

Houston Mesa Fire Department
8139 West Mescalero Road
Payson, Arizona 85541-6154

December 26, 2023

To Whom it May Concern,

In Accordance with ARS 48-253(c) enclosed is Annual Review for Houston Mesa Fire District for our fiscal year from 07/01/2022-6/30/2023.

Randall Norman

A handwritten signature in blue ink, appearing to read "Randall Norman", with a long horizontal flourish extending to the right.

Chairperson Houston Mesa Fire District

Houston Mesa Fire District

**Annual Report
And
Independent Financial Review
For The
Fiscal Year Ended June 30, 2023
With
Attestation Required by ARS 48-805-02(G)**

**Houston Mesa Fire District
Annual Report
And
Independent Financial Review
For the
Fiscal Year Ended June 30, 2023**

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Jere L. Jarrell
917 W. Landmark Trail
Payson, Arizona 85510
928-468-0698

Report on Independent Financial Review

Randy Norman, Chairperson
and the Board of Directors
Houston Mesa Fire District
8139 W. Mescalero
Payson, Arizona 85541

I have performed an independent financial review of the accompanying Annual Report of the General Fund and Capital Fund of the Houston Mesa Fire District as of June 30, 2023, and related cash flow for each fund for the year then ended as required by Arizona Revised Statutes section 48-253. All information included in the Annual Report is the representation of the management of the Houston Mesa Fire District. The Annual Report is required by ARS § 48-251 and is the responsibility of the District management. My responsibility is to express an independent opinion on the Annual Report based on my review.

The financial review was limited, in its scope, to cash and accrual transactions and was not an audit of the District's records as required under general accepted auditing standards for purposes of expressing an opinion on the overall financial condition of the District. Because of the limitations of the review, no opinion on the overall financial condition of the District will be expressed.

The financial review was conducted in accordance with accounting standards generally accepted in the United States of America and included sufficient tests of the cash transactions to determine that the Annual Report as prepared by management was free of material misstatement. The review also includes an assessment of the accounting principles and internal control practices followed by the management of the District. I believe that my review provided a reasonable basis for my opinion.

In my opinion, the Annual Report as prepared by District management presents fairly the financial position of the General Fund and the Capital Fund of the Houston Mesa Fire District as of June 30, 2023, and the results of its operations and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.



Jere L. Jarrell
December 21, 2023

GILA COUNTY, ARIZONA
HOUSTON MESA FIRE DISTRICT
ANNUAL REPORT
YEAR ENDED JUNE 30, 2023

STREET OR P.O. BOX: 8139 W Mescalero Rd
CITY: Payson **ZIP CODE:** 85541
BUSINESS TELEPHONE: 928.472.7908
COMPLETED BY: Randall Norman *Randall Norman*
TITLE: Chairman

Name	Occupation	Business Telephone
James Ahrberg	Retired	928.472.7908
Randall Norman	Retired	928.472.7908
Susan Starr	Vet Tech	928.472.7908
Jon Otte	Firefighter	928.472.7908
Vacant		

**GILA COUNTY, ARIZONA
HOUSTON MESA FIRE DISTRICT
ANNUAL REPORT
YEAR ENDED JUNE 30, 2023**

<u>Date</u>	<u>Time</u>	<u>Location of Meeting</u>	<u>Locations of Public Notices</u>
Regular Meetings			
07/21/22	5:00 p.m.	8139 W. Mescalero Rd. Payson AZ	1. Houston Mesa Fire Station
08/18/22	5:00 p.m.	8139 W. Mescalero Rd. Payson AZ	8139 W. Mescalero Rd.
10/20/22	5:00 p.m.	8139 W. Mescalero Rd. Payson AZ	
11/17/22	5:00 p.m.	8139 W. Mescalero Rd. Payson AZ	
12/15/22	5:00 p.m.	8139 W. Mescalero Rd Payson Az	
01/19/23	5:00 p.m.	8139 W. Mescalero Rd Payson Az	
02/16/23	5:00 p.m.	8139 W. Mescalero Rd Payson Az	
03/16/23	5:00 p.m.	8139 W. Mescalero Rd Payson Az	
04/20/23	5:00 p.m.	8139 W. Mercalero Rd Payson AZ	
05/25/23	5:00 p.m.	8139 W. Mescalero Rd. Payson AZ	
06/15/23	5:00 p.m.	8139 W. Mescalero Rd. Payson AZ	
Workshops & Special Meetings			
03/02/23	3:59PM	8139 W. Mescalero Rd. Payson AZ	

