



SUPERSTITION FIRE & MEDICAL DISTRICT

FINANCIAL STATEMENTS

Year Ended June 30, 2016



SUPERSTITION FIRE & MEDICAL DISTRICT  
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## INDEPENDENT AUDITORS' REPORT

The Board of Directors  
Superstition Fire & Medical District, Arizona

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund and the remaining fund information of Superstition Fire & Medical District, Arizona, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Superstition Fire & Medical District, Arizona's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### **Auditors' Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Superstition Fire & Medical District, Arizona, as of June 30, 2016, 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.

## **Other Matters**

### *Required Supplementary Information*

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

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Superstition Fire & Medical District, Arizona's basic financial statements. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and is derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 supplementary information is 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 December 27, 2016 on our consideration of the Superstition Fire & Medical District, Arizona'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 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 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 Superstition Fire & Medical District, Arizona's internal control over financial reporting and compliance.

*Henry + Horne LLP*

Casa Grande, Arizona  
December 27, 2016







## **Superstition Fire & Medical District**

### **Management's Discussion and Analysis of Basic Financial Statements June 30, 2016**

The Superstition Fire & Medical District Management's Discussion and Analysis report represents management's overview of the District's financial activities for the fiscal year (FY) that ended June 30, 2016. Please read it in conjunction with the District's basic financial statements which begin immediately following this analysis. This Annual Financial Report consists of two parts, Management's Discussion and Analysis (this section) and the Basic Financial Statements.

#### **Nature of Operations**

The Superstition Fire & Medical District ("SFMD" or the "District") provides fire, rescue, prevention and emergency medical services to homes, property, and persons residing within the District's boundaries, as well as services to locations and persons outside the District through automatic aid agreements and contracts.

In 2015, SFMD celebrated its 60 year anniversary of service. The District was first organized in 1955 as Apache Junction Volunteer Fire Department, and became the Apache Junction Fire District in 1984 when its firefighters became paid employees.

In addition, starting in January 2016, SFMD now also provides ground transport service to patients within the District and as requested within its automatic aid territory. SFMD was awarded a Certificate of Necessity (CoN) from the Arizona Department of Health Services in March 2015 which granted SFMD the legal authority to operate its own community-based ambulance service. As a result, SFMD can retain the care of its patients all the way to the emergency room with the overall intent of improving patient outcomes and providing its District customers with the highest quality service possible.

#### **Results of Operations**

**Fire Suppression.** During the fiscal year that ended June 30, 2016, the District's Fire Suppression division handled 9,601 Emergency Response calls (up 5.6% over FY 2014 / 2015 and up 18.6% over the last two fiscal years):

- 7,243 Rescue and Emergency Medical Service incidents
- 682 Good Intent calls
- 770 Service calls
- 157 Fire calls
- 209 Special incident type calls
- 387 Not Recorded calls

- 107 False Alarm / False calls
- 42 Hazardous Condition incidents (no fire)
- 3 Severe Weather
- 1 Overpressure/Rupture/Explosion calls

It is estimated that the Fire Suppression division saved \$1.38 million in property and content representing a 75% save ratio.

**Ground Transport.** During the first six (6) months of operations, the District's Ground Transport division handled 2,060 transports representing an average of 12 transports per day:

- 1,976 Advanced Life Support (ALS) transports
- 84 Basic Life Support (BLS) transports

**Community Medicine Grant.** During FY 2015 / 2016, SFMD continued its participation in the 3-year Community Medicine (CM) grant from the Centers for Medicare / Medicaid Services (CMS) in conjunction with the Mesa Fire & Medical Department and Mountain Vista Medical Center. SFMD is participating in the CM program by manning Unit CM263 that responds to low-acuity medical calls in the hopes of reducing healthcare costs by preventing unnecessary transports to local emergency rooms.

- 1,419 Calls for service in fiscal year 2015 / 2016 responded to by CM263

**State Land / Wild Land Deployments.** During FY 2015 / 2016, the District served on 3 major wildland fire deployments that generated \$49,703 in reimbursement from the state of Arizona.

- Juniper fire
  - Deployment within Arizona involving 160 man-hours.
- Sun Valley fire
  - Deployment within Arizona involving 68 man-hours
- Cedar fire
  - Deployment within Arizona 327 man-hours

### **Strategic Operational Initiatives**

The District focused on accomplishing its Strategic Operational Initiatives that have been grouped into the four following sections of the Operational Plan to provide clear direction and allow the fire district to move forward in achieving its goal of being the premiere fire district in Arizona.

#### **1. Organizational Development.**

- The District added the following positions to support the launch of the new Ground Transport division:
  - Transportation Service Manager.
  - Emergency Medical Services Coordinator.
  - Six (6) full-time civilian Paramedics and six (6) full-time EMTs to man the two full time 24X7 ambulances.

- Approximately 30 part-time civilian Paramedics and EMTs to staff three (3) full-time equivalent (FTE) Paramedic and three (3) FTE EMT positions to man the 12X7 part-time ambulance.
- In August 2015, a new Payroll Clerk was hired to fill the position vacated due to turnover.
- In October 2015, hired three (3) new firefighters who graduated from the 14-week Mesa Regional Training Academy in January 2016.
- In October 2015, the District hosted an organizational audit by the Insurance Services Organization (ISO), the last one being performed in 2004.
- In November 2015, the District was awarded a 0% matching grant from the Gila River Indian Community in the amount of \$200,539.35 to be used for the purchase of a new ambulance.
- The District established its new volunteer program that supports both operational and administrative functions, and provides opportunities for those interested in supporting their local fire district.

## **2. Professional Development.**

- The District hosted the 4th Annual SFMD Fire Service Leadership Conference, an educational program to develop future leaders in public safety, which drew a record number of attendees from over 15 different Arizona fire departments and districts.
- The District expanded its Blue Card Incident Command Training program by certifying three (3) Blue Card Instructors, twenty-three (23) Incident Commanders, and training for thirty-one (31) additional suppression employees.
- Three (3) employees were sponsored to attend the Central Arizona Community College paramedic school. All successfully completed the precepting and integration processes.
- The District's training hours by category during FY 2015 / 2016 were:
  - 10,141 Fire Operations training
  - 4,339 Physical Fitness training
  - 3,722 Rescue and EMS training
  - 2,738 Driver / Operator training
  - 1,110 Administrative training
  - 638 Technical Rescue (TRT) training
  - 615 Wild Land Firefighting training
  - 174 Prevention / Fire Education training
  - 122 Hazardous Material Handling training
- The Human Resources division facilitated and supported numerous training workshops and promotional testing processes for both sworn and civilian employees.
- The District hosted retirement seminars for both the Public Safety Personnel Retirement System (PSPRS) and the Arizona State Retirement System (ASRS) to provide employees with information to better understand and manage their retirement benefits / options.

### 3. Community Health, Safety & Survival.

- In September 2015, Tina Gerola was the recipient of the Arizona Fire & Burn Educator of the Year Award.
- The District's cardiac arrest survival rate (ventricular fibrillation) increased to a five-year average of 34%. This is in comparison to a national cardiac arrest survival rate of 12%.
- The District deployed 10 automated external defibrillators (AED's), for a total of 73 across the District, and installed 158 smoke alarms in community residences.
- The District evaluated and procured new medical devices, including two (2) new LifePak 15 heart monitors, to enhance diagnostic ability, increase performance, and/or provide for better patient outcomes.
- Over 1,880 lay rescuers were trained in cardio-pulmonary resuscitation (CPR) and compression-only cardio-cerebral resuscitation (CCR or Hands-Only CPR) techniques.
- The Prevention Department continued its efforts in public education with emphasis on fire and water safety. The annual 'Fire Prevention Week', 'April Pool's Day', and 'Senior Safety Program' events were held, as were on-duty crew presentations at elementary schools where fire safety messages were shared and emphasized.
- The District organized 117 blood pressure check events for local mobile home parks, winter visitors, and other members of the community. The District provided Paramedics and EMT's for medical standby at several community events including the Renaissance Festival, Lost Dutchman Marathon, Lost Dutchman Days Rodeo, Gold Canyon Arts Festival, and other special events as requested.
- In addition to fire and water safety, the District staff continued its support and participation in the following public service activities throughout the year:
  - Breast Cancer Awareness – support research for the cure of breast cancer.
  - Drowning Coalition – provide education to prevent drowning and non-fatal drownings.
  - Child Passenger Safety Program – emphasize the importance of proper use of child car seats.
  - Explorer Cadet Program – provide young men and women an opportunity to learn about fire service and prepare the youth to become quality candidates for potential service to the Fire Service profession.
  - 11th Annual Fire Prevention Celebration – provide the public with fire and life safety education.
  - Adopt a Family for Christmas Program – provide a needy family with gifts and supplies for the holiday.
  - Smoke Alarm Program – provide free smoke alarms and/or batteries, and assist in their installation, to District residents whose homes do not have smoke alarms or have outdated smoke alarms.
  - Youth Fire Setter Program – remediate juveniles who were caught starting fires.
  - After-the-Fire Program – assist fire victims with basic needs after they have experienced a fire in their home, and canvass the immediate neighborhood with fire prevention instructional materials.

