Central Arizona Fire and Medical Authority

Basic Financial Statements

Year ended June 30, 2024

Walker & Armstrong

CERTIFIED PUBLIC ACCOUNTANTS AND ADVISORS

PHOENIX | TUCSON

Central Arizona Fire and Medical Authority
8603 East Eastridge Drive
Prescott Valley, AZ 86314

Walker & Armstrong LLP
1850 North Central Avenue, Suite 400
Phoenix, Arizona 85004

This representation letter is provided in connection with your audit of the financial statements of Central Arizona Fire and Medical Authority (the "Authority"), which comprise the respective financial position of the governmental activities and each major fund as of June 30, 2024, and the respective changes in financial position for the year then ended, and the disclosures (collectively, the "financial statements"), for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered to be material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of the date below, the following representations made to you during your audit.

Financial Statements

1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated June 20, 2024, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.

2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the Authority required by generally accepted accounting principles to be included in the financial reporting entity.

3) We acknowledge our responsibility 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.

4) We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.

5) The methods, significant assumptions, and data used in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement, or disclosure that is reasonable in accordance with U.S. GAAP.

6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
7) Adjustments or disclosures, have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements or in the schedule of findings and questioned costs.
8) We have reviewed and are in agreement with the journal entries in the attached *Exhibit 1* that you have recommended for the year ended June 30, 2024, and we have posted all proposed adjusting journal entries to our accounting records.
9) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
10) Guarantees, whether written or oral, under which the Authority is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

11) We have provided you with:
    a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records (including information obtained from outside of the general and subsidiary ledgers) documentation, and other matters and all audit or relevant monitoring reports, if any, received from funding sources.
    b) Additional information that you have requested from us for the purpose of the audit.
    c) Unrestricted access to persons within the Authority from whom you determined it necessary to obtain audit evidence.
    d) Minutes of the meetings of the Authority or summaries of actions of recent meetings for which minutes have not yet been prepared.
12) All material transactions have been recorded in the accounting records and are reflected in the financial statements and the schedule of expenditures of federal awards.
13) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
14) We have no knowledge of any fraud or suspected fraud that affects the Authority and involves:
    a) Management,
    b) Employees who have significant roles in internal control, or
    c) Others where the fraud could have a material effect on the financial statements.

15) We have no knowledge of any allegations of fraud or suspected fraud affecting the Authority's financial statements communicated by employees, former employees, regulators, or others.

16) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or waste or abuse, whose effects should be considered when preparing financial statements.

17) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.

18) We have disclosed to you the names of the Authority's related parties and all the related party relationships and transactions, including any side agreements.

Government-Specific

19) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.

20) We have a process to track the status of audit findings and recommendations.

21) We have identified to you any previous audits, attestation engagements, and other studies related to the objectives of the audit and whether related recommendations have been implemented.

22) We have identified to you any investigations or legal proceedings that have been initiated with respect to the period under audit.

23) We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.

24) The Authority has no plans or intentions that may materially affect the carrying value or classification of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fund balance or net position.

25) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and legal and contractual provisions for reporting specific activities in separate funds.

26) We have appropriately identified, recorded, and disclosed all leases in accordance with GASBS No. 87.

27) We have appropriately identified, recorded, and disclosed subscription-based information technology arrangements in accordance with GASBS No. 96.

28) We have identified and disclosed to you all instances of identified and suspected fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements that we believe have a material effect on the financial statements.

29) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.

30) As part of your audit, you assisted with preparation of the financial statements and disclosures and schedule of expenditures of federal awards. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and disclosures and schedule of expenditures of federal awards.

31) In regard to the nonaudit services performed by you, we have:

   a) Assumed all management responsibilities.

   b) Designated Karen Mauldin, Finance Manager, who has suitable skill, knowledge, or experience to oversee the services.

   c) Evaluated the adequacy and results of the services performed.

   d) Accepted responsibility for the results of the services.

   e) Ensured that the Authority's data and records are complete and received sufficient information to oversee the services.

32) The Authority has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.

33) The Authority has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

34) The financial statements include all component units, appropriately present majority equity interests in legally separate organizations and joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.

35) The financial statements include all fiduciary activities required by GASBS No. 84, as amended.

36) The financial statements properly classify all funds and activities in accordance with GASB No. 34, as amended.

37) All funds that meet the quantitative criteria in GASB Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.

38) Components of net position (net investment in capital assets; restricted; and unrestricted) and classifications of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.

39) Investments, derivative instrument transactions, and land and other real estate held by endowments are properly valued.

40) Provisions for uncollectible receivables have been properly identified and recorded.

41) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.

42) Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.

43) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.

44) Deposits and investment securities are properly classified as to risk and are properly disclosed.

45) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated or amortized.

46) We have appropriately disclosed the Authority's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.

47) We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.

48) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.

49) With respect to the schedules of joint venture venue and cost allocation for the statement of activities and governmental funds on which an in-relation-to opinion is issued.

   a) We acknowledge our responsibility for presenting the supplementary information in accordance with accounting principles generally accepted in the United States of America, and we believe the supplementary information, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the supplementary information have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.

   b) If the supplementary information is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditor's report thereon.

50) With respect to federal award programs:

a) We are responsible for understanding and complying with and have complied with, the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), including requirements relating to preparation of the schedule of expenditures of federal awards.

b) We acknowledge our responsibility for preparing and presenting the schedule of expenditures of federal awards (SEFA) and related disclosures in accordance with the requirements of the Uniform Guidance, and we believe the SEFA, including its form and content, is fairly presented in accordance with the Uniform Guidance. The methods of measurement or presentation of the SEFA have not changed from those used in the prior period and we have disclosed to you any significant assumptions and interpretations underlying the measurement or presentation of the SEFA.

c) If the SEFA is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the SEFA no later than the date we issue the SEFA and the auditor's report thereon.

d) We have identified and disclosed to you all of our government programs and related activities subject to the Uniform Guidance compliance audit, and have included in the SEFA, expenditures made during the audit period for all awards provided by federal agencies in the form of federal awards, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other direct assistance.

e) We are responsible for understanding and complying with, and have complied with, the requirements of federal statutes, regulations, and the terms and conditions of federal awards related to each of our federal programs and have identified and disclosed to you the requirements of federal statutes, regulations, and the terms and conditions of federal awards that are considered to have a direct and material effect on each major program.

f) We are responsible for establishing, designing, implementing, and maintaining, and have established, designed, implemented, and maintained, effective internal control over compliance for federal programs that provides reasonable assurance that we are managing our federal awards in compliance with federal statutes, regulations, and the terms and conditions of federal awards that could have a material effect on our federal programs. We believe the internal control system is adequate and is functioning as intended.

g) We have made available to you all federal awards (including amendments, if any) and any other correspondence with federal agencies or pass-through entities relevant to federal programs and related activities.

h) We have received no requests from a federal agency to audit one or more specific programs as a major program.

i) We have complied with the direct and material compliance requirements (except for noncompliance disclosed to you), including when applicable, those set forth in the OMB Compliance Supplement (including its Addendum), relating to federal awards and confirm that there were no amounts questioned and no known noncompliance with the direct and material compliance requirements of federal awards.

j) We have disclosed any communications from federal awarding agencies and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.

k) We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor's report.

l) Amounts claimed or used for matching were determined in accordance with relevant guidelines in OMB's Uniform Guidance (2 CFR part 200, subpart E).

m) We have disclosed to you our interpretation of compliance requirements that may have varying interpretations.

n) We have made available to you all documentation related to compliance with the direct and material compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.

o) We have disclosed to you the nature of any subsequent events that provide additional evidence about conditions that existed at the end of the reporting period affecting noncompliance during the reporting period.

p) There are no such known instances of noncompliance with direct and material compliance requirements that occurred subsequent to the period covered by the auditor's report.

q) No changes have been made in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies or material weaknesses in internal control over compliance, subsequent to the period covered by the auditor's report.

r) Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the financial statements have been prepared.

s) The copies of federal program financial reports provided you are true copies of the reports submitted, or electronically transmitted, to the respective federal agency or pass-through entity, as applicable.

t) We have charged costs to federal awards in accordance with applicable cost principles.

u) We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings required to be included by the Uniform Guidance, and we have provided you with all information on the status of the follow-up on prior audit findings by federal awarding agencies and pass-through entities, including all management decisions.

v) We are responsible for and have ensured the reporting package does not contain protected personally identifiable information.

w) We are responsible for and have accurately prepared the auditee section of the Data Collection Form as required by the Uniform Guidance.

x) We are responsible for taking corrective action on each audit finding of the compliance audit and have developed a corrective action plan that meets the requirements of the Uniform Guidance.

y) We have disclosed to you all contracts or other agreements with service organizations, and we have disclosed to you all communications from the service organizations relating to noncompliance at the service organizations.

Central Arizona Fire and Medical Authority

Signed by:
John Feddema
7D0712992CAF4C8

John Feddema, Interim Fire Chief

Signed by:
Lee Barnes
8D9174F30F8844D

Lee Barnes, Assistant Chief of Administration

Signed by:
Karen Mauldin
5D5108C33A4D41B

Karen Maulding, Finance Manager

February 14, 2025

Date

Table of Contents

Walker & Armstrong
CERTIFIED PUBLIC ACCOUNTANTS AND ADVISORS

Independent Auditor's Report

Board of Directors and Management
Central Arizona Fire and Medical Authority
Prescott Valley, Arizona

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Central Arizona Fire and Medical Authority (the Authority), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Authority as of June 30, 2024, 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority 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.

Emphasis of Matter

As discussed in note 9 to the financial statements, the Authority restated the beginning fiduciary net position of its financial statements for the year ended June 30, 2024, to correct the omission of the post-employment health employee plan. Our opinions are not modified with respect to this matter.

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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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 the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority'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 on pages 4 through 10, the budgetary comparison information on pages 40 and 41, and the pension related schedules on pages 42 through 47, be presented to supplement the basic financial statements.

Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying schedules of joint venture revenue and cost allocation are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of joint venture revenue and cost allocation are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated February 14, 2025, on our consideration of the Authority'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 the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Walker & Armstrong, LLP

Phoenix, Arizona
February 14, 2025

As management of Central Arizona Fire and Medical Authority (the "Authority"), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended June 30, 2024. We encourage readers to consider the information presented here in conjunction with Authority's financial statements, which begin on page 11. This annual financial report consists of two parts, Management's Discussion and Analysis (this section) and the basic financial statements.

Nature of Operations

The Authority provides fire and emergency medical services to homes, property and persons residing within the communities of Prescott and Chino Valley.

