

Superstition Fire & Medical District

Financial Statements

June 30, 2022



**SUPERSTITION FIRE & MEDICAL DISTRICT
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INTRODUCTORY SECTION



**Superstition Fire & Medical District
Apache Junction, Arizona**



LIST OF PRINCIPAL OFFICERS

Governing Board of Directors

Kathleen Chamberlain, Board Chair

Jeff Cross, Board Clerk

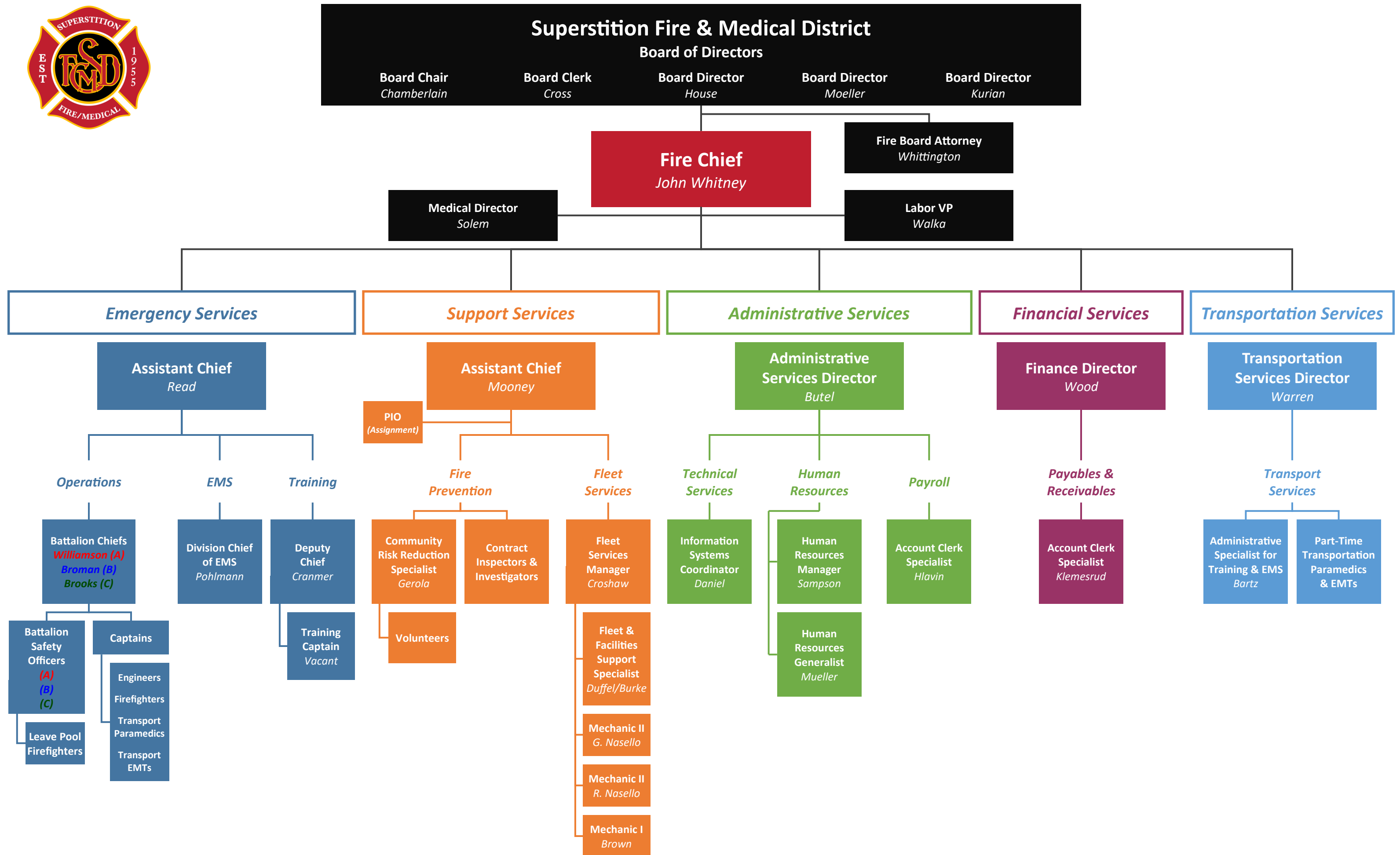
Todd House, Director

Shawn Kurian, Director

Jason Moeller, Director

Fire Chief

John Whitney IV



FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the remaining fund information of the Superstition Fire & Medical District (District) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the remaining fund information of the District, as of June 30, 2022, 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.

Basis for Opinions

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

Emphasis of Matter

As discussed in Note 1 to the financial statements, for the year ended June 30, 2022, the District adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 87, *Leases*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

Responsibilities of Management for the Financial Statements (Continued)

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, the financial information listed as other supplementary information in the financial section, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 3, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering District's internal control over financial reporting and compliance.

Baker Tilly US, LLP

Tempe, Arizona
January 3, 2023



Superstition Fire & Medical District

Management's Discussion and Analysis of Basic Financial Statements June 30, 2022

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, 2022. 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 FY that ended June 30, 2022, the District's Fire Suppression division handled 12,279 Emergency Response calls, an increase of 14.4% over the previous FY:

- 9,608 Rescue and Emergency Medical Service incidents
- 1,050 Service calls
- 554 Good Intent calls
- 551 Special incident type calls
- 198 False Alarm / False calls
- 184 Fire calls
- 130 Hazardous Condition incidents (no fire)
- 4 Other

The Fire Suppression division saved an estimated \$9.8 million in property and content, resulting in a 91.5% save ratio. Average response time per incident was 4 minutes, 41 seconds.

Ground Transport. During the FY ending June 30, 2022, the District's Ground Transport division handled 5,939 transports representing an average of 16.3 transports per day.

- 4,847 Advanced Life Support (ALS) transports
- 1,092 Basic Life Support (BLS) transports
- 45,528 Billable miles

This represents an 8.9% increase over the previous FY. 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 2021 / 2022, the District responded on 6 major wildland fire deployments involving 12,749 man-hours generating \$402,419 in reimbursement from the State of Arizona.

Deployments within Arizona:

- Bottom fire: 618 man-hours
- Pipeline Initial Attack fire: 774 man-hours
- Candy fire: 6 man-hours

Out-of-State Deployments:

- Summit Trail fire: 1,032 man-hours
- Cougar Peak fire: 1,374 man-hours
- Texas Initial Attack fire: 2,636 man-hours

Operational Training. SFMD's training hours by category during FY 2021 / 2022 were:

- 16,981 Fire Operations training
- 3,253 EMS training
- 2,590 Health & Fitness
- 2,371 Administrative training
- 2,353 Technical Rescue (TRT) training
- 1,736 Driver / Operator training
- 933 Prevention / Fire Education training
- 727 Hazardous Material Handling training

Community Training. Tina Gerola, SFMD's Community Risk Reduction Specialist, conducts community-based services. Even though COVID-19's lingering impact on the amount of in-person services continued to be a concern in 2021, during FY 2021 / 2022 the following services were provided:

- Held 21 AED / CCR demonstration events to train 800 community members on how to perform the Hands-Only Cardio Cerebral Resuscitation (CCR) life-saving technique and 285 community members how to use an Automated External Defibrillators (AED) device.
- Placed 35 free child safety seats.
- Attended 60 community events, fairs, festivals, and city meetings.
- Provided 10 Fire & Life Safety presentations at community centers.
- Provided 3 K-6 school presentations.
- Performed 400 business inspections and 275 specialty request inspections.

Cardiac Arrest Survival Rate. The District's cardiac arrest survival rate (ventricular fibrillation) was 28.6% during FY 2021 / 2022, compared to the Arizona statewide survival rate of 14.6%.

Public Safety Personnel Retirement System (PSPRS) Funding. In July 2021, the District sold Certificates of Participation (COP) Bonds to provide financing needed to eliminate the District's PSPRS unfunded liability. The lower interest rates of the bonds compared to PSPRS will provide an approximate \$17 million of interest cost savings over the 24 year life of the COP Bonds.