- The following District staff were selected or volunteered to serve in a variety of public service organizations:
  - Pinal County United Way Board – Fire Chief Paul Bourgeois
  - Pinal County Fire Chief’s Association President – Assistant Chief Dave Montgomery
  - Horizon Health and Wellness Health Care Board – Assistant Chief Mike Farber
  - Pinal County Emergency Management Planning Committee Co-Chair – Division Chief Rick Ochs
  - Central Arizona College Fire Science & EMS Advisory Board – Rick Ochs
  - Drowning Prevention Coalition of Arizona (DPCA) Advisory Council – Tina Gerola, Fire & Life Education Specialist
  - Arizona Fire & Burn Educators Association (AFBEA) Advisory Board – Tina Gerola
  - Arizona Falls Prevention Coalition – Tina Gerola
  - SafeKids Coalition – Tina Gerola
  - Phoenix Children’s Hospital Injury Free / Prevention Coalition for Kids of Phoenix – Tina Gerola
  - Anthony Bates Foundation – Cardiac Screenings Board Member – Tina Gerola

**4. Employee Safety, Health & Survival.**

- In partnership with Nationwide and Galloway Asset Management, the District provided its employees with access to financial wellness seminars to educate members in financial planning and money management.
- Outfitted all firefighters with the latest SCOTT Air-Pak X3 self-contained breathing apparatus (SCBA) equipment as a result of the Federal Emergency Management Agency (FEMA) and U.S. Department of Homeland Security grant received in July 2015.
- The District continued to expand its social media presence to keep the community apprised on the activities within the District. The Social Media Project shares District events and news with the public via Facebook (3,569 likes), Twitter (793 followers, 500,000 impressions, and 12,000 engagements), Instagram (413 followers), YouTube, and Flickr.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the District’s basic financial statements. The District’s basic financial statements comprise three components: 1) fund financial statements, 2) government-wide financial statements, and 3) notes to the financial statements. This report also contains supplementary information 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 District’s overall financial position has improved or deteriorated.

**Fund Financial Statements**

A fund is a grouping of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local

governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

### **Government-Wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances in a manner similar to private-sector business.

The *statement of net position* presents information on all of the District's assets and liabilities, with the difference between the two reported as the net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

#### **Condensed Statement of Net Position**

	<u>2016</u>	<u>2015</u>
Current and other assets	\$ 4,063,814	\$ 5,611,269
Capital assets	<u>15,240,586</u>	<u>13,782,010</u>
Total assets	<u>19,304,400</u>	<u>19,393,279</u>
Deferred outflows of resources	4,852,791	1,882,175
Other liabilities	1,528,740	1,452,601
Long-term liabilities outstanding	<u>20,189,237</u>	<u>16,897,688</u>
Total liabilities	<u>21,717,977</u>	<u>18,350,289</u>
Deferred inflows of resources	1,592,676	1,158,092
Net Position		
Net investment in capital assets	7,068,585	6,821,159
Restricted	105,942	81,164
Unrestricted	<u>(6,327,989)</u>	<u>(5,135,250)</u>
Total net position	<u>\$ 846,538</u>	<u>\$ 1,767,073</u>

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

### **Condensed Statement of Changes in Net Position**

	2016	2015
Program revenues		
Charges for services	\$ 1,646,717	\$ 500,110
Capital grants and contributions	785,051	21,957
General revenues		
Taxes	11,741,734	11,525,962
Centrally assessed taxes	381,389	292,726
Insurance premiums	98,783	105,605
County Aid	400,000	-
Investment and other income	208,449	693,260
Total revenues	15,262,123	13,139,620
 Program expenses		
Administration	\$ 1,513,804	\$ 535,702
Technical Services	552,909	704,104
Communication Services	253,085	262,774
Emergency Services	11,710,477	11,867,289
Community Services	632,593	452,519
Transport Services	1,284,766	-
Interest on debt/debt issuance costs	235,024	349,342
Total expenses	\$ 16,182,658	\$ 14,171,730
 Increase in net position	(920,535)	(1,032,110)
 Net position - beginning of year	1,767,073	11,305,734
 Restatement	-	(8,506,551)
 Net position - beginning of year restated	1,767,073	2,799,183
 Net position - end of year	\$ 846,538	\$ 1,767,073

### **Factors Affecting Future Results**

The District remains subject to general economic conditions affecting property tax values. In recent years, the net assessed valuation (NAV) of properties within the District has decreased dramatically, down approximately 43% from the highest values experienced in FY 2008 / 2009.

However, recent home values and home sales have shown signs of improvement. According to numerous home price indices, home values in the greater Phoenix metropolitan area have been increasing since 2011. It is important to remember that the NAV lags approximately 36 months, so the NAV for the FY 2016 / 2017 will reflect assessed home values in the 2013 / 2014 period.

Recent legislative changes have and will continue to provide challenges for the District even in periods of rising property values. Proposition 117, passed by the Arizona legislature in November 2012, limits the annual increase of real property used to calculate property taxes to 5.0% over the prior year's value, and mandates that property taxes be levied on the lower of the limited property value (LPV) or full cash value (FCV). However, the District experienced a NAV increase in FY 2015 / 2016 of only 2.02%, and in FY2016 / 2017 of 1.45%, both years far below the maximum of 5.0%. So the impact of Proposition 117 on the District is significant. .

On the expenditure side, the District continues to aggressively manage costs in all areas. Two significant successes in FY2015 / 2016 were:

1. Staff was successful in negotiating the renewal of its medical insurance contract with United Healthcare at no cost increase over the previous fiscal year.
2. Staff negotiated a new worker's compensation insurance contract with 7710 Insurance Company that lowered annual insurance premiums by 29% over the previous contract with CopperPoint. Over the last three years, Staff has been successful in managing annual premium costs lower by 37.6% (\$98,000).

The District will continue to implement an aggressive cost control policy while providing the highest quality fire and emergency medical services to our district and surrounding communities.

### **Contacting the District**

This financial report is designed to provide information for anyone with an interest in an overview of the District's finances. Any questions regarding this report or requests for additional information may be directed to the Superstition Fire & Medical District at 565 North Idaho Road in Apache Junction, Arizona 85119-4014.





## BASIC FINANCIAL STATEMENTS



SUPERSTITION FIRE & MEDICAL DISTRICT  
STATEMENT OF NET POSITION  
June 30, 2016

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 2,745,884	181,980	\$ 2,927,864
Receivables (net of no allowance for uncollectibles)	442,677	467,732	910,409
Prepays	18,530	3,560	22,090
Restricted cash and cash equivalents	102,467	-	102,467
Internal balances	1,008,267	(1,008,267)	-
Investment in joint venture	100,984	-	100,984
Capital assets			
Capital assets, not being depreciated	1,241,806	-	1,241,806
Capital assets, being depreciated, net	12,805,745	1,193,035	13,998,780
Total assets	<u>18,466,360</u>	<u>838,040</u>	<u>19,304,400</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows of resources related to pensions	3,247,201	-	3,247,201
Deferred outflows of employer contributions to pensions	1,543,024	68,560	1,611,584
Total deferred outflows of resources	<u>4,790,225</u>	<u>68,560</u>	<u>4,858,785</u>
<b>LIABILITIES</b>			
Accounts payable	16,736	10,349	27,085
Accrued payroll and employee benefits	127,880	12,419	140,299
Deferred revenue	-	-	-
Current portion of:			
Lease payable	55,727	107,014	162,741
Compensated absences	746,128	7,487	753,615
Loan payable	445,000	-	445,000
Long-term portion of:			
Lease payable	556,970	961,616	1,518,586
Compensated absences	1,397,284	30,585	1,427,869
Loan payable	6,045,674	-	6,045,674
Net pension liability	11,197,108	-	11,197,108
Total liabilities	<u>20,588,507</u>	<u>1,129,470</u>	<u>21,717,977</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows of resources related to pensions	1,592,676	-	1,592,676
<b>NET POSITION</b>			
Net investment in capital assets	6,944,180	124,405	7,068,585
Restricted for:			
Debt service	105,942	-	105,942
Unrestricted	<u>(5,974,720)</u>	<u>(347,275)</u>	<u>(6,321,995)</u>
Total net position	<u>\$ 1,075,402</u>	<u>\$ (222,870)</u>	<u>\$ 852,532</u>