None

**GILA COUNTY, ARIZONA
HOUSTON MESA FIRE DISTRICT
ANNUAL REPORT
YEAR ENDED JUNE 30, 2023**

Part D—Schedule of revenues, expenditures, and changes in fund balances
(for governmental fund types)

Basis of accounting:	Modified accrual <input checked="" type="checkbox"/>		Cash <input type="checkbox"/>	
	General Fund	Capital Projects Funds	Debt Service Funds	Funds
Revenues				
Taxes	166,530			
Special assessments				
Licenses and permits				
Intergovernmental:				
Federal				
State				
County				
Charges for services				
Fines and forfeits				
Interest on investments				
Rents	974	3,143		
Contributions				
Credit card incentives				
Miscellaneous				
Other revenues (itemize)				
Grant	1,000			
Total revenues	168,504	3,143		
Expenditures				
Salaries and wages				
Employee benefits				
Administration	4,255			
Professional services	2,845			
Utilities and communications	3,588			
Insurance	8,856			
Repairs and maintenance				
Interest				
Capital outlay:				
Land				
Buildings				
Improvements other than buildings				
Machinery and equipment				
Construction in progress				
Debt service:				
Principal retirement				
Interest and fiscal charges				
Miscellaneous				
Other expenditures (itemize)				
Town of Payson IGA Services	141,369			
Total expenditures	160,913			

**GILA COUNTY, ARIZONA
HOUSTON MESA FIRE DISTRICT
ANNUAL REPORT
YEAR ENDED JUNE 30, 2023**

Part D--(Concl'd)

	General Fund	Capital Projects Funds	Debt Service Funds	Funds
Excess of revenues over (under) expenditures	7,591	3,143		
Other financing sources (uses)				
Transfers-in		5,020		
Transfers-out	5,020			
Proceeds from the sale of bonds				
Loan proceeds				
Lease agreements				
Total other financing sources (uses)	(5,020)	5,020		
Excess of revenues and other sources over (under) expenditures and other uses	2,571	8,163		
Beginning fund balance— 7/1/2022	11,144	286,888		
Ending fund balance— 6/30/2023	13,715	295,051		
County Cash Balance, June 30, 2023	19,183	295,051		
Outstanding Checks, June 30, 2023	(1,632)			
Add: Washington Federal Revolving Account	1,894			
Less: Other Current Liabilities	(5,730)			
Fund Balance, June 30, 2023	13,715	295,051		

Notes to Independent Financial Review

1. Description of Reporting Entity.

The Houston Mesa Fire District is a non-profit Special District organized under Chapter 5 of Title 48 of the Arizona Revised Statutes and is governed by an elected five-member board of directors. The service area of the District is the communities of Mesa Del Caballo, Freedom Acres, and Wonder Valley, northeast of Payson, Arizona. Effective July 23, 2015, the District Board of Directors entered into an Intergovernmental Agreement with the Town of Payson. Under the terms of the IGA the Town of Payson provides fire protection, fire prevention, first-response emergency and rescue service within the District's service area utilizing firefighters and equipment from the Town of Payson and is responsible for all management and fire operations for the District including personnel. During the year under review the District paid the Town \$141,369 for the service provided.

In 2022-23 the Town of Payson responded to 96 calls within the service area of the District. The calls included one fire, 77 medical emergencies and 18 special response calls.