Staffing for Adequate Fire & Emergency Response (SAFER) Grant. SFMD's participation in a three-year SAFER grant with a total value of \$1,159,829 ended on February 27, 2022. This grant covered 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 *condensed 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

	2022	2021
Current and other assets	\$ 10,545,872	\$ 5,077,875
Capital assets	10,682,644	11,827,888
Total assets	21,228,516	16,905,763
Deferred outflows of resources	32,947,718	9,236,887
Other liabilities	2,674,090	2,206,622
Long-term liabilities outstanding	56,068,327	33,794,478
Total liabilities	58,742,417	36,001,100
Deferred inflows of resources	7,294,485	2,356,447
Net Position		
Net investment in capital assets	6,386,001	6,664,681
Restricted	267,894	340,031
Unrestricted	(18,514,563)	(18,685,640)
Total net position	\$ (11,860,668)	\$ (11,680,928)

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

Condensed Statement of Changes in Net Position

	2022	2021
Program revenues		
Charges for services	\$ 4,782,351	\$ 3,936,215
Capital / Operating grants and contributions	341,961	537,619
General revenues		
Taxes	16,725,131	15,697,213
Centrally assessed taxes	456,277	414,870
Insurance premiums	131,410	129,648
County Aid	400,000	400,000
Investment and other income	143,821	30,483
Total revenues	<u>\$ 22,980,951</u>	<u>\$ 21,146,048</u>
Program expenses		
Administration	\$ 2,303,018	\$ 2,343,085
Technical Services	878,142	617,860
Communication Services	270,978	245,171
Emergency Services	14,238,409	16,007,185
Community Services	115,942	138,709
Interest on debt/debt issuance costs	1,452,029	129,624
Transport Services	3,902,173	3,713,899
Total expenses	<u>\$ 23,160,691</u>	<u>\$ 23,195,533</u>
Change in net position	\$ (179,740)	\$ (2,049,485)
Net position - beginning of year	<u>(11,680,928)</u>	<u>(9,631,443)</u>
Net position - end of year	<u>\$ (11,860,668)</u>	<u>\$ (11,680,928)</u>

Factors Affecting Future Results

The District remains subject to general economic conditions affecting property tax values. Even though retail house prices increased at an accelerated rate in the first half of 2022, in recent months the days-for-sale have increased as mortgage interest rates have increased dramatically. However, the District's net assessed valuation (NAV) of properties within the District which is the basis for its tax revenues is based on "limited" property values (LPV) rather than "full" or retail property values (FCV). The District's NAV for FY 2021 / 2022 was 23.5% below its highest level recorded thirteen fiscal years prior in FY 2008 / 2009.

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 LPV or FCV. The District's **average** increase in NAV since the implementation of Proposition 117 in FY 2014 / 2015 has been approximately 4.3%, below the maximum of 5.0%. So the impact of Proposition 117 on the District has been, and continues to be significant.

Recent home values and home sales have shown signs of improvement. For example, the NAV for FY 2022 / 2023 increased 6.74% over the previous fiscal year. The fact that the NAV increased for the fourth 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 commercial growth.

It is important to remember that the NAV lags approximately 36 months, so the NAV for the FY 2022 / 2023 will reflect assessed home values in the 2019 / 2020 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

Government – Wide Financial Statements

SUPERSTITION FIRE & MEDICAL DISTRICT
STATEMENT OF NET POSITION
June 30, 2022

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 4,780,424	\$ 331,430	\$ 5,111,854
Receivables (net of allowance for uncollectible accounts)	571,142	491,667	1,062,809
Prepays	130,351	23,621	153,972
Inventory	-	107,749	107,749
Restricted cash and cash equivalents	3,530,147	-	3,530,147
Internal balances	425,308	(425,308)	-
Investment in joint venture	162,073	-	162,073
Net OPEB asset	348,838	68,430	417,268
Capital assets			
Capital assets, not being depreciated/amortized	1,241,806	-	1,241,806
Capital assets, being depreciated/amortized, net	8,435,442	1,005,396	9,440,838
Total assets	19,625,531	1,602,985	21,228,516
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pensions/OPEB	32,219,564	728,154	32,947,718
Total deferred outflows of resources	32,219,564	728,154	32,947,718
LIABILITIES			
Accounts payable	19,667	7,693	27,360
Accrued payroll and employee benefits	366,716	69,624	436,340
Accrued interest	12,511	4,412	16,923
Current portion of:			
Lease payable	110,625	160,098	270,723
Compensated absences	961,877	86,867	1,048,744
Bonds payable	604,000	-	604,000
Certificates of participation payable	270,000	-	270,000
Long-term portion of:			
Lease payable	396,460	334,946	731,406
Compensated absences	1,644,445	99,036	1,743,481
Bonds payable	2,599,000	-	2,599,000
Certificate of participation payable	29,090,000	-	29,090,000
Net pension liability	19,336,976	2,563,160	21,900,136
Net OPEB liability	2,402	1,902	4,304
Total liabilities	55,414,679	3,327,738	58,742,417
DEFERRED INFLOWS OF RESOURCES			
Deferred inflow of resources for deferred gain on refunding	91,514	-	91,514
Deferred inflows of resources related to pensions/OPEB	6,490,474	712,497	7,202,971
Total deferred inflows of resources	6,581,988	712,497	7,294,485
NET POSITION			
Net investment in capital assets	5,875,649	510,352	6,386,001
Restricted for:			
Debt service	3,532,516	-	3,532,516
Grants	61,150	-	61,150
Unrestricted	(19,620,887)	(2,219,448)	(21,840,335)
Total net position	\$ (10,151,572)	\$ (1,709,096)	\$ (11,860,668)

See accompanying notes

SUPERSTITION FIRE & MEDICAL DISTRICT
STATEMENT OF ACTIVITIES
Year Ended June 30, 2022

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government							
Governmental activities							
Administration	\$ 2,303,018	\$ -	\$ 235,923	\$ -	\$ (2,067,095)	\$ -	\$ (2,067,095)
Technical services	878,142	-	-	-	(878,142)	-	(878,142)
Communication services	270,978	-	-	-	(270,978)	-	(270,978)
Emergency services	14,238,409	558,769	-	-	(13,679,640)	-	(13,679,640)
Community services	115,942	1,486	106,038	-	(8,418)	-	(8,418)
Interest on debt	1,452,029	-	-	-	(1,452,029)	-	(1,452,029)
Total governmental activities	19,258,518	560,255	341,961	-	(18,356,302)	-	(18,356,302)
Business-type activities:							
Transport services	3,902,173	4,222,096	-	-	-	319,923	319,923
Total primary government	<u>\$ 23,160,691</u>	<u>\$ 4,782,351</u>	<u>\$ 341,961</u>	<u>\$ -</u>	<u>(18,356,302)</u>	<u>319,923</u>	<u>(18,036,379)</u>
General revenues							
Property taxes					16,725,131	-	16,725,131
Centrally assessed taxes					456,277	-	456,277
Insurance premiums					131,410	-	131,410
County aid					400,000	-	400,000
Investment earnings					32,705	2,141	34,846
Net gain on sale of capital assets					14,210	-	14,210
Other income					94,723	42	94,765
Total general revenues					17,854,456	2,183	17,856,639
Change in net position					(501,846)	322,106	(179,740)
Net position-beginning					(9,649,726)	(2,031,202)	(11,680,928)
Net position-ending					<u>\$ (10,151,572)</u>	<u>\$ (1,709,096)</u>	<u>\$ (11,860,668)</u>

See accompanying notes

BASIC FINANCIAL STATEMENTS

Governmental Funds Financial Statements - include the Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance for the major governmental funds that use the modified accrual basis of reporting. Also includes the reconciliations to the government-wide financial statements.

Proprietary Funds Financial Statements - include the Statement of Net Position, Statement of Revenues, Expenses and Changes in Fund Net Position and Statement of Cash Flows for the business-type activities that use the accrual basis of accounting for financial reporting.

Notes to the Financial Statements

SUPERSTITION FIRE & MEDICAL DISTRICT
BALANCE SHEET – GOVERNMENTAL FUNDS
June 30, 2022

	General	Capital Projects Fund	Non-Major Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 2,610,982	\$ 2,110,192	\$ 59,250	\$ 4,780,424
Receivables				
Property taxes	452,618	29,350	21,700	503,668
Accounts receivable	65,574	-	1,900	67,474
Due from other funds	-	440,608	-	440,608
Prepays	130,351	-	-	130,351
Restricted cash and cash equivalents	3,325,772	-	204,375	3,530,147
Total assets	6,585,297	2,580,150	287,225	9,452,672
LIABILITIES				
Accounts payable	19,667	-	-	19,667
Accrued wages and benefits	366,716	-	-	366,716
Due to other funds	15,300	-	-	15,300
Total liabilities	401,683	-	-	401,683
DEFERRED INFLOWS OF RESOURCES				
Deferred revenue	394,804	24,975	19,331	439,110
Total deferred inflows of resources	394,804	24,975	19,331	439,110
FUND BALANCES				
Nonspendable	130,351	440,608	-	570,959
Restricted for:				
Debt retirement	3,325,772	-	206,744	3,532,516
Grants	-	-	61,150	61,150
Assigned - capital projects	-	2,114,567	-	2,114,567
Unassigned	2,332,687	-	-	2,332,687
Total fund balances	5,788,810	2,555,175	267,894	8,611,879
Total liabilities, deferred inflows of resources and fund balances	\$ 6,585,297	\$ 2,580,150	\$ 287,225	\$ 9,452,672