SUPERSTITION FIRE & MEDICAL DISTRICT  
STATEMENT OF ACTIVITIES  
Year Ended June 30, 2016

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental activities				
Administration	\$ 1,513,804	\$ -	\$ -	\$ 17,601
Technical services	552,909	-	-	-
Communication services	253,085	-	-	-
Emergency services	11,710,477	754,065	-	12,786
Community services	632,593	2,597	405,282	349,382
Interest on debt	235,024	-	-	-
Total governmental activities	<u>\$ 14,897,892</u>	<u>\$ 756,662</u>	<u>\$ 405,282</u>	<u>\$ 379,769</u>
Business-type activities:				
Transport services	<u>1,278,772</u>	<u>890,055</u>	<u>-</u>	<u>-</u>
Total primary government	<u>16,176,664</u>	<u>1,646,717</u>	<u>405,282</u>	<u>379,769</u>
General revenues				
Property taxes				
Centrally assessed taxes				
Insurance premiums				
County aid				
Investment earnings				
Net gain (loss) on sale of capital assets				
Other income				
Total general revenues				
Change in net position				
Net position-beginning				
Net position-ending				

Net (Expense) Revenue and Changes in Net Position

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ (1,496,203)	\$ -	\$ (1,496,203)
(552,909)	-	(552,909)
(253,085)	-	(253,085)
(10,943,626)	-	(10,943,626)
124,668	-	124,668
(235,024)	-	(235,024)
<u>(13,356,179)</u>	<u>-</u>	<u>(13,356,179)</u>
<u>-</u>	<u>(388,717)</u>	<u>(388,717)</u>
<u>(13,356,179)</u>	<u>(388,717)</u>	<u>(13,744,896)</u>
11,741,734	-	11,741,734
381,389	-	381,389
98,783	-	98,783
400,000	-	400,000
33,917	753	34,670
128	-	128
<u>8,557</u>	<u>165,094</u>	<u>173,651</u>
<u>12,664,508</u>	<u>165,847</u>	<u>12,830,355</u>
(691,671)	(222,870)	(914,541)
<u>1,767,073</u>	<u>-</u>	<u>1,767,073</u>
<u>\$ 1,075,402</u>	<u>\$ (222,870)</u>	<u>\$ 852,532</u>

SUPERSTITION FIRE & MEDICAL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2016

	General	Capital Projects Fund	Non-Major Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,244,999	\$ 1,410,727	\$ 90,158	\$ 2,745,884
Receivables				
Property taxes	332,979	-	23,298	356,277
Accounts receivable	86,400	-	-	86,400
Interest receivable	-	-	-	-
Due from other governments	-	-	-	-
Due from other funds	8,267	1,000,000	-	1,008,267
Prepays	18,530	-	-	18,530
Other assets	-	-	-	-
Restricted cash and cash equivalents	-	-	102,467	102,467
<b>Total assets</b>	<b>\$ 1,691,175</b>	<b>\$ 2,410,727</b>	<b>\$ 215,923</b>	<b>\$ 4,317,825</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 16,736	\$ -	\$ -	\$ 16,736
Accrued wages and benefits	127,880	-	-	127,880
<b>Total liabilities</b>	<b>144,616</b>	<b>-</b>	<b>-</b>	<b>144,616</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred revenue	292,707	-	19,823	312,530
<b>FUND BALANCES</b>				
Nonspendable	18,530	-	-	18,530
Restricted for debt retirement	-	-	105,942	105,942
Committed	-	-	113	113
Assigned	-	2,410,727	90,045	2,500,772
Unassigned	1,235,322	-	-	1,235,322
<b>Total fund balances</b>	<b>1,253,852</b>	<b>2,410,727</b>	<b>196,100</b>	<b>3,860,679</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 1,691,175</b>	<b>\$ 2,410,727</b>	<b>\$ 215,923</b>	<b>\$ 4,317,825</b>

SUPERSTITION FIRE & MEDICAL DISTRICT  
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION  
GOVERNMENTAL FUNDS  
June 30, 2016

Fund balance - total governmental funds balance sheet		\$ 3,860,679
Amounts reported for governmental activities in the statement of net assets are different because:		
Investment in joint venture		100,984
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Governmental capital assets	25,301,576	
Less accumulated depreciation	<u>(11,254,025)</u>	14,047,551
Deferred revenue is shown on the governmental funds, but is not deferred on the statement of net position		
		312,530
Some liabilities, including net pension liabilities, capital leases, loans payable, and bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
Lease payable	(612,697)	
Net Pension Liability	(11,197,108)	
Compensated absences	(2,143,412)	
Notes payable	<u>(6,490,674)</u>	(20,443,891)
Deferred outflows and inflows of resources related to pensions are applicable to future reporting periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to pensions	3,247,201	
Deferred outflows of employer contributions	1,543,024	
Deferred inflows of resources related to pensions	<u>(1,592,676)</u>	<u>3,197,549</u>
Net position of governmental activities - statement of net position		<u>\$ 1,075,402</u>

SUPERSTITION FIRE & MEDICAL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
Year Ended June 30, 2016

	General	Capital Projects Fund	Non-Major Funds	Total Governmental Funds
<b>REVENUES</b>				
Taxes	\$ 10,906,617	40,109	\$ 751,549	\$ 11,698,275
Centrally assessed taxes	356,784	-	24,605	381,389
Insurance premiums	98,783	-	-	98,783
County aid	400,000	-	-	400,000
Charges for services	756,662	-	-	756,662
Grants	405,282	-	379,769	785,051
Interest revenues	12,103	18,099	3,715	33,917
Other income	2,027	-	6,530	8,557
<b>Total revenues</b>	<b>12,938,258</b>	<b>58,208</b>	<b>1,166,168</b>	<b>14,162,634</b>
<b>EXPENDITURES</b>				
<b>Current</b>				
Administration	1,818,385	-	-	1,818,385
Technical services	532,549	-	-	532,549
Communication services	253,085	-	-	253,085
Emergency services	10,346,322	-	-	10,346,322
Community services	262,100	-	-	262,100
Capital outlay	-	1,352,722	372,947	1,725,669
<b>Debt service</b>				
Principal	-	94,069	425,000	519,069
Interest and fiscal charges	-	23,324	329,093	352,417
<b>Total expenditures</b>	<b>13,212,441</b>	<b>1,470,115</b>	<b>1,127,040</b>	<b>15,809,596</b>
Excess (deficiency) of revenues over (under) expenditures	(274,183)	(1,411,907)	39,128	(1,646,962)
<b>OTHER FINANCING SOURCES AND USES</b>				
Sales of assets	-	128	-	128
Proceeds from capital lease	-	706,766	-	706,766
<b>Total other financing sources and uses</b>	<b>-</b>	<b>706,894</b>	<b>-</b>	<b>706,894</b>
<b>Net change in fund balances</b>	<b>(274,183)</b>	<b>(705,013)</b>	<b>39,128</b>	<b>(940,068)</b>
<b>Fund balances - beginning of year</b>	<b>1,528,035</b>	<b>3,115,740</b>	<b>156,972</b>	<b>4,800,747</b>
<b>Fund balances - end of year</b>	<b>\$ 1,253,852</b>	<b>\$ 2,410,727</b>	<b>\$ 196,100</b>	<b>\$ 3,860,679</b>



SUPERSTITION FIRE & MEDICAL DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL  
FUNDS TO THE STATEMENT OF ACTIVITIES  
Year Ended June 30, 2016

Net change in fund balances - total governmental funds		\$ (940,068)
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
Equity interest reported at cost for the investment in the City of Mesa joint venture		64,891
<p>Governmental funds report capital outlays 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.</p>		
Expenditures for capital assets	\$ 1,497,085	
Less current year depreciation	<u>(1,231,544)</u>	265,541
<p>District 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 District's report date. 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.</p>		
District pension contributions	1,543,024	
Pension expense	<u>(1,238,443)</u>	304,581
<p>Revenues received in the current year that were accrued in the statement of activities in prior years</p>		
Property taxes		43,459
<p>Bond proceeds provide current financial resources to the governmental funds, but issuing debt increases long-term liabilities in the Statement of Activities.</p>		
		(706,766)
<p>Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.</p>		
Amortization	45,177	
Leases payable	94,069	
Notes payable	<u>425,000</u>	<u>564,246</u>
<p>Compensated absences expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.</p>		
		<u>(287,555)</u>
Change in net position of governmental activities		<u>\$ (691,671)</u>

SUPERSTITION FIRE & MEDICAL DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUND  
June 30, 2016

ASSETS	Transport
Current assets:	Services
Cash and cash equivalents	\$ 181,980
Receivables, net of uncollectibles	467,732
Prepaid expenses	<u>3,560</u>
Total current assets	<u>653,272</u>
Noncurrent assets:	
Capital assets:	
Vehicles, net of depreciation	<u>1,193,035</u>
Total assets	<u>1,846,307</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of employer contributions to pensions	<u>68,560</u>
LIABILITIES	
Current liabilities:	
Accounts payable	10,349
Accrued wages and benefits	12,419
Compensated absences	7,487
Due to other funds	1,008,267
Capital leases	<u>107,014</u>
Total current liabilities	<u>1,145,536</u>
Noncurrent liabilities:	
Capital leases	961,616
Compensated absences	<u>30,585</u>
Total noncurrent liabilities	<u>992,201</u>
Total liabilities	<u>2,137,737</u>
NET POSITION	
Net investment in capital assets	124,405
Unrestricted	<u>(347,275)</u>
Total net position	<u>\$ (222,870)</u>