Financial Highlights

- The assets and deferred outflows of resources of the Authority exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by $2,279,561. Of this amount, $31,898,925 is invested in capital assets, net of related debt.
- During the year, the Authority's total net position decreased by $3,810,768 or 62.6% from the previous year.
- Total revenues increased over the previous fiscal year by $6,155,350 or 18.5% due to an increase in operating grants of $1,799,221, Central Yavapai Fire District funding of $2,618,263 and Chino Valley Fire District funding of $441,557.
- Total public safety expenses increased by $165,122.
- At the end of the current fiscal year, unrestricted net position for governmental activities was a deficit of $40,454,900.

Overview of the Financial Statements

Management's discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements which are comprised of three components: (1) government-wide financial statements, (2) fund financial statements and (3) notes to the basic financial statements. This report also contains required supplementary information and a statistical section in addition to the basic financial statements themselves.

The main purpose of these statements is to provide the reader with sufficient information to assess whether or not the Authority's overall financial position has improved or deteriorated.

The government-wide financial statements are designed to provide readers with a broad overview of the Authority's finances, in a manner similar to a private-sector business. Consequently, the entity-wide presentation utilizes the accrual basis of accounting and consolidates all governmental funds of the Authority.

Government-wide Financial Statements

The *statement of net position* presents information on all of the Authority's assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference between them 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 Authority is improving or deteriorating.

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

The government–wide financial statements can be found on pages 11 and 12 of this report.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Authority, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Management establishes governmental funds based on the application of generally accepted accounting principles and the evaluation of applicable laws, regulations and reporting objectives.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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 government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Authority maintains two (2) governmental funds: the general fund and capital reserve fund.

Information is presented separately in the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and capital reserve fund (major governmental funds). The concept and determination of major funds has been established by the Governmental Accounting Standards Board (GASB).

Fund Financial Statements - Continued

The Authority adopts an annual appropriated budget to provide for its general fund. A budgetary comparison statement for the general fund has been provided as part of the supplementary information following the basic financial statements to demonstrate compliance with the budget and is presented on pages 40 and 41.

The basic governmental fund financial statements can be found on pages 13-16 of this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside of the Authority. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Authority's own programs.

Notes to Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 17-39 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report includes required supplementary information, other than *Management's Discussion and Analysis,* concerning a comparison of the Authority's budget to actual revenues and expenditures, as described earlier and can be found on pages 40 and 41 of this report and certain pension/other post-employment benefits (OPEB) information is reported on pages 42 through 47.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Authority, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $2,279,561 at the close of the 2024 fiscal year. A portion of the Authority's net position, $31,898,925, reflects its investment in capital assets (e.g., land and improvements, construction in progress, buildings and improvements, apparatus and vehicles, equipment, and subscription-based information technology arrangements); less any related outstanding debt used to acquire those assets.

The Authority uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. The Authority had $10,687,396 in restricted net position for future PSPRS contributions and $148,140 for the net OPEB asset; with a remaining unrestricted deficit in net position of $40,454,900.

The Authority's $32,285,781 in capital assets consists of land and improvements, construction in progress, buildings and improvements, apparatus and vehicles, equipment, and subscription-based information technology arrangements.

Government-Wide Financial Analysis - Continued

The following contains an analysis of the current year government-wide statements.

Condensed Statements of Net Position

GOVERNMENTAL ACTIVITIES

	2024	2023
Assets		
Cash and investments	$ 29,328,689	$ 25,092,049
Other assets	2,235,635	1,676,725
Net other post-employment benefits asset	148,140	71,361
Capital assets, net	32,285,781	31,458,714
Total assets	63,998,245	58,298,849
Deferred outflows of resources related to pension and OPEB	11,759,772	19,329,563
Liabilities		
Current liabilities	1,413,509	1,932,321
Noncurrent liabilities	70,837,968	68,111,690
Total liabilities	72,251,477	70,044,011
Deferred inflows of resources related to lease, pension and OPEB	1,226,979	1,494,072
Net position		
Net investment in capital assets	31,898,925	31,405,307
Restricted	10,835,536	10,018,861
Unrestricted	(40,454,900)	(35,333,839)
Total net position	$ 2,279,561	$ 6,090,329

Government-Wide Financial Analysis - Continued

The following table presents a summary of the Authority 's revenues and expenses for the current fiscal year:

Condensed Statements of Activities

GOVERNMENTAL ACTIVITIES

	2024	2023
Revenues:		
Program revenue:		
Charges for services	$ 2,790,288	$ 2,158,490
Operating grants	2,172,549	373,328
General revenues:		
Central Yavapai Fire District	26,265,196	23,646,933
Chino Valley Fire District	6,087,138	5,645,581
Contracts and other	749,089	612,960
Investment earnings	1,337,655	809,273
Total revenues	39,401,915	33,246,565
Expenses:		
Public safety	43,212,683	43,047,561
Total expenses	43,212,683	43,047,561
Change in net position	(3,810,768)	(9,800,996)
Net position, beginning of year	6,090,329	15,891,325
Net position, ending of year	$ 2,279,561	$ 6,090,329

The cost of all governmental activities for the year ended June 30, 2024, was $43,212,683, the majority of which is salaries and wages.

Financial Analysis of the Governmental Funds

As noted earlier, the Authority uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements and generally accepted accounting principles (GAAP).

The focus of the Authority's governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Authority's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of fiscal year.

Financial Analysis of the Governmental Funds - Continued

At the end of the current fiscal year, the Authority's governmental fund reported ending fund balance of $27,130,300. Revenues for the year included funding contributions, program income, and intergovernmental agreements.

Of the $27,130,300 total governmental fund balance, $10,687,396 was restricted for future PSPRS contributions, $9,078,973 was committed for capital reserves and $7,363,931 was unassigned. The general fund balance increased by $993,700.

The Capital Reserve Fund accounts for reserves set aside for significant capital purchases anticipated to be made in future years. It is funded through budgeted transfers from the general fund and is available as fund liquidity for Authority expenditures.

General Fund Budgetary Highlights

Total revenues were $2,879,797 more than budgeted revenues while total expenditures were $1,572,417 less than budgeted. The increase in budgeted revenues occurred primarily due to investment earnings being $1,277,655 more than budgeted, intergovernmental revenues being $714,571 more than budgeted, fire insurance premium tax credit of $398,098 which was not budgeted, and program income being $218,747 more than budgeted. The expenditure variance resulted primarily from fire protection and emergency services being $3,390,978 under budget, offset by administrative and support services being $272,191 more than budgeted, debt principal being $473,909 more than budgeted, and capital outlay being $1,084,994 more than budgeted.

Capital Asset and Debt Administration

Capital Assets - The Authority's investment in capital assets as of June 30, 2024, totaled $32,285,781 (net of accumulated depreciation/amortization). These assets include land and improvements, construction in progress, buildings and improvements, apparatus and vehicles, equipment, and subscription-based information technology arrangements.

Major capital asset transactions during the year included $2,770,308 in capital asset acquisitions including the purchase of land, a new station, and completion of several vehicles and apparatus.

The Authority depreciates/amortizes capital assets, except for land and improvements and construction in progress, consistent with generally accepted accounting principles, utilizing the straight-line depreciation method. The cost of the asset is divided by the 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 Authority's capital assets can be found in Note 4 in the basic financial statements on page 26.

Capital Asset and Debt Administration - Continued

Long-Term Liabilities - At the end of the current year, the Authority had long-term liabilities outstanding of $70,837,968, which included unfunded pension and other post-employment benefit (OPEB) obligation liabilities in the amount of $18,242,967, certificates of participation of $49,615,000, compensated absences of $2,593,145, and subscription-based liabilities of $386,856.

Additional information on the Authority's long-term liabilities can be found in Note 5 in the basic financial statements on page 27 and 28.

Economic Factors Affecting Future Results

The Authority remains committed to exploring all viable methods of fiduciary responsibility while delivering exemplary service to the community. Despite rigorous oversight of expenditures, operational costs relating to apparatus, equipment and employee related expenses continue to rise, particularly in relation to mandated pension contributions. The Authority's stability is closely tied to the financial health of the Central Yavapai and Chino Valley Fire Districts.

The fiscal year 2025 data indicates that property assessments in the Chino Valley area have experienced a notable increase of 9.73% over the past year. Similarly, assessments in the Central Yavapai Fire District have risen by 8.27%, largely attributable to new property developments in the Prescott Valley region.

The Authority is currently implementing the second year of a three-year staffing plan. This plan includes scheduled tax increases each year designed to fund the necessary personnel expenses, maintain targeted response times, ensure effective response force expectations, and adequately address the growing demands associated with the continued expansion of the residential landscapes in both districts.

Additionally, the Authority has identified substantial capital assets that will require acquisition through 2030. As previously noted, the Authority has experienced an increase in its fund balance attributed to elevated property tax revenues and intergovernmental contributions. The board and management of the Authority are diligently working to ensure that the capital plan is adhered to and that resources are allocated efficiently.

Contacting the Authority

This financial report is designed to provide an overview of the Authority's finances for anyone with an interest in the government's finances. Any questions regarding this report or requests for additional information may be directed to Central Arizona Fire and Medical Authority at 8603 East Eastridge Drive, Prescott Valley, Arizona 86314.

Central Arizona Fire and Medical Authority
Statement of Net Position
June 30, 2024

	Governmental Activities
Assets	
Cash and investments	$ 15,841,293
Cash and investments - restricted	10,687,396
Cash and investments - held by trustee	2,800,000
Receivables, net:	
Service contracts	351,287
Wildland	420,116
Lease	130,141
Due from other governments	1,334,091
Net other post-employment benefits asset	148,140
Capital assets, not being depreciated/amortized	5,770,807
Capital assets, being depreciated/amortized, net	26,514,974
Total assets	63,998,245
Deferred outflows of resources	
Deferred outflows related to pension and other post-employment benefits	11,759,772
Total deferred outflows of resources	11,759,772
Liabilities	
Accounts payable	455,841
Accrued payroll and related	957,668
Noncurrent liabilities:	
Due within one year	3,613,956
Due in more than one year	67,224,012
Total liabilities	72,251,477
Deferred inflows of resources	
Deferred inflows related to pension and other post-employment benefits	1,102,005
Deferred inflows related to leases	124,974
Total deferred inflows of resources	1,226,979
Net position (deficit)	
Net investment in capital assets	31,898,925
Restricted:	
Future PSPRS contributions	10,687,396
Net other post-employment benefits asset	148,140
Unrestricted (deficit)	(40,454,900)
Total net position	$ 2,279,561

The accompanying notes are an
integral part of these basic financial statements.