SUPERSTITION FIRE & MEDICAL DISTRICT
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION -
GOVERNMENTAL FUNDS
June 30, 2022

Fund balance - total governmental funds balance sheet		\$ 8,611,879
Amounts reported for governmental activities in the statement of net position are different because:		
Investment in joint venture		162,073
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Governmental capital assets	\$ 27,802,188	
Less accumulated depreciation/amortization	<u>(18,124,940)</u>	9,677,248
Deferred revenue is shown on the governmental funds, but is not deferred on the statement of net position		
		439,110
Some liabilities, including net pension liabilities, 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	(507,085)	
Net OPEB asset	348,838	
Net pension liability	(19,336,976)	
Net OPEB liability	(2,402)	
Interest payable	(12,511)	
Compensated absences	(2,606,322)	
Deferred gain on bond refunding	(91,514)	
Bonds payable	(3,203,000)	
Certificates of participation payable	<u>(29,360,000)</u>	(54,770,972)
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	32,219,564	
Deferred inflows of resources related to pensions/OPEB	<u>(6,490,474)</u>	25,729,090
Net position of governmental activities - statement of net position		<u>\$ (10,151,572)</u>

SUPERSTITION FIRE & MEDICAL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS
Year Ended June 30, 2022

	General	Capital Projects Fund	Non-Major Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 14,913,658	\$ 1,146,596	\$ 596,997	\$ 16,657,251
Centrally assessed taxes	408,513	31,424	16,340	456,277
Insurance premiums	131,410	-	-	131,410
County aid	400,000	-	-	400,000
Charges for services	560,255	-	-	560,255
Grants	347,611	-	-	347,611
Interest revenues	23,734	6,018	2,953	32,705
Other income	825	81,823	12,075	94,723
Total revenues	<u>16,786,006</u>	<u>1,265,861</u>	<u>628,365</u>	<u>18,680,232</u>
EXPENDITURES				
Current				
Administration	2,303,007	8	3	2,303,018
Technical services	866,331	-	-	866,331
Communication services	270,978	-	-	270,978
Emergency services	37,371,563	-	-	37,371,563
Community services	108,674	-	7,268	115,942
Capital outlay	-	162,008	-	162,008
Debt service				
Principal	-	106,887	586,000	692,887
Interest and fiscal charges	713,797	21,467	107,231	842,495
Debt issuance costs	636,412	-	-	636,412
Total expenditures	<u>42,270,762</u>	<u>290,370</u>	<u>700,502</u>	<u>43,261,634</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(25,484,756)</u>	<u>975,491</u>	<u>(72,137)</u>	<u>(24,581,402)</u>
OTHER FINANCING SOURCES AND (USES)				
Sales of assets	-	15,300	-	15,300
Certificates of participation issued	29,360,000	-	-	29,360,000
Total other financing sources and uses	<u>29,360,000</u>	<u>15,300</u>	<u>-</u>	<u>29,375,300</u>
Net change in fund balances	3,875,244	990,791	(72,137)	4,793,898
Fund balances - beginning of year	<u>1,913,566</u>	<u>1,564,384</u>	<u>340,031</u>	<u>3,817,981</u>
Fund balances - end of year	<u>\$ 5,788,810</u>	<u>\$ 2,555,175</u>	<u>\$ 267,894</u>	<u>\$ 8,611,879</u>

See accompanying notes

**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, 2022**

Net change in fund balances - total governmental funds		\$ 4,793,898
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		2,342
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/amortization expense.		
Expenditures for capital assets	\$ 103,597	
Less current year depreciation/amortization	<u>(1,133,196)</u>	(1,029,599)
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	26,702,069	
Pension and OPEB expense	<u>(2,677,710)</u>	24,024,359
Revenues received in the current year that were accrued in the statement of activities in prior years		
Property taxes	67,881	
Grants	<u>(5,651)</u>	62,230
Certificates of participation proceeds provide current financial resources to the governmental funds, but issuing debt increases long-term liabilities in the Statement of Activities.		(29,360,000)
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 of deferred gain on refunding	18,302	
Leases payable	106,707	
Interest paid	(12,511)	
Bonds payable	<u>586,000</u>	698,498
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>306,426</u>
Change in net position of governmental activities		<u>\$ (501,846)</u>

BASIC FINANCIAL STATEMENTS

Proprietary Fund

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

SUPERSTITION FIRE & MEDICAL DISTRICT
STATEMENT OF NET POSITION-PROPRIETARY FUND
June 30, 2022

ASSETS	Transport Services
Current assets:	
Cash and cash equivalents	\$ 331,430
Receivables (net of allowance for uncollectible accounts)	491,667
Prepaid expenses	23,621
Inventory	107,749
Total current assets	954,467
Noncurrent assets:	
Net OPEB asset	68,430
Capital assets:	
Capital assets, being depreciated/amortized, net	1,005,396
Total capital assets, net	1,005,396
Total noncurrent assets	1,073,826
Total assets	2,028,293
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources related to pensions/OPEB	728,154
Total deferred outflows of resources	728,154
LIABILITIES	
Current liabilities:	
Accounts payable	7,693
Accrued wages and benefits	69,624
Accrued interest	4,412
Due to other funds	425,308
Lease payable	160,098
Compensated absences	86,867
Total current liabilities	754,002
Noncurrent liabilities:	
Lease payable	334,946
Compensated absences	99,036
Net pension liability	2,563,160
Net OPEB liability	1,902
Total noncurrent liabilities	2,999,044
Total liabilities	3,753,046
Deferred inflows of resources	
Deferred inflows of resources related to pensions/OPEB	712,497
Total deferred inflows of resources	712,497
NET POSITION	
Net investment in capital assets	510,352
Unrestricted	(2,219,448)
Total net position	\$ (1,709,096)

SUPERSTITION FIRE & MEDICAL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION-
PROPRIETARY FUND
Year Ended June 30, 2022

	Transport Services
Operating revenues:	
Charges for services	\$ 4,222,096
Investment earnings	2,141
Other	42
	<u>4,224,279</u>
Total operating revenues	
Operating expenses:	
Transport	2,418,029
General and administrative	1,368,499
Depreciation/amortization	115,645
	<u>3,902,173</u>
Total operating expenses	
Change in net position	<u>322,106</u>
Net position, beginning of year	<u>(2,031,202)</u>
Net position, end of year	<u><u>\$ (1,709,096)</u></u>

SUPERSTITION FIRE & MEDICAL DISTRICT
STATEMENT OF CASH FLOWS-PROPRIETARY FUND
Year Ended June 30, 2022

	Transport Services
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 4,134,451
Payments to vendors	(1,192,917)
Payments for employees	(2,519,956)
Payments to other funds	(132,133)
Net cash provided (used) by operating activities	<u>289,445</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Payments for lease	(155,375)
Interest paid on capital debt	<u>4,412</u>
Net cash provided (used) by capital and related financing activities	<u>(150,963)</u>
Net change in cash and cash equivalents	138,482
Cash and cash equivalents at beginning of year	<u>192,948</u>
Cash and cash equivalents at end of year	<u><u>\$ 331,430</u></u>

SUPERSTITION FIRE & MEDICAL DISTRICT
STATEMENT OF CASH FLOWS-PROPRIETARY FUND
Year Ended June 30, 2022

	<u>Transport Services</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ 322,106
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation/amortization expense	115,645
Provisions for bad debt	700,017
(Increase) decrease in:	
Accounts receivable	(789,845)
Prepaid expenses	(5,405)
Inventory	19,400
Net OPEB asset	(56,997)
Deferred outflows of resources related to pensions and OPEB	48,475
Increase (decrease) in:	
Accounts payable	(2,892)
Accrued wages	8,303
Compensated absences	31,814
Due to other funds	(132,133)
Net OPEB liability	(7,053)
Net pension liability	(583,326)
Deferred inflows of resources related to pensions and OPEB	<u>621,336</u>
Total adjustments	<u>(32,661)</u>
Net cash provided (used) by operating activities	<u><u>\$ 289,445</u></u>

BASIC FINANCIAL STATEMENTS

Notes to Financial Statements

SUPERSTITION FIRE & MEDICAL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2022

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, 2022

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, 2022.

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, 2022

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, 2022

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, 2022 was \$946,506, which represents 65.8% of the current business-type receivables balance.

J. Capital Assets

Capital assets, which include land, buildings and related improvements, equipment, vehicles, furniture, right-to-use lease assets 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. 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/amortized 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, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Intangible right-to-use lease assets are amortized over the shorter of the lease term or the useful life of the underlying asset.