SUPERSTITION FIRE & MEDICAL DISTRICT  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
PROPRIETARY FUND  
Year ended June 30, 2016

	<u>Transport Services</u>
Operating revenues:	
Charges for services	\$ 890,055
Other	<u>165,847</u>
Total operating revenues	<u>1,055,902</u>
Operating expenses:	
Transport	659,025
General and administrative	571,690
Depreciation	<u>48,057</u>
Total operating expenses	<u>1,278,772</u>
Operating income (loss)	(222,870)
Net position, beginning of year	<u>-</u>
Net position, end of year	<u><u>\$ (222,870)</u></u>

SUPERSTITION FIRE & MEDICAL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
Year ended June 30, 2016

	<u>Transport Services</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 588,170
Payments to vendors	629,979
Payments for employees	<u>(863,707)</u>
Net cash provided (used) by operating activities	<u>354,442</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Payments for capital lease	(124,170)
Purchase of capital assets	(1,241,092)
Proceeds from capital debt	<u>1,192,800</u>
Net cash provided (used) by capital and related financing activities	<u>(172,462)</u>
Net change in cash and cash equivalents	181,980
Cash and cash equivalents-July 1, 2015	<u>-</u>
Cash and cash equivalents-June 30, 2016	<u><u>\$ 181,980</u></u>

SUPERSTITION FIRE & MEDICAL DISTRICT  
STATEMENT OF CASH FLOWS (Continued)  
PROPRIETARY FUND  
Year ended June 30, 2016

	<u>Transport Services</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ (222,870)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation expense	48,057
Employer pension contributions	(68,560)
(Increase) decrease in:	
Accounts receivable	(467,732)
Prepaid expenses	(3,560)
Increase (decrease) in:	
Accounts payable	10,349
Accrued wages	12,419
Compensated absences	38,072
Due to other funds	<u>1,008,267</u>
 Total adjustments	 <u>577,312</u>
 Net cash provided (used) by operating activities	 <u><u>\$ 354,442</u></u>



SUPERSTITION FIRE & MEDICAL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and procedures of the Superstition Fire & Medical District conform to accounting principles generally accepted in the United States of America (GAAP) as applied to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

A. Reporting Entity

The Superstition Fire & Medical District (the District) was organized in 1955 pursuant to Title 48 of the Arizona Revised State Statutes (ARS) and is operated as a special purpose local government that is governed by an elected governing body.

Reporting Entity

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The basic, 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 District does not currently have any potential component units.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net position and the statement of activities) present financial information about the District as a whole. The reported information includes all of the non-fiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these financial statements. Governmental activities normally are supported by taxes and intergovernmental revenues, and are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes, state shared revenues, investment income and other items not included among program revenues are reported as general revenues.

SUPERSTITION FIRE & MEDICAL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Basis of Presentation

Government-Wide Financial Statements – The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Special assessments are recognized as revenues in the year for which the related capital projects are substantially complete. Grants and similar items are recognized as revenues as soon as eligibility requirements imposed by the grantor or provider have been met. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. The exception is any interfund activity between governmental and business type activities, such as transfers.

Fund Financial Statements – Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

User fees, licenses and permits, charges for services, and investment income associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Grants and similar awards are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met. Miscellaneous revenues are not susceptible to accrual because generally they are not measurable until received in cash.

The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. The District has one nonmajor fund for June 30, 2016.

The District reports the following major governmental funds:

General Fund – This fund is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in other funds.

Capital Project Fund – This 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 District.



SUPERSTITION FIRE & MEDICAL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

Transport Services Fund – This fund is used to account for funds received and expended for ambulance services as well as for the acquisition of major equipment.

D. Budgeting and Budgetary Control

The District Board formally adopts an annual budget for all operating funds which is submitted to the county treasurer and county board of supervisors. The budgets are adopted by the District on a basis consistent with ARS 48-807. This basis allows the District Board or Fire Chief to alter the budget within the total expenditure allocation as needed during the year. The District management generally cannot exceed the total expenditure budget.

E. Cash and Cash Equivalents

Cash represents amounts in demand deposits and amounts held in trust by financial institutions. The funds held in trust are available to the District upon demand. Cash equivalents are defined as short-term (original maturities of three months or less), highly liquid investments that are 1) readily convertible to known amounts of cash and 2) so near maturity that they present insignificant risk of changes in value because of changes in interest rates.

F. Investments

The District reports all investments at fair value in the statement of net position.

G. Restricted Cash

Certain proceeds of the District's long-term debt, as well as certain resources set aside for repayment of debt are classified as restricted assets on the balance sheet because they are maintained in separate deposit accounts and their use is limited by applicable debt covenants.

H. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of the interfund loans).

SUPERSTITION FIRE & MEDICAL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Receivables and Payables (Continued)

Property taxes are levied by the District and collected by the Pinal County and Maricopa County Treasurers. Property taxes are levied no later than the third Monday in August and are payable in two installments due October 1 of the current year and March 1 of the subsequent year. Taxes become delinquent after the first business day of November and May, respectively. Interest attaches on installments after the delinquent date. Pursuant to A.R.S., a lien against assessed real and personal property attaches on the first day of January preceding assessment and levy; however according to case law, an enforceable legal claim to the asset does not arise. The District also levies various personal property taxes during the year which are due at the same time as real property taxes.

I. Capital Assets

Capital assets, which include land, buildings and related improvements, equipment, vehicles, furniture and construction in progress, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial individual cost of \$5,000 or more and an estimated useful life equal to or exceeding two years. Interest incurred during the construction phase of capital assets for governmental activities is included as part of the capitalized value of the assets constructed. Major outlays for capital assets and improvements are capitalized as projects are completed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Estimated useful lives for capital assets were determined based upon lives commonly used by other Arizona governmental agencies and various industry standards. Capital assets of the District are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	27.5 - 40
Equipment	7
Fire Trucks	10
Automobiles	5
Office Equipment	5

SUPERSTITION FIRE & MEDICAL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Fund Balances – Governmental Funds

Fund Balances

Fund balances of the governmental funds are reported separately within classifications based on a hierarchy of the constraints placed on those resources. The classifications are based on the relative strength of the constraints that control how the specific amounts can be spent. The following classifications describe the relative strength of the spending constraints:

Nonspendable – Amounts that cannot be spent either because they are in Nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – Amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – Amounts that can be used only for specific purposes determined by a formal action of the District Board. The Board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through resolutions approved by the District Board.

Assigned – Amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the District's adopted policy, only the Board or any official or body to which the District Board delegates authority may assign amounts for specific purposes.

Unassigned – All other spendable amounts.

The District would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

K. Compensated Absences

The District'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. Hours earned in excess of the annual allowable accumulations are paid out on the final paycheck of the fiscal year when approved by the Board. Any sick leave accrued amounts are paid at the maximum rate of sixty percent upon retirement and no payment upon resignation or termination. Accrued vacation is paid at one hundred percent, 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.

SUPERSTITION FIRE & MEDICAL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. 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.

M. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

J. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

K. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the pension 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. Investments are reported at fair value.

SUPERSTITION FIRE & MEDICAL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Proprietary Funds Operating and Non-operating Revenues and Expenses

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of proprietary funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

NOTE 2 DEPOSITS

Deposits

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, an entity will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party.

At June 30, 2016, the carrying amount of the District's deposits totaled \$3,030,331 and the amount on deposit with the Pinal County Treasurer's Office was \$3,277,110. These deposits are covered by Federal Depository Insurance or collateralized by securities, as required by law.