Central Arizona Fire and Medical Authority
Statement of Activities
Year Ended June 30, 2024

	Governmental Activities
Program expenses	
Public safety-fire protection and emergency medical services:	
Fire protection and emergency services	$ 38,924,790
Administrative and support services	3,087,941
Debt service - interest	1,199,952
Total program expenses	43,212,683
Program revenues	
Charges for services	2,790,288
Operating grants	2,172,549
Total program revenues	4,962,837
Net program expense	38,249,846
General revenues	
Funding Contributions:	
Central Yavapai Fire District	26,265,196
Chino Valley Fire District	6,087,138
Fire insurance premium tax credit	398,098
Investment earnings	1,337,655
Proceeds from sale of capital assets	62,500
Other revenue	288,491
Total general revenues	34,439,078
Change in net position	(3,810,768)
Net position, July 1, 2023	6,090,329
Net position, June 30, 2024	$ 2,279,561

The accompanying notes are an
integral part of these basic financial statements.

Central Arizona Fire and Medical Authority
Balance Sheet
Governmental Funds
June 30, 2024

	Major Funds		Total
	General Fund	Capital Reserve Fund	Governmental Funds
Assets			
Cash and investments	$ 6,762,320	$ 9,078,973	$ 15,841,293
Cash and investments - restricted	10,687,396	-	10,687,396
Cash and investments - held by trustee	2,800,000	-	2,800,000
Receivables, net:			
Service contracts	351,287	-	351,287
Wildland	420,116	-	420,116
Lease	130,141	-	130,141
Due from other governments	1,334,091	-	1,334,091
Total assets	$ 22,485,351	$ 9,078,973	$ 31,564,324
Liabilities			
Accounts payable	$ 455,841	$ -	$ 455,841
Accrued payroll and related	957,668	-	957,668
Certificates of participation payable	2,800,000	-	2,800,000
Total liabilities	4,213,509	-	4,213,509
Deferred inflows of resources			
Deferred inflows related to leases	124,974	-	124,974
Deferred revenue	95,541	-	95,541
Total deferred inflows of resources	220,515	-	220,515
Fund balances			
Restricted for future pension payments	10,687,396	-	10,687,396
Committed	-	9,078,973	9,078,973
Unassigned	7,363,931	-	7,363,931
Total fund balances	18,051,327	9,078,973	27,130,300
Total liabilities, deferred inflows of resources and fund balances	$ 22,485,351	$ 9,078,973	$ 31,564,324

Central Arizona Fire and Medical Authority
Reconciliation of the Governmental Funds Balance Sheet
to the Government-wide Statement of Net Position
June 30, 2024

Total fund balances		$ 27,130,300
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.		
Capital assets	$ 58,773,370	
Less accumulated depreciation/amortization	(26,487,589)	32,285,781
Some of the Authority's receivables will be collected after year-end, but are not available soon enough to pay for the current period expenditures and therefore are deferred in the funds.		95,541
Net pension/other post-employment benefits assets held in trust for future benefits are not available for operations and therefore, are not reported in the funds.		148,140
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as a liability in the funds as follows:		
Accrued compensated absences	(2,593,145)	
Net pension liability	(18,242,967)	
Certificates of participation payable	(46,815,000)	
Subscription-based information technology arrangements	(386,856)	(68,037,968)
Deferred outflows and inflows of resources related to pensions and other post-employment benefits are applicable to future reporting periods and therefore, are not reported in the funds.		10,657,767
Net position of governmental activities		$ 2,279,561

Central Arizona Fire and Medical Authority
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds
Year Ended June 30, 2024

	Major Funds		Total
	General Fund	Capital Reserve Fund	Governmental Funds
Revenues			
Funding Contributions:			
Central Yavapai Fire District	$ 26,265,196	$ -	$ 26,265,196
Chino Valley Fire District	6,087,138	-	6,087,138
Charges for services	2,694,747	-	2,694,747
Intergovernmental	2,172,549	-	2,172,549
Fire insurance premium tax credit	398,098	-	398,098
Investment earnings	1,069,545	268,110	1,337,655
Other revenue	288,491	-	288,491
Total revenues	38,975,764	268,110	39,243,874
Expenditures			
Public safety-fire protection and emergency medical services			
Current:			
Fire protection and emergency services	27,035,585	-	27,035,585
Administrative and support services	3,041,884	-	3,041,884
Debt service:			
Principal	2,893,909	-	2,893,909
Interest	1,199,952	-	1,199,952
Capital outlay	2,770,308	-	2,770,308
Total expenditures	36,941,638	-	36,941,638
Excess of revenues over expenditures	2,034,126	268,110	2,302,236
Other financing sources			
Subscription-based information technology arrangements	97,720	-	97,720
Proceeds from sale of capital assets	62,500	-	62,500
Transfers in	-	1,200,646	1,200,646
Transfers out	(1,200,646)	-	(1,200,646)
Total other financing sources	(1,040,426)	1,200,646	160,220
Net change in fund balances	993,700	1,468,756	2,462,456
Fund balances, July 1, 2023	17,057,627	7,610,217	24,667,844
Fund balances, June 30, 2024	$ 18,051,327	$ 9,078,973	$ 27,130,300

The accompanying notes are an
integral part of these basic financial statements.

Central Arizona Fire and Medical Authority
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Government-wide Statement of Activities
Year Ended June 30, 2024

Net change in fund balances - total governmental funds	$ 2,462,456
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 assets is allocated over their estimated useful lives and reported as depreciation expense in the current period:	
Expenditures for capital outlays	2,770,308
Depreciation/amortization expense	(2,272,879)
Some of the Authority's receivables will be collected after year-end, but are not available soon enough to pay for the current period expenditures and therefore are deferred in the funds.	95,541
Authority pension contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the statement of net position because the reported net pension liability is measured a year before the Authority's report. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the statement of activities:	
Authority pension contributions	2,833,270
Pension expense	(12,361,291)
Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:	
Change in compensated absences	(134,362)
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces noncurrent liabilities in the statement of net position. In the current year, the amount consists of:	
Debt services paid	2,800,000
Subscription-based information technology arrangements paid	93,909
Subscription-based information technology arrangements incurred	(97,720)
Change in net position of governmental activities	$ (3,810,768)

The accompanying notes are an integral part of these basic financial statements.

Central Arizona Fire and Medical Authority
Statement of Fiduciary Net Position
Fiduciary Fund
June 30, 2024

	Post Employment Health Plan
Assets	
Investments	$ 9,143,661
Total assets	$ 9,143,661
Net Position	
Held in trust for pension trust participants	$ 9,143,661

The accompanying notes are an
integral part of these basic financial statements.

Central Arizona Fire and Medical Authority
Statement of Change in Fiduciary Net Position
Fiduciary Fund
Year Ended June 30, 2024

	Post Employment Health Plan
Additions	
Contributions	$ 971,339
Investment Earnings	
Interest and dividends	642,277
Total investment earnings	1,613,616
Deductions	
Distributions to participants	1,684,076
Total deductions	1,684,076
Change in net position	(70,460)
Net position - July 1, 2023, as restated	9,214,121
Net position - June 30, 2024	$ 9,143,661

The accompanying notes are an
integral part of these basic financial statements.

Note 1 – Summary of Significant Accounting Policies

The accounting policies of Central Arizona Fire and Medical Authority (the "Authority") conform to generally accepted accounting principles applicable to governmental units adopted by the Governmental Accounting Standards Board (GASB).

A. Reporting Entity

The Authority was organized as a joint powers authority by Central Yavapai Fire District and Chino Valley Fire District pursuant to the provisions of Chapter 5 of Title 48 of the Arizona Revised Statues – Separate legal entities: joint exercise of powers, which sets forth the legal framework for a joint powers authority. The Authority is governed by an appointed five-member board of directors, appointed from the elected members of the member districts, which appoints the chairman. The day-to-day operations are supervised by a fire chief and the chief's staff. The Authority does not have any component units, meaning entities for which the Authority is considered to be financially accountable.

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The basis, but not only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The Authority does not currently have any potential component units.

B. Basis of Presentation

The basic financial statements include both government-wide and fund financial statements. The government-wide financial statements focus on the Authority 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.

Government-wide Financial Statements – These statements include a statement of net position and a statement of activities. These statements report the financial activities of the overall Authority.

A statement of activities presents a comparison between direct expenses and program revenues for each function of the Authority'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 fire services provided and operating grants.

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

Fund Financial Statements – These statements provide information about the Authority's funds. The emphasis of fund financial statements is on the major governmental funds.

Note 1 – Summary of Significant Accounting Policies - Continued

The Authority reports the following major governmental funds:

- The *general fund* is the Authority's primary operating fund which accounts for all financial resources except those required to be accounted for in another fund.
- The *capital reserve fund* is used to account for funds received and expended for the construction of buildings and improvements as well as for the acquisition of apparatus and major equipment for use by the Authority.
- The *fiduciary fund* accounts for the activity of the deferred compensation plan and post employment health plan of the Authority.

C. Basis of Accounting

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 they are levied.

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 Authority considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after year-end. 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 the general fund. Proceeds of general long-term debt and acquisitions under lease contracts and subscription-based information technology arrangements are reported as other financing sources.

Taxes, leases, and investment earnings associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measureable and available only when cash is received by the government.

Fund Balance Classifications – Fund balances of the governmental funds are reported separately within classifications based on a hierarchy of the constraints placed on the use of those resources. The classifications are based on the relative strength of the constraints that control how the specific amounts can be spent. The classifications are nonspendable, restricted, and unrestricted (which includes committed, assigned, and unassigned fund balance classifications).

The nonspendable fund balance classification includes amounts that cannot be expended because they are either not in spendable form, such as prepaid items, or are legally or contractually required to be maintained intact. Restricted fund balances are those that have externally imposed restrictions on their usage by creditors, such as through debt covenants, grantors, contributors, or laws and regulations.

Note 1 – Summary of Significant Accounting Policies - Continued

The unrestricted fund balance category is comprised of committed, assigned, and unassigned resources. Committed fund balances are self-imposed limitations approved by the Authority's Board of Directors, which is the highest level of decision-making authority within the Authority. The constraints placed on committed fund balances can only be removed or changed by the Board of Directors.

Assigned fund balances are resources constrained by the Authority's intent to be used for specific purposes, but are neither restricted nor committed. The Board of Directors has authorized the Fire Chief to make assignments of resources for specific purposes.

The unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not reported in the other classifications. Deficits in fund balances of the other governmental funds are reported as unassigned. When an expenditure is incurred that can be paid from either restricted or unrestricted fund balances, it is the Authority's policy to use restricted fund balance first. For the disbursement of unrestricted fund balances, it is the Authority's policy to use committed amounts first, followed by assigned amounts, and lastly unassigned amounts.

Cash and Investments – The Authority's cash and cash equivalents are considered to be cash on hand, demand, deposits, investments in the County Treasurer's local government investment pool and highly liquid investments. Investments are stated at fair value. Investment earnings are comprised primarily of interest earnings.

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.

Prepaid Items – Prepaid items are accounted for using the purchase method in the governmental fund financial statements. Under this method, expenditures are reported at the time of purchase and unexpended amounts at year-end are reported on the balance sheet as a prepaid item for informational purposes only and are offset by a fund balance reserve to indicate that they do not constitute "available spendable resources."

In the government-wide financial statements, prepaid purchases are recorded as assets when the goods or services are purchased and are expensed over the period consumed.

Capital Assets – Capital assets are reported in the government-wide financial statements at actual cost or estimated historical cost if historical records are not available. Donated capital assets are reported at acquisition value. Capital assets are assets with an initial, individual cost of $5,000 or more and an estimated useful life exceeding one year.

Note 1 – Summary of Significant Accounting Policies - Continued

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are expensed as incurred.

Capital assets are depreciated/amortized using the straight-line method as follows:

Capital asset class	Estimated useful life
Land and improvements	Non-depreciable
Construction in progress	Non-depreciable
Buildings and improvements	5 to 40 years
Apparatus and vehicles	5 to 25 years
Equipment	3 to 35 years
Intangibles:	
Right-to-use subscription asset	3-5 years

Intangible right-to-use lease assets are amortized over the shorter of the lease term or the useful life of the underlying asset, unless the lease contains a purchase option that the Authority is reasonably certain of being exercised, then the lease asset is amortized over the useful life of the underlying asset. Intangible right-to-use subscription assets are amortized over the shorter of the subscription term or the useful life of the underlying information technology (IT) assets.

Subscription-Based Information Technology Arrangements – The Authority recognizes subscription liabilities with an initial, individual value of $10,000 or more. The Authority uses its estimated incremental borrowing rate to measure subscription liabilities unless it can readily determine the interest rate implicit in the arrangement. The Authority's estimated incremental borrowing rate ranges 3.0 - 5.0%.

Compensated Absences – The Authority's employee vacation and sick leave policies provide for granting vacation and sick leave with pay. Sick leave and vacation benefits accrue at the employee's current rate of pay. The current and long-term liabilities for accumulated vacation and sick leave are reported on the government-wide financial statements. Any sick leave accrued amounts are paid at the maximum rate of 50% upon retirement, with a minimum of ten years continuous employment and no payment upon resignation or termination. Accrued vacation is paid at 100% regardless of the nature of departure. A liability for these amounts is reported in government funds only if they have matured, for example, as a result of employee leave, resignation and retirements. Resources from the general fund are generally used to liquidate the governmental funds liabilities for compensated absences.

Note 1 – Summary of Significant Accounting Policies - Continued

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

Interfund Activity – Flows of cash from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers between governmental funds are eliminated in the Statement of Activities. Interfund transfers in the fund statements are reported as other financing sources/uses in governmental funds.

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 plan. 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.

Estimates – The preparation of the basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, deferred inflows of resources and disclosure of contingent assets, deferred outflows of resources, liabilities and deferred inflows of resources at the date of the basic financial statements and the reported amounts of revenues and expenditures/expenses during the tax calendar reporting period. Actual results may differ from those estimates.

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

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

Note 2 – Cash and Investments

Arizona Revised Statutes authorize the Authority to invest public monies in the State or County Treasurer's investment pools; 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 counties, cities, towns, school districts, and special districts as specified by statute.

Note 2 – Cash and Investments - Continued

Cash on Hand and Deposits – At June 30, 2024, the Authority's carrying amount of the total cash in bank was $175,919, and the bank balance was $173,616 of which all are insured or collateralized.

Investments – The Authority's policy allows for the investment of funds in time certificates of deposit with federally insured depositories, investment in the county treasurer's pool and other investments as allowed by state statues. Eligible Arizona depositories as defined by state statues are any commercial bank or savings and loan association with its principal place of business in the State of Arizona, which are insured by the federal deposit insurance corporation or any other insuring instrumentality of the United States.

The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset as follows:

	Fair value measurement using		
Investment Type	**Quoted prices in active markets for identical assets (Level 1)**	**Significant other observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Mutual funds	$ 9,143,661	$ -	$ -

The Authority also deposited funds into a Public Agency Retirement Services (PARS) IRS 115 Trust account. The excess funds from the Certificates of Participation were deposited into this account as a reserve for future payments of pension liability.

These Authority's investments at June 30, 2024, are comprised of the amount held by the Yavapai County Treasurer totaling $20,498,530, mutual funds totaling $9,143,661, and PARS IRS 115 Trust account totaling $8,654,240.

The Yavapai County Treasurer's investment pool is not registered with the Securities and Exchange Commission and there is no regulatory oversight of its operations. However, the majority of Yavapai County's investment pool is invested in the State of Arizona's local government investment pool which is regulated by the State Board of Investment. The pool's structure does not provide for shares, and Yavapai County has not provided or obtained any legally binding guarantees to support the value of the participants' investments. Participants in the pool are not required to categorize the value of shares in accordance with the fair value hierarchy.

Credit Risk – At June 30, 2024, all of the Authority 's investments were invested in the Yavapai County investment pool, mutual funds, and PARS IRS 115 Trust which are not rated by rating agencies.

Custodial Credit Risk – For an investment, custodial credit risk is the risk that, in the event of the counterparty's failure, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. External investment pools are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

Note 2 – Cash and Investments - Continued

Interest Rate Risk – At June 30, 2024, the Authority's investments can be withdrawn from the pools at will and therefore, are not subject to a significant amount of interest rate risk.

Foreign Currency Risk – The Authority does not have a formal investment policy with respect to foreign currency risk because state statutes do not allow for foreign investments.

A reconciliation of cash and investments to amounts shown on the statement of net position is as follows:

Carrying amount of deposits	$ 175,919
Mutual funds	9,143,661
PARS IRS 115 Trust Account	8,654,240
Amount held by Yavapai County Treasurer's Office	20,498,530
Total	$ 38,472,350

	Government Activities	Fiduciary Funds	Total
Cash and investments	$ 15,841,293	$ 9,143,661	$ 24,984,954
Cash and investments – restricted	10,687,396	-	10,687,396
Cash and investments – held by trustee	2,800,000	-	2,800,000
Total	$ 29,328,689	$ 9,143,661	$ 38,472,350

Note 3 – Lease Receivable

On January 1, 2023, the Authority entered into a five-year lease agreement with the Arizona State Forestry for the lease of facilities on the Authority's property through January 2028. The Authority's incremental borrowing rate for the lease measurements is 2.6%.

As of June 30, 2024, the Authority is reporting a lease receivable of $130,141 and deferred inflows related to the lease of $124,974. For the fiscal year 2024, the Authority reported lease revenues of $34,060 and interest revenue of $3,849, related to lease payments received.

Future payments due to the Authority are as follows for the years ending June 30:

2025	$ 34,608
2026	36,664
2027	38,797
2028	20,072
Total	$ 130,141

Note 4 – Capital Assets

Capital asset activity for the year ended June 30, 2024, was as follows:

	Balance, July 1, 2023 (as restated)	Increases	Decreases	Balance, June 30, 2024
Capital assets not being depreciated/amortized:				
Land and improvements	$ 3,406,719	$ 1,200,205	$ -	$ 4,606,924
Construction in progress	3,396,011	444,229	(2,676,357)	1,163,883
Total capital assets not being depreciated/amortized	6,802,730	1,644,434	(2,676,357)	5,770,807
Capital assets being depreciated/amortized:				
Buildings and improvements	25,503,242	705,256	-	26,208,498
Apparatus and vehicles	14,848,405	2,676,357	(818,748)	16,706,014
Furniture and equipment	9,088,941	360,021	-	9,448,962
Intangibles:				
Right-to-use subscription assets	578,492	60,597	-	639,089
Total capital assets being depreciated/amortized	50,019,080	3,802,231	(818,748)	53,002,563
Less accumulated depreciation/amortization for:				
Buildings and improvements	(9,407,681)	(689,612)	-	(10,097,293)
Apparatus and vehicles	(8,878,451)	(861,221)	818,748	(8,920,924)
Furniture and equipment	(6,602,979)	(620,011)	-	(7,222,990)
Intangibles:				
Right-to-use subscription assets	(144,375)	(102,007)	-	(246,382)
Total accumulated depreciation/amortization	(25,033,486)	(2,272,851)	818,748	(26,487,589)
Total capital assets being depreciated/amortized, net	24,985,594	1,529,380	-	26,514,974
Total capital assets, net	$ 31,788,324	$ 3,173,814	$ -	$ 32,285,781

The beginning balances have been restated to correct amounts for furniture and equipment and right-to-use subscription assets and the related accumulated depreciation/amortization. There was no effect on beginning net position for this restatement. Governmental activities depreciation/amortization expense in the amount of $2,272,851 was charged to the public safety function of the Authority.

Note 5 – Long-Term Liabilities

A summary of the changes in long-term liabilities for the year ended June 30, 2024, follows:

	Balance July 1, 2023 (as restated)	Additions	Reductions	Balance June 30, 2024	Due Within 1 Year
Compensated absences	$ 2,458,783	$ 134,362	$ -	$ 2,593,145	$ 717,775
Certificates of participation	52,035,000	-	(2,420,000)	49,615,000	2,800,000
Net pension/OPEB liability	15,984,500	2,258,467	-	18,242,967	-
Subscription liabilities	383,045	97,720	(93,909)	386,856	96,181
	$ 70,861,328	$ 2,490,549	$(2,513,909)	$ 70,837,968	$ 3,613,956

The Authority transfers the payment due on July 1, to the trustee to satisfy the payment prior to June 30 each year. The amount is held by the trustee until July 1 at which time the certificates of participation are paid. The beginning balance of the certificates of participation were restated to correct the timing of the payment. There was no effect on the beginning net position.

On August 26, 2021, the Central Arizona Fire and Medical Authority issued taxable certificates of participation (COP) to provide funds to the Arizona Public Safety Pension Retirement System (PSPRS) to fully fund the pension liability with PSPRS on September 16, 2021. The certificates of participation are secured by tax revenue levied by Chino Valley Fire and Central Yavapai Fire and assets held by Central Arizona Fire and Medical Authority. These COPs mature in 16 years and accrue interest at a range of 0.459 - 3.144%.