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, 2022

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, 2022

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/amortization on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

R. For the year ended June 30, 2022, the District implemented the provisions of GASB Statement No. 87, *Leases*, as amended, which establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. As a result, the District's financial statement have been modified to reflect the recognition of certain lease liabilities for leases that were previously classified as capital leases. The District's current lessor obligations are insignificant to the financial statements and have not been disclosed.

SUPERSTITION FIRE & MEDICAL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2022

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, 2022, the carrying amount of the District's deposits totaled \$8,642,001 and the amount on deposit with the Pinal County Treasurer's Office was \$8,947,744. At June 30, 2022, 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.

The District has \$3,530,147 in restricted cash and cash equivalents. Of that restricted cash, \$3,325,772 is contingency reserve funds and the remaining portion is restricted for debt retirement.

SUPERSTITION FIRE & MEDICAL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2022

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/amortized:				
Land	\$ 1,241,806	\$ -	\$ -	\$ 1,241,806
Capital assets, being depreciated/amortized:				
Buildings, infrastructure and improvements	12,932,351	16,065	(5,746)	12,942,670
Vehicles and apparatus	8,845,619	33,256	(34,765)	8,844,110
Furniture and equipment	3,652,979	54,276	(85,043)	3,622,212
Right to use assets - vehicles	1,151,391	-	-	1,151,391
Total capital assets being depreciated/amortized	26,582,340	103,597	(125,554)	26,560,383
Less accumulated depreciation/amortization for:				
Buildings, infrastructure and improvements	(8,358,443)	(544,257)	5,746	(8,896,954)
Vehicles and apparatus	(5,177,522)	(314,841)	34,765	(5,457,598)
Furniture and equipment	(2,776,337)	(201,105)	85,043	(2,892,399)
Right to use assets - vehicles	(804,997)	(72,993)	-	(877,990)
Total accumulated depreciation/amortization	(17,117,299)	(1,133,196)	125,554	(18,124,941)
Total capital assets, being depreciated/amortized, net	9,465,041	(1,029,599)	-	8,435,442
Governmental activities capital assets, net	\$ 10,706,847	\$ (1,029,599)	\$ -	\$ 9,677,248
Business-type Activities:				
Capital assets, being depreciated:				
Vehicles and apparatus	\$ 40,879	\$ -	\$ -	\$ 40,879
Furniture and equipment	120,312	-	-	120,312
Right to use assets - vehicles	1,595,061	-	-	1,595,061
Total capital assets being depreciated	1,756,252	-	-	1,756,252
Less accumulated depreciation/amortization for:				
Vehicles and apparatus	(11,545)	(2,725)	-	(14,270)
Furniture and equipment	(60,228)	(9,915)	-	(70,143)
Right to use assets - vehicles	(563,439)	(103,004)	-	(666,443)
Total accumulated depreciation/amortization	(635,212)	(115,644)	-	(750,856)
Total capital assets, being depreciated, net	1,121,040	(115,644)	-	1,005,396
Business-Type activities capital assets, net	\$ 1,121,040	\$ (115,644)	\$ -	\$ 1,005,396

SUPERSTITION FIRE & MEDICAL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2022

NOTE 3 CAPITAL ASSETS (Continued)

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

Governmental activities:	
Administrative	\$ 74,729
Technical Services	11,811
Emergency Services	<u>1,046,656</u>
Total depreciation/amortiation expense - governmental activities	<u>\$ 1,133,196</u>

The depreciation/amortization expense for business-type activities was \$115,644.

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:

<u>Fiscal year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2023	604,000	90,645
2024	622,000	73,552
2025	639,000	55,949
2026	659,000	37,865
2027	<u>679,000</u>	<u>19,216</u>
Total	<u>\$ 3,203,000</u>	<u>\$ 277,227</u>

SUPERSTITION FIRE & MEDICAL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2022

NOTE 4 LONG TERM DEBT (Continued)

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 (leases) and are reported as 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, 2022:

Year Ending, June 30	Governmental Activities	Business-type Activities
2023	\$ 128,354	\$ 175,148
2024	128,354	175,148
2025	128,354	175,148
2026	128,354	-
2027	42,255	-
Total requirements	555,670	525,443
Less interest	48,585	30,399
Present value of remaining payments	<u>\$ 507,085</u>	<u>\$ 495,044</u>

Vehicles and related accumulated depreciation/amortization under leases are as follows:

	Governmental Activities	Business-type Activities
Asset		
Vehicles	<u>\$ 1,148,359</u>	<u>\$ 1,595,061</u>
Less accumulated depreciation/amortiation	<u>(415,455)</u>	<u>(666,443)</u>
Net	<u>\$ 732,904</u>	<u>\$ 928,618</u>

SUPERSTITION FIRE & MEDICAL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2022

NOTE 4 LONG TERM DEBT (Continued)

Superstition Fire & Medical District issued taxable certificates of participation (COP) to provide funds to the Arizona Public Safety Pension Retirement System (PSPRS) to fully fund the pension liability with PSPRS on July 29, 2021. These taxable COPs have been issued for governmental activities. Taxable COPs are direct obligations and pledge the full faith and credit of the Superstition Fire & Medical District. The certificates of participation are secured by the District's fire stations S261, S263, S264, and S265. These COPs mature in 24 years and accrue interest at an annual rate of 2.89%.

Fiscal year ending June 30,	Principal	Interest
2023	\$ 270,000	\$ 779,073
2024	530,000	777,469
2025	825,000	772,911
2026	1,085,000	763,118
2027	1,115,000	748,069
2028-32	5,905,000	3,417,210
2033-37	6,665,000	2,654,494
2038-42	7,715,000	1,603,492
2043-45	5,250,000	347,054
Total	<u>\$ 29,360,000</u>	<u>\$ 11,862,890</u>

Changes in long-term debt as of June 30, 2022 are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Refunding series 2018 GO bonds	\$ 3,789,000	\$ -	\$ (586,000)	\$ 3,203,000	\$ 604,000
Certificate of participation	-	29,360,000	-	29,360,000	270,000
Deferred gain on refunding	109,816	-	(18,302)	91,514	-
Capital leases	613,972	-	(106,887)	507,085	110,625
Compensated absences	2,912,747	238,766	(545,192)	2,606,321	961,877
Net pension liability	24,206,702	-	(4,869,726)	19,336,976	-
Net OPEB liability	6,839	-	(4,437)	2,402	-
Governmental activities long-term liabilities	<u>\$ 31,639,076</u>	<u>\$ 29,598,766</u>	<u>\$ (6,130,544)</u>	<u>\$ 55,107,298</u>	<u>\$ 1,946,502</u>
Business-type activities:					
Capital lease	\$ 650,419	\$ -	\$ (155,375)	\$ 495,044	\$ 160,098
Compensated absences	154,089	71,245	(39,431)	185,903	86,867
Net pension liability	3,146,486	-	(583,326)	2,563,160	-
Net OPEB liability	8,955	-	(7,053)	1,902	-
Business-like activities long-term liabilities	<u>\$ 3,959,949</u>	<u>\$ 71,245</u>	<u>\$ (785,185)</u>	<u>\$ 3,246,009</u>	<u>\$ 246,965</u>

SUPERSTITION FIRE & MEDICAL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2022

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, 2022, 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	\$ 19,336,976	\$ 2,563,160	\$ 21,900,136
Net OPEB asset	348,838	68,430	417,268
Net OPEB liability	2,402	1,902	4,304
Deferred outflow of resources	32,219,564	728,154	32,947,718
Deferred inflow of resources	6,490,474	712,497	7,202,971
Pension and OPEB expense	(24,024,359)	123,710	(23,900,649)

The District reported \$26,702,069 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, 2022

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 earnings. Members with a membership date on or after September 13, 2013, are not eligible for cost-of-living adjustments. Survivor benefits are payable upon a member's death. For retired members, the 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, 2022

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, 2022, active ASRS members were required by statute to contribute at the actuarially determined rate of 12.41 percent (12.22 percent for retirement and 0.19 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 12.41 percent (12.01 percent for retirement, 0.21 percent for health insurance premium benefit, and 0.19 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, 2022 were \$306,390, \$5,357, and \$4,847, respectively.

During fiscal year 2022, the District paid 38 percent of ASRS contributions from the General Fund and 62 percent from the Transport Services Fund.

Liability - At June 30, 2022, 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	\$ 2,705,435
Health insurance premium benefit	(102,850)
Long-term disability	4,304

SUPERSTITION FIRE & MEDICAL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2022

NOTE 5 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

Liability (Continued) - The net asset and liabilities were measured as of June 30, 2021. 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, 2020, to the measurement date of June 30, 2021. The total liabilities as of June 30, 2021, reflect changes in actuarial assumptions based on the results of an actuarial experience study for the 5-year period ended in June 30, 2020, including decreasing the discount rate from 7.5 percent to 7.0 percent and changing the projected salary increases from 2.7-7.2 percent to 2.9-8.4 percent.

