



SUPERSTITION FIRE & MEDICAL DISTRICT

FINANCIAL STATEMENTS

Year Ended June 30, 2020

SUPERSTITION FIRE & MEDICAL DISTRICT
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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Superstition Fire & Medical District,
Apache Junction, Arizona

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the remaining fund information of Superstition Fire & Medical District, Arizona, as of and for the year ended June 30, 2020, 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, the business-type activities, each major fund, and the aggregate remaining fund information of the Superstition Fire & Medical District, Arizona, as of June 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof 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 10, 2020 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

Tempe, Arizona
December 10, 2020



Superstition Fire & Medical District

Management's Discussion and Analysis of Basic Financial Statements June 30, 2020

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, 2020. 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.

SFMD also provides primary Advanced Life Support ("ALS") and primary Basic Life Support ("BLS") ground transport services to patients within the District and as requested within its automatic aid territory. 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, 2020, the District's Fire Suppression division handled 10,359 Emergency Response calls, an increase of 7.7% over the previous fiscal year:

- 8,135 Rescue and Emergency Medical Service incidents
- 874 Service calls
- 754 Good Intent calls
- 209 Fire calls
- 187 False Alarm / False calls
- 144 Hazardous Condition incidents (no fire)
- 31 Special incident type calls
- 5 Severe Weather

It is estimated that the Fire Suppression division saved \$4.7 million in property and content representing a 61% save ratio.

Average response time per emergent incident was 4 minutes, 18 seconds.

Ground Transport. During the FY ending June 30, 2020, the District's Ground Transport division handled 5,311 transports representing an average of 14.5 transports per day. This represents a 1.9% increase over the previous fiscal year.

- 4,547 Advanced Life Support (ALS) transports
- 764 Basic Life Support (BLS) transports
- 38,988 Billable miles

SFMD's ground transport division continues to far exceed Code 3 ambulance response time compliance rates set by the Arizona Department of Health Services.

State Land / Wild Land Deployments. During FY 2019 / 2020, the District served on 17 major wildland fire deployments involving 5,158 man-hours that generated \$480,053 in reimbursement from the state of Arizona.

- Verde fire
 - Deployment within Arizona involving 58 man-hours
- Walker fire
 - Deployment to California involving 225 man-hours
- 2019 BLM National Severity fire
 - Deployment to California involving 1,123 man-hours
- Signal fire
 - Deployment within Arizona involving 14 man-hours
- Southern fire
 - Deployment within Arizona involving 28 man-hours
- East Desert fire
 - Deployment within Arizona involving 34 man-hours
- Railroad fire
 - Deployment within Arizona involving 24 man-hours
- Cottonwood fire
 - Deployment within Arizona involving 45 man-hours
- Jackrabbit fire
 - Deployment within Arizona involving 46 man-hours.
- Range fire
 - Deployment within Arizona involving 132 man-hours
- Ocotillo fire
 - Deployment within Arizona involving 298 man-hours
- Sawtooth fire
 - Deployment within Arizona involving 562 man-hours
- Miles fire
 - Deployment within Arizona involving 75 man-hours
- Blue River fire
 - Deployment within Arizona involving 708 man-hours
- Bighorn fire
 - Deployment within Arizona involving 1,019 man-hours
- Bush fire
 - Deployment within Arizona involving 767 man-hours

Operational Training. SFMD's training hours by category during FY 2019 / 2020 were:

- 16,324 Fire Operations training
- 6,075 Health & Fitness
- 2,992 Rescue and EMS training
- 1,680 Driver / Operator training
- 1,021 Administrative training
- 993 Wild Land Firefighting training
- 863 Technical Rescue (TRT) training
- 540 Hazardous Material Handling training
- 481 Prevention / Fire Education training

Community Training. Tina Gerola, SFMD's Community Risk Reduction Specialist, conducted the following community-based services during FY 2019 / 2020:

- Trained 1,185 community members on how to perform the Hands-Only Cardio Cerebral Resuscitation (CCR) life-saving technique.
- Conducted 33 School Pub-Ed classes to instruct 1,800 Pre-K through 5th grade students on Arizona Burn Foundation accredited burn prevention techniques.
- Conducted 4 School Pub-Ed classes to instruct 310 6th grade students on Hands Only CCR techniques.
- Conducted 200 Automated External Defibrillator (AED) inspections.
- Placed 31 free child safety seats.
- Attended 47 community events, fairs, festivals, and city meetings.
- Made 13 Fire & Life Safety presentations at community centers.
- Performed 148 business inspections, facilitated 250 business self-inspections, and performed 250 specialty request inspections.
- Facilitated 5 fire station tours.

COVID restrictions hindered a significant amount of normal face-to-face community events in the latter months of FY 2019 / 2020.

Cardiac Arrest Survival Rate. The District's cardiac arrest survival rate (ventricular fibrillation) was 31.8% during FY 2019 / 2020, compared to the Arizona statewide survival rate of 10.5%.

Staffing for Adequate Fire & Emergency Response (SAFER) Grant. In FY 2019 / 2020, SFMD continues its participation in a three-year SAFER grant with a total value of \$1,159,829. This grant covers 75% of the wages and benefits of seven (7) new hire firefighters in years 1 and 2, and 35% of the wages and benefits in year 3.

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

	2020	2019
Current and other assets	\$ 5,306,688	\$ 5,041,672
Capital assets	12,766,515	13,172,039
Total assets	<u>18,073,203</u>	<u>18,213,711</u>
Deferred outflows of resources	7,339,618	7,275,077
Other liabilities	2,224,427	1,953,017
Long-term liabilities outstanding	30,463,390	29,518,744
Total liabilities	<u>32,687,817</u>	<u>31,471,761</u>
Deferred inflows of resources	2,356,447	1,544,065
Net Position		
Net investment in capital assets	6,759,938	6,345,031
Restricted	369,963	335,275
Unrestricted	<u>(16,761,344)</u>	<u>(14,207,344)</u>
Total net position	<u>\$ (9,631,443)</u>	<u>\$ (7,527,038)</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.

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, with the NAV for FY 2019 / 2020 down approximately 28% from the highest values experienced in FY 2008 / 2009.

Condensed Statement of Changes in Net Position

	<u>2020</u>	<u>2019</u>
Program revenues		
Charges for services	\$ 3,802,844	\$ 4,376,867
Capital / Operating grants and contributions	489,144	122,121
General revenues		
Taxes	14,990,335	14,347,791
Centrally assessed taxes	384,561	392,066
Insurance premiums	121,878	121,709
County Aid	400,000	400,000
Investment and other income	85,861	91,566
Total revenues	<u>\$ 20,274,623</u>	<u>\$ 19,852,120</u>
Program expenses		
Administration	\$ 2,138,239	\$ 1,754,244
Technical Services	586,773	735,376
Communication Services	207,049	181,620
Emergency Services	15,570,830	14,482,758
Community Services	139,266	142,365
Interest on debt/debt issuance costs	169,578	288,074
Transport Services	3,567,293	3,994,765
Total expenses	<u>\$ 22,379,028</u>	<u>\$ 21,579,202</u>
Change in net position	\$ (2,104,405)	\$ (1,727,082)
Net position - beginning of year	<u>(7,527,038)</u>	<u>(5,802,632)</u>
Restatement	-	2,676
Net position - beginning of year restated	<u>(7,527,038)</u>	<u>(5,799,956)</u>
Net position - end of year	<u>\$ (9,631,443)</u>	<u>\$ (7,527,038)</u>

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's **average** increase in NAV since the implementation of Proposition 117 in FY 2014 / 2015 has been approximately 3.97%, far below the maximum of 5.0%. So the impact of Proposition 117 on the District has been, and continues to be, significant.

However, recent home values and home sales have shown signs of improvement. For example, the NAV for FY 2020 / 2021 increased 5.84% over the previous fiscal year. The fact that the NAV increased for the second year in a row by more than 5.0% (which is the maximum allowed by Proposition 117 on existing home) means that the District is experiencing new residential and/or business growth, such as the new Frys Marketplace that recently opened in Apache Junction.

It is important to remember that the NAV lags approximately 36 months, so the NAV for the FY 2020 / 2021 will reflect assessed home values in the 2017 / 2018 period.

