

AMBULANCE REVENUE and COST REPORT
FIRE DISTRICT and SMALL RURAL COMPANY

Arizona Department of Health Services
Annual Ambulance Financial Report

Elfrida Fire District
Reporting Ambulance Service

Address: 10293 N. Central Highway

City: Elfrida Zip: 85610

Report Fiscal Year

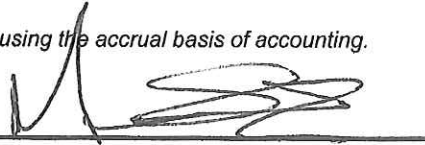
From: July 1 2018 To: June 30 2019
Mo. Day Year Mo. Day Year

I hereby verify that I have directed the preparation of the enclosed annual report in accordance with the reporting requirements of the State of Arizona.

I have read this report and hereby verify that the information provided is true and correct to the best of my knowledge.

This report has been prepared using the accrual basis of accounting.

Authorized Signature:



Date:

12/26/19

Print Name and Title:

Martin Sierras Chief

Phone:

5206423749

Mail to:

Department of Health Services
Bureau of Emergency Medical Services
Certificate of Necessity and Rates Section
150 North 18th Avenue, Suite 540
Phoenix, AZ 85007-3248
Telephone: (602) 364-3150
Fax: (602) 364-3567

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AMBULANCE REVENUE AND COST REPORT

FIRE DISTRICT and SMALL RURAL COMPANY

AMBULANCE SERVICE ENTITY:

Elfrida Fire District

FOR THE PERIOD

FROM: July 1 2018

TO: June 30 2019

STATISTICAL SUPPORT DATA

Line No.	DESCRIPTION	(1) SUBSCRIPTION SERVICE TRANSPORTS	*(2) TRANSPORTS UNDER CONTRACT	(3) TRANSPORTS NOT UNDER CONTRACT	(4) TOTALS
1	Number of ALS Billable Transports:			155	155
2	Number of BLS Billable Transports:			27	27
3	Number of Loaded Billable Miles:				4,062
4	Waiting Time (Hr. & Min.):				
5	Canceled (Non-Billable) Runs:				115

AMBULANCE SERVICE ROUTINE OPERATING REVENUE

6	ALS Base Rate Revenue			\$ 144,726
7	BLS Base Rate Revenue			25,221
8	Mileage Charge Revenue			65,292
9	Waiting Charge Revenue			
10	Medical Supplies Charge Revenue			
11	Nurses Charge Revenue			
12	Standby Charge Revenue (Attach Schedule)			
13	TOTAL AMBULANCE SERVICE ROUTINE OPERATING REVENUE		(Post to Page 3, Line 1)	\$ 235,240

SALARY AND WAGE EXPENSE DETAIL

GROSS WAGES:

** No. of FTE's

14	Management		\$ 69,102	1.5
15	Paramedics and IEMTs		\$ 83,813	2.9
16	Emergency Medical Technician (EMT)		\$ 25,383	1.0
17	Other Personnel		\$ 14,747	3.6
18	Payroll Taxes and Fringe Benefits - All Personnel		\$ 55,140	
19	Total Wages, Taxes & Benefits	(Sum Lines 14 through 18; Post to Page 3, Line 10)	\$ 248,183	

* This column reports only those runs where a contracted discount rate was applied.

** Full-time equivalents (F.T.E.) is the sum of all hours for which employees wages were paid during the year divided by 2080.

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AMBULANCE REVENUE AND COST REPORT

FIRE DISTRICT and SMALL RURAL COMPANY

AMBULANCE SERVICE ENTITY:

Elfrida Fire District

FOR THE PERIOD

FROM: July 1 2018

TO: June 30 2019

SCHEDULE OF REVENUES AND EXPENSES

Line No.	<u>DESCRIPTION</u>		
Operating Revenues:			
1	Total Ambulance Service Operating Revenue	(From: Page 2, Line 13)	\$ <u>235,240</u>
<u>Settlement Amounts:</u>			
2	AHCCCS		<u>19,905</u>
3	Medicare		<u>40,948</u>
4	Subscription Service		<u> </u>
5	Contractual		<u> </u>
6	Other		<u> </u>
7	Total	(Sum of Lines 2 through 6)	<u>60,853</u>
8	Total Operating Revenue	(Line 1 minus Line 7)	\$ <u>174,387</u>
Operating Expenses:			
9	Bad Debt		\$ <u>12,564</u>
10	Total Salaries, Wages, and Employee-Related Expenses	(From: Page 2, Line 19)	<u>248,183</u>
11	Professional Services		<u>10,086</u>
12	Travel and Entertainment		<u>915</u>
13	Other General Administrative		<u>6,417</u>
14	Depreciation		<u> </u>
15	Rent / Leasing		<u> </u>
16	Building / Station		<u> </u>
17	Vehicle Expense		<u> </u>
18	Other Operating Expense		<u>1,065</u>
19	Cost of Medical Supplies Charged to Patients		<u>3,124</u>
20	Interest		<u> </u>
21	Subscription Service Sales Expense		<u>69</u>
22	Total Operating Expense	(Sum of Lines 9 through 21)	<u>282,423</u>
23	Total Operating Income or (Loss)	(Line 8 minus Line 22)	\$ <u>(108,036)</u>
24	Subscription Contract Sales		<u> </u>
25	Other Operating Revenue		<u> </u>
26	Local Supportive Funding		<u> </u>
27	Other Non-Operating Income (Attach Schedule)		<u> </u>
28	Other Non-Operating Expense (Attach Schedule)		<u> </u>
29	NET INCOME or (LOSS) Before Income Taxes	(Sum of Lines 23 through 27, minus Line 28)	\$ <u>(108,036)</u>
Provision for Income Taxes:			
30	Federal Income Tax		<u> </u>
31	State Income Tax		<u> </u>
32	Total Income Tax	(Line 30, plus Line 31)	<u> </u>
33	Ambulance Service Net Income (Loss)	(Line 29, minus Line 32)	<u>(108,036)</u>

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**ELFRIDA FIRE DISTRICT
FINANCIAL STATEMENTS
June 30, 2019**

**Saunders Company, Ltd.
6008 West Cortez Street
Glendale, Arizona 85304
Fax 602-926-2431
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ELFRIDA FIRE DISTRICT

FINANCIAL STATEMENTS JUNE 30, 2019

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ELFRIDA FIRE DISTRICT

FINANCIAL STATEMENTS JUNE 30, 2019

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SAUNDERS COMPANY, LTD

JAMES H. SAUNDERS, CPA, CFE, CGFM, PI.
TRICIA E. SAUNDERS, PI.

CERTIFIED PUBLIC ACCOUNTANT
CERTIFIED FRAUD EXAMINER
CERTIFIED GOVERNMENT FINANCIAL MANAGER
LICENSED PRIVATE INVESTIGATORS #01534603, # 1003706

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Arizona Society of Certified Public Accountants

Arizona Association of Licensed Private Investigators

International Association of Certified Fraud Examiners
Arizona Association of Certified Fraud Examiners

INDEPENDENT AUDITOR'S REPORT

To the Governing Board
Elfrida Fire District
Elfrida, Arizona

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Elfrida Fire District, Elfrida, Arizona, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Elfrida Fire District, as of June 30, 2019, 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.

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INDEPENDENT AUDITOR'S REPORT

6/30/2019

Page 2

Other Matters

Required Supplementary Information

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

Other Legal and Regulatory Requirements

Arizona Revised Statutes require disclosure of certain additional supplementary information required to comply with section 48-251 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by statute as an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 9, 2020, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Saunders Company, Ltd.

Glendale, Arizona
January 9, 2020

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Fax: (520) 642-3725

Martin Sierras



Fire Chief

**MANAGEMENTS DISCUSSION & ANALYSIS OF THE BASIC FINANCIAL
STATEMENTS OF THE DISTRICT
JUNE 30, 2019**

The following discussion and analysis of the Elfrida Fire District (the district's) financial performance presents management's overview of the District's financial activities for the year ended June 30, 2019. 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 Elfrida Fire District provides Fire, Wildland, Ambulance, Paramedic and other minor services to homes, property and persons residing within the District boundaries, as well as services to locations and persons outside the District thru mutual aid agreements and contracts.

Results of Operations

- The Elfrida District had 261 ambulance ALS/BLS ambulance runs, 11 fires and 18 wild land fires, 20 service calls, 5 good intent, 0 hazmat, 3 recues, 11 community events.
- Throughout the 201/2019 year the Elfrida Fire District has had 2 fulltime paramedic, 2 fulltime paramedic/FF, 2 part time paramedic/FF, 2 part time paramedic, 1 Part time paramedic/wildland/firefighter, 5 part time wildland firefighters, 5 part time EMT/wildland/fire fighter, 1 fulltime wildland engine boss, one fulltime bookkeeper. These are all the employees from our district throughout the entire year.
- Health benefits are paid for by the Elfrida Fire District for our "fulltime" employees (20/20.) This fiscal year we have had 4 eligible employees.
- The Elfrida Fire District has a pension/Retirement set up for our "fulltime" employees (20/20.) We had 4 eligible employees who all are on our retirement plan through Arizona State Retirement System.