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, 2021. The District's proportion measured as of June 30, 2021, and the change from its proportion measured as of June 30, 2020, were:

ASRS

	Proportion June 30, 2021	Increase (decrease) from June 30, 2020
Pension	0.02059%	0.00005%
Health insurance premium benefit	0.02111%	0.00007%
Long-term disability	0.02085%	0.00003%

Expense and Deferred Outflows/Inflows of Resources - For the year ended June 30, 2022, the District recognized pension and OPEB expense for ASRS of \$331,161 and \$3,373, respectively. At June 30, 2022, 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	\$ 41,242	\$ -	\$ -	\$ 35,668	\$ 1,243	\$ 351
Changes of assumptions or other inputs	352,134	-	5,099	4,158	1,376	5,423
Net difference between projected and actual earnings on pension plan investments	-	857,177	-	38,152	-	2,981
Changes in proportion and differences between District contributions and proportionate share of contributions	28,216	-	18	93	824	-
District contributions subsequent to the measurement date	306,390	-	5,357	-	4,847	-
Total	<u>\$ 727,982</u>	<u>\$ 857,177</u>	<u>\$ 10,474</u>	<u>\$ 78,071</u>	<u>\$ 8,290</u>	<u>\$ 8,755</u>

SUPERSTITION FIRE & MEDICAL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2022

NOTE 5 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

Expense and Deferred Outflows/Inflows of Resources (Continued) - The \$306,390 and \$10,204 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, 2023. 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
2023	\$ 36,282	\$ (17,097)	\$ (663)
2024	12,487	(16,402)	(612)
2025	(188,964)	(17,985)	(718)
2026	(295,390)	(19,863)	(1,169)
2027	-	(1,607)	(387)
Thereafter	-	-	(1,763)

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

ASRS	
Actuarial valuation date	June 30, 2020
Actuarial roll forward date	June 20, 2021
Actuarial cost method	Entry age normal
Investment rate of return	7.0%
Projected salary increases	2.9 - 8.4% for pensions
Inflation	2.3%
Permanent benefit increase	Included for pensions
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, 2020, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2020.

SUPERSTITION FIRE & MEDICAL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2022

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 7.0 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	Asset Class	Target Allocation	Long-Term
			Expected Geometric Real Rate of Return
	Equity	50%	4.90%
	Fixed income - credit	20%	5.20%
	Fixed income - interest rate sensitive	10%	0.70%
	Real estate	20%	5.70%
Total		100%	

Discount Rate – At June 30, 2021, the discount rate used to measure the ASRS total pension/OPEB liability was 7.0 percent, which was a decrease of 0.5 from the discount rate used as of June 30, 2020. 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 7.0 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 (6.0 percent) or 1 percentage point higher (8.0 percent) than the current rate:

ASRS	Current		
	1% Decrease (6%)	Discount Rate (7%)	1% increase (8%)
District's proportionate share of the			
Net pension liability	\$ 4,255,422	\$ 2,705,435	\$ 1,413,174
Net insurance premium benefit liability (asset)	(68,097)	(102,850)	(132,401)
Net long-term disability liability	5,604	4,304	3,046

SUPERSTITION FIRE & MEDICAL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2022

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, 2022

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	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, 2022

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, 2022, the following employees were covered by the agent plans' benefit terms:

	PSPRS Pension Fire	PSPRS OPEB Fire
Inactive employees or beneficiaries		
currently receiving benefits	24	24
Inactive employees entitled to		
but not yet receiving benefits	19	16
Active employees	63	63
Total	106	103

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, 2022, are indicated below. Rates are a percentage of active members' annual covered payroll.

	PSPRS Fire
Active members - Pension	7.65% - 11.65%
District	
Pension	32.34%
Health insurance premium benefit	0.20%

SUPERSTITION FIRE & MEDICAL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2022

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	32.34%
Health insurance permium benefit	0.20%

The District's contributions to the plans for the year ended June 30, 2022, were:

	PSPRS Fire
Pension	
Contributions made to PSPRS	\$ 26,586,995
Health Insurance Permium Benefit	
Annual OPEB cost contributions made to PSPRS	\$ 8,415

During fiscal year 2022, 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, 2022, the District reported a PSPRS net pension liability and OPEB asset of \$19,194,700 and \$314,418, respectively.

The net assets and liabilities were measured as of June 30, 2021, and the total liability used to calculate the net asset or liability was determined by an actuarial valuation as of that date.

SUPERSTITION FIRE & MEDICAL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2022

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, 2021
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, 2021, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2017.

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		Long-Term Expected Geometric Rate of Return
Asset Class	Target Allocation	
U.S. public equity	24%	4.08%
International public equity	16%	5.20%
Global private equity	20%	7.67%
Other assets (capital appreciation)	7%	5.43%
Core bonds	2%	42.00%
Private credit	20%	5.74%
Diversifying strategies	10%	3.99%
Cash - Mellon	1%	-0.31%
Total	100.00%	

SUPERSTITION FIRE & MEDICAL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2022

NOTE 5 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

Discount Rates – At June 30, 2021, the discount rate used to measure the PSPRS total pension/OPEB liability was 7.3 percent, which was the same as the discount rate used as of June 30, 2020. 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 Increase (Decrease)			Health Insurance Premium Benefit Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2021	\$ 62,177,195	\$ 36,453,258	\$ 25,723,937	\$ 938,997	\$ 1,024,509	\$ (85,512)
Changes for the year:						
Service Cost	1,502,363	-	1,502,363	29,114	-	29,114
Interest on the total pension liability	4,564,641	-	4,564,641	69,959	-	69,959
Changes of benefit terms	-	-	-	-	-	-
Differences between expected and actual experience in the measurement of the pension liability	2,905,493	-	2,905,493	(29,186)	-	(29,186)
Changes of assumptions or other inputs	-	-	-	-	-	-
Contributions - employer	-	2,161,593	(2,161,593)	-	18,411	(18,411)
Contributions - employee	-	580,235	(580,235)	-	-	-
Net investment income	-	10,882,957	(10,882,957)	-	281,540	(281,540)
Benefit payments, including refunds of employee contributions	(2,300,456)	(2,300,456)	-	(19,547)	(19,547)	-
Administrative expense	-	(50,936)	50,936	-	(1,158)	1,158
Other changes	-	-	-	-	-	-
Net changes	6,672,041	11,273,393	(4,601,352)	50,340	279,246	(228,906)
Balances at June 30, 2022	\$ 68,849,236	\$ 47,726,651	\$ 21,122,585	\$ 989,337	\$ 1,303,755	\$ (314,418)

SUPERSTITION FIRE & MEDICAL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2022

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 (6.30%)	Current Discount Rate (7.30%)	1% increase (8.30%)
Net pension liability	\$ 29,094,326	\$ 19,194,700	\$ 11,146,169
Net OPEB (asset) liability	(197,605)	(314,418)	(412,781)

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, 2022, the District recognized \$2,565,057 and \$(41,379) of PSPRS pension and OPEB expense (revenue), respectively.

Deferred Outflows/Inflows of Resources - At June 30, 2022, 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 Benefit	Premium
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,529,856	\$ 1,130,829	\$ 599	\$ 185,963
Changes of assumptions or other inputs	2,068,805	-	6,300	14,088
Net difference between projected and actual earnings on pension plan investments	-	4,807,532	-	120,555
District contributions subsequent to the measurement date	26,586,995	-	8,415	-
Total	<u>\$ 32,185,656</u>	<u>\$ 5,938,361</u>	<u>\$ 15,314</u>	<u>\$ 320,606</u>

SUPERSTITION FIRE & MEDICAL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2022

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, 2023. 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
2023	\$ 32,622	\$ (60,099)
2024	(85,709)	(60,852)
2025	(326,763)	(64,614)
2026	(978,876)	(74,254)
2027	509,513	(26,944)
Thereafter	509,513	(26,944)

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, 2022, 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, 2022, the District recognized pension expense of \$107,933.

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, 2022 was \$162,073. 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.

SUPERSTITION FIRE & MEDICAL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2022

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 \$194,219 during the year and no balance was outstanding at fiscal year-end.

NOTE 8 INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

As of June 30, 2022, interfund receivables and payables that resulted from various interfund transactions were as follows:

Fund	Receivable Amount	Payable Amount
General	\$ -	\$ 15,300
Capital Project	440,608	-
Transport Services	-	425,308
Total	<u>\$ 440,608</u>	<u>\$ 440,608</u>

The outstanding balance in the Transport Services fund is for operating costs covered by the other funds from the first three years of operations, primarily for lease payments. This is a long term payable and will be paid back gradually.