The District continues to aggressively manage costs in all areas to effectively manage the consequences of Proposition 117 to operate within a balanced budget as mandated by Arizona statute while providing the highest quality fire, emergency medical services, and ground transport services to the residents of the 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, 2020

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 2,450,126	\$ 222,231	\$ 2,672,357
Receivables (net of allowance for uncollectible accounts)	854,760	989,598	1,844,358
Prepays	47,909	12,725	60,634
Inventory	-	123,209	123,209
Restricted cash and cash equivalents	309,262	-	309,262
Internal balances	3,358,805	(3,358,805)	-
Investment in joint venture	167,601	-	167,601
Net OPEB asset	121,597	7,670	129,267
Capital assets			
Capital assets, not being depreciated	1,241,806	-	1,241,806
Capital assets, being depreciated, net	10,385,430	1,139,279	11,524,709
Total assets	18,937,296	(864,093)	18,073,203
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pensions/OPEB	6,782,550	557,068	7,339,618
LIABILITIES			
Accounts payable	60,641	16,843	77,484
Accrued payroll and employee benefits	382,522	57,438	439,960
Current portion of:			
Lease payable	103,276	150,791	254,067
Compensated absences	814,255	67,661	881,916
Bonds payable	571,000	-	571,000
Long-term portion of:			
Lease payable	613,972	650,419	1,264,391
Compensated absences	2,033,219	116,378	2,149,597
Bonds payable	3,789,000	-	3,789,000
Net pension liability	20,630,430	2,616,709	23,247,139
Net OPEB liability	5,801	7,462	13,263
Total liabilities	29,004,116	3,683,701	32,687,817
DEFERRED INFLOWS OF RESOURCES			
Deferred inflow of resources for deferred gain on refunding	128,119	-	128,119
Deferred inflows of resources related to pensions/OPEB	2,023,276	205,052	2,228,328
Total deferred inflows of resources	2,151,395	205,052	2,356,447
NET POSITION			
Net investment in capital assets	6,421,869	338,069	6,759,938
Restricted for:			
Debt service	312,556	-	312,556
Grants	57,407	-	57,407
Unrestricted	(12,227,497)	(4,533,847)	(16,761,344)
Total net position	\$ (5,435,665)	\$ (4,195,778)	\$ (9,631,443)

See accompanying notes

SUPERSTITION FIRE & MEDICAL DISTRICT
STATEMENT OF ACTIVITIES
Year Ended June 30, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government							
Governmental activities							
Administration	\$ 2,138,239	\$ -	\$ -	\$ 31,750	\$ (2,106,489)	\$ -	\$ (2,106,489)
Technical services	586,773	-	-	-	(586,773)	-	(586,773)
Communication services	207,049	-	-	-	(207,049)	-	(207,049)
Emergency services	15,589,131	684,347	-	-	(14,904,784)	-	(14,904,784)
Community services	139,266	2,695	457,394	-	320,823	-	320,823
Interest on debt	151,277	-	-	-	(151,277)	-	(151,277)
Total governmental activities	18,811,735	687,042	457,394	31,750	(17,635,549)	-	(17,635,549)
Business-type activities:							
Transport services	3,567,293	3,115,802	-	-	-	(451,491)	(451,491)
Total primary government	\$ 22,379,028	\$ 3,802,844	\$ 457,394	\$ 31,750	(17,635,549)	(451,491)	(18,087,040)
General revenues							
Property taxes					14,990,335	-	14,990,335
Centrally assessed taxes					384,561	-	384,561
Insurance premiums					121,878	-	121,878
County aid					400,000	-	400,000
Investment earnings					73,191	4,624	77,815
Other income					7,353	693	8,046
Total general revenues and transfers					15,977,318	5,317	15,982,635
Change in net position					(1,658,231)	(446,174)	(2,104,405)
Net position-beginning					(3,777,434)	(3,749,604)	(7,527,038)
Net position-ending					\$ (5,435,665)	\$ (4,195,778)	\$ (9,631,443)

See accompanying notes

SUPERSTITION FIRE & MEDICAL DISTRICT
BALANCE SHEET – GOVERNMENTAL FUNDS
June 30, 2020

	General	Capital Projects Fund	Non-Major Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 1,800,954	\$ 596,515	\$ 52,657	\$ 2,450,126
Receivables				
Property taxes	397,205	23,137	22,898	443,240
Accounts receivable	406,770	-	4,750	411,520
Due from other funds	1,859,558	1,499,247	-	3,358,805
Prepays	47,909	-	-	47,909
Restricted cash and cash equivalents	-	-	309,262	309,262
Total assets	4,512,396	2,118,899	389,567	7,020,862
LIABILITIES				
Accounts payable	58,894	1,747	-	60,641
Accrued wages and benefits	382,522	-	-	382,522
Total liabilities	441,416	1,747	-	443,163
DEFERRED INFLOWS OF RESOURCES				
Deferred revenue	347,222	18,451	19,604	385,277
Total deferred inflows of resources	347,222	18,451	19,604	385,277
FUND BALANCES				
Nonspendable	1,907,467	1,499,247	-	3,406,714
Restricted for:				
Debt retirement	-	-	312,556	312,556
Grants	-	-	57,407	57,407
Assigned - capital projects	-	599,454	-	599,454
Unassigned	1,816,291	-	-	1,816,291
Total fund balances	3,723,758	2,098,701	369,963	6,192,422
Total liabilities, deferred inflows of resources and fund balances	\$ 4,512,396	\$ 2,118,899	\$ 389,567	\$ 7,020,862

SUPERSTITION FIRE & MEDICAL DISTRICT
 RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION -
 GOVERNMENTAL FUNDS
 June 30, 2020

Fund balance - total governmental funds balance sheet		\$ 6,192,422
Amounts reported for governmental activities in the statement of net position are different because:		
Investment in joint venture		167,601
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Governmental capital assets	\$ 27,925,931	
Less accumulated depreciation	<u>(16,298,695)</u>	11,627,236
Deferred revenue is shown on the governmental funds, but is not deferred on the statement of net position		
		385,277
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	(717,248)	
Net OPEB asset	121,597	
Net pension liability	(20,630,430)	
Net OPEB liability	(5,801)	
Compensated absences	(2,847,474)	
Deferred gain on bond refunding	(128,119)	
Bonds payable	<u>(4,360,000)</u>	(28,567,475)
Deferred outflows and inflows of resources related to pensions/OPEB are applicable to future reporting periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to pensions/OPEB	6,782,550	
Deferred inflows of resources related to pensions/OPEB	<u>(2,023,276)</u>	<u>4,759,274</u>
Net position of governmental activities - statement of net position		<u>\$ (5,435,665)</u>

SUPERSTITION FIRE & MEDICAL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS
Year Ended June 30, 2020

	General	Capital Projects Fund	Non-Major Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 13,243,240	1,045,669	\$ 692,468	\$ 14,981,377
Centrally assessed taxes	365,446	-	19,115	384,561
Insurance premiums	121,878	-	-	121,878
County aid	400,000	-	-	400,000
Charges for services	687,042	-	-	687,042
Grants	491,765	-	31,750	523,515
Interest revenues	47,329	13,829	12,033	73,191
Other income	3,442	-	3,911	7,353
Total revenues	<u>15,360,142</u>	<u>1,059,498</u>	<u>759,277</u>	<u>17,178,917</u>
EXPENDITURES				
Current				
Administration	2,138,167	38	34	2,138,239
Technical services	574,216	-	-	574,216
Communication services	207,049	-	-	207,049
Emergency services	12,144,305	-	-	12,144,305
Community services	111,722	-	-	111,722
Capital outlay	-	1,074,529	27,544	1,102,073
Debt service				
Principal	-	99,786	556,000	655,786
Interest and fiscal charges	-	28,567	141,011	169,578
Total expenditures	<u>15,175,459</u>	<u>1,202,920</u>	<u>724,589</u>	<u>17,102,968</u>
Net change in fund balances	184,683	(143,422)	34,688	75,949
Fund balances - beginning of year	<u>3,539,075</u>	<u>2,242,123</u>	<u>335,275</u>	<u>6,116,473</u>
Fund balances - end of year	<u>\$ 3,723,758</u>	<u>\$ 2,098,701</u>	<u>\$ 369,963</u>	<u>\$ 6,192,422</u>