For fiscal year 2022-23 the assessed value of the secured property in the District was \$4,712,315 Up from \$4,495,094 in the prior year. The tax rate in both years was \$3.25 per \$100 assessed value. In the year under review the District collected 97.3% of the secured taxes levied.

2. Basis of Accounting.

With minor exceptions the District's policy is to prepare the Annual Report on the modified accrual basis of accounting, therefore most expenses are recognized when the obligation is incurred, however, tax revenue distributed by Gila County is recorded when received by the District, consequently, current taxes distributed by the County after July 1 are recorded as prior year taxes.

The District's available cash for the General fund and the Capital fund is on deposit with the Treasurer of Gila County. For the year under review the District utilized a debit card revolving account with Washington Federal Bank. Minor operating expenses are paid using the revolving account. Periodically the bank account is replenished from funds on deposit with the County Treasurer. Major disbursements are paid by warrant drawn on the signature of two board members. The County collects property taxes and deposits the funds to the District intermittently during the year. The district is supported primarily from property taxes and County collected Fire District Assistance tax. The Capital fund is being accumulated for the purpose of acquiring or upgrading apparatus, equipment and facilities as may be needed.

Notes to Independent Financial Review-Continued

3. Long Term Debt Obligation.

The District has no long term debt obligations.

4. Grants Received.

In the year under review the District received \$1,000 from the Arizona Firefighters Collaborative Fund. Grant funds are being accumulated to be used for future training.

5. Effect of Market Value of County Investments on Houston Mesa Fire District

In accordance with Statement 31 of the Governmental Accounting Standards Board the Gila County treasurer reported that the share of the market value increase for the General fund would have been \$56.97 and the Capital fund would have been \$876.30. This "gain" is the District's share of the difference between the original purchase cost of the total investments held by the County and the market value of those investments on June 30, 2023. As the investments were not liquidated no real gain occurred and therefore is not reflected in the accompanying Annual Report.

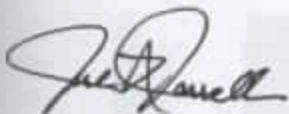
6. Arizona Auditor General Required Budget Forms with Attestation of Chair and Clerk

Section 48-805-02(D) of the Arizona Revised Statutes requires a budget presentation by the Fire District on forms provided by the State Auditor General, and to include a certification of compliance signed by the District Chair and Clerk. The completed form with certification, as prepared by the District, is enclosed for information purposes only. No review of this report was performed by this reviewer.

**Houston Mesa Fire District
Attestation of Auditor
As required by
Section 48-805-02(G)
Of the
Arizona Revised Statutes**

I, Jere L. Jarrell, having performed a financial review of the Annual Report of the General and Capital funds of the Houston Mesa Fire District for the year ended June 30, 2023, hereby attest as follows:

1. That on June 30, 2023, the Houston Mesa Fire District had not incurred any debt or liability in excess of property taxes levied and to be collected and monies available and unencumbered on that date.
2. That for the fiscal year ended June 30, 2023, the Houston Mesa Fire District did not violate any registered warrant requirements as provided in ARS 48-805-02(F)
3. That the review disclosed no information contrary to the certification made by the Chair and Clerk of the District Board in accordance with ARS 48-805-02(D)(1)



Jere L. Jarrell
December 21, 2023

1. Enter fire district name
2. Select the county of the fire district
3. Select the budget year

Houston Mesa Fire District
 Gila
 2024



We, the undersigned, hereby certify that the Fire District has not incurred any debt or liability in excess of taxes levied and to be collected and the monies actually available and unencumbered at this time in the district general fund, except for those liabilities as prescribed in A.R.S. §§48-805(B)(2) and (3), 48-806, and 48-807. Additionally, we hereby certify that the Fire District has complied with A.R.S. §48-805(D)(2).