A summary of the principal and interest amounts for the remaining obligations includes the following payments:

Year ending June 30,	Principal	Interest	Total
2025	$ 2,800,000	$ 1,184,097	$ 3,984,097
2026	2,915,000	1,151,019	4,066,019
2027	2,950,000	1,109,716	4,059,716
2028	2,995,000	1,062,010	4,057,010
2029	3,050,000	1,006,059	4,056,059
2030-2034	16,265,000	3,952,651	20,217,651
2035-2039	18,640,000	1,495,366	20,135,366
	$ 49,615,000	$ 10,960,918	$ 60,575,918

Note 5 – Long-Term Liabilities - Continued

The Authority has obtained the right to use various IT software under the provisions of various subscription-based information technology arrangements. The terms range from three to five years, including options that are more likely than not to be exercised. The discount rate applied to the subscription-based technology arrangements are based on actual rates or an estimated incremental borrowing rate, which ranged from 2.68% to 3.00% for all subscription-based technology arrangements reported.

The total of the Authorities subscription assets are recorded at cost of $639,089, less accumulated amortization of $246,382.

The following schedule details minimum subscription payments to maturity for the Authority's subscriptions liability at June 30, 2024:

Year ending June 30,	Principal	Interest	Total
2025	$ 96,181	$ 11,191	$ 107,372
2026	100,210	8,448	108,658
2027	93,581	5,602	99,183
2028	50,047	2,935	52,982
2029	46,837	1,425	48,262
	$ 386,856	$ 29,601	$ 416,457

Note 6 – Risk Management

The Authority 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 Authority has insurance protection and the limit for basic coverage is $1,000,000 per occurrence on a claim made basis. No significant reduction in insurance coverage occurred during the year and no settlements exceeded insurance coverage during any of the past three fiscal years.

Note 7 – Employee Retirement System and Post Employment Plan

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

At June 30, 2024, the Authority reported the following aggregate amounts related to pensions and other postemployment benefits (OPEB) to which it contributes:

	ASRS	PSPRS	Total
Net pension liability	$ 2,778,354	$ 15,464,613	$ 18,242,967
Net OPEB asset	-	148,140	148,140
Deferred outflows of resources	359,881	11,399,891	11,759,772
Deferred inflows of resources	206,066	895,939	1,102,005
Pension expense	328,191	11,518,578	11,846,769

Note 7 – Employee Retirement System and Post Employment Plan - Continued

The Authority reported $2,880,712 of contributions as expenditures in the governmental funds related to all plans to which it contributes.

Arizona State Retirement System

Plan Description – Authority 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 a publicly available financial report that includes its financial statements and required supplementary information. The report is available on its Web site at www.azasrs.gov. The OPEB plans as it relates to ASRS are insignificant to the Authority as a whole and are excluded from the financial statements.

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

	Retirement initial membership date	
	Before July 1, 2011	On or after July 1, 2011
Retirement and Disability		
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 earning. Members with a membership date on or after September 13, 2013, are not eligible for cost-of-living adjustments. Survivor benefits are payable upon a member's death. For retired members, the survivor benefit is determined by the retirement benefit option chosen. 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.

Note 7 – Employee Retirement System and Post Employment Plan - Continued

Health insurance premium benefits are available to retired or disabled members with five 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 five to nine years of service, the benefits are the same dollar amounts as above multiplied by a vesting fraction based on completed years of service.

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

Contributions - In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2024, active ASRS members were required by statute to contribute at the actuarially determined rate of 12.29% (12.14% for retirement and 0.15% for long-term disability) of the members' annual covered payroll, and the Authority was required by statute to contribute at the actuarially determined rate of 12.29% (12.03% for retirement, 0.11% for health insurance premium benefit, and 0.15% for long-term disability) of the active members' annual covered payroll. The Authority's contributions to the pension plan for the year ended June 30, 2024, were $291,969.

During fiscal year 2024, the Authority paid all ASRS pension contributions from the General Fund.

Liability – At June 30, 2024, the Authority reported $2,778,354 for its proportionate share of the ASRS' net pension liability.

The net pension liability was measured as of June 30, 2023. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2022, to the measurement date of June 30, 2023.

The Authority's proportion of the net pension liability was based on the Authority's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2023. The Authority's proportion measured 0.01717% as of June 30, 2023, and the change from its proportions measured as of June 30, 2022, was (0.00106%).

Expense - For the year ended June 30, 2024, the Authority recognized $328,191 in pension expense.

Note 7 – Employee Retirement System and Post Employment Plan - Continued

Deferred outflows/inflows of resources - At June 30, 2024, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Pension	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 62,780	$ -
Changes of assumptions or other inputs	-	-
Net difference between projected and actual earnings on plan investments	-	98,301
Changes in proportion and differences between Authority contributions and proportionate share of contributions	5,132	107,765
Authority contributions subsequent to the measurement date	291,969	-
Total	$ 359,881	$ 206,066

The amounts reported as deferred outflows of resources related to ASRS pensions resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ASRS pensions will be recognized in pension expense as follows:

Year Ending June 30	Pension
2025	$ (68,903)
2026	(162,976)
2027	105,939
2028	(12,215)

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

Actuarial valuation date	June 30, 2022
Actuarial roll forward date	June 30, 2023
Actuarial cost method	Entry age normal
Investment rate of return	7.0%
Projected salary increase	2.9-8.4% for pensions
Price inflation	2.3%
Permanent benefit increase	Included for pension
Mortality rates	2017 SRA Scale U-MP for pensions
Recovery rate	2012 GLDT for long-term diability
Healthcare cost trend rate	Not applicable

Actuarial assumptions used in the June 30, 2022, valuation was based on the results of an actuarial experience study for the 5-year period ended June 30, 2020.

Note 7 – Employee Retirement System and Post Employment Plan – Continued

The long-term expected rate of return on ASRS 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 weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

Asset Class	Target Allocation	Long-Term Expected Geometric Real Rate of Return
Public equity	44%	3.50%
Credit	23%	5.90%
Real estate	17%	5.90%
Private equity	10%	6.70%
Interest rate sensitive	6%	1.50%
Total	100%	

Discount Rate - At June 30, 2023, the discount rate used to measure the ASRS total pension 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 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 liability.

Sensitivity of Authority's Proportionate Share of the ASRS Net Liability to Changes in the Discount Rate - The following table presents the Authority's proportionate share of the net pension liability calculated using the discount rate of 7.0%, as well as what the Authority's proportionate share of the net pension 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%)
Authority's proportionate share of the net pension liability	$ 4,161,566	$ 2,778,354	$ 1,625,000

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

Note 7 – Employee Retirement System and Post Employment Plan - Continued

Public Safety Personnel Retirement System

Plan Description – Fire service 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 an agent multiple-employer defined benefit pension plan and an agent multiple employer defined benefit health insurance premium benefit (OPEB) plan (agent plans). A nine-member board known as the Board of Trustees and the participating local boards govern the PSPRS according to the provisions of A.R.S Title 38, Chapter 5, Article 4. Employees who were PSPRS members before July 1, 2017, participate in the agent plans, and those who became PSPRS members on or after July 1, 2017, participate in the cost-sharing plans (PSPRS Tier 3 Risk Pool) which is not further disclosed because of their relative insignificance to the Authority's financial statements.

The PSPRS issues a publicly available financial report that includes their financial statements and required supplementary information. The reports are available on the PSPRS web site 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	
	Before January 1, 2012	**On or after January 1, 2012 and before July 1, 2017**
Retirement and Disability		
Years of service and age required to receive benefit	20 years of service, any age 15 years of service, age 62	25 years of service or 15 years of credited service, age 52.5
Final average salary is based on	Highest 36 consecutive months of last 20 years	Highest 60 consecutive months of last 20 years
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	

Note 7 – Employee Retirement System and Post Employment Plan - Continued

	Initial membership date	
	Before January 1, 2012	On or after January 1, 2012 and before July 1, 2017
Ordinary disability retirement	Normal retirement calculated with actual years of credited service or 20 years of credited service, whichever is greater, multiplied by years of credited service (not to exceed 20 years) divided by 20	
Survivor Benefit		
Retired members	80% to 100% of retired member's pension benefit	
Active members	80% to 100% of accidental disability retirement benefit or 100% of average monthly compensation if death was the result of injuries received on the job	

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

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 $150 per month to $260 per month depending on the age of the member and dependents.

Employees Covered by Benefit Terms - At June 30, 2024, the following employees were covered by the agent plan's benefit terms:

	Pension	Health
Inactive employees or beneficiaries currently receiving benefits	68	68
Inactive employees entitled to but not yet receiving benefits	28	18
Active employees	79	79
Total	175	165

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 costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. The Authority is required to contribute at an actuarially determined rate. Contribution rates for the year ended June 30, 2024, were 27.6% for pension and 0.36% for the health insurance premium benefit. Rates are a percentage of active members' annual covered payroll. The Authority's contributions to the plans for the year ended June 30, 2024, were $2,000,684 and $26,095 for the pension and health insurance premium benefit, respectively.

Note 7 – Employee Retirement System and Post Employment Plan – Continued

Liability – At June 30, 2024, the Authority reported liabilities and (assets) of $15,464,613, and $(148,140) for pension and health insurance premium benefit, respectively. The net assets and liabilities were measured as of June 30, 2023, and the total liability used to calculate the net liability was determined by an actuarial valuation as of that date.

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

Actuarial valuation date	June 30, 2023
Actuarial cost method	Entry age normal
Investment rate of return	7.2%
Wage inflation	3.0-6.25% for pensions/not applicable for OPEB
Price inflation	2.5% for pensions/ not applicable for OPEB
Cost-of-living adjustment	1.85% for pensions/ not applicable for OPEB
Mortality rates	PubS-2010 tables
Healthcare cost trend rate	Not applicable

Actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2021.

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

Asset Class	Target Allocation	Long-Term Expected Geometric Real Rate of Return
U.S. public equity	24%	3.98%
International public equity	16%	4.49%
Global private equity	20%	7.28%
Other assets (capital appreciation)	7%	4.49%
Core bonds	6%	1.90%
Private credit	20%	6.19%
Diversifying strategies	5%	3.68%
Cash - Mellon	2%	0.69%
Total	100%	

Note 7 – Employee Retirement System and Post Employment Plan - Continued

Discount Rate – At June 30, 2024, the discount rate used to measure the PSPRS total pension/OPEB liability was 7.2 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at a 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.