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, 2020

Net change in fund balances - total governmental funds		\$	75,949
Amounts reported for governmental activities in the statement of activities are different because:			
Equity interest reported at cost for the investment in the City of Mesa joint venture			(648)
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.			
Expenditures for capital assets	\$	986,926	
Less current year depreciation		<u>(1,284,875)</u>	(297,949)
Pension and OPEB contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the reported net position 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.			
Pension and OPEB contributions		1,957,068	
Pension and OPEB expense		<u>(3,761,757)</u>	(1,804,689)
Revenues received in the current year that were accrued in the statement of activities in prior years			
Property taxes		8,958	
Grants		<u>(34,371)</u>	(25,413)
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.			
Amortization		18,303	
Leases payable		99,786	
Bonds payable		<u>556,000</u>	674,089
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.			
			<u>(279,570)</u>
Change in net position of governmental activities			<u><u>\$ (1,658,231)</u></u>

SUPERSTITION FIRE & MEDICAL DISTRICT
STATEMENT OF NET POSITION-PROPRIETARY FUND
June 30, 2020

ASSETS	Transport Services
Current assets:	
Cash and cash equivalents	\$ 222,231
Receivables (net of allowance for uncollectible accounts)	989,598
Prepaid expenses	12,725
Inventory	123,209
Total current assets	<u>1,347,763</u>
Noncurrent assets:	
Net OPEB asset	7,670
Capital assets:	
Capital assets, being depreciated, net	<u>1,139,279</u>
Total capital assets, net	<u>1,139,279</u>
Total noncurrent assets	<u>1,146,949</u>
Total assets	<u>2,494,712</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources related to pensions/OPEB	<u>557,068</u>
Total deferred outflows of resources	<u>557,068</u>
LIABILITIES	
Current liabilities:	
Accounts payable	16,843
Accrued wages and benefits	57,438
Due to other funds	3,358,805
Lease payable	150,791
Compensated absences	67,661
Total current liabilities	<u>3,651,538</u>
Noncurrent liabilities:	
Lease payable	650,419
Compensated absences	116,378
Net pension liability	2,616,709
Net OPEB liability	7,462
Total noncurrent liabilities	<u>3,390,968</u>
Total liabilities	<u>7,042,506</u>
Deferred inflows of resources	
Deferred inflows of resources related to pensions/OPEB	<u>205,052</u>
NET POSITION	
Net investment in capital assets	338,069
Unrestricted	<u>(4,533,847)</u>
Total net position	<u>\$ (4,195,778)</u>

SUPERSTITION FIRE & MEDICAL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION-
PROPRIETARY FUND
Year Ended June 30, 2020

	<u>Transport Services</u>
Operating revenues:	
Charges for services	\$ 3,115,802
Other	<u>5,317</u>
Total operating revenues	<u>3,121,119</u>
Operating expenses:	
Transport	2,124,971
General and administrative	1,334,745
Depreciation	<u>107,577</u>
Total operating expenses	<u>3,567,293</u>
Change in net position	<u>(446,174)</u>
Net position, beginning of year	<u>(3,749,604)</u>
Net position, end of year	<u><u>\$ (4,195,778)</u></u>

SUPERSTITION FIRE & MEDICAL DISTRICT
STATEMENT OF CASH FLOWS-PROPRIETARY FUND
Year Ended June 30, 2020

	<u>Transport Services</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 3,301,190
Payments to vendors	(976,389)
Payments for employees	(2,068,102)
Payments to other funds	<u>(14,664)</u>
Net cash provided (used) by operating activities	<u>242,035</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Payments for capital lease	<u>(146,342)</u>
Net change in cash and cash equivalents	95,693
Cash and cash equivalents at beginning of year	<u>126,538</u>
Cash and cash equivalents at end of year	<u><u>\$ 222,231</u></u>

SUPERSTITION FIRE & MEDICAL DISTRICT
STATEMENT OF CASH FLOWS-PROPRIETARY FUND
Year Ended June 30, 2020

	<u>Transport Services</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ (446,174)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation expense	107,577
(Increase) decrease in:	
Accounts receivable	180,071
Prepaid expenses	(3,813)
Inventory	(51,029)
Net OPEB asset	(4,705)
Deferred outflows of resources related to pensions and OPEB	200,115
Increase (decrease) in:	
Accounts payable	9,465
Accrued wages	16,361
Compensated absences	58,579
Due to other funds	(14,664)
Net OPEB liability	325
Net pension liability	227,237
Deferred inflows of resources related to pensions and OPEB	<u>(37,310)</u>
Total adjustments	<u>688,209</u>
Net cash provided (used) by operating activities	<u>\$ 242,035</u>

SUPERSTITION FIRE & MEDICAL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2020

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 FINANCIAL STATEMENTS
Year Ended June 30, 2020

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.

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 two nonmajor funds for June 30, 2020.

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 FINANCIAL STATEMENTS
Year Ended June 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The District reports the following major proprietary fund:

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. Inventory

Purchases of inventory items are recorded at the time of purchase (purchases method) as expenditures in the funds from which the purchases were made.

I. 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 FINANCIAL STATEMENTS
Year Ended June 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. 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.

The business-type receivables are shown net of an allowance for uncollectibles. The amount of the estimated uncollectible business-type receivables at June 30, 2020 was \$1,254,101, which represents 55.9% of the current business-type receivables balance.

J. 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 FINANCIAL STATEMENTS
Year Ended June 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. 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.

SUPERSTITION FIRE & MEDICAL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. 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 resignation or retirement. Resources from the General Fund and the Transport Fund are generally used to liquidate the governmental funds, and business type liabilities, respectively, for compensated absences.

M. 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.

N. 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.

O. 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.

SUPERSTITION FIRE & MEDICAL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. Pensions and OPEB

For purposes of measuring the net pension and other postemployment benefits (OPEB) assets and liabilities, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension and OPEB expense, information about the pension plans' fiduciary net position and additions to/deductions from the plans' 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.

Q. 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, 2020, the carrying amount of the District's deposits totaled \$2,981,619 and the amount on deposit with the Pinal County Treasurer's Office was \$3,120,397. At June 30, 2020, none of the District's bank balance was exposed to custodial credit risk as uninsured and collateralized with securities held by the pledging financial institution's trust department.

SUPERSTITION FIRE & MEDICAL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2020

NOTE 3 CAPITAL ASSETS

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

Governmental Activities:	Beginning Balance	Increases	Decreases / Transfers	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 1,241,806	\$ -	\$ -	\$ 1,241,806
Capital assets, being depreciated:				
Buildings, infrastructure and improvements	12,855,040	71,876	-	12,926,916
Vehicles and apparatus	9,511,246	711,325	-	10,222,571
Furniture and equipment	3,330,912	203,727	-	3,534,639
Total capital assets being depreciated	<u>25,697,198</u>	<u>986,928</u>	<u>-</u>	<u>26,684,126</u>
Less accumulated depreciation for:				
Buildings and improvements	(7,275,574)	(539,766)	-	(7,815,340)
Vehicles and apparatus	(5,483,967)	(475,420)	-	(5,959,387)
Furniture and equipment	(2,254,280)	(269,689)	-	(2,523,969)
Total accumulated depreciation	<u>(15,013,821)</u>	<u>(1,284,875)</u>	<u>-</u>	<u>(16,298,696)</u>
Total capital assets, being depreciated, net	<u>10,683,377</u>	<u>(297,947)</u>	<u>-</u>	<u>10,385,430</u>
Governmental activities capital assets, net	<u>\$ 11,925,183</u>	<u>\$ (297,947)</u>	<u>\$ -</u>	<u>\$ 11,627,236</u>
<u>Business-type Activities:</u>				
Capital assets, being depreciated:				
Vehicles and apparatus	\$ 1,592,245	\$ -	\$ -	\$ 1,592,245
Furniture and equipment	68,776	-	-	68,776
Total capital assets being depreciated	<u>1,661,021</u>	<u>-</u>	<u>-</u>	<u>1,661,021</u>
Less accumulated depreciation for:				
Vehicles and apparatus	(366,438)	(102,816)	-	(469,254)
Furniture and equipment	(47,727)	(4,761)	-	(52,488)
Total accumulated depreciation	<u>(414,165)</u>	<u>(107,577)</u>	<u>-</u>	<u>(521,742)</u>
Total capital assets, being depreciated, net	<u>1,246,856</u>	<u>(107,577)</u>	<u>-</u>	<u>1,139,279</u>
Business-Type activities capital assets, net	<u>\$ 1,246,856</u>	<u>\$ (107,577)</u>	<u>\$ -</u>	<u>\$ 1,139,279</u>

SUPERSTITION FIRE & MEDICAL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 Year Ended June 30, 2020

NOTE 3 CAPITAL ASSETS (Continued)

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

Governmental activities:	
Administrative	\$ 79,575
Technical Services	12,557
Emergency Services	<u>1,192,743</u>
Total depreciation expense - governmental activities	<u>\$ 1,284,875</u>

The depreciation expense for business-type activities was \$107,577.

