034	16,965,732	16,470,379	15,851,546
Less bond obligations	<u>(8,331,719)</u>	<u>(8,792,214)</u>	<u>(9,233,854)</u>	<u>(9,655,135)</u>	<u>(10,053,316)</u>	<u>(10,255,324)</u>	<u>(9,996,345)</u>	-	-	-
Legal debt margin	<u>\$ 15,140,884</u>	<u>\$ 13,265,757</u>	<u>\$ 12,172,174</u>	<u>\$ 10,704,937</u>	<u>\$ 9,402,951</u>	<u>\$ 8,211,595</u>	<u>\$ 7,594,689</u>	<u>\$ 16,965,732</u>	<u>\$ 16,470,379</u>	<u>\$ 15,851,546</u>
Total net debt applicable to the limit as a percentage of debt limit	35.50 %	39.86 %	43.14 %	47.42 %	51.67 %	55.53 %	56.83 %	- %	- %	- %

Sun City Fire District

Demographic and Economic Statistics

LAST TEN FISCAL YEARS

Fiscal year	Population (Maricopa County)	Personal income (thousands of dollars)	Per capita income (Maricopa County)	Unemployment rate (Maricopa County)
2014	3,944,859	\$ 168,450,841	\$ 41,320	6.4 %
2015	4,063,700	178,469,430	42,962	5.3
2016	4,152,800	185,613,641	42,962	5.3
2017	4,233,300	196,286,191	43,845	4.5
2018	4,315,600	210,370,180	45,573	4.1
2019	4,366,583	222,466,200	46,878	4.5
2020	4,367,835	234,024,747	48,220	4.3
2021	4,439,220	244,973,916	55,184	6.3
2022	4,507,419	292,982,235	65,000	5.2
2023	4,586,431	312,189,185	68,068	5.0

Source: Office of Economic Opportunity - Arizona Labor Statistics

Sun City Fire District

Principal Employers

CURRENT AND NINE YEARS AGO

Employer	June 30, 2022*		
	Employees	Rank	Percentage of Total Employment
Banner Health	41,435	1	1.79 %
Amazon.com	40,000	2	1.73
State of Arizona	39,172	3	1.69
Walmart Inc	38,309	4	1.65
Arizona State University	34,421	5	1.49
Fry's Food Stores	21,012	6	0.91
University of Arizona	19,823	7	0.86
Dignity Health Arizona	16,525	8	0.71
City of Phoenix	15,645	9	0.68
Wells Fargo	15,500	10	0.67
Total	281,842		12.18 %

Employer	June 30, 2014		
	Employees	Rank	Percentage of Total Employment
State of Arizona	49,278	1	2.72 %
Walmart Inc	32,169	2	1.77
Banner Health	25,270	3	1.39
City of Phoenix	14,983	4	0.83
Wells Fargo	14,713	5	0.81
Maricopa County	12,698	6	0.70
Arizona State University	12,222	7	0.67
Inten Corp	11,900	8	0.66
JPMorgan Chase & Co.	11,042	9	0.61
Bank of America	11,000	10	0.61
Total	195,275		10.77 %

Source: Maricopa County

Note: The principal employers were not available for the District alone, therefore, the principal employers for Maricopa County are presented.

* June 2022 is the most recent data available.

Sun City Fire District
Operating Indicators by Function

LAST TEN FISCAL YEARS

Function	Fiscal year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Public safety										
Emergency medical service calls	14,218	14,236	15,049	14,796	13,069	13,050	11,036	10,268	10,013	9,891
Fire responses	288	248	413	358	102	106	69	81	91	73
Other responses - including hazardous materials, mutual aid, public service	329	337	334	108	844	813	1,151	1,851	1,687	1,578
Miscellaneous - including false alarms, good intent	573	655	622	863	1,535	594	987	1,396	1,299	1,587
Total	15,408	15,476	16,418	16,125	15,550	14,563	13,243	13,596	13,090	13,129

Source: various District departments

Sun City Fire District

Full-Time Equivalent Employees by Function

LAST TEN FISCAL YEARS

Function	Fiscal year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Public Safety										
Fire and rescue service	94	90	88	87	87	81	75	63	50	51
Fire prevention	2	2	2	2	2	2	1	1	1	1
Administrative and support	7	7	7	8	8	6	7	7	5	5
Total	103	99	97	97	97	89	83	71	56	57

Source: District HR department

Sun City Fire District

Capital Asset Statistics by Function

LAST TEN FISCAL YEARS

Function	Fiscal year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Public safety										
Number of Stations	4	4	4	4	4	4	4	4	4	4
Equipment:										
Engines	6	6	6	6	8	5	5	5	5	5
Ladder trucks	1	1	1	1	1	1	1	1	1	1
Brush rigs	1	1	1	1	1	1	1	1	1	1
Rescue units	7	6	6	6	6	6	4	3	-	-
Squad/support units	1	1	1	1	1	1	1	1	1	1

Source: District logistics department