Transfers from the General fund and Capital Projects fund to the Transport Services are generally to write-off long term payables between funds. There were no transfers for the year ended June 30, 2022.

NOTE 9 SUBSEQUENT EVENTS

On May 27, 2022, the District entered into a lease purchase agreement for a new fire apparatus, a 2023 Pierce Velocity Pumper vehicle for a total amount financed of \$859,923. The District is expected to take delivery of the vehicle August 27, 2024. The lease is for 7 years, ending in May of 2029. The first payment is due April of 2023 and interest on payments due is the Prime rate + 1%.

REQUIRED SUPPLEMENTARY INFORMATION

Budgetary Comparison Schedules

General Fund

Pension Schedules

SUPERSTITION FIRE & MEDICAL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – GENERAL FUND
Year Ended June 30, 2022

	Budgeted Amounts			Variance with Final Budget- Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
Taxes	\$ 14,882,666	\$ 14,882,666	\$ 14,913,658	\$ 30,992
Centrally assessed taxes	410,508	410,508	408,513	(1,995)
Insurance premiums	124,000	124,000	131,410	7,410
County aid	400,000	400,000	400,000	-
Charges for services	589,194	589,194	560,255	(28,939)
Grants	75,000	75,000	347,611	272,611
Interest revenues	23,500	23,500	23,734	234
Other income	10,000	10,000	825	(9,175)
Total revenues	16,514,868	16,514,868	16,786,006	271,138
EXPENDITURES				
Current				
Administration	5,054,551	5,447,160	2,303,007	3,144,153 *
Technical Services	646,246	678,466	866,331	(187,865)
Communication Services	283,557	286,360	270,978	15,382
Emergency Services	36,696,079	36,682,265	37,371,563	(689,298)
Community Services	115,343	117,344	108,674	8,670
Debt service				
Principal	25,000	25,000	-	25,000
Interest and fiscal charges	1,034,298	1,034,298	713,797	320,501
COP issuance costs	636,412	636,412	636,412	-
Total expenditures	44,491,486	44,907,305	42,270,762	2,636,543
Excess (deficiency) of revenues over (under) expenditures	(27,976,618)	(28,392,437)	(25,484,756)	2,907,681
OTHER FINANCING SOURCES				
Proceeds from obligations	29,360,000	29,360,000	29,360,000	-
Total other financing sources	29,360,000	29,360,000	29,360,000	-
Net change in fund balances	1,383,382	967,563	3,875,244	2,907,681
Fund balance-beginning of year	1,913,566	1,913,566	1,913,566	-
Fund balance - end of year	\$ 3,296,948	\$ 2,881,129	\$ 5,788,810	\$ 2,907,681

* Budgeted amounts include amounts budgeted for financial reserves for which no actual related expenses exist



SUPERSTITION FIRE & MEDICAL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY COST-SHARING PENSION PLAN
Year Ended June 30, 2022

Arizona Retirement System - Pension

	Reporting Fiscal Year (Measurement Date)								
	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	2014 through 2013
District's proportion of the net pension liability	0.020590%	0.020535%	0.020047%	0.018847%	0.017672%	0.014244%	0.008618%	0.007864%	Information
District's proportionate share of the net pension liability	\$ 2,705,435	\$ 3,557,135	\$ 2,917,508	\$ 2,628,912	\$ 2,752,642	\$ 2,298,479	\$ 1,342,452	\$ 1,163,628	not available
District's covered payroll	\$ 2,314,558	\$ 2,263,467	\$ 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	116.89%	157.15%	137.99%	140.33%	146.18%	174.03%	189.37%	164.15%	
Plan fiduciary net position as a percentage of the total pension liability	78.58%	69.33%	73.24%	73.40%	69.92%	67.06%	68.35%	69.49%	

Arizona Retirement System - Health insurance premium benefit

	Reporting Fiscal Year (Measurement Date)					
	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 through 2013
District's proportion of the net OPEB (asset)	0.021110%	0.021040%	0.020544%	0.019206%	0.017931%	Information
District's proportionate share of the net OPEB (asset)	\$ (102,850)	\$ (14,896)	\$ (5,676)	\$ (6,917)	\$ (9,761)	not available
District's covered payroll	\$ 2,314,558	\$ 2,263,467	\$ 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	-4.44%	-0.66%	-0.27%	-0.37%	-0.52%	
Plan fiduciary net position as a percentage of the total OPEB (asset)	130.24%	104.33%	101.62%	102.20%	103.57%	

Arizona Retirement System - Long-term disability

	Reporting Fiscal Year (Measurement Date)					
	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 through 2013
District's proportion of the net OPEB liability	0.020850%	0.020820%	0.020358%	0.018888%	0.015757%	Information
District's proportionate share of the net OPEB liability	\$ 4,304	\$ 15,794	\$ 13,263	\$ 9,870	\$ 6,430	not available
District's covered payroll	\$ 2,314,558	\$ 2,263,467	\$ 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	0.19%	0.70%	0.63%	0.53%	0.34%	
Plan fiduciary net position as a percentage of the total OPEB liability	90.38%	68.01%	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, 2022

PSPRS - Pension

	Reporting Fiscal Year (Measurement Date)								
	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	2014 through 2013
Total pension liability									
Service cost	\$ 1,502,363	\$ 1,498,040	\$ 1,516,252	\$ 1,442,576	\$ 1,504,412	\$ 1,309,752	\$ 1,093,722	\$ 1,174,458	Information
Interest on the total pension liability	4,564,641	4,215,286	3,945,344	3,552,503	3,210,772	2,749,545	2,431,989	2,152,709	not available
Changes on benefit terms	-	-	-	-	354,150	3,751,261	-	181,548	
Differences between expected and actual experience in the measurement of the pension liability	2,905,493	755,557	(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	(2,300,456)	(1,074,576)	(955,817)	(1,130,876)	(1,419,571)	(638,368)	(715,052)	(671,310)	
Net change in total pension liability	6,672,041	5,394,307	4,505,767	4,426,168	5,083,081	8,077,508	3,898,950	3,619,938	
Total pension liability - beginning	62,177,195	56,782,888	52,277,121	47,850,953	42,767,872	34,690,364	30,791,414	27,171,476	
Total pension liability - ending (a)	<u>\$ 68,849,236</u>	<u>\$ 62,177,195</u>	<u>\$ 56,782,888</u>	<u>\$ 52,277,121</u>	<u>\$ 47,850,953</u>	<u>\$ 42,767,872</u>	<u>\$ 34,690,364</u>	<u>\$ 30,791,414</u>	
Plan fiduciary net position									
Contributions - employer	\$ 2,161,593	\$ 2,240,009	\$ 1,790,579	\$ 1,886,507	\$ 1,447,386	\$ 1,583,372	\$ 1,015,424	\$ 993,529	
Contributions - employee	580,235	606,891	593,083	650,638	778,888	838,526	790,270	607,581	
Net investment income	10,882,957	468,869	1,826,862	2,134,046	3,185,780	148,850	857,371	2,659,653	
Benefit payments, including refunds of employee contributions	(2,300,456)	(1,074,576)	(955,817)	(1,130,876)	(1,419,571)	(638,368)	(715,052)	(671,310)	
Hall/Parker Settlement	-	-	-	(1,014,363)	-	-	-	-	
Administrative expense	(50,936)	(38,235)	(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	11,273,393	2,202,958	3,221,959	2,493,130	3,964,230	1,947,125	1,908,889	3,362,355	
Plan fiduciary net position - beginning	38,381,143	36,453,258	33,240,193	30,747,063	26,782,833	24,835,708	22,926,819	19,564,464	
Adjustment to Beginning of Year	-	(275,073)	(8,894)	-	-	-	-	-	
Plan fiduciary net position - ending (b)	<u>\$ 49,654,536</u>	<u>\$ 38,381,143</u>	<u>\$ 36,453,258</u>	<u>\$ 33,240,193</u>	<u>\$ 30,747,063</u>	<u>\$ 26,782,833</u>	<u>\$ 24,835,708</u>	<u>\$ 22,926,819</u>	
District's net pension liability - ending (a) - (b)	<u>\$ 19,194,700</u>	<u>\$ 23,796,052</u>	<u>\$ 20,329,630</u>	<u>\$ 19,036,928</u>	<u>\$ 17,103,890</u>	<u>\$ 15,985,039</u>	<u>\$ 9,854,656</u>	<u>\$ 7,864,595</u>	
Plan fiduciary net position as a percentage of the total pension liability	72.12%	61.73%	64.20%	63.58%	64.26%	62.62%	71.59%	74.46%	
Covered payroll	\$ 6,377,908	\$ 6,413,504	\$ 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	300.96%	371.03%	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, 2022