NOTE 4 LONG TERM DEBT

General Obligation Bonds

In July 2018, the district issued general obligation refunding bonds, Series 2018 with an interest rate of 2.83% to refund the higher rate 2006 Greater Arizona Development Authority (GADA) notes. Interest at the rate of 2.83% is payable semiannually on January 1 and July 1. The bonds are 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 original GADA notes were used 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. The GADA notes are considered defeased, and related liabilities are not included in the District's financial statements.

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

Fiscal year ending June 30,	Principal	Interest
2021	\$ 571,000	\$ 123,388
2022	586,000	107,229
2023	604,000	90,645
2024	622,000	73,552
2025	639,000	55,949
2026-2027	<u>1,338,000</u>	<u>57,081</u>
Total	<u>\$ 4,360,000</u>	<u>\$ 507,843</u>

SUPERSTITION FIRE & MEDICAL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 Year Ended June 30, 2020

NOTE 4 LONG TERM DEBT (Continued)

Capital Lease – The District entered into a lease agreement for capital purchases of vehicles in the governmental and business type activities. Such agreements are, in substance, purchases (capital leases) and are reported as capital lease obligations. The leases related to the governmental activity is payable in annual installments of \$128,354, including interest at 3.50%. The leases related to the business-type activity is payable in annual installments of \$175,148, including interest at 3.04%. The following schedule presents future minimum lease payments as of June 30, 2020:

Year Ending, June 30	Governmental Activities	Business-type Activities
2021	\$ 128,354	\$ 175,148
2022	128,354	175,148
2023	128,354	175,148
2024	128,354	175,148
2025	128,354	175,148
2026	170,609	-
Total requirements	812,377	875,738
Less interest	95,129	74,529
Present value of remaining payments	<u>\$ 717,248</u>	<u>\$ 801,210</u>

Vehicles and related accumulated depreciation under capital leases are as follows:

	Governmental Activities	Business-type Activities
Asset		
Vehicles	\$ 1,124,613	\$ 1,551,365
Less accumulated depreciation	(271,472)	(460,435)
Net	<u>\$ 853,141</u>	<u>\$ 1,090,930</u>

SUPERSTITION FIRE & MEDICAL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2020

NOTE 4 LONG TERM DEBT (Continued)

Changes in long-term debt as of June 30, 2020 are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Refunding series 2018 GO bonds	\$ 4,916,000	\$ -	\$ (556,000)	\$ 4,360,000	\$ 571,000
Deferred gain on refunding	146,422	-	(18,303)	128,119	-
Capital leases	817,034	-	(99,786)	717,248	103,276
Compensated absences	2,567,904	363,713	(84,143)	2,847,474	814,255
Net pension liability	19,276,368	1,354,062	-	20,630,430	-
Net OPEB liability	40,866	-	(35,065)	5,801	-
Governmental activities long-term liabilities	<u>\$ 27,764,594</u>	<u>\$ 1,717,775</u>	<u>\$ (793,297)</u>	<u>\$ 28,689,072</u>	<u>\$ 1,488,531</u>
Business-type activities:					
Capital lease	\$ 947,552	\$ -	\$ (146,342)	\$ 801,210	\$ 150,791
Compensated absences	125,460	63,097	(4,518)	184,039	67,661
Net pension liability	2,389,472	227,237	-	2,616,709	-
Net OPEB liability	7,137	325	-	7,462	-
Business-like activities long-term liabilities	<u>\$ 3,469,621</u>	<u>\$ 290,659</u>	<u>\$ (150,860)</u>	<u>\$ 3,609,420</u>	<u>\$ 218,452</u>

NOTE 5 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, 2020, 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 Liability	\$ 20,630,430	\$ 2,616,709	\$ 23,247,139
Net OPEB asset	121,597	7,670	129,267
Net OPEB liability	5,801	7,462	13,263
Deferred outflow of resources	6,782,550	557,068	7,339,618
Deferred inflow of resources	2,023,276	205,052	2,228,328
Pension and OPEB expense	3,761,756	551,619	4,313,375

The District reported \$1,957,068 of pension and OPEB contributions as expenditures in the governmental funds related to all pension plans to which it contributes.

SUPERSTITION FIRE & MEDICAL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 Year Ended June 30, 2020

NOTE 5 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

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.

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 FINANCIAL STATEMENTS
 Year Ended June 30, 2020

NOTE 5 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

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

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, 2020, active ASRS members were required by statute to contribute at the actuarially determined rate of 12.11 percent (11.94 percent for retirement and 0.17 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 12.11 percent (11.45 percent for retirement, 0.49 percent for health insurance premium benefit, and 0.17 percent for long-term disability) of the active members' annual covered payroll. The District's contributions to the pension, health insurance premium benefit, and long-term disability plans for the year ended June 30, 2020 were \$259,167, \$11,091, and \$3,848, respectively.

During fiscal year 2020, the District paid 41 percent of ASRS contributions from the General Fund and 59 percent from the Transport Services Fund.

Liability - At June 30, 2020, the District reported the following asset and liabilities for its proportionate share of the ASRS' net pension/OPEB asset or liability.

ASRS	Net pension/OPEB (Asset) Liability
Pension	\$ 2,917,508
Health insurance premium benefit	(5,676)
Long-term disability	13,263

SUPERSTITION FIRE & MEDICAL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2020

NOTE 5 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

Liability (Continued) - The net asset and liabilities were measured as of June 30, 2019. The total asset and liabilities used to calculate the net asset and liabilities was determined using update procedures to roll forward the total asset and liabilities from an actuarial valuation as of June 30, 2018, to the measurement date of June 30, 2019. The District's proportion of the net liability was based on the District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2019. The District's proportion measured as of June 30, 2019, and the change from its proportion measured as of June 30, 2018, were:

ASRS	Proportion June 30, 2019	Increase (decrease) from June 30, 2018
Pension	0.02005%	0.00120%
Health insurance premium benefit	0.02054%	0.00134%
Long-term disability	0.02036%	0.00147%

Expense and Deferred Outflows/Inflows of Resources - For the year ended June 30, 2020, the District recognized pension and OPEB expense for ASRS of \$650,773 and \$11,555, respectively. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

ASRS	Pension		Health Insurance Premium Benefit		Long-term Disability	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 52,706	\$ 549	\$ -	\$ 6,785	\$ 1,567	\$ -
Changes of assumptions or other inputs	12,332	116,181	11,163	-	1,984	-
Net difference between projected and actual earnings on pension plan investments	-	65,576	-	7,382	-	283
Changes in proportion and differences between District contributions and proportionate share of contributions	212,986	-	46	13	930	-
District contributions subsequent to the measurement date	259,167	-	11,091	-	3,848	-
Total	<u>\$ 537,191</u>	<u>\$ 182,306</u>	<u>\$ 22,300</u>	<u>\$ 14,180</u>	<u>\$ 8,329</u>	<u>\$ 283</u>

SUPERSTITION FIRE & MEDICAL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 Year Ended June 30, 2020

NOTE 5 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

Expense and Deferred Outflows/Inflows of Resources (Continued) - The \$259,167 and \$14,939 reported as deferred outflows of resources related to ASRS pension and OPEB resulting from District contributions subsequent to the measurement date, respectively, will be recognized as a reduction of the net pension/OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ASRS pensions and OPEB will be recognized in expenses as follows:

Year ending June 30	Pension	Health Insurance Premium Benefit	Long-term Disability
2021	\$ 113,322	\$ (2,448)	\$ 459
2022	(22,574)	(2,446)	459
2023	(12,593)	703	736
2024	17,563	1,380	786
2025	-	(160)	681
Thereafter	-	-	1,077

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

ASRS

Actuarial valuation date	June 30, 2018
Actuarial roll forward date	June 20, 2019
Actuarial cost method	Entry age normal
Investment rate of return	7.5%
Projected salary increases	2.7 - 7.2% for pensions/not applicable for OPEB
Inflation	2.3%
Permanent benefit increase	Included for pensions/not applicable for OPEB
Mortality rates	2017 SRA Scale U-MP for pensions and health insurance premium benefit
Recovery rates	2012 GLDT for long-term disability
Healthcare cost trend rate	Not Applicable

Actuarial assumptions used in the June 30, 2018, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2016.