District chairperson: [Signature]
 SIGNED

District clerk: [Signature]
 SIGNED

Date: 8/18/23

Calculation of the tax year 2023 secondary property tax rate for fiscal year 2024 operations:

Adjustment to secondary property tax levy for territory annexed during the tax year 2022 (A.R.S. §48-807(I))
 Net assessed value of annexed property in tax year 2022

Actual tax year 2022 secondary property tax rate
 Annexed property tax rate adjustment in tax year 2022

per \$100 AV
 \$

Check box if newly merged or consolidated

Tax year 2023 secondary property tax information (A.R.S. §48-807(K))

Tax year 2023 assessed Value (AV) in the Fire District
 Actual tax year 2023 secondary property tax levy
 Maximum allowed tax year 2023 secondary property tax levy

\$ 4,712,316
 \$ 127,860
 \$ 146,088

Calculation of the allowable tax year 2023 secondary property tax levy (A.R.S. §48-807(F))

Line A-8 authorized by 1.08 (A.R.S. §48-807(F))
 Maximum allowable tax year 2023 levy limit (A.7 - A.8)
 Allowable tax year 2023 secondary tax rate
 Maximum allowable 2023 secondary tax rate (lesser of A.8 or 3.30)
 Maximum allowable tax year 2023 secondary tax levy
 Tax year 2022 excess levy or collections (A.R.S. §48-807(G))
 Tax year 2023 maximum allowable levy limit (A.11 - A.12)

\$ 157,776
 \$ 157,776
 \$ 3.3482 per \$100 AV
 \$ 3.3482 per \$100 AV
 \$ 157,776
 \$ 157,776

Calculation of the proposed tax year 2023 secondary property tax rate for fiscal year 2024 operations

Total budgeted expenses in fiscal year 2024 (Budget tab, line 51)
 Less—Unrestricted unencumbered carryforward (Budget tab, line 1)
 Less—Revenues from sources other than direct property tax
 Less—Interest and principal expense for bonds (Budget tab, lines 38 & 39)
 Tax year 2023 tax levy needed for operations (A.14 + (A.15 + A.16 + A.17))
 Tax year 2023 tax rate needed for operations
 Tax year 2023 maximum allowable levy rate (A.13)(A.4/100)
 Proposed tax year 2023 secondary property tax rate for fiscal year 2024 operations

\$ 377,964
 \$ 8,986
 \$ 214,878
 \$
 \$ 153,150
 \$ 3,2500 per \$100 AV
 \$ 3,3482 per \$100 AV
 \$ 3,2500 per \$100 AV

Calculation of the proposed 2023 secondary property tax rate for the repayment of bonds (A.R.S. §48-804)

Tax year 2023 secondary property tax levy needed for the repayment of bonds
 Tax year 2023 secondary property tax rate needed for the repayment of bonds

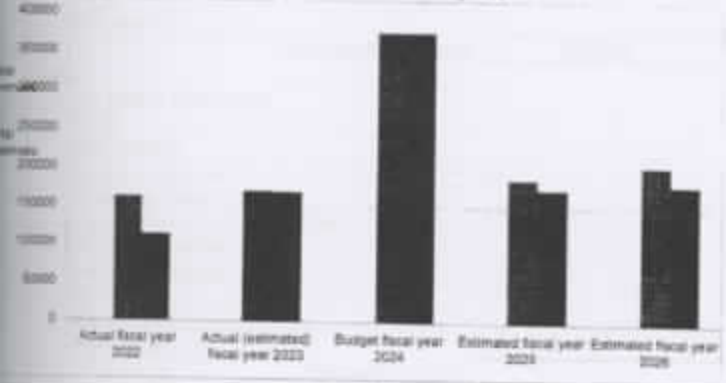
\$
 \$ per \$100 AV

Study for fiscal years 2022 through 2026:

Special study

No study of merger, consolidation, or joint operating alternative is required if the district's total estimate of expenses exceeds its total estimate of revenues for any fiscal year. A.R.S. §48-805(D)(1)(b) requires the district include a study of merger, consolidation, or joint operating alternative. The Fire District is not required to include a study as their estimated expenses are not greater than budgeted revenue for any fiscal year.

Revenue and expense chart will populate automatically based on the Budget tab.