SUPERSTITION FIRE & MEDICAL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2016

NOTE 3 CAPITAL ASSETS

A summary of changes in capital assets for governmental activities is as follows:

Governmental Activities:	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 1,241,806	\$ -	\$ -	\$ 1,241,806
Construction in progress	-	-	-	-
Total capital assets not being depreciated	1,241,806	-	-	1,241,806
Capital assets, being depreciated:				
Buildings, infrastructure and improvements	12,726,750	73,919	-	12,800,669
Vehicles and apparatus	7,499,857	831,572	-	8,331,429
Furniture and equipment	2,336,078	591,593	-	2,927,671
Total capital assets being depreciated	22,562,685	1,497,084	-	24,059,769
Less accumulated depreciation for:				
Buildings and improvements	(5,055,333)	(572,028)	-	(5,627,361)
Vehicles and apparatus	(3,746,487)	(400,209)	-	(4,146,696)
Furniture and equipment	(1,220,660)	(259,307)	-	(1,479,967)
Total accumulated depreciation	(10,022,480)	(1,231,544)	-	(11,254,024)
Total capital assets, being depreciated, net	12,540,205	265,540	-	12,805,745
Governmental activities capital assets, net	\$ 13,782,011	\$ 265,540	\$ -	\$ 14,047,551

SUPERSTITION FIRE & MEDICAL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2016

NOTE 3 CAPITAL ASSETS (Continued)

<u>Business-type Activities:</u>	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ -	\$ -	\$ -	\$ -
Construction in progress	-	-	-	-
Total capital assets not being depreciated	-	-	-	-
Capital assets, being depreciated:				
Buildings, infrastructure and improvements	-	-	-	-
Vehicles and apparatus	-	1,241,092	-	1,241,092
Furniture and equipment	-	-	-	-
Total capital assets being depreciated	-	1,241,092	-	1,241,092
Less accumulated depreciation for:				
Buildings and improvements	-	-	-	-
Vehicles and apparatus	-	(48,057)	-	(48,057)
Furniture and equipment	-	-	-	-
Total accumulated depreciation	-	(48,057)	-	(48,057)
Total capital assets, being depreciated, net	-	1,193,035	-	1,193,035
Business-Type activities capital assets, net	\$ -	\$ 1,193,035	\$ -	\$ 1,193,035

Depreciation expense was charged to the various departments in the governmental activities as follows:

Governmental activities:	
Administrative	\$ 85,298
Technical Services	20,359
Emergency Services	1,125,277
Community Services	610
Total depreciation expense - governmental activities	\$ 1,231,544

The depreciation expense for business-type activities was \$48,057.

SUPERSTITION FIRE & MEDICAL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 June 30, 2016

NOTE 4 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

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

At June 30, 2016, the District reported the following aggregate amounts related to pensions for all plans to which it contributes:

Statement of Net Position and Statement of Activities	Governmental Activities	Business-type Activities	Total
Net Pension Liabilities	\$ 11,197,108	\$ -	\$ 11,197,108
Deferred outflow of resources	4,790,225	68,560	4,858,785
Deferred inflow of resources	1,592,676	-	1,592,676
Pension expense	1,238,443	-	1,238,443

The District reported \$1,543,024 of pension contributions as expenditures in the governmental funds related to all pension plans to which it contributes.

A. Arizona State Retirement System

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



SUPERSTITION FIRE & MEDICAL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 June 30, 2016

NOTE 4 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

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

\*with actuarially reduced benefits.

Retirement benefits for members who joined the ASRS prior to September 13, 2013, are subject to automatic cost-of-living adjustments based on excess investment earning. Members with a membership date on or after September 13, 2013, are not eligible for cost-of-living adjustments. Survivor benefits are payable upon a member's death. For retired members, the 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.

SUPERSTITION FIRE & MEDICAL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 June 30, 2016

NOTE 4 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

**Contributions** - In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2016, active ASRS members were required by statute to contribute at the actuarially determined rate of 11.47 percent (11.35 percent for retirement and 0.12 percent for long-term disability) of the members' annual covered payroll, and the District was required by statute to contribute at the actuarially determined rate of 11.47 percent (10.85 percent for retirement, 0.50 percent for health insurance premium benefit, and 0.12 percent for long-term disability) of the active members' annual covered payroll. The District's contributions to the pension plan for the year ended June 30, 2016 were \$151,488. The District's contributions for the current and 2 preceding years for OPEB, all of which were equal to the required contributions, were as follows:

ASRS	Health Benefit Supplement Fund	Long-Term Disability Fund
Year ended June 30		
2016	\$ 6,604	\$ 1,585
2015	4,776	955
2014	4,226	1,690

During fiscal year 2016, the District paid 67 percent of ASRS pension and OPEB contributions from the General Fund and 33 percent from the Transport Services Fund.

**Pension Liability** - At June 30, 2016, the District reported a liability of \$1,342,452 for its proportionate share of the ASRS' net pension liability. The net pension liability was measured as of June 30, 2015. 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, 2014, to the measurement date of June 30, 2015. The District's proportion of the net pension liability was based on the District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2015. The District's proportion measured as of June 30, 2015, was 0.008618 percent, which was an increase of 0.000754 percent from its proportion measured as of June 30, 2014.

The District's reported liability at June 30, 2016, increased by \$178,824 from the District's prior year liability of \$1,163,628 because of changes in the ASRS' net pension liability and the District's proportionate share of that liability. The ASRS' publicly available financial report provides details on the change in the net pension liability.

SUPERSTITION FIRE & MEDICAL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 June 30, 2016

NOTE 4 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

**Pension Expense and Deferred Outflows/Inflows of Resources** - For the year ended June 30, 2016, the District recognized pension expense for ASRS of \$85,282. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

ASRS	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u>                    </u>	<u>                    </u>
Differences between expected and actual experience	\$ 36,633	\$ 70,346
Net difference between projected and actual earnings on pension plan investments	-	43,023
Changes in proportion and differences between District contributions and proportionate share of contributions	86,152	34,095
District contributions subsequent to the measurement date	<u>143,300</u>	<u>-</u>
Total	<u>\$ 266,085</u>	<u>\$ 147,464</u>

The \$143,300 reported as deferred outflows of resources related to ASRS pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. 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:

<u>Year ending June 30</u>	
2016	\$ (15,557)
2017	(16,923)
2018	(23,256)
2019	31,057
Thereafter	-

SUPERSTITION FIRE & MEDICAL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 June 30, 2016

NOTE 4 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

ASRS		
Actuarial valuation date		June 30, 2014
Actuarial roll forward date		June 20, 2015
Actuarial cost method		Entry age normal
Investment rate of return		8%
Projected salary increases		3 - 6.75%
Inflation		3%
Permanent benefit increase		Included
Mortality rates		1994 GAM Scale BB

Actuarial assumptions used in the June 30, 2014, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2012.

The long-term expected rate of return on ASRS pension plan investments was determined to be 8.79 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

ASRS		Long-Term
	Target	Expected Arithmetic Real
Asset Class	Allocation	Rate of Return
Equity	58%	6.79%
Fixed Income	25%	3.70%
Real estate	10%	4.25%
Multi-asset	5%	3.41%
Commodities	2%	3.93%
Total	100%	

SUPERSTITION FIRE & MEDICAL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 June 30, 2016

NOTE 4 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

**Discount Rate** - The discount rate used to measure the ASRS total pension liability was 8 percent, which is less than the long-term expected rate of return of 8.79 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board's funding policy, which establishes the contractually required rate under Arizona statute. Based on those assumptions, the pension 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 pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of District's Proportionate Share of the ASRS Net Pension Liability to Changes in the Discount Rate** - The following table presents the District's proportionate share of the net pension liability calculated using the discount rate of 8 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7 percent) or 1 percentage point higher (9 percent) than the current rate:

ASRS	1% Decrease (7%)	Current Discount Rate (8%)	1% increase (9%)
District's proportionate share of the net pension liability	\$ 1,759,071	\$ 1,342,452	\$ 1,056,932

**Pension Plan Fiduciary Net Position** - Detailed information about the pension plan's fiduciary net position is available in the separately issued ASRS financial report.

B. Public Safety Personnel Retirement System

**Plan Description** – Fire service employees who work for a District in the Public Safety Personnel Retirement System (PSPRS). 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 seven-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.

The PSPRS issues a publicly available financial report that include their financial statements and required supplementary information. The reports are available on the PSPRS web site at [www.psprs.com](http://www.psprs.com).

SUPERSTITION FIRE & MEDICAL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 June 30, 2016

NOTE 4 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

PSPRS	Initial membership date:	
	Before January 1, 2012	On or after January 1, 2012
<u>Retirement and Disability</u>		
Years of service and age required to receive benefit	20 years any age 15 years age 62	25 years and age 52.5
Final average salary is based on	Highest 36 months of last 20 years	Highest 60 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%	2.5% per year of credited service, not to exceed 80%
Accidental Disability Retirement	50% or normal retirement, whichever is greater	
Catastrophic Disability Retirement	90% for the first 60 months then reduced to either 62.5% or normal retirement, whichever is greater	
Ordinary Disability Retirement	Normal retirement calculated with actual years of credited service or 20 years of credited service, whichever is greater, multiplied by years of credited service (not to exceed 20 years) divided by 20	
<u>Survivor Benefits</u>		
Retired Members	80% of retired member's pension benefit	
Active Members	80% to 100% of accidental disability retirement benefit or 100% of	

SUPERSTITION FIRE & MEDICAL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 June 30, 2016

NOTE 4 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

Retirement and survivor benefits are subject to automatic cost-of-living adjustments based on excess investment earning. In addition, from and after December 31, 2015, the Legislature may enact permanent one-time benefit increases after a Joint Legislative Budget Committee analysis of the increase's effects on the plan. PSPRS also provides temporary disability benefits of 50 percent of the member's compensation for up to 12 months.