SUPERSTITION FIRE & MEDICAL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 Year Ended June 30, 2020

NOTE 5 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

Actuarial Assumptions (Continued) - The long-term expected rate of return on ASRS plan investments was determined to be 7.5 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

ASRS	Target Allocation	Long-Term Expected Geometric Real Rate of Return
Asset Class		
Equity	50%	6.09%
Credit	20%	5.36%
Interest rate sensitive bonds	10%	1.62%
Real estate	20%	5.85%
Total	<u>100%</u>	

Discount Rate – The discount rate used to measure the ASRS total pension/OPEB liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board’s funding policy, which establishes the contractually required rate under Arizona statute. Based on those assumptions, the plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of District’s Proportionate Share of the ASRS Net Liability (Asset) to Changes in the Discount Rate - The following table presents the District’s proportionate share of the net liability calculated using the discount rate of 7.5 percent, as well as what the District’s proportionate share of the net liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.5 percent) or 1 percentage point higher (8.5 percent) than the current rate:

ASRS	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% increase (8.5%)
District's proportionate share of the			
Net pension liability	\$ 4,152,290	\$ 2,917,508	\$ 1,885,548
Net insurance premium benefit liability (asset)	28,753	(5,676)	(35,012)
Net long-term disability liability	14,679	13,263	11,891

SUPERSTITION FIRE & MEDICAL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2020

NOTE 5 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

Plan Fiduciary Net Position - Detailed information about the 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 are regularly assigned hazardous duty participate in the Public Safety Personnel Retirement System (PSPRS) or employees who became members on or after July 1, 2017, may participate in the Public Safety Personnel Defined Contribution Retirement Plan (PSPDCRP). The PSPRS administers agent and cost-sharing multiple-employer defined benefit pension plan and an agent and cost-sharing multiple-employer defined benefit health insurance premium benefit (OPEB) plan (agent plans). A nine-member board known as the Board of Trustees and the participating local boards govern the PSPRS according to the provisions of A.R.S. Title 38, Chapter 5, Article 4. Employees who were PSPRS members before July 1, 2017, participate in the agent plans, and those who became PSPRS members on or after July 1, 2017, participate in the cost-sharing plans (PSPRS Tier 3 Risk Pool) which are not further disclosed because of their relative insignificance to the District's financial statements.

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.

SUPERSTITION FIRE & MEDICAL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 Year Ended June 30, 2020

NOTE 5 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 and before July 1, 2017
Retirement and Disability		
Years of service and age required to receive benefit	20 years of service, any age 15 years of service, age 62	25 years of service or 15 years of credited service, age 52.5
Final average salary is based on	Highest 36 consecutive months of last 20 years	Highest 60 consecutive months of last 20 years
Benefit percent		
Normal Retirement	50% less 2.0% for each year of credited service less than 20 years OR plus 2.0% to 2.5% for each year of credited service over 20 years, not to exceed 80%	1.5% to 2.5% per year of credited service, not to exceed 80%
Accidental Disability Retirement		50% or normal retirement, whichever is greater
Catastrophic Disability Retirement	90% for the first 60 months then reduced to either 62.5% or normal retirement, whichever is greater	
Ordinary Disability Retirement	Normal retirement calculated with actual years of credited service or 20 years of credited service, whichever is greater, multiplied by years of credited service (not to exceed 20 years) divided by 20	
Survivor Benefits		
Retired Members	80% to 100% of retired member's pension benefit	
Active Members	80% to 100% of accidental disability retirement benefit or 100% of average monthly compensation if death was the result of injuries received on the job	

SUPERSTITION FIRE & MEDICAL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 Year Ended June 30, 2020

NOTE 5 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

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

Employees Covered by Benefit Terms - At June 30, 2020, the following employees were covered by the agent plans' benefit terms:

	PSPRS Fire
Inactive employees or beneficiaries	
currently receiving benefits	17
Inactive employees entitled to	
but not yet receiving benefits	17
Active employees	74
Total	<u>108</u>

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, 2020, are indicated below. Rates are a percentage of active members' annual covered payroll.

	PSPRS Fire
Active members - Pension	7.65% - 11.65%
District	
Pension	29.20%
Health insurance premium benefit	0.28%

SUPERSTITION FIRE & MEDICAL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 Year Ended June 30, 2020

NOTE 5 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

In addition, statute required the District to contribute at the actuarially determined rate indicated below 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.

	PSPRS Fire
Pension	14.12%
Health insurance permium benefit	0.03%

The District's contributions to the plans for the year ended June 30, 2020, were:

	PSPRS Fire
Pension	
Contributions made to PSPRS	\$ 1,851,686
Health Insurance Permium Benefit	
Annual OPEB cost contributions made to PSPRS	\$ 20,021

During fiscal year 2020, the District paid 99 percent of the PSPRS pension and OPEB contributions from the General Fund and 1 percent from the Transport Services Fund.

Liability - At June 30, 2020, the District reported a PSPRS net pension liability and OPEB asset of \$20,329,630 and \$123,591, respectively.

The net assets and liabilities were measured as of June 30, 2019, and the total liability used to calculate the net asset or liability was determined by an actuarial valuation as of that date. The total liabilities as of June 30, 2019, reflect changes of actuarial assumptions to decrease the investment rate of return from 7.4 percent to 7.3 percent and update the mortality rates.

SUPERSTITION FIRE & MEDICAL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 Year Ended June 30, 2020

NOTE 5 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

PSPRS

Actuarial valuation date	June 30, 2019
Actuarial cost method	Entry age normal
Investment rate of return	7.30%
Wage inflation	3.5% for pensions/not applicable for OPEB
Price inflation	2.5% for pensions/not applicable for OPEB
Cost-of-living adjustment	1.75% for pensions/not applicable for OPEB
Mortality rates	PubS-2010 tables
Healthcare cost trend rate	Not applicable

Actuarial assumptions used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2016.

The long-term expected rate of return on PSPRS plan investments was determined to be 7.3 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expenses and inflation) are developed for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

PSPRS	Target Allocation	Long-Term Expected Geometric Rate of Return
Asset Class		
Short term investments	2%	0.25%
Risk Parity	4%	4.01%
Fixed income	5%	3.00%
Real assets	9%	6.75%
GTS	12%	4.01%
Private credit	16%	5.36%
Real estate	10%	4.50%
Private equity	12%	8.40%
Non-U.S. equity	14%	5.00%
U.S. equity	16%	4.75%
Total	<u>100.00%</u>	

SUPERSTITION FIRE & MEDICAL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2020

NOTE 5 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

Discount Rates – At June 30, 2019, the discount rate used to measure the PSPRS total pension/OPEB liability was 7.3 percent, which was a decrease of 0.1 from the discount rate used as of June 30, 2018. 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 plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension/OPEB liability.