Year	Total revenue	Total expenses
Actual fiscal year 2022	\$ 162,358	\$ 112,671
Actual (estimated) fiscal year 2023	\$ 170,836	\$ 168,627
Budget fiscal year 2024	\$ 377,964	\$ 377,964
Estimated fiscal year 2025	\$ 189,289	\$ 174,823
Estimated fiscal year 2026	\$ 206,180	\$ 181,673

Budget

	Actual fiscal year 2021	Actual (estimated) fiscal year 2022	Budget fiscal year 2023	Estimated fiscal year 2024	Estimated fiscal year 2025
Financial resources available at July 1					
Beginning fund balance(deficit)—unrestricted unencumbered	\$ 5,000	\$ 6,350	\$ 9,956	14,126.94	21,097.25
Beginning fund balance—restricted				-	-
Revenues					
Secondary property tax revenue	141,929.01	\$ 140,783	\$ 153,150	159,453.00	169,737.53
Fire district assistance tax	\$ 12,733	\$ 12,000	\$ 13,378	14,247.00	15,527.74
Wildland			\$ -	-	-
Operating revenues			\$ -	-	-
Grants			\$ -	-	-
Bonds			\$ -	-	-
Interest	\$ 2,626	\$ 1,803	\$ 1,500	1,138.91	906.14
Donations				-	-
Miscellaneous				-	-
Other (specify) <u>Capital Reserves</u>		\$ 10,000	\$ 200,000	210,000.00	210,000.00
Other (specify) _____				-	-
Other (specify) _____				-	-
Other (specify) _____				-	-
Total financial resources available	\$ 162,288	\$ 170,936	\$ 377,984	\$ 399,966	\$ 417,269
Expenses					
Personnel					
(Estimated number of full-time employees (FTE) in 2023)			0		
Salaries & wages				-	-
Health insurance				-	-
Pension & other retirement benefits				-	-
Other (specify) _____				-	-
Other (specify) _____				-	-
Other (specify) _____				-	-
Total personnel expenses				-	-
Operating					
Fuel				-	-
Tools & minor equipment				-	-
Contracted services	\$ 95,185	\$ 134,852	\$ 145,369	147,188.00	153,648.42
Supplies		\$ 300	\$ 300	-	-
Vehicle repair				-	-
Training & prevention	\$ 450	\$ 900	\$ 750	1,062.50	1,195.31
Maintenance & repair—operating				-	-
Communications				-	-
Contingencies & emergencies		\$ -	\$ 8,000	-	-
Other (specify) _____				-	-
Total operating expenses	95,635.00	136,052.00	154,419.00	148,250.50	155,043.73
Capital					
Land, building, & construction				-	-
Vehicles			\$ 200,000	200,000.00	-
Lease payments				-	-
Machinery & equipment				-	-
Maintenance & repair—capital				-	-
Reserve for future years—carryforward		\$ 10,000		-	-
Debt service—principal				-	-
Debt service—interest				-	-
Other (specify) _____				-	-
Other (specify) _____				-	-
Other (specify) _____				-	-
Total capital expenses		10,000.00	200,000.00	200,000.00	-
Administrative					
Administrative equipment	\$ 534			-	-
Insurance	\$ 7,860	\$ 8,500	\$ 8,500	8,500.00	8,500.00
Utilities	\$ 6,827	\$ 4,000	\$ 4,000	4,000.00	4,000.00
Professional services	\$ 1,422	\$ 6,800	\$ 8,025	10,440.00	10,000.00
Subscriptions, dues, fees	\$ 295	\$ 3,935	\$ 2,500	-	3,500.00
General administrative expenses	\$ 248	\$ 540	\$ 540	5,500.00	750.00
Other (specify) _____				-	-
Other (specify) _____				-	-
Other (specify) _____				-	-
Total administrative expenses	17,186.40	23,575.00	23,565.00	28,440.00	28,750.00
Total expenses	\$ 112,821	\$ 169,627	\$ 377,984	\$ 376,691	\$ 181,794