Changes in the Net Pension/OPEB Liability

PSPRS - Pension	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension (Asset) Liability (a) – (b)
Balances at June 30, 2023	$ 109,388,728	$ 96,379,769	$ 3,008,959
Changes for the current year:			
Service cost	1,760,158	-	1,760,158
Interest on the total pension liability	7,808,998	-	7,808,998
Differences between expected and actual experience in the measurement of the pension liability	2,622,167	-	2,622,167
Changes of assumptions or other inputs	194,106	-	194,106
Net investment income	-	7,3344,980	(7,334,980)
Contributions - employer	-	1,749,764	(1,749,764)
Contributions - employee	-	688,833	(688,833)
Benefit payments	(5,381,171)	(5,381,171)	-
Pension plan administrative expense	-	(36,243)	36,243
Other	-	(1,665)	1,665
Net changes	6,810,152	4,354,498	2,455,654
Balances at June 30, 2024	$ 116,198,880	$ 100,734,267	$ 15,464,613

Note 7 – Employee Retirement System and Post Employment Plan – Continued

PSPRS - OPEB	**Increase (Decrease)** Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB (Asset) Liability (a) – (b)
Balances at June 30, 2023	$ 1,579,360	$ 1,650,721	$ (71,361)
Changes for the current year:			
Service cost	32,485	-	32,485
Interest on the total OPEB liability	113,871	-	113,871
Differences between expected and actual experience in the measurement of the OPEB liability	(79,408)	-	(79,408)
Changes of assumptions or other inputs	-	-	-
Contributions – employer	-	20,380	(20,380)
Net investment income	-	123,993	(123,993)
Benefit payments	(60,602)	(60,602)	-
OPEB plan administrative expense	-	(646)	646
Net changes	6,346	83,125	(76,779)
Balances at June 30, 2024	$ 1,585,706	$ 1,733,846	$ (148,140)

Sensitivity of the Authority's Proportionate Share of the PSPRS Net Pension/OPEB(Asset) Liability to Changes in the Discount Rate – The following table presents the Authority's proportionate share of the net pension/OPEB (assets) liabilities calculated using the discount rate of 7.2 percent, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.2 percent) or 1 percentage point higher (8.2 percent) than the current rate.

	1% Decrease (6.2%)	**Current Discount Rate (7.2%)**	**1% Increase (8.2%)**
Net pension liability	$ 31,534,477	$ 15,464,613	$ 2,356,310
Net OPEB (asset)	37,189	(148,140)	(303,905)

Note 7 – Employee Retirement System and Post Employment Plan – Continued

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

Expense – For the year ended June 30, 2024, the Authority recognized pension expense of $11,573,332 and OPEB revenues of ($54,754).

Deferred Outflows/Inflows of Resources - At June 30, 2024, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions and OPEB from the following sources:

	Pension		OPEB	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 5,632,585	$ 689,670	$ 5,835	$ 203,462
Changes of assumptions or other inputs	1,708,114	-	30,930	2,807
Net difference between projected and actual earnings on plan investments	1,978,572	-	17,076	-
Authority contributions subsequent to the measurement date	2,000,684	-	26,095	-
Total	$ 11,319,955	$ 689,670	$ 79,936	$ 206,269

The amounts reported as deferred outflows of resources related to the pension and OPEB resulting from the Authority's contributions subsequent to the measurement date will be recognized as an increase of the net asset or a reduction of the net liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and OPEB will be recognized in pension expense as follows:

Year Ending June 30	Pension	OPEB
2025	$ 2,757,724	$ (75,389)
2026	1,716,268	(76,051)
2027	3,731,751	8,217
2028	423,858	9,205

Note 8 – Intergovernmental Agreements

The Authority is party to a variety of inter-governmental 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 Authority is obligated to indemnify other parties from certain liabilities that arise out of, or relate to, the subject matter of the agreement.

Effective July 1, 2016, Central Yavapai Fire District and Chino Valley Fire District completed a joint Power Authority agreement (JPA). The JPA agreement created a new legal entity under authority provided in ARS 48-805.01. Pursuant to the JPA, both Districts transferred and combined their personnel, equipment, fire stations, all other assets and liabilities, excluding certain debt, and services into the new entity, Central Arizona Fire and Medical Authority. Both Central Yavapai Fire District and Chino Valley Fire District will continue to exist as legal entities for the purpose of collecting taxes and bonding authority.

The Authority's net position is proportionately shared by its Member Districts. Net position is allocated based on its Member Districts originally contributed assets and liabilities and is adjusted annually for contributions received from and cost allocated to those members. The originally contributed assets and liabilities of the members, Central Yavapai Fire District and Chino Valley Fire District, are recognized in the beginning net position of the Authority on the effective date of the JPA, July 1, 2016. As part of the board resolution, the allocation of expenses was changed in the current year to represent the equity and distribution of time and effort to both entities. The allocation is reviewed annually by the Authority and Member Districts for reasonableness. See the supplementary schedules for more information.

Note 9 – Correction of an error

Net position as of July 1, 2023, has been restated as follows for the omission of the post-employment health plan fiduciary net position:

	Post employment Health Plan
Net position at June 30, 2023, as previously reported	$ -
Increase in cash and investments	9,214,121
Net position at July 1, 2023, as restated	$ 9,214,121

The effect of the error on the prior year change in the fiduciary net position is immaterial.

Central Arizona Fire and Medical Authority
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
Year Ended June 30, 2024

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Funding Contributions:			
Central Yavapai Fire District	$ 26,146,528	$ 26,265,196	$ 118,668
Chino Valley Fire District	6,013,391	6,087,138	73,747
Program income	2,476,000	2,694,747	218,747
Intergovernmental	1,457,978	2,172,549	714,571
Fire insurance premium tax credit	-	398,098	398,098
Investment earnings	60,000	1,337,655	1,277,655
Other revenue	210,180	288,491	78,311
Total revenues	36,364,077	39,243,874	2,879,797
Expenditures:			
Public safety-fire protection and emergency medical services:			
Current:			
Fire protection and emergency services	30,426,563	27,035,585	3,390,978
Administrative and support services	2,769,693	3,041,884	(272,191)
Debt service:			
Principal	2,420,000	2,893,909	(473,909)
Interest	1,212,485	1,199,952	12,533
Capital outlay	1,685,314	2,770,308	(1,084,994)
Total expenditures	38,514,055	36,941,638	1,572,417
Excess (deficiency) of revenues over expenditures	(2,149,978)	2,302,236	4,452,214
Other financing sources:			
Subscription-based information technology arrangements	-	97,720	97,720
Proceeds from sale of capital assets	-	62,500	62,500
Total other financing sources	-	160,220	160,220
Net change in fund balances	(2,149,978)	2,462,456	4,612,434
Fund balance, July 1, 2023	2,149,978	24,667,844	22,517,866
Fund balance, June 30, 2024	$ -	$ 27,130,300	$ 27,130,300

See accompanying notes to the
budgetary comparison schedule

Note 1 – Budgeting and Budgetary Control

A.R.S. requires the Authority to prepare and adopt a balanced budget annually for its general fund. The Board of Directors must approve such operating budget on or before the third Monday in July to allow sufficient time for the legal announcements and hearings required for the adoption of the property tax levy on the third Monday in August. A.R.S. prohibits expenditures or liabilities in excess of the amount budgeted.

Note 2 – Budgetary Requirements and Basis of Accounting

The Authority's budget is prepared on a basis of accounting consistent with U.S. generally accepted accounting principles. A budgetary comparison schedule for the general fund is included as required supplementary information to provide meaningful comparison of actual results to budget. The Board is responsible for approving the budget on an annual basis.

Note 3 - Expenditures in Excess of Appropriations

For the year ended June 30, 2024, expenditures exceeded final budget amounts in the general fund for the following line items:

Capital outlay	$ 1,084,994
Debt service – Principal	473,909
Administration and support services	272,191

The excesses for the capital outlay were primarily due to the use of committed fund balance in which the expenditures were not budgeted. The excesses for the remaining items above expenditures were primarily the result of incurring unexpected expenditures. In addition, the Authority monitors expenses on an ongoing basis to ensure that expenditures are within the budget.

Central Arizona Fire and Medical Authority
Required Supplementary Information
Schedule of Proportionate Share of the Net Position Liability Cost-Sharing Plan - ASRS - Pension
Year Ended June 30, 2024

ASRS - Pension	Reporting Fiscal Year (measurement date)								
	2024 (2023)	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 through 2015*
Proportion of the net pension liability	0.017170%	0.018230%	0.018120%	0.017850%	0.015530%	0.015741%	0.015231%	0.014327%	
Proportionate share of the net pension liability	$ 2,778,354	$ 2,975,541	$ 2,380,886	$ 3,092,784	$ 2,259,796	$ 2,195,176	$ 2,372,537	$ 2,313,006	
Covered payroll	2,255,285	2,161,907	2,057,433	1,964,934	1,787,004	1,567,394	1,376,169	-	
Proportionate share of the net pension liability as a percentage of its covered payroll	123%	138%	116%	157%	126%	140%	172%	0%	
Plan fiduciary net position as a percentage of the total pension liability	75.47%	74.26%	78.58%	69.33%	73.24%	73.40%	69.92%	67.06%	

*Information not available

Central Arizona Fire and Medical Authority
Required Supplementary Information
Schedule of Changes in the Authority's Net Pension/OPEB Liability and Related Ratios
Agent Pension/OPEB Plan
June 30, 2024