Changes in the Net Pension/OPEB Liability (Asset)

PSPRS - Firefighter	Pension			Health Insurance Premium Benefit		
	Increase (Decrease)			Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
(a)	(b)	(a) - (b)	(a)	(b)	(a) - (b)	
Balances at June 30, 2019	\$ 52,277,121	\$ 33,240,193	\$ 19,036,928	\$ 984,497	\$ 946,362	\$ 38,135
Changes for the year:						
Service Cost	1,516,252	-	1,516,252	18,049	-	18,049
Interest on the total pension liability	3,945,344	-	3,945,344	73,597	-	73,597
Changes of benefit terms	-	-	-	-	-	-
Differences between expected and actual experience in the measurement of the pension liability	(1,178,357)	-	(1,178,357)	(182,672)	-	(182,672)
Changes of assumptions or other inputs	1,178,345	-	1,178,345	9,447	-	9,447
Contributions - employer	-	1,790,579	(1,790,579)	-	20,773	(20,773)
Contributions - employee	-	593,083	(593,083)	-	-	-
Net investment income	-	1,826,862	(1,826,862)	-	51,367	(51,367)
Benefit payments, including refunds of employee contributions	(955,817)	(955,817)	-	(15,978)	(15,978)	-
Administrative expense	-	(32,748)	32,748	-	(887)	887
Other changes	-	(8,894)	8,894	-	8,894	(8,894)
Net changes	4,505,767	3,213,065	1,292,702	(97,557)	64,169	(161,726)
Balances at June 30, 2020	\$ 56,782,888	\$ 36,453,258	\$ 20,329,630	\$ 886,940	\$ 1,010,531	\$ (123,591)

SUPERSTITION FIRE & MEDICAL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 Year Ended June 30, 2020

NOTE 5 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

Sensitivity of the District's Net Pension/OPEB Liability to Changes in the Discount Rate -

The following table presents the District's net pension/OPEB liabilities (assets) calculated using the discount rate of 7.3 percent, as well as what the District's net pension/OPEB liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (6.3 percent) or 1 percentage point higher (8.3 percent) than the current rate:

PSPRS - Firefighter	1% Decrease	Current	1% increase
	(6.30%)	Discount Rate (7.30%)	(8.30%)
Net pension liability	\$ 28,899,094	\$ 20,329,630	\$ 13,386,929
Net OPEB (asset) liability	(12,577)	(123,591)	(216,739)

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

Expense - For the year ended June 30, 2020, the District recognized \$3,461,071 and \$(7,698) of PSPRS pension and OPEB expense (revenue), respectively.

Deferred Outflows/Inflows of Resources - At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions/OPEB from the following sources:

PSPRS - Firefighter	Pension		Health Insurance Premium Benefit	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 874,068	\$ 1,819,755	\$ 909	\$ 190,465
Changes of assumptions or other inputs	3,480,351	-	8,400	21,338
Net difference between projected and actual earnings on pension plan investments	555,453	-	3,699	-
District contributions subsequent to the measurement date	1,851,686	-	20,021	-
Total	<u>\$ 6,761,558</u>	<u>\$ 1,819,755</u>	<u>\$ 33,029</u>	<u>\$ 211,803</u>

SUPERSTITION FIRE & MEDICAL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 Year Ended June 30, 2020

NOTE 5 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

The amounts reported as deferred outflows of resources related to pensions/OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions/OPEB will be recognized as expense as follows:

Year ending June 30,	PSPRS - Firefighter	
	Pension	OPEB
2021	\$ 874,464	\$ (30,052)
2022	500,196	(30,050)
2023	689,397	(23,247)
2024	571,066	(24,000)
2025	330,012	(27,762)
Thereafter	124,982	(63,684)

PSPDCRP plan - District's firefighters who are not members of PSPRS participate in the PSPDCRP. The PSPDCRP is a defined contribution pension plan. The PSPRS Board of Trustees governs the PSPDCRP according to the provision of A.R.S. Title 38, Chapter 5, Article 4.1. Benefit terms, including contribution requirements, are established by State statute.

For the year ended June 30, 2020, active PSPDCRP members were required by statute to contribute at least 9 percent of the members' annual covered payroll, and the District was required by statute to contribute 9 percent of active members' annual covered payroll to an individual employee account. Employees are immediately vested in their own contributions and the earnings on those contributions. Employees vest in a portion of the District's contributions each year as set forth in statute. The plan retains nonvested District contributions when forfeited because of employment terminations. For the year ended June 30, 2020, the District recognized pension expense of \$94,567.

SUPERSTITION FIRE & MEDICAL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 Year Ended June 30, 2020

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 equity interest in the venture for the fiscal year ended June 30, 2020 was \$167,601. 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.

NOTE 7 CREDIT LINE

The District has an approved line of credit for \$1.5 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 its revenues (November 1 and May 1). The line of credit must be renewed annually. There were draws and payments of \$368,347 during the year and no balance was outstanding at fiscal year-end.

NOTE 8 INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

As of June 30, 2020, interfund receivables and payables that resulted from various interfund transactions were as follows:

Fund	Receivable Amount	Payable Amount
General	\$ 1,859,558	\$ -
Capital Project	1,499,247	-
Transport Services	-	3,358,805
Total	\$ 3,358,805	\$ 3,358,805

The outstanding balance in the Transport Services fund is for administrative costs that are allocated from the other two funds. This is a long term payable and will be paid back gradually.

REQUIRED SUPPLEMENTARY INFORMATION

SUPERSTITION FIRE & MEDICAL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY COST-SHARING PENSION PLAN
Year Ended June 30, 2020

Arizona Retirement System - Pension

	Reporting Fiscal Year (Measurement Date)						2014 through 2011
	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	
District's proportion of the net pension liability	0.020047%	0.018847%	0.017672%	0.014244%	0.008618%	0.007864%	Information not available
District's proportionate share of the net pension liability	\$ 2,917,508	\$ 2,628,912	\$ 2,752,642	\$ 2,298,479	\$ 1,342,452	\$ 1,163,628	
District's covered payroll	\$ 2,114,281	\$ 1,873,367	\$ 1,883,073	\$ 1,320,736	\$ 708,897	\$ 708,897	
District's proportionate share of the net pension liability as a percentage of its covered payroll	137.99%	140.33%	146.18%	174.03%	189.37%	164.15%	
Plan fiduciary net position as a percentage of the total pension liability	73.24%	73.40%	69.92%	67.06%	68.35%	69.49%	

Arizona Retirement System - Health insurance premium benef

	Reporting Fiscal Year (Measurement Date)			2017 through 2011
	2020 (2019)	2019 (2018)	2018 (2017)	
District's proportion of the net OPEB (asset)	0.020544%	0.019206%	0.017931%	Information not available
District's proportionate share of the net OPEB (asset)	\$ (5,676)	\$ (6,917)	\$ (9,761)	
District's covered payroll	\$ 2,114,281	\$ 1,873,367	\$ 1,873,367	
District's proportionate share of the net OPEB (asset) as a percentage of its covered payroll	-0.27%	-0.37%	-0.52%	
Plan fiduciary net position as a percentage of the total OPEB (asset)	101.62%	102.20%	103.57%	

Arizona Retirement System - Long-term disability

	Reporting Fiscal Year (Measurement Date)			2017 through 2011
	2020 (2019)	2019 (2018)	2018 (2017)	
District's proportion of the net OPEB liability	0.020358%	0.018888%	0.015757%	Information not available
District's proportionate share of the net OPEB liability	\$ 13,263	\$ 9,870	\$ 6,430	
District's covered payroll	\$ 2,114,281	\$ 1,873,367	\$ 1,873,367	
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	0.63%	0.53%	0.34%	
Plan fiduciary net position as a percentage of the total OPEB liability	72.85%	77.83%	84.44%	

SUPERSTITION FIRE & MEDICAL DISTRICT
SCHEDULE OF CHANGES IN THE DISTRICT'S NET PENSION LIABILITY AND RELATED RATIOS AGENT PENSION PLAN
Year Ended June 30, 2020