**Employees Covered by Benefit Terms** - At June 30, 2016, the following employees were covered by the agent pension plans' benefit terms:

	PSPRS Firefighter
Inactive employees or beneficiaries currently receiving benefits	13
Inactive employees entitled to but not yet receiving benefits	6
Active employees	85
Total	104

**Contributions and Annual OPEB Cost** - State statutes establish the pension contribution requirements for active PSPRS employees. In accordance with state statutes, annual actuarial valuations determine employer contribution requirements for PSPRS pension and health insurance premium benefits. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. Employer contribution rates for the year ended June 30, 2016, are indicated below. Rates are a percentage of active members' annual covered payroll.

	PSPRS Firefighter
Active members - Pension	7.65%
District	
Pension	20.00%
Health insurance premium benefit	0.32%

In addition, statute required the District to contribute at the actuarially determined rate of 28.62 percent for the PSPRS of annual covered payroll of retired members who worked for the District in positions that an employee who contributes to the PSPRS would typically fill.

SUPERSTITION FIRE & MEDICAL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 June 30, 2016

NOTE 4 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

For the agent plans, the District's contributions to the pension plan and annual OPEB cost and contributions for the health insurance premium benefit for the year ended June 30, 2016, were:

	PSPRS Firefighter
Pension	
Contributions made	\$ 1,468,245
Health Insurance Permium Benefit	
Annual OPEB cost contributions made	23,492

During fiscal year 2016, the District paid 99 percent of the PSPRS pension and OPEB contributions from the General Fund and 1 percent from the Transport Services Fund.

**Pension Liability** - At June 30, 2016, the District reported a PSPRS net pension liability of \$9,854,656.

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability as of June 30, 2015, reflected the following changes of benefit terms and actuarial assumptions.

- In May 2016 voters approved Proposition 124 that authorized certain statutory adjustments to PSPRS' automatic cost-of-living adjustments. The statutory adjustments change the basis for future cost-of-living adjustments from excess investment earnings to the change in the consumer price index, limited to a maximum annual increase of 2 percent. The change in the County's net pension liability as a result of the statutory adjustments is not known.

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

PSPRS	
Actuarial valuation date	June 30, 2015
Actuarial cost method	Entry age normal
Investment rate of return	7.85%
Projected salary increases	4.0% - 8.0%
Inflation	4.00%
Permanent benefit increase	Included
Mortality rates	RP-2000 mortality table (adjusted by 105% for both males and females)



SUPERSTITION FIRE & MEDICAL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 June 30, 2016

NOTE 4 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

Actuarial assumptions used in the June 30, 2015, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2011.

The long-term expected rate of return on PSPRS pension plan investments was determined to be 7.85 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

PSPRS	Target	Long-Term
Asset Class	Allocation	Expected Geometric Real Rate of Return
Short term investments	2%	0.75%
Absolute return	5%	4.11%
Risk parity	4%	5.13%
Fixed income	7%	2.92%
Real assets	8%	4.77%
GTAA	10%	4.38%
Private equity	11%	9.50%
Real estate	10%	4.48%
Credit opportunities	13%	7.08%
Non-U.S. equity	14%	8.25%
U.S. equity	16%	6.23%
Total	<u>100.00%</u>	

**Pension Discount Rates** – The discount rate used to measure the PSPRS total pension liability was 7.85 percent. The projection of cash flows used to determine the PSPRS discount rates assumed that plan members contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the actuarially determined contribution rate and the member rate. Based on those assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

SUPERSTITION FIRE & MEDICAL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2016

NOTE 4 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

**Changes in the Net Pension Liability**

PSPRS - Firefighter	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2015	\$ 30,791,414	\$ 22,926,819	\$ 7,864,595
Changes for the year:			
Service Cost	1,093,722		1,093,722
Interest on the total pension liability	2,431,989		2,431,989
Changes of benefit terms	-		-
Differences between expected and actual experience in the measurement of the pension liability	1,088,291		1,088,291
Changes of assumptions or other inputs	-		-
Contributions - employer		1,015,424	(1,015,424)
Contributions - employee		790,270	(790,270)
Net investment income		857,371	(857,371)
Benefit payments, including refunds of employee contributions	(715,052)	(715,052)	-
Administrative expense		(21,306)	21,306
Other changes		(17,818)	17,818
Net changes	3,898,950	1,908,889	1,990,061
Balances at June 30, 2016	\$ 34,690,364	\$ 24,835,708	\$ 9,854,656

**Sensitivity of the District's Net Pension Liability to Changes in the Discount Rate** - The following table presents the District's net pension liabilities calculated using the discount rate of 7.85 percent, as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.85 percent) or 1 percentage point higher (8.85 percent) than the current rate:

PSPRS - Firefighter	Current		
	1% Decrease (6.85%)	Discount Rate (7.85%)	1% increase (8.85%)
Total pension liability	\$ 39,485,380	\$ 34,690,364	\$ 30,724,277
Plan fiduciary net position	24,835,708	24,835,708	24,835,708
Net pension liability	\$ 14,649,672	\$ 9,854,656	\$ 5,888,569

SUPERSTITION FIRE & MEDICAL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 June 30, 2016

NOTE 4 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

**Pension Plan Fiduciary Net Position** - Detailed information about the pension plans' fiduciary net position is available in the separately issued PSPRS financial reports.

**Pension Expense** - For the year ended June 30, 2016, the District recognized \$1,152,995 of PSPRS pension expense.

**Pension Deferred Outflows/Inflows of Resources** - At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

PSPRS - Firefighter	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u>                    </u>	<u>                    </u>
Differences between expected and actual experience	\$ 963,329	\$ 774,497
Changes of assumptions or other inputs	1,374,162	-
Net difference between projected and actual earnings on pension plan investments	786,925	670,715
District contributions subsequent to the measurement date	<u>1,468,245</u>	<u>-</u>
Total	<u>\$ 4,592,661</u>	<u>\$ 1,445,212</u>

The amounts reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30,	PSPRS Firefighter
	<u>                    </u>
2017	\$ 189,556
2018	189,556
2019	189,554
2020	413,128
2021	216,396
Thereafter	481,014

SUPERSTITION FIRE & MEDICAL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 June 30, 2016

NOTE 4 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

**Agent plan OPEB actuarial assumptions** - The health insurance premium benefit contribution requirements for the year ended June 30, 2016, were established by the June 30, 2014, actuarial valuations, and those actuarial valuations were based on the following actuarial methods and assumptions.

Actuarial valuations involve estimates of the reported amounts' value and assumptions about the probability of events in the future. Amounts determined regarding the plans' funded status and the annual required contributions are subject to continual revision as actual results are compared to past expectations and new estimates are made. The required schedule of funding progress for the health insurance premium benefit presented as required supplementary information provides multiyear trend information that shows whether the actuarial value of the plans' assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Projections of benefits are based on (1) the plans as the District and plans' members understand them and include the types of benefits in force at the valuation date, and (2) the pattern of sharing benefit costs between the District and plans' members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The significant actuarial methods and assumptions used are the same for all PSPRS plans and related benefits (unless noted), and the following actuarial methods and assumptions were used to establish the fiscal year 2016 contribution requirements:

PSPRS - OPEB Funded Status	
Actuarial valuation date	June 30, 2014
Actuarial cost method	Entry age normal
Amortization method	Level percent closed for unfunded actuarial accrued liability, open for excess
Remaining amortization period	22 years for unfunded actuarial accrued liability, 20 years for excess
Asset valuation method	7-year smoothed market value; 20% corridor
Actuarial assumptions:	
Investment rate of return	7.85%
Projected salary increases	4% - 8% for PSPRS
includes inflation at	4% for PSPRS

SUPERSTITION FIRE & MEDICAL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 June 30, 2016

NOTE 4 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

**Agent plan OPEB trend information** - Annual OPEB cost information for the health insurance premium benefit for the current and 2 preceding years follows for each of the agent plans:

PSPRS - Firefighter	Annual OPEB	Percentage of	Net OPEB
Year Ended June 30	Cost	Annual Cost Contributed	Obligation
2016	\$ 23,492	100%	\$ -
2015	57,686	100%	-
2014	59,957	100%	-

**Agent plan OPEB funded status** - The health insurance premium benefit plans' funded status as of the most recent valuation date, June 30, 2015, along with the actuarial assumptions and methods used in those valuations follow:

	PSPRS Firefighter
Actuarial value of assets (a)	\$ 788,135
Actuarial accrued liability (b)	806,630
Unfunded actuarial accrued liability (funded excess) (b) - (a)	18,495
Funded ratio (a)/(b)	97.71%
Annual covered payroll (c)	\$ 6,715,243
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll (b) - (a) / (c)	0.28%