PSPRS - Health insurance premium benefit

	Reporting Fiscal Year (Measurement Date)					
	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 through 2013
Total pension liability						
Service cost	\$ 29,114	\$ 28,887	\$ 18,049	\$ 19,386	\$ 18,697	Information
Interest on the total pension liability	69,959	67,187	73,597	70,381	67,706	not available
Changes on benefit terms	-	-	-	-	7,535	
Differences between expected and actual experience in the measurement of the pension liability	(29,186)	(28,224)	(182,672)	(38,179)	1,374	
Changes of assumptions or other inputs	-	-	9,447	-	(32,213)	
Benefit payments, including refunds of employee contributions	(19,547)	(15,793)	(15,978)	(16,981)	(13,205)	
Net change in total pension liability	50,340	52,057	(97,557)	34,607	49,894	
Total pension liability - beginning	938,997	886,940	984,497	949,890	899,996	
Total pension liability - ending (a)	<u>\$ 989,337</u>	<u>\$ 938,997</u>	<u>\$ 886,940</u>	<u>\$ 984,497</u>	<u>\$ 949,890</u>	
Plan fiduciary net position						
Contributions - employer	\$ 18,411	\$ 18,054	\$ 20,773	\$ 11,386	\$ 20,209	
Contributions - employee	-	-	-	-	-	
Net investment income	281,540	12,754	51,367	61,918	93,605	
Benefit payments, including refunds of employee contributions	(19,547)	(15,793)	(15,978)	(16,981)	(13,205)	
Administrative expense	(1,158)	(1,037)	(887)	(942)	(828)	
Other changes	-	-	-	-	-	
Net change in plan fiduciary net position	279,246	13,978	55,275	55,381	99,781	
Plan fiduciary net position - beginning	1,024,509	1,010,531	946,362	890,981	791,200	
Adjustment to Beginning of Year	-	-	8,894	-	-	
Plan fiduciary net position - ending (b)	<u>\$ 1,303,755</u>	<u>\$ 1,024,509</u>	<u>\$ 1,010,531</u>	<u>\$ 946,362</u>	<u>\$ 890,981</u>	
District's net pension liability - ending (a) - (b)	<u>\$ (314,418)</u>	<u>\$ (85,512)</u>	<u>\$ (123,591)</u>	<u>\$ 38,135</u>	<u>\$ 58,909</u>	
Plan fiduciary net position as a percentage of the total pension liability	131.78%	109.11%	113.93%	96.13%	93.80%	
Covered payroll	\$ 6,377,908	\$ 6,413,504	\$ 6,473,645	\$ 6,684,780	\$ 6,684,780	
District's net pension liability as a percentage of covered payroll	-4.93%	-1.33%	-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, 2022

ASRS - Pension

	Reporting Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Statutorily required contribution	\$ 306,390	\$ 269,646	\$ 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	306,390	269,646	259,167	236,377	204,197	202,995	143,300	86,446	75,852	
District's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
District's covered payroll	\$ 2,551,124	\$ 2,314,558	\$ 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	12.01%	11.65%	11.45%	11.18%	10.90%	10.78%	10.85%	10.88%	10.70%	

ASRS - Health insurance premium benefit

	Reporting Fiscal Year						2016 through 2013
	2022	2021	2020	2019	2018	2017	
Statutorily required contribution	\$ 5,357	\$ 9,027	\$ 11,091	\$ 9,726	\$ 8,294	\$ 10,545	Information not available
District's contributions in relation to the statutorily required contribution	5,357	9,027	11,091	9,726	8,294	10,545	
District's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
District's covered payroll	\$ 2,551,124	\$ 2,314,558	\$ 2,263,467	\$ 2,114,281	\$ 2,114,281	\$ 1,873,367	
District's contributions as a percentage of covered payroll	0.21%	0.39%	0.49%	0.46%	0.44%	0.56%	

ASRS - Long-term disability

	Reporting Fiscal Year						2016 through 2013
	2022	2021	2020	2019	2018	2017	
Statutorily required contribution	\$ 4,847	\$ 4,165	\$ 3,848	\$ 3,383	\$ 3,016	\$ 2,636	Information not available
District's contributions in relation to the statutorily required contribution	4,847	4,165	3,848	3,383	3,016	2,636	
District's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
District's covered payroll	\$ 2,551,124	\$ 2,314,558	\$ 2,263,467	\$ 2,114,281	\$ 2,114,281	\$ 1,873,367	
District's contributions as a percentage of covered payroll	0.19%	0.18%	0.17%	0.16%	0.16%	0.14%	

SUPERSTITION FIRE & MEDICAL DISTRICT
SCHEDULE OF THE DISTRICT PENSION/OPEB CONTRIBUTIONS (Continued)
Year Ended June 30, 2022

PSPRS - Pension	Reporting Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Actuarially determined contribution	\$ 1,172,351	\$ 2,222,510	\$ 2,240,009	\$ 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	26,586,995	2,222,510	2,240,009	1,790,579	1,886,507	1,447,386	1,583,372	993,529	902,497	
District's contribution deficiency (excess)	<u>\$ (25,414,644)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,895</u>	<u>\$ 91,032</u>	
District's covered payroll	\$ 3,714,674	\$ 6,377,908	\$ 6,412,851	\$ 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	32.34%	31.56%	34.93%	27.66%	28.22%	21.68%	22.79%	14.80%	15.57%	
PSPRS - Health insurance premium benefit	Reporting Fiscal Year							2016 through 2013		
	2022	2021	2020	2019	2018	2017				
Actuarially determined contribution	\$ 8,415	\$ 20,776	\$ 20,021	\$ 22,710	\$ 11,386	\$ 20,209				Information not available
District's contributions in relation to the actuarially determined contribution	8,415	20,776	20,021	22,710	11,386	20,209				
District's contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>				
District's covered payroll	\$ 3,714,674	\$ 6,377,908	\$ 6,412,851	\$ 6,473,645	\$ 6,684,780	\$ 6,677,374				
District's contributions as a percentage of covered payroll	0.20%	0.28%	0.31%	0.35%	0.17%	0.30%				

SUPERSTITION FIRE & MEDICAL DISTRICT
NOTES TO PENSION PLAN SCHEDULES
Year Ended June 30, 2022

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 2019 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 2019 actuarial valuation, the investment rate of return was decreased from 7.4% to 7.3%. In the 2017 actuarial valuation, the investment rate of return was decreased from 7.5% to 7.4%. In the 2016 actuarial valuation, the investment rate of return was decreased from 7.85% to 7.5%. In the 2013 actuarial valuation, the investment rate of return was decreased from 8% 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 2019 actuarial valuation, changed to PubS-2020 tables. In the 2017 actuarial valuation, changed to RP-2014 tables, with 75% of MP-2016 fully generational projection scales. RP-2000 mortality table (adjusted by 105% for both males and females).

SUPERSTITION FIRE & MEDICAL DISTRICT
NOTES TO PENSION PLAN SCHEDULES
Year Ended June 30, 2022

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.

OTHER SUPPLEMENTARY INFORMATION

Budgetary Comparison Schedules

Capital Projects Fund Non-Major Funds

Non-Major Governmental Funds

Debt Service Fund - accounts for the accumulation of resources for, and the payment of current and future debt service requirements for governmental debt principal and interest.

Special Revenues Fund - accounts for miscellaneous federal and state grants and other contributions that are restricted for specific use.