PSPRS - Pension

	Reporting Fiscal Year (Measurement Date)						2014 through 2011
	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	
Total pension liability							
Service cost	\$ 1,516,252	\$ 1,442,576	\$ 1,504,412	\$ 1,309,752	\$ 1,093,722	\$ 1,174,458	Information not available
Interest on the total pension liability	3,945,344	3,552,503	3,210,772	2,749,545	2,431,989	2,152,709	
Changes on benefit terms	-	-	354,150	3,751,261	-	181,548	
Differences between expected and actual experience in the measurement of the pension liability	(1,178,357)	561,965	(90,813)	(750,533)	1,088,291	(1,010,683)	
Changes of assumptions or other inputs	1,178,345	-	1,524,131	1,655,851	-	1,793,216	
Benefit payments, including refunds of employee contributions	(955,817)	(1,130,876)	(1,419,571)	(638,368)	(715,052)	(671,310)	
Net change in total pension liability	4,505,767	4,426,168	5,083,081	8,077,508	3,898,950	3,619,938	
Total pension liability - beginning	52,277,121	47,850,953	42,767,872	34,690,364	30,791,414	27,171,476	
Total pension liability - ending (a)	\$ 56,782,888	\$ 52,277,121	\$ 47,850,953	\$ 42,767,872	\$ 34,690,364	\$ 30,791,414	
Plan fiduciary net position							
Contributions - employer	\$ 1,790,579	\$ 1,886,507	\$ 1,447,386	\$ 1,583,372	\$ 1,015,424	\$ 993,529	
Contributions - employee	593,083	650,638	778,888	838,526	790,270	607,581	
Net investment income	1,826,862	2,134,046	3,185,780	148,850	857,371	2,659,653	
Benefit payments, including refunds of employee contributions	(955,817)	(1,130,876)	(1,419,571)	(638,368)	(715,052)	(671,310)	
Hall/Parker Settlement	-	(1,014,363)	-	-	-	-	
Administrative expense	(32,748)	(33,180)	(28,589)	(21,819)	(21,306)	(21,594)	
Other changes	-	358	336	36,564	(17,818)	(205,504)	
Net change in plan fiduciary net position	3,221,959	2,493,130	3,964,230	1,947,125	1,908,889	3,362,355	
Plan fiduciary net position - beginning	33,240,193	30,747,063	26,782,833	24,835,708	22,926,819	19,564,464	
Adjustment to Beginning of Year	(8,894)	-	-	-	-	-	
Plan fiduciary net position - ending (b)	\$ 36,453,258	\$ 33,240,193	\$ 30,747,063	\$ 26,782,833	\$ 24,835,708	\$ 22,926,819	
District's net pension liability - ending (a) - (b)	\$ 20,329,630	\$ 19,036,928	\$ 17,103,890	\$ 15,985,039	\$ 9,854,656	\$ 7,864,595	
Plan fiduciary net position as a percentage of the total pension liability	64.20%	63.58%	64.26%	62.62%	71.59%	74.46%	
Covered payroll	\$ 6,473,645	\$ 6,684,780	\$ 6,677,374	\$ 6,948,284	\$ 5,794,921	\$ 5,794,921	
District's net pension liability as a percentage of covered payroll	314.04%	284.78%	256.15%	230.06%	170.06%	135.72%	

See accompanying notes to pension plan schedules

SUPERSTITION FIRE & MEDICAL DISTRICT
SCHEDULE OF CHANGES IN THE DISTRICT'S NET PENSION LIABILITY AND RELATED RATIOS AGENT PENSION PLAN (Continued)
Year Ended June 30, 2020

PSPRS - Health insurance premium benefit

	Reporting Fiscal Year (Measurement Date)			2017 through 2011
	2020 (2019)	2019 (2018)	2018 (2017)	
Total pension liability				Information not available
Service cost	\$ 18,049	\$ 19,386	\$ 18,697	
Interest on the total pension liability	73,597	70,381	67,706	
Changes on benefit terms	-	-	7,535	
Differences between expected and actual experience in the measurement of the pension liability	(182,672)	(38,179)	1,374	
Changes of assumptions or other inputs	9,447	-	(32,213)	
Benefit payments, including refunds of employee contributions	(15,978)	(16,981)	(13,205)	
Net change in total pension liability	(97,557)	34,607	49,894	
Total pension liability - beginning	984,497	949,890	899,996	
Total pension liability - ending (a)	\$ 886,940	\$ 984,497	\$ 949,890	
Plan fiduciary net position				
Contributions - employer	\$ 20,773	\$ 11,386	\$ 20,209	
Contributions - employee	-	-	-	
Net investment income	51,367	61,918	93,605	
Benefit payments, including refunds of employee contributions	(15,978)	(16,981)	(13,205)	
Administrative expense	(887)	(942)	(828)	
Other changes	-	-	-	
Net change in plan fiduciary net position	55,275	55,381	99,781	
Plan fiduciary net position - beginning	946,362	890,981	791,200	
Adjustment to Beginning of Year	8,894	-	-	
Plan fiduciary net position - ending (b)	\$ 1,010,531	\$ 946,362	\$ 890,981	
District's net pension liability - ending (a) - (b)	\$ (123,591)	\$ 38,135	\$ 58,909	
Plan fiduciary net position as a percentage of the total pension liability	113.93%	96.13%	93.80%	
Covered payroll	\$ 6,473,645	\$ 6,684,780	\$ 6,684,780	
District's net pension liability as a percentage of covered payroll	-1.91%	0.57%	0.88%	

See accompanying notes to pension plan schedules

SUPERSTITION FIRE & MEDICAL DISTRICT
SCHEDULE OF THE DISTRICT PENSION/OPEB CONTRIBUTIONS
Year Ended June 30, 2020

ASRS - Pension

	Reporting Fiscal Year							2013 through 2011
	2020	2019	2018	2017	2016	2015	2014	
Statutorily required contribution	\$ 259,167	\$ 236,377	\$ 204,197	\$ 202,995	\$ 143,300	\$ 86,446	\$ 75,852	Information not available
District's contributions in relation to the statutorily required contribution	259,167	236,377	204,197	202,995	143,300	86,446	75,852	
District's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
District's covered payroll	\$ 2,263,467	\$ 2,114,281	\$ 1,873,367	\$ 1,883,073	\$ 1,320,736	\$ 794,540	\$ 708,897	
District's contributions as a percentage of covered payroll	11.45%	11.18%	10.90%	10.78%	10.85%	10.88%	10.70%	

ASRS - Health insurance premium benefit

	Reporting Fiscal Year				2016 through 2011
	2020	2019	2018	2017	
Statutorily required contribution	\$ 11,091	\$ 9,726	\$ 8,294	\$ 10,545	Information not available
District's contributions in relation to the statutorily required contribution	11,091	9,726	8,294	10,545	
District's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	
District's covered payroll	\$ 2,263,467	\$ 2,114,281	\$ 2,114,281	\$ 1,873,367	
District's contributions as a percentage of covered payroll	0.49%	0.46%	0.44%	0.56%	

ASRS - Long-term disability

	Reporting Fiscal Year				2016 through 2011
	2020	2019	2018	2017	
Statutorily required contribution	\$ 3,848	\$ 3,383	\$ 3,016	\$ 2,636	Information not available
District's contributions in relation to the statutorily required contribution	3,848	3,383	3,016	2,636	
District's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	
District's covered payroll	\$ 2,263,467	\$ 2,114,281	\$ 2,114,281	\$ 1,873,367	
District's contributions as a percentage of covered payroll	0.17%	0.16%	0.16%	0.14%	

SUPERSTITION FIRE & MEDICAL DISTRICT
SCHEDULE OF THE DISTRICT PENSION/OPEB CONTRIBUTIONS (Continued)
Year Ended June 30, 2020

	Reporting Fiscal Year							2013 through 2011
	2020	2019	2018	2017	2016	2015	2014	
<u>PSPRS - Pension</u>								
Actuarially determined contribution	\$ 1,851,686	\$ 1,790,579	\$ 1,886,507	\$ 1,447,386	\$ 1,583,372	\$ 1,015,424	\$ 993,529	Information not available
District's contributions in relation to the actuarially determined contribution	<u>1,851,686</u>	<u>1,790,579</u>	<u>1,886,507</u>	<u>1,447,386</u>	<u>1,583,372</u>	<u>993,529</u>	<u>902,497</u>	
District's contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,895</u>	<u>\$ 91,032</u>	
District's covered payroll	\$ 6,341,390	\$ 6,473,645	\$ 6,684,780	\$ 6,677,374	\$ 6,948,284	\$ 6,715,243	\$ 5,794,921	
District's contributions as a percentage of covered payroll	29.20%	27.66%	28.22%	21.68%	22.79%	14.80%	15.57%	
<u>PSPRS - Health insurance premium benefit</u>								
	Reporting Fiscal Year							2016 through 2011
	2020	2019	2018	2017				
Actuarially determined contribution	\$ 20,021	\$ 22,710	\$ 11,386	\$ 20,209				Information not available
District's contributions in relation to the actuarially determined contribution	<u>20,021</u>	<u>22,710</u>	<u>11,386</u>	<u>20,209</u>				
District's contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>				
District's covered payroll	\$ 6,341,390	\$ 6,473,645	\$ 6,684,780	\$ 6,677,374				
District's contributions as a percentage of covered payroll	0.32%	0.35%	0.17%	0.30%				