The actuarial methods and assumptions used are the same for all the PSPRS health insurance premium benefit plans (unless noted), and for the most recent valuation date are as follows:

PSPRS - OPEB Funded Status	
Actuarial valuation date	June 30, 2015
Actuarial cost method	Entry age normal
Amortization method	Level percent closed for unfunded actuarial accrued liability, open for excess
Remaining amortization period	21 years for unfunded actuarial accrued liability, 20 years for excess
Asset valuation method	7-year smoothed market value; 80%/120% market corridor
Actuarial assumptions:	
Investment rate of return	7.85%
Projected salary increases	4% - 8% for PSPRS

SUPERSTITION FIRE & MEDICAL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 June 30, 2016

NOTE 5 LONG TERM DEBT

General Obligation Bonds

In 2006, the District entered into a loan agreement with the Greater Arizona Development Authority (GADA) to provide funds for construction and furnishings of new fire stations and training facilities, to expand and renovate existing fire stations and facilities, acquire interest in land for construction and expansion of facilities, to acquire firefighting, rescue and other life preserving equipment, and to pay all legal, engineering, architectural, accounting, financial consulting and other necessary costs in connection with these activities. Interest at the rate of 4.25 to 5% is payable semiannually on January 1 and July 1. The loan is being repaid by means of a secondary tax levied on all taxable property within the Superstition Fire & Medical District sufficient to pay principal, interest and administration costs. The funds are held in a separate County Treasurer account to be used for principal and interest payments.

The annual debt service requirements for this debt are as follows:

Fiscal year ending June 30,	Principal	Interest
2017	\$ 445,000	\$ 301,013
2018	465,000	279,375
2019	485,000	255,625
2020	510,000	230,750
2021	535,000	204,625
2022 - 2026	2,420,000	530,500
2027 - 2028	1,405,000	71,125
Total	<u>\$ 6,265,000</u>	<u>\$ 1,873,013</u>

Changes in long-term debt as of June 30, 2016 are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental activities:</b>					
Notes payable	\$ 6,690,000	\$ -	\$ (425,000)	\$ 6,265,000	\$ 445,000
Premium on loan	270,851	-	(45,177)	225,674	-
Capital leases	-	706,766	(59,038)	647,728	55,727
Compensated absences	1,855,857	335,389	(47,834)	2,143,412	746,128
Governmental activities long-term liabilities	<u>\$ 8,816,708</u>	<u>\$ 1,042,155</u>	<u>\$ (577,049)</u>	<u>\$ 9,281,814</u>	<u>\$ 1,246,855</u>

SUPERSTITION FIRE & MEDICAL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 June 30, 2016

NOTE 5 LONG TERM DEBT (Continued)

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Business-type activities:</b>					
Capital lease	\$ -	\$ 1,192,800	\$ (124,170)	\$ 1,068,630	\$ 107,014
Compensated absences	-	38,072	-	38,072	7,487
Business-like activities					
long-term liabilities	\$ -	\$ 1,230,872	\$ (124,170)	\$ 1,106,702	\$ 114,501

NOTE 6 JOINT VENTURE

The District participates in a joint venture with five other governments for the operations and maintenance of a communications center. The City of Mesa operates the center which is funded by the participating members of the venture. Ownership of the center is distributed to the participants relative to their individual contributions. The District's share of the venture's capital cost for the fiscal year ended June 30, 2016 was \$64,891. The District retains equity ownership interest in the capital purchases. Upon resolution of the venture's governing board, members may be subject to a special assessment if the Board determines the special assessment is needed for disaster recovery or other reasons as stated in the governance agreement. Additional information on this joint venture may be obtained from the website at [www.topazrwc.org](http://www.topazrwc.org).

NOTE 7 CREDIT LINE

The District has an approved line of credit for \$2 million with Wells Fargo Bank to ensure the District has sufficient short term cash flow to cover operating expenses between the two peak times of the fiscal year when the District receives the bulk of their revenues (November 1 and May 1). The line of credit must be renewed annually. There were no draws or payments associated with this loan during the fiscal year and no balance was outstanding at fiscal year-end.

NOTE 8 SUBSEQUENT EVENT

The District entered into a significant lease-purchase agreement after June 30, 2016 for a Quantum Pumper with a total cost of \$716,047.





REQUIRED SUPPLEMENTARY INFORMATION



SUPERSTITION FIRE AND MEDICAL DISTRICT  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
 COST-SHARING PENSION PLAN  
 June 30, 2016

Arizona Retirement System

	Reporting Fiscal Year (Measurement Date)		
	2016 (2015)	2015 (2014)	2014 through 2006
District's proportion of the net pension liability	0.008618%	0.007864%	Information not available
District's proportionate share of the net pension liability	\$ 1,342,452	\$ 1,163,628	
District's covered payroll	697,169	712,692	
District's proportionate share of the net pension liability as a percentage of its covered payroll	192.56%	163.27%	
Plan fiduciary net position as a percentage of the total pension liability	68.35%	69.49%	

SUPERSTITION FIRE AND MEDICAL DISTRICT  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CHANGES IN THE DISTRICT'S NET PENSION LIABILITY AND RELATED RATIOS  
 AGENT PENSION PLAN  
 June 30, 2016

Fire District Public Safety Personnel Retirement System	Reporting Fiscal Year (Measurement Date)		2014 through 2006
	2016 (2015)	2015 (2014)	
Total pension liability			
Service cost	\$ 1,093,722	\$ 1,174,458	Information not available
Interest on the total pension liability	2,431,989	2,152,709	
Changes on benefit terms	-	181,548	
Differences between expected and actual experience in the measurement of the pension liability	1,088,291	(1,010,683)	
Changes of assumptions or other inputs	-	1,793,216	
Benefit payments, including refunds of employee contributions	(715,052)	(671,310)	
Net change in total pension liability	3,898,950	3,619,938	
Total pension liability - beginning	30,791,414	27,171,476	
Total pension liability - ending (a)	<u>\$ 34,690,364</u>	<u>\$ 30,791,414</u>	
Plan fiduciary net position			
Contributions - employer	\$ 1,015,424	\$ 993,529	
Contributions - employee	790,270	607,581	
Net investment income	857,371	2,659,653	
Benefit payments, including refunds of employee contributions	(715,052)	(671,310)	
Administrative expense	(21,306)	(21,594)	
Other changes	(17,818)	(205,504)	
Net change in plan fiduciary net position	1,908,889	3,362,355	
Plan fiduciary net position - beginning	22,926,819	19,564,464	
Plan fiduciary net position - ending (b)	<u>\$ 24,835,708</u>	<u>\$ 22,926,819</u>	
District's net pension liability - ending (a) - (b)	<u>\$ 9,854,656</u>	<u>\$ 7,864,595</u>	

SUPERSTITION FIRE AND MEDICAL DISTRICT  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CHANGES IN THE DISTRICT'S NET PENSION LIABILITY AND RELATED RATIOS  
 AGENT PENSION PLAN (CONTINUED)  
 June 30, 2016

Superstition Fire and Medical District Public Safety Personnel Retirement System	Reporting Fiscal Year (Measurement Date)		
	2016 (2015)	2015 (2014)	2014 through 2006
Plan fiduciary net position as a percentage of the total pension liability	71.59%	74.46%	Information not available
Covered payroll	\$ 6,025,039	\$ 5,472,996	
District's net pension liability as a percentage of covered payroll	163.56%	143.70%	

SUPERSTITION FIRE AND MEDICAL DISTRICT  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS  
 June 30, 2016

Arizona Retirement System	Reporting Fiscal Year			2013 through 2006
	2016	2015	2014	
Statutorily required contribution	\$ 86,446	\$ 75,852	\$ 76,258	Information not available
District's contributions in relation to the statutorily required contribution	86,446	75,852	76,258	
District's contribution deficiency (excess)	\$ -	\$ -	\$ -	
District's covered payroll	\$ 796,737	\$ 697,169	\$ 712,692	
District's contributions as a percentage of covered payroll	10.85%	10.88%	10.70%	

Superstition Fire and Medical District Public Safety Personnel Retirement System	Reporting Fiscal Year			2013 through 2006
	2016	2015	2014	
Actuarially determined contribution	\$ 1,015,424	\$ 993,529	\$ 902,497	Information not available
District's contributions in relation to the actuarially determined contribution	1,015,424	993,529	902,497	
District's contribution deficiency (excess)	\$ -	\$ -	\$ -	
District's covered payroll	\$ 5,077,120	\$ 6,025,039	\$ 5,472,996	
District's contributions as a percentage of covered payroll	20.00%	16.49%	16.49%	

SUPERSTITION FIRE AND MEDICAL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
NOTES TO THE PENSION PLAN SCHEDULES  
June 30, 2016

NOTE 1 CHANGE IN ACCOUNTING PRINCIPLE

For the year ended June 30, 2016, the District implemented the provisions of GASB Statement No. 82, Pension Issues. The statement changed the measure of payroll that is required to be presented in required supplementary information from covered-employee payroll to covered payroll. Accordingly, payroll amounts presented in the pension plan schedules and related ratios for prior periods have been restated.