PSPRS - Pension	Reporting fiscal year (measurement date)								
	2024 (2023)	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 through 2015
Total pension liability									
Service cost	$ 1,760,158	$ 1,661,578	$ 1,674,585	$ 1,816,515	$ 1,948,683	$ 1,863,140	$ 1,822,422	$ 1,469,569	Information not available
Interest on total pension liability	7,808,998	7,337,788	6,808,706	6,387,267	6,200,586	5,690,887	5,080,949	(94,243)	
Changes of benefit terms	-	-	-	-	-	-	417,094	4,794,832	
Difference between expected and actual experience in the measurement of the pension liability	2,622,167	1,802,410	2,768,304	1,851,571	(2,413,847)	1,205,974	1,908,812	63,590,313	
Changes of assumptions or other inputs	-	1,652,664	-	-	1,671,903	-	2,851,061	2,497,362	
Benefit payments, including refunds of employee contributions	(5,381,171)	(3,843,560)	(4,138,227)	(4,142,322)	(2,997,789)	(2,780,796)	(3,104,809)	(3,870,654)	
Net change in pension liability	6,810,152	8,610,880	7,113,368	5,913,031	4,409,536	5,979,205	8,975,529	68,387,179	
Total pension liability - beginning	109,388,728	100,777,848	93,664,480	87,751,449	83,341,913	77,362,708	68,387,179	-	
Total pension liability - ending (a)	$ 116,198,880	$ 109,388,728	$ 100,777,848	$ 93,664,480	$ 87,751,449	$ 83,341,913	$ 77,362,708	$ 68,387,179	
Plan fiduciary net position									
Contributions - employer	$ 1,749,764	$ 44,392,119	$ 4,369,023	$ 4,090,793	$ 4,278,119	$ 4,202,235	$ 2,758,088	$ 2,625,336	
Contributions - employee	688,833	737,951	714,167	752,658	755,514	802,166	1,018,790	1,019,835	
Net investment income	7,334,980	(3,656,809)	12,869,259	588,230	3,085,223	2,579,117	3,901,455	188,575	
Benefit payments, including refunds of employee contributions	(5,381,171)	(3,843,560)	(4,138,227)	(4,142,322)	(3,832,759)	(2,780,796)	(3,104,809)	(3,870,654)	
Hall/Parker settlement	-	-		-	-	(1,298,669)	-	-	
Administrative expenses	(36,243)	(65,646)	(60,358)	(48,164)	(40,110)	(40,654)	(34,921)	(28,935)	
Tier 1 & 2 Adjustment	(1,665)	-	-	-	-	-	-	-	
Other changes	-	-	-	-	4,344	444	425	32,757,313	
Net change in plan fiduciary net position	4,354,498	37,564,055	13,753,864	1,241,195	4,250,331	3,463,843	4,539,028	32,691,470	
Plan fiduciary net position - beginning	96,379,769	58,815,714	45,061,850	44,918,981	40,694,341	37,230,498	32,691,470	-	
Adjustment to beginning of year	-	-	-	(1,098,326)	(25,691)	-	-	-	
Plan fiduciary net position - ending (b)	$ 100,734,267	$ 96,379,769	$ 58,815,714	$ 45,061,850	$ 44,918,981	$ 40,694,341	$ 37,230,498	$ 32,691,470	
District's net pension liability - ending (a) - (b)	$ 15,464,613	$ 13,008,959	$ 41,962,134	$ 48,602,630	$ 42,832,468	$ 42,647,572	$ 40,132,210	$ 35,695,709	
Plan fiduciary net position as a percentage of the total pension liability	86.69%	88.11%	58.36%	48.11%	51.19%	48.83%	48.12%	47.80%	
Covered-employee payroll	$ 7,701,728	$ 7,973,997	$ 7,604,442	$ 7,803,357	$ 6,337,020	$ 6,837,589	$ 5,418,796	$ 7,592,065	
District's net pension liability as a percentage of covered-employee payroll	200.79%	163.14%	551.81%	622.84%	675.91%	623.72%	740.61%	470.17%	

See accompanying notes to pension plan/OPEB schedules.

Central Arizona Fire and Medical Authority
Required Supplementary Information
Schedule of Changes in the Authority's Net Pension/OPEB Liability and Related Ratios
Agent Pension/OPEB Plan - Continued
June 30, 2024

PSPRS - OPEB

	Reporting fiscal year (measurement date)							
	2024 (2023)	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 through 2015
Total OPEB liability								
Service cost	$ 32,485	$ 32,692	$ 34,570	$ 37,848	$ 25,038	$ 26,764	$ 24,267	Information not available
Interest on total OPEB liability	113,871	106,281	108,191	106,056	114,176	114,698	111,939	
Changes of benefit terms	-	-	-	-	-	-	5,878	
Difference between expected and actual experience in the measurement of the OPEB liability	(79,408)	8,325	(105,070)	(28,220)	(215,459)	(99,695)	2,516	
Changes of assumptions or other inputs	-	39,666	-	-	15,701	-	(25,144)	
Benefit payments, including refunds of employee contributions	(60,602)	(61,629)	(62,317)	(64,737)	(59,264)	(61,690)	(64,820)	
Net change in OPEB liability	6,346	125,335	(24,626)	50,947	(119,808)	(19,923)	54,636	
Total OPEB liability - beginning	1,579,360	1,454,025	1,478,651	1,427,704	1,547,512	1,567,435	1,512,799	
Total OPEB liability - ending (a)	$ 1,585,706	$ 1,579,360	$ 1,454,025	$ 1,478,651	$ 1,427,704	$ 1,547,512	$ 1,567,435	
Plan fiduciary net position								
Contributions - employer	$ 20,380	$ 30,502	$ 32,115	$ 36,813	$ 47,435	$ 15,034	$ 849	
Contributions - employee	-	-	-	-	-	-	-	
Net investment income	123,993	(68,168)	379,918	17,560	97,956	88,473	139,666	
Differences between expected and actual experience in the measurement of the OPEB liability	-	-	-	-	(25,971)	-	-	
Benefit payments, including refunds of employee contributions	(60,602)	(61,629)	(62,317)	(64,737)	(59,264)	(61,690)	(64,820)	
Administrative expenses	(646)	(1,214)	(1,562)	(1,428)	(1,243)	(1,347)	-	
Other changes	-	-	-	-	-	1	-	
Net change in plan fiduciary net position	83,125	(100,509)	348,154	(11,792)	58,913	40,471	75,695	
Plan fiduciary net position - beginning	1,650,721	1,751,230	1,403,076	1,414,868	1,330,264	1,289,793	1,214,098	
Adjustment to beginning of year	-	-	-	-	25,691	-	-	
Plan fiduciary net position - ending (b)	$ 1,733,846	$ 1,650,721	$ 1,751,230	$ 1,403,076	$ 1,414,868	$ 1,330,264	$ 1,289,793	
District's net OPEB liability - ending (a) - (b)	$ (148,140)	$ (71,361)	$ (297,205)	$ 75,575	$ 12,836	$ 217,248	$ 277,642	
Plan fiduciary net position as a percentage of the total OPEB liability	109.34%	104.52%	120.44%	94.89%	99.10%	85.98%	82.29%	
Covered-employee payroll	$ 7,701,728	$ 7,973,997	$ 7,604,442	$ 7,803,357	$ 6,337,020	$ 6,837,589	$ 5,418,796	
District's net OPEB liability as a percentage of covered-employee payroll	-1.92%	-0.89%	-3.91%	0.97%	0.20%	3.18%	5.12%	

Central Arizona Fire and Medical Authority
Required Supplementary Information
Schedule of Authority's Pension/OPEB Contributions
Year Ended June 30, 2024

ASRS - Pension

	Reporting Fiscal Year								
	2024	2023	2022	2021	2020	2019	2018	2017	2016 through 2015*
Statutorily required contribution	$ 291,969	$ 268,830	$ 259,645	$ 239,691	$ 224,985	$ 199,787	$ 170,846	$ 148,351	Information not available
District's contributions in relation to the statutorily required contribution	(291,969)	(268,830)	(259,645)	(239,691)	(224,985)	(199,787)	(170,846)	(148,351)	
District's contribution deficiency	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
District's covered payroll	$ 2,427,006	$ 2,255,285	$ 2,161,907	$ 2,057,433	$ 1,964,934	$ 1,787,004	$ 1,567,394	$ 1,376,169	
District's contributions as a percentage of covered payroll	12.03%	11.92%	12.01%	11.65%	11.45%	11.18%	10.90%	10.78%	

PSPRS - Pension

	Reporting Fiscal Year								
	2024	2023	2022	2021	2020	2019	2018	2017	2016 through 2015*
Statutorily required contribution	$ 2,000,684	$ 1,618,041	$ 1,967,949	$ 4,369,023	$ 4,090,793	$ 4,278,119	$ 4,202,235	$ 2,758,088	Information not available
District's contributions in relation to the statutorily required contribution	(2,000,684)	(1,618,041)	(44,145,977)	(4,369,023)	(4,090,793)	(4,278,119)	(4,202,235)	(2,758,088)	
District's contribution deficiency	$ -	$ -	$ (42,178,028)	$ -	$ -	$ -	$ -	$ -	
District's covered payroll	$ 7,248,854	$ 2,741,513	$ 7,973,997	$ 7,604,442	$ 7,803,357	$ 6,337,020	$ 6,837,589	$ 5,418,796	
District's contributions as a percentage of covered payroll	27.60%	59.02%	24.68%	57.45%	52.42%	67.51%	61.46%	50.90%	

PSPRS - OPEB

	Reporting Fiscal Year								
	2024	2023	2022	2021	2020	2019	2018	2017	2016 through 2015*
Statutorily required contribution	$ 7,621	$ 7,128	$ 13,618	$ 38,347	$ 12,039	$ 41,747	$ 25,468	$ -	Information not available
District's contributions in relation to the statutorily required contribution	(7,621)	(7,128)	(13,618)	(38,347)	(12,039)	(41,747)	(25,468)	-	
District's contribution deficiency	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
District's covered payroll	$ 6,350,329	$ 2,741,513	$ 7,973,997	$ 7,604,442	$ 7,803,357	$ 6,337,020	$ 6,837,589	$ 5,418,796	
District's contributions as a percentage of covered payroll	0.12%	0.26%	0.17%	0.50%	0.15%	0.66%	0.37%	0.00%	

* Fiscal year 2014 was the first year of implementation of the Plan, therefore, reporting begins in 2014

Note 1 – 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 payroll, closed
Remaining amortization period as of the 2022 actuarial valuation	15 years
Asset valuation method	7-year smoothed market value; 80%/120% market corridor
Actuarial assumptions:	
Investment rate of return	In the 2022 actuarial valuation, the investment rate of return was decreased from 7.3% to 7.2%. In the 2019 actuarial valuation, the investment rate of return was decreased from 7.4% to 7.3%. In the 2017 actuarial valuation, the investment rate of return was decreased from 7.5% to 7.4%. In the 2016 actuarial valuation, the investment rate of return was decreased from 7.85% to 7.5%. In the 2013 actuarial valuation, the investment rate of return was decreased from 8.0% to 7.85%.
Projected salary increases	In the 2017 actuarial valuation, projected salary increases were decreased from 4.0%-8.0% to 3.5%-7.5%. In the 2014 actuarial valuation, projected salary increases were decreased from 4.5% - 8.5% to 4.0% - 8.0%. In the 2013 actuarial valuation, projected salary increases were decreased from 5.0% - 9.0% to 4.5% - 8.5%.
Wage growth	In the 2022 actuarial valuation, wage growth was changed from 3.5% to a range of 3.0-6.25%. 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.