SUPERSTITION FIRE & MEDICAL DISTRICT
 NOTES TO PENSION PLAN SCHEDULES
 Year Ended June 30, 2020

NOTE 1 ACTUARIALLY DETERMINED CONTRIBUTION RATES

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

Actuarial cost method	Entry age normal
Amortization method	PSPRS members with initial membership date before July 1, 2017: Level percent-of-pay, closed PSPRS members with initial membership on or after July 1, 2017: Level dollar closed
Remaining amortization period as of the 2018 actuarial valuation	PSPRS members with initial membership date before July 1, 2017: 19 years for underfunded; 20 years for overfunded. PSPRS members with initial membership on or after July 1, 2017: 10 years
Asset valuation method	PSPRS members with initial membership date before July 1, 2017: 7-year smoothed market value; 80%/120% market corridor PSPRS members with initial membership on or after July 1, 2017: 5-year smoothed market value; 80%/120% market corridor
Actuarial assumptions: Investment rate of return	PSPRS members with initial membership date before July 1, 2017: In the 2017 actuarial valuation, the investment rate of return was decreased from 7.5% to 7.4%. In the 2016 actuarial valuation, the investment rate of return was decreased from 7.85% to 7.5%. In the 2013 actuarial valuation, the investment rate of return was decreased from 8% to 7.85%. PSPRS member with initial membership on or after July 1, 2017: 7%
Projected salary increases	In the 2017 actuarial valuation, projected salary increase were decreased from 4.0%-8.0% to 3.5%-7.5% for PSPRS. In the 2014 actuarial valuation, projected salary increases were decreased from 4.5%-8.5% to 4.0%-8.0% for PSPRS. In the 2013 actuarial valuation, projected salary increases were decreased from 5.0%-9.0% to 4.5%-8.5% for PSPRS.
Wage growth	In the 2017 actuarial valuation, wage growth was decreased from 4% to 3.5% for PSPRS. In the 2014 actuarial valuation, wage growth was decreased from 4.5% to 4.0% for PSPRS. In the 2013 actuarial valuation, wage growth was decreased from 5.0% to 4.5% for PSPRS.
Retirement age	Experience-based table of rates that is specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period July 1, 2006-June 30, 2011.
Mortality	In the 2017 actuarial valuation, changed to RP-2014 tables, with 75% of MP-2016 fully generational projection scales. RP-2000 mortality table (adjusted by 105% for both males and females)

SUPERSTITION FIRE & MEDICAL DISTRICT
NOTES TO PENSION PLAN SCHEDULES
Year Ended June 30, 2020

NOTE 2 FACTORS THAT AFFECT TRENDS

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

SUPERSTITION FIRE & MEDICAL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – GENERAL FUND
Year Ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget- Positive (Negative)
REVENUES				
Taxes	\$ 13,188,758	\$ 13,188,758	\$ 13,243,240	\$ 54,482
Centrally assessed taxes	367,023	367,023	365,446	(1,577)
Insurance premiums	120,000	120,000	121,878	1,878
County aid	400,000	400,000	400,000	-
Charges for services	653,444	653,444	687,042	33,598
Grants	-	-	491,765	491,765
Interest revenues	30,000	30,000	47,329	17,329
Other income	10,000	10,000	3,442	(6,558)
Total revenues	14,769,225	14,769,225	15,360,142	590,917
EXPENDITURES				
Current				
Administration	4,648,846	4,648,846	2,138,167	2,510,679
Technical Services	615,372	615,372	574,216	41,156
Communication Services	207,868	207,868	207,049	819
Emergency Services	10,882,894	10,882,894	12,144,305	(1,261,411)
Community Services	109,143	109,143	111,722	(2,579)
Total expenditures	16,464,123	16,464,123	15,175,459	1,288,664
Net change in fund balances	(1,694,898)	(1,694,898)	184,683	1,879,581
Fund balance-beginning of year	3,539,075	3,539,075	3,539,075	-
Fund balance - end of year	\$ 1,844,177	\$ 1,844,177	\$ 3,723,758	\$ 1,879,581

SUPPLEMENTARY INFORMATION

SUPERSTITION FIRE & MEDICAL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – CAPITAL PROJECTS FUND
Year Ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 1,044,676	\$ 1,044,676	\$ 1,045,669	\$ 993
Investment income	10,000	10,000	13,829	3,829
Total revenues	<u>1,054,676</u>	<u>1,054,676</u>	<u>1,059,498</u>	<u>4,822</u>
EXPENDITURES				
Carryover funds	335,958	335,958	38	335,920
Capital outlay	1,456,639	1,456,639	1,074,529	382,110
Debt service				
Principal	-	-	99,786	(99,786)
Interest and fiscal charges	-	-	28,567	(28,567)
Total expenditures	<u>1,792,597</u>	<u>1,792,597</u>	<u>1,202,920</u>	<u>589,677</u>
Net change in fund balances	(712,921)	(712,921)	(143,422)	569,499
Fund balance-beginning of year	<u>2,242,123</u>	<u>2,242,123</u>	<u>2,242,123</u>	-
Fund balance - end of year	<u>\$ 1,529,202</u>	<u>\$ 1,529,202</u>	<u>\$ 2,098,701</u>	<u>\$ 569,499</u>

SUPERSTITION FIRE & MEDICAL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – NON-MAJOR FUNDS
Year Ended June 30, 2020

REVENUES	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Property Taxes	\$ 690,444	\$ 690,444	\$ 692,468	\$ 2,024
Centrally assessed taxes	19,198	19,198	19,115	(83)
Grants	25,500	24,500	31,750	7,250
Investment income	12,100	12,100	12,033	(67)
Other income	5,000	30,500	3,911	(26,589)
Total revenues	<u>752,242</u>	<u>776,742</u>	<u>759,277</u>	<u>(17,465)</u>
EXPENDITURES				
Current				
Administration	328	328	34	294
Capital outlay	79,210	79,210	27,544	51,666
Debt Service:				
Principal	556,000	556,000	556,000	-
Interest and other charges	446,837	446,837	141,011	305,826
Total expenditures	<u>1,082,375</u>	<u>1,082,375</u>	<u>724,589</u>	<u>357,786</u>
Net change in fund balances	(330,133)	(305,633)	34,688	340,321
Fund balance - beginning of year	<u>(255,054)</u>	<u>(255,054)</u>	<u>335,275</u>	<u>590,329</u>
Fund balance - end of year	<u>\$ (585,187)</u>	<u>\$ (560,687)</u>	<u>\$ 369,963</u>	<u>\$ 930,650</u>

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 the governmental activities, the business-type activities, each major fund and the remaining fund information of Superstition Fire & Medical District, Arizona, (District) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Superstition Fire & Medical District's basic financial statements and have issued our report thereon dated December 10, 2020.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we considered 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's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

Report on Compliance with State of Arizona Regulatory Requirements

In connection with our audit, nothing came to our attention that caused us to believe that Superstition Fire & Medical District incurred any debt or liability in excess of taxes levied and to be collected and the monies actually available and unencumbered at that time in the District's General Fund, except for those liabilities as prescribed in A.R.S. section 48-805, subsection B, paragraph 2 and sections 48-806 and 48-807, or that the District failed to comply with A.R.S. section 48-805.02, subsection F. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. This report is supplemental reporting as required by Arizona statutes intended solely for the information and use of management and the members of the Arizona State Legislature and is not intended to be and should not be used by anyone other than these specified parties.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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

Tempe, Arizona
December 10, 2020