SUPERSTITION FIRE AND MEDICAL DISTRICT  
 REQUIRED SUPPLEMENTARY INFORMATION  
 NOTES TO THE PENSION PLAN SCHEDULES  
 June 30, 2016

NOTE 2 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 closed for unfunded actuarial accrued liability, open for excess
Remaining amortization period as of the 2013 actuarial valuation	22 years for unfunded actuarial accrued liability, 20 years for excess
Asset valuation method	7-year smoothed market value; 80%/120% market
Actuarial assumptions: Investment rate of return	In the 2013 actuarial valuation, the investment rate of return was decreased from 8.0% to 7.85%
Projected salary increases	In the 2014 actuarial valuation, projected salary increases were decreased from 4.5% to 8.5% to 4.0% to 8.0% for PSPRS. In the 2013 actuarial valuation, projected salary increases were decreased from 5.0% to 9.0% to 4.5% to 8.5% for PSPRS.
Wage growth	In the 2014 actuarial valuation, wage growth was decreased from 4.5% to 4.0% for PSPRS. In the 2013 actuarial valuation, wage growth was decreased from 5.0% to 4.5% for PSPRS.
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

NOTE 3 FACTORS THAT AFFECT TRENDS

Changes include adjustments for prior year GASB 68 and reserve transfer to/from employer and employee reserves.



SUPERSTITION FIRE AND MEDICAL DISTRICT  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF AGENT OPEB PLANS' FUNDING PROGRESS  
 June 30, 2016

Health Insurance Premium Benefit

Actuarial Valuation Date	Actuarial value of assets (a)	Actuarial accrued liability (b)	Unfunded actuarial accrued liability (UAAL) (funding excess) (b) - (a)	Funded ratio (a)/(b)	Annual covered payroll (c)	UAAL (funding excess) as a percentage of covered payroll (b) - (a)/(c)
PSPRS Firefighter						
6/30/2015	\$ 788,135	\$ 806,630	\$ 18,495	97.71%	\$ 6,715,243	0.28%
6/30/2014	708,336	762,638	54,302	92.88%	5,794,922	0.94%
6/30/2013	-	695,649	695,649	0.00%	6,201,982	11.22%

The health insurance subsidy payment reported for FY 2015 was \$8,830.

SUPERSTITION FIRE AND MEDICAL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
NOTES TO THE SCHEDULE OF AGENT OPEB PLANS' FUNDING PROGRESS  
June 30, 2016

NOTE 1 FACTORS THAT AFFECT THE IDENTIFICATION OF TRENDS

Beginning in fiscal year 2014, PSPRS established separate funds for pension benefits and health insurance premium benefits. Previously, the plan recorded both pension and health insurance premium contributions in the same Pension Fund. During fiscal year 2014, the plans transferred prior-year health insurance premium benefit contributions that exceeded benefit payments from each plan's Pension Fund to the new Health Insurance Fund.

SUPERSTITION FIRE & MEDICAL DISTRICT  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL  
Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 11,096,523	\$ 11,096,523	\$ 10,906,617	\$ (189,906)
Centrally assessed taxes	361,045	361,045	356,784	(4,261)
Insurance premiums	108,200	108,200	98,783	(9,417)
County aid	400,000	400,000	400,000	-
Charges for services	476,900	476,900	756,662	279,762
Grants	-	-	405,282	405,282
Interest revenues	10,000	10,000	12,103	2,103
Other income	10,500	10,500	2,027	(8,473)
<b>Total revenues</b>	<b>12,463,168</b>	<b>12,463,168</b>	<b>12,938,258</b>	<b>475,090</b>
<b>EXPENDITURES</b>				
Current				
Administration	6,115,775	6,115,775	1,818,385	4,297,390
Technical Services	597,848	597,848	532,549	65,299
Communication Services	251,935	251,935	253,085	(1,150)
Emergency Services	7,133,324	7,133,324	10,346,322	(3,212,998)
Community Services	293,573	293,573	262,100	31,473
<b>Total expenditures</b>	<b>14,392,455</b>	<b>14,392,455</b>	<b>13,212,441</b>	<b>1,180,014</b>
Excess (deficiency) of revenues over (under) expenditures	(1,929,287)	(1,929,287)	(274,183)	1,655,104
<b>OTHER FINANCING SOURCES</b>				
Transfers in	-	193.00	-	(193)
Transfers out	(6,526)	(6,526)	-	6,526
<b>Total other financing sources</b>	<b>(6,526)</b>	<b>(6,333)</b>	<b>-</b>	<b>6,333</b>
Net change in fund balances	(1,935,813)	(1,935,620)	(274,183)	1,661,437
Fund balance-beginning of year	2,577,278	2,577,278	1,528,035	(1,049,243)
Fund balance - end of year	\$ 641,465	\$ 641,658	\$ 1,253,852	\$ 612,194



SUPPLEMENTARY INFORMATION



SUPERSTITION FIRE & MEDICAL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL  
Year Ended June 30, 2016

REVENUES	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Taxes	\$ -	\$ -	\$ 40,109	\$ 40,109
Investment income	5,000	5,000	18,099	13,099
Total revenues	5,000	5,000	58,208	53,208
EXPENDITURES				
Administration	806,775	806,775	-	806,775
Capital outlay	1,287,031	1,287,031	1,352,722	(65,691)
Debt service				
Principal	-	-	94,069	(94,069)
Interest and fiscal charges	-	-	23,324	(23,324)
Total expenditures	2,093,806	2,093,806	1,470,115	623,691
Excess (deficiency) of revenues over (under) expenditures	(2,088,806)	(2,088,806)	(1,411,907)	676,899
OTHER FINANCING SOURCES				
Sale of assets	-	-	128	128
Proceeds from capital lease	-	-	706,766	706,766
Transfers out	(1,026,934)	(1,026,934)	-	1,026,934
Total other financing sources and uses	(1,026,934)	(1,026,934)	706,894	1,733,828
Net change in fund balances	(3,115,740)	(3,115,740)	(705,013)	2,410,727
Fund balance-beginning of year	3,401,309	3,401,309	3,115,740	(285,569)
Fund balance - end of year	\$ 285,569	\$ 285,569	\$ 2,410,727	\$ 2,125,158

SUPERSTITION FIRE & MEDICAL DISTRICT  
NON-MAJOR FUNDS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL  
Year Ended June 30, 2016

REVENUES	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Property Taxes	\$ 750,052	\$ 765,441	\$ 751,549	\$ (13,892)
Centrally assessed taxes	19,070	972,440	24,605	(947,835)
Grants	-	947,540	379,769	(567,771)
Investment income	950	1,350	3,715	2,365
Other income	26,000	23,000	6,530	(16,470)
<b>Total revenues</b>	<b>796,072</b>	<b>2,709,771</b>	<b>1,166,168</b>	<b>(1,543,603)</b>
<b>EXPENDITURES</b>				
Current				
Community services	827,656	-	-	-
Capital outlay	-	1,123,883	372,947	750,936
Debt Service:				
Principal	795,000	830,000	425,000	405,000
Interest and other charges	604,283	616,687	329,093	287,594
<b>Total expenditures</b>	<b>2,226,939</b>	<b>2,570,570</b>	<b>1,127,040</b>	<b>1,443,530</b>
Excess (deficiency) of revenues over (under) expenditures	(1,430,867)	139,201	39,128	(100,073)
<b>OTHER FINANCING SOURCES</b>				
Transfers in	73,091	97,728	-	(97,728)
Transfers out	(94)	(193)	-	193
<b>Total other financing sources</b>	<b>72,997</b>	<b>97,535</b>	<b>-</b>	<b>(97,535)</b>
Net change in fund balances	(1,357,870)	236,736	39,128	(197,608)
Fund balance - beginning of year	1,675,675	1,675,675	156,972	(1,518,703)
Fund balance - end of year	\$ 317,805	\$ 1,912,411	\$ 196,100	\$ (1,716,311)



## REPORT ON INTERNAL CONTROL AND COMPLIANCE





INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors  
Superstition Fire & Medical District  
Apache Junction, 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 Superstition Fire & Medical District, Arizona, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Superstition Fire & Medical District, Arizona's basic financial statements, and have issued our report thereon dated December 27, 2016.

### Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Superstition Fire & Medical District, Arizona's internal control over financial reporting (internal control) to determine the 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 Superstition Fire & Medical District, Arizona's internal control. Accordingly, we do not express an opinion on the effectiveness of Superstition Fire & Medical District, Arizona's internal control.

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

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

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Superstition Fire & Medical District, Arizona'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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

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

*Henry & Horne LLP*

Casa Grande, Arizona  
December 27, 2016