Note 1 – Actuarially Determined Contribution Rates - Continued

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

Note 2 – 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 plan's 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 Authority refunded excess employee contributions to PSPRS members. PSPRS allowed the Authority to reduce its actual employer contributions for the refund amounts. As a result, the Authority's pension contributions were less than the actuarially or statutorily determined contributions for 2018 and 2019.

Central Arizona Fire and Medical Authority
Schedule of Joint Venture Revenue and Cost Allocation
Statement of Activities
Year Ended June 30, 2024

	Central Yavapai Fire District	Chino Valley Fire District	Central Arizona Fire & Medical Authority
Program revenues			
Program income	$ 2,268,504	$ 521,784	$ 2,790,288
Intergovernmental	1,766,282	406,267	2,172,549
General revenues			
Fire insurance premium tax credit	323,654	74,444	398,098
Investment earnings	1,087,514	250,141	1,337,655
Proceeds from sale of capital assets	50,813	11,687	62,500
Other revenue	234,543	53,948	288,491
Total allocated revenues	5,731,310	1,318,271	7,049,581
Funding Contributions	26,265,196	6,087,138	32,352,334
Program expenses			
Public safety-fire protection and emergency medical services:			
Fire protection and emergency services	31,645,855	7,278,935	$ 38,924,790
Administrative and support services	2,510,496	577,445	3,087,941
Debt service - interest	975,561	224,391	1,199,952
Total allocated program expenses	35,131,912	8,080,771	43,212,683
Change in net position	(3,135,406)	(675,362)	(3,810,768)
Net position, July 1, 2023	6,485,992	(395,663)	6,090,329
Net position, June 30, 2024	$ 3,350,586	$ (1,071,025)	$ 2,279,561

Central Arizona Fire and Medical Authority
Schedule of Joint Venture Revenue and Cost Allocation
Governmental Funds
Year Ended June 30, 2024

	Central Yavapai Fire District	Chino Valley Fire District	Central Arizona Fire & Medical Authority
Revenues			
Program income	$ 2,190,829	$ 503,918	$ 2,694,747
Intergovernmental	1,766,282	406,267	2,172,549
Fire insurance premium tax credit	323,654	74,444	398,098
Investment earnings	1,087,514	250,141	1,337,655
Other revenue	234,543	53,948	288,491
Total allocated revenues	5,602,822	1,288,718	6,891,540
Funding Contributions	26,265,196	6,087,138	32,352,334
Expenditures			
Public safety-fire protection and emergency medical services			
Current:			
Fire protection and emergency services	21,979,931	5,055,654	27,035,585
Administrative and support services	2,473,052	568,832	3,041,884
Debt service:			
Principal	2,352,748	541,161	2,893,909
Interest	975,561	224,391	1,199,952
Capital outlay	2,252,260	518,048	2,770,308
Total allocated expenditures	30,033,552	6,908,086	36,941,638
Excess of revenues over expenditures	1,834,466	467,770	2,302,236
Other financing sources			
Subscription-based information technology arrangements	79,446	18,274	97,720
Proceeds from sale of capital assets	50,813	11,687	62,500
Transfers in	976,125	224,521	1,200,646
Transfers out	(976,125)	(224,521)	(1,200,646)
Total allocated other financing sources	130,259	29,961	160,220
Net change in fund balances	1,964,725	497,731	2,462,456
Fund balances, July 1, 2023	20,610,200	4,057,644	24,667,844
Fund balances, June 30, 2024	$ 22,574,925	$ 4,555,375	$ 27,130,300

Central Arizona Fire and Medical Authority

Single Audit Reporting Package

Year ended June 30, 2024

Table of Contents

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Directors
Central Arizona Fire and Medical Authority
Prescott Valley, Arizona

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Central Arizona Fire and Medical Authority (the "Authority"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated February 10, 2025.

Report on Internal Control over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2024-001 and 2024-002 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2024-003 to be a significant deficiency.

Report on Compliance and Other Matters

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

The Authority's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Authority's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Report on Compliance with Title 48, Chapter 5, Article 1

In connection with our audit, nothing came to our attention that caused us to believe that Central Arizona Fire and Medical Authority failed to comply with the provisions of Title 48, Chapter 5, Article 1 limiting the amount of certain debt and warrants that can be issued by Central Arizona Fire and Medical Authority, insofar as such compliance relates to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding Central Arizona Fire and Medical Authority's noncompliance with Title 48, Chapter 5, Article 1, insofar as they relate to accounting matters.

The communication related to compliance with the provisions of Title 48, Chapter 5, Article 1 referred to in the preceding paragraph is intended solely for the information and use of members of the Arizona State Legislature, the Board of Directors, management, and other responsible parties within Central Arizona Fire and Medical Authority and is not intended to be and should not be used by anyone other than these specified parties.

Purpose of this Report

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

Phoenix, Arizona
February 10, 2025

Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Board of Directors
Central Arizona Fire and Medical Authority
Prescott Valley, Arizona

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Central Arizona Fire and Medical Authority's (the Authority) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended June 30, 2024. The Authority's major federal program is identified in the summary of audit results section of the accompanying schedule of findings and questioned costs.

In our opinion, Central Arizona Fire and Medical Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Authority's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Authority's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Authority's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Authority's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities and each major fund of the Authority as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements. We issued our report thereon dated February 10, 2025, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Phoenix, Arizona
February 10, 2025

Central Arizona Fire and Medical Authority
Schedule of Findings and Questioned Costs
Year ended June 30, 2024

A. Summary of Audit Results

Financial Statements

	Yes	No
Type of auditor's report issued:	Unmodified	
Internal Control over Financial Reporting		
Material weaknesses identified?	X	
Significant deficiencies identified?	X	
Noncompliance material to the financial statements noted?		X
Federal Awards		
Material weaknesses identified?		X
Significant deficiencies identified?	None reported	
Type of auditor's report issued on compliance for major programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with the 2 CFR §200.516(a)?		X

Identification of major programs:

Assistance Listing Number	Program Description
21.027	COVID-19 - Coronavirus State and Local Fiscal Recovery Funds

	Yes	No
Dollar threshold used to distinguish between Type A and B programs:	$ 750,000	
Auditee qualified as a low-risk auditee?		X
Other Matters		
Auditee's Summary Schedule of Prior Audit Findings required to be reported in accordance with 2 CFR §200.511(b)?		X

B. Financial Statement Findings:

Finding 2024-001 - Improve Internal Controls over Cash and Investments (Material Weakness)

Condition: During our audit, the bank confirmed that two former board members were still included as an authorized signer.

Also, $9,143,661 in investments related to the Authority's 457 plan and post-employment health plan were not previously reported in the Authority's financial statements.

Criteria, Cause and Effect: The Authority's Board Policy requires that current board members participate in signing checks, also generally accepted accounting principles requires reporting all cash and investments controlled by the Authority in the Authority's financial statements. The cause is an oversight of removing prior signers and a lack of understanding of the fiduciary reporting requirements of the cash and investments. The effect is a risk of loss of cash held at a bank by prior board members and an omission in prior year financial statements of reporting the fiduciary funds.

Recommendation: To reduce the risk of unauthorized transactions, we recommend immediately removing former board members as authorized bank signers when they are no longer associated with the Authority.

Also, we recommend reporting all cash and investment accounts, including those held in a fiduciary capacity, in the Authority's financial statements.

Management's Response: See the Authority's corrective action plan at the end of the report.

Finding 2024-002 – Allocations to its Member Districts (Material Weakness)

Condition: During our audit, we noted that the total net position previously allocated to its members, did not include the full amount of the net position of the Authority.

Criteria, Cause and Effect: Generally accepted accounting principles reporting for joint ventures require the fund balance and net position be fully allocated to its members in a systematic and rational manner. The cause was an oversight of certain items in prior years that were not allocated to its members. The effect is the members proportionate share of the Authority's fund balance and net position did not fully report the total fund balance and net position.

Recommendation: We recommend that the Authority ensure that the total net position is allocated between its members, annually.

Management's Response: See the Authority's corrective action plan at the end of the report.

Finding 2024-003 - Improve Internal Controls over Procurement (Significant Deficiency)

Condition: During our audit, we noted that the Authority does not retain and compare the goods received at the supplies warehouse to the receiving documents. Furthermore, purchase orders are created after the orders are received to document the receipt of the items ordered.

Also, the Authority has an approved vendor list, however, it has not updated or utilized the list in several years.

Criteria, Cause and Effect: The COSO (Committee of Sponsoring Organizations of the Treadway Commission) Framework, a widely recognized internal control framework, states that receiving reports should be received, processed, and reviewed in a controlled manner. The cause is a lack of understanding of the purpose and importance of vendor receiving reports. The effect is a risk of loss of goods or services that are not received by the Authority, or paying for goods or services that were not received by the Authority. In addition, without an approved vendor list, goods or services might be procure from unsatisfactory vendors.

Recommendation: We recommend comparing the goods received at the supplies warehouse to the receiving reports when items are received and inventoried; and so signifying the procedure by signing the receiving reports. The receiving reports should be retained by the finance department and compared to the invoices to verify that all items are received and the Authority is not paying for items not received.

Also, we recommend that the Authority update and utilize the approved vendor list.

Management's Response: See the Authority's corrective action plan at the end of the report.

C. Federal Award Program Findings: None

Central Arizona Fire & Medical Authority
Schedule of Expenditures of Federal Awards
Year ended June 30, 2024

Federal Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing	Pass-Through Grantor's Number	Expenditures	Amount Provided to Subrecipients
U.S. Department of the Treasury				
Passed through Industrial Commission of Arizoan				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	None	$ 1,607,308	$ -
Total U.S. Department of the Treasury			**1,607,308**	-
U.S. Department of Homeland Security				
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083	NA	37,922	-
Total U.S. Department of Homeland Security			**37,922**	-
Total Expenditures of Federal Awards			**$ 1,645,230**	**$ -**

The accompanying notes are an integral part of this schedule.

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards (schedule) includes Central Arizona Fire and Medical Authority's federal grant activity for the year ended June 30, 2024. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance).

Note 2 – Indirect Cost Rate

Grantor funding under Central Arizona Fire and Medical Authority's federal awards does not allow for indirect costs and, accordingly, Central Arizona Fire and Medical Authority did not use the 10 percent de minimis indirect cost rate as covered in 2 CFR §200.414.

Note 3 – Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

Note 4 – Federal Assistance Listings Number

The program titles and Federal Assistance Listings numbers were obtained from the federal or pass-through grantor or the 2024 *Federal Assistance Listings*.