SUPERSTITION FIRE & MEDICAL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – CAPITAL PROJECTS FUND
Year Ended June 30, 2022

	Budgeted Amounts			Variance with Final Budget- Positive (Negative)
REVENUES	Original	Final	Actual Amounts	
Taxes	\$ 1,146,744	\$ 1,146,744	\$ 1,146,596	\$ (148)
Centrally assessed taxes	31,578	31,578	31,424	(154)
Investment income	3,500	3,500	6,018	2,518
Other income	-	-	81,823	81,823
Total revenues	1,181,822	1,181,822	1,265,861	2,216
EXPENDITURES				
Carryover funds	1,709,607	1,703,607	8	1,703,599 *
Capital outlay	557,535	563,535	162,008	401,527
Debt service				
Principal	-	-	106,887	(106,887)
Interest and fiscal charges	-	-	21,467	(21,467)
Total expenditures	2,267,142	2,267,142	290,370	1,976,772
Excess (deficiency) of revenues over (under) expenditures	(1,085,320)	(1,085,320)	975,491	1,978,988
OTHER FINANCING SOURCES				
Sale of assets	-	-	15,300	15,300
Transfers in	80,000	80,000	-	(80,000)
Total other financing sources and uses	80,000	80,000	15,300	(64,700)
Net change in fund balances	(1,005,320)	(1,005,320)	990,791	1,914,288
Fund balance-beginning of year	1,564,384	1,564,384	1,564,384	-
Fund balance - end of year	\$ 559,064	\$ 559,064	\$ 2,555,175	\$ 1,914,288

* Budgeted amounts include amounts budgeted for financial reserves for which no actual related expenses exist

SUPERSTITION FIRE & MEDICAL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – NON-MAJOR FUNDS
Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	\$ 595,707	\$ 595,707	\$ 596,997	\$ 1,290
Centrally assessed taxes	16,420	16,420	16,340	(80)
Grants	-	-	-	-
Investment income	3,550	3,550	2,953	(597)
Other income	25,100	25,100	12,075	(13,025)
Total revenues	640,777	640,777	628,365	(12,412)
EXPENDITURES				
Current				
Administration	400	400	3	397
Capital outlay	40,000	40,000	-	40,000
Debt Service:				
Principal	586,000	586,000	586,000	-
Interest and other charges	311,115	311,115	107,231	203,884
Total expenditures	978,615	978,615	700,502	278,113
Excess (deficiency) of revenues over (under) expenditures	(337,838)	(337,838)	(72,137)	265,701
Net change in fund balances	(337,838)	(337,838)	(72,137)	265,701
Fund balance - beginning of year	340,031	340,031	340,031	-
Fund balance - end of year	\$ 2,193	\$ 2,193	\$ 267,894	\$ 265,701

SUPERSTITION FIRE & MEDICAL DISTRICT
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 Year Ended June 30, 2022

	Debt Service Fund	Special Revenue Fund	Total Non-Major Funds
ASSETS			
Cash and cash equivalents	\$ -	\$ 59,250	\$ 59,250
Receivables			
Property taxes	21,700		21,700
Accounts receivable	-	1,900	1,900
Restricted cash and cash equivalents	204,375	-	204,375
Total assets	<u>\$ 226,075</u>	<u>\$ 61,150</u>	<u>\$ 287,225</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred revenue	19,331	-	19,331
Total deferred inflows of resources	<u>19,331</u>	<u>-</u>	<u>19,331</u>
FUND BALANCES			
Nonspendable	-	-	-
Restricted for debt retirement			
Debt Retirement	206,744		206,744
Grants		61,150	61,150
Committed	-	-	-
Assigned	-	-	-
Unassigned	-	-	-
Total fund balances	<u>206,744</u>	<u>61,150</u>	<u>267,894</u>
Total liabilities and fund balances	<u>\$ 226,075</u>	<u>\$ 61,150</u>	<u>\$ 287,225</u>

SUPERSTITION FIRE & MEDICAL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
 BALANCES
 NON-MAJOR GOVERNMENTAL FUNDS
 Year Ended June 30, 2022

	Debt Service Fund	Special Revenue Fund	Total Non-Major Funds
REVENUES			
Taxes	\$ 596,997	\$ -	\$ 596,997
Centrally assessed taxes	16,340	-	16,340
Interest revenues	2,707	246	2,953
Other income	-	12,075	12,075
Total revenues	<u>616,044</u>	<u>12,321</u>	<u>628,365</u>
EXPENDITURES			
Current			
Administration	-	3	3
Community services	-	7,268	7,268
Debt service			
Principal	586,000	-	586,000
Interest and fiscal charges	<u>107,231</u>	<u>-</u>	<u>107,231</u>
Total expenditures	<u>693,231</u>	<u>7,271</u>	<u>700,502</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(77,187)</u>	<u>5,050</u>	<u>(72,137)</u>
Net change in fund balances	(77,187)	5,050	(72,137)
Fund balances - beginning of year	<u>283,931</u>	<u>56,100</u>	<u>340,031</u>
Fund balances - end of year	<u>\$ 206,744</u>	<u>\$ 61,150</u>	<u>\$ 267,894</u>

STATISTICAL SECTION



SUPERSTITION FIRE & MEDICAL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years

Fiscal Year	Property tax levy	Corrections	Property tax levy (adjusted)	Collected within the fiscal year of the levy		Collections in subsequent years	Total Collections to date	
				Amount	% of levy		Amount	% of levy
2012 / 2013	9,023,001	(1,149)	9,021,852	8,983,886	99.6%	32,488	9,016,374	99.9%
2013 / 2014	9,888,154	(8,267)	9,879,887	9,631,100	97.4%	242,751	9,873,850	99.9%
2014 / 2015	10,772,125	(8,115)	10,764,010	10,545,718	97.9%	211,645	10,757,363	99.9%
2015 / 2016	10,937,775	1,624	10,939,399	10,722,793	98.0%	208,477	10,931,270	99.9%
2016 / 2017	11,495,746	7,271	11,503,017	11,260,771	98.0%	231,975	11,492,746	99.9%
2017 / 2018	12,024,842	(4,552)	12,020,290	11,825,900	98.3%	180,681	12,006,581	99.9%
2018 / 2019	12,625,315	(26,507)	12,598,809	12,376,078	98.0%	198,853	12,574,931	99.8%
2019 / 2020	13,221,129	4,392	13,225,521	12,994,775	98.3%	186,720	13,181,495	99.7%
2020 / 2021	14,008,228	10,683	14,018,912	13,801,584	98.5%	176,235	13,977,818	99.7%
2021 / 2022	14,934,338	-	14,934,338	14,676,206	98.3%	-	14,676,206	98.3%

Source: Pinal County Treasurer's reports

SUPERSTITION FIRE & MEDICAL DISTRICT
NET LIMITED ASSESSED PROPERTY VALUE BY PROPERTY CLASSIFICATION
Last Ten Fiscal Years

Fiscal Year	Commercial, industrial, utilities, and mines	Agricultural and vacant	Residential (owner occupied)	Residential (rental)	Improvements on governmental properties	Total net limited assessed valuation
2012 / 2013						-
2013 / 2014						-
2014 / 2015						-
2015 / 2016						-
2016 / 2017						-
2017 / 2018						-
2018 / 2019	52,001,091	23,610,608	262,620,582	47,533,099	73,358	385,838,738
2019 / 2020	55,254,062	24,770,338	276,735,456	49,308,554	75,094	406,143,504
2020 / 2021	58,766,174	24,480,087	296,128,015	50,952,439	78,159	430,404,874
2021 / 2022	60,718,504	23,412,421	320,309,945	53,724,166	70,666	458,235,702

Source: Pinal County Assessor's Office Abstract by Tax Authority and Legal Class reports

NOTE: Information prior to fiscal year 2018 / 2019 was not available.

SUPERSTITION FIRE & MEDICAL DISTRICT
 PRINCIPAL PROPERTY TAXPAYERS
 For Year 2021 and 2022

Taxpayer	Fiscal Year					
	Tax Year 2022			Tax Year 2021		
	Net limited assessed value	Rank	Percent of District's net limited assessed valuation	Net limited assessed value	Rank	Percent of District's net limited assessed valuation
Arizona Water Company	4,521,300	1	0.9%	4,306,923	1	0.9%
Smith's Food & Drug Centers Inc. #302	2,195,731	2	0.4%	2,150,919	2	0.5%
Southwest Gas Corporation	2,099,668	3	0.4%	1,796,306	5	0.4%
Wal-Mart Stores Inc.	2,036,410	4	0.4%	2,093,302	3	0.5%
Blount Contracting Inc.	1,631,396	5	0.3%	2,018,473	4	0.4%
Gold Canyon Sewer Company	1,512,350	6	0.3%	1,510,920	6	0.3%
JSH Time LLC	1,492,167	7	0.3%	1,448,781	8	0.3%
Gold Canyon MJ LLC	1,429,719	8	0.3%	1,449,676	7	0.3%
Gilligan Gold Canyon LLC	1,328,339	9	0.3%	1,375,280	10	0.3%
Qwest Corporation	1,325,570	10	0.3%	1,429,528	9	0.3%
Montesa MHP LLC	1,239,547	11	0.3%	1,214,417	11	0.3%
Roberts Properties LTD	1,184,641	12	0.2%	1,169,989	12	0.3%
MHC Dolce Vita LLC	1,145,791	13	0.2%	1,152,124	13	0.3%
Empire Southwest LLC	1,108,963	14	0.2%	1,052,715	15	0.2%
BKD Apache Junction Propco LLC	1,076,265	15	0.2%	1,075,634	14	0.2%

Source: Pinal County Treasurer's reports



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, 2022, 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 January 3, 2023.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not 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.

Baker Tilly US, LLP

Tempe, Arizona
January 3, 2023