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- The district performed a Fire Safety/Prevention program for the McNeal and Elfrida Elementary schools, and Double Adobe Elementry.
- The monthly Commodity Distribution Program continues to operate out of our Elfrida Fire District Building.
- The Elfrida Fire District provides stand by emergency services at no cost for public events, such as football, volleyball, basketball, rodeos, etc. The district also has a food drive during Christmas season. The fire district allows the schools to have car washes at the station to raise money for their school. The fire district provides "Fire Engine Noise/Escort Service" for the athletic busses leaving the community for "Playoffs" or "State" games. The district helps with the bon fire and tug of war during homecoming for the high school. The district also participates in the "Trunk-or- treat" and "Fall Festivals" at the Elfrida Elementary and Valley Union High School.
- The district is responsible for maintaining the community park located adjacent to the district's bay.
- The district has been keeping the grass mowed down the sidewalk through the community.
- The district participates in an annual clean the community day.

Financial Highlights

- District investment in capital assets decreased by \$7,466 or 18.22%.
- The District's net position decreased \$33,260 or 50.62% from the previous fiscal year.
- Total revenues increased \$25,939 or 6.56% over the previous fiscal year.
- At the end of the current fiscal year, unrestricted net position for the Governmental Activities was \$(1,052).

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government- wide financial statements 2) fund financial statements, and 3) notes to the financial statements. This report also contains other 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.

Government - Wide Financial Statements

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

The statement of net position presents information on all of the District's assets and liabilities, with the difference between the two reported as 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.

The statement of activities 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.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, use fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Net Position June 30, 2019

	BALANCE <u>JUNE 30, 2018</u>	BALANCE <u>JUNE 30, 2019</u>
Net Investment in Capital Assets	\$ 40,967	\$ 33,501
Unrestricted	<u>24,742</u>	<u>(1,052)</u>
	<u>\$ 65,709</u>	<u>\$ 32,449</u>

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Elfrida Fire District, assets exceeded liabilities by \$32,449 at the close of the most recent fiscal year.

A large portion of the District's net position reflects its investment in capital assets (e.g., land, construction in progress, buildings, machinery, vehicles, and equipment); less any related debt still outstanding used to acquire those assets. The District uses these capital assets to provide services to Citizens, consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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The following page contains a comparative analysis between the current and the prior fiscal year for the government-wide statements.

Condensed Statement of Net Position

	Governmental Activities	
	<u>2018</u>	<u>2019</u>
Assets		
Current and other assets	\$ 247,816	\$ 211,063
Capital assets	<u>40,967</u>	<u>33,501</u>
Total assets	288,783	244,564
Deferred outflows of resources	27,207	56,842
Current and other liabilities		
Current and other liabilities	14,140	12,419
Long-term liabilities	<u>193,426</u>	<u>214,352</u>
Total liabilities	207,566	226,771
Deferred inflows of resources	<u>42,715</u>	<u>42,186</u>
Net position:		
Net investment in capital assets	40,967	33,501
Unrestricted	<u>24,742</u>	<u>(1,052)</u>
Total net position	<u>\$ 65,709</u>	<u>\$ 32,449</u>

The unrestricted net position is \$(1,052).

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Governmental Activities

Most of the revenues for the District were derived from assessed property taxes and Fire District Assistance Tax from the County. The department also brings in money through ambulance and wildland.

Governmental Activities net position decreased by \$33,260. Key elements of this decrease are reported below:

Condensed Statement of Activities

	<u>Governmental Activities</u>	
	<u>2018</u>	<u>2019</u>
Expenditures:		
Fire protection and emergency services	\$ 449,861	\$ 453,584
Total expenditures	<u>449,861</u>	<u>453,584</u>
Program Revenues:		
Operating and Capital Grants	3,470	0
Fees for service	<u>127,148</u>	<u>127,582</u>
Total program revenues	<u>130,618</u>	<u>127,582</u>
Net Program Expenditures	<u>319,243</u>	<u>326,002</u>
General revenues :		
Property taxes	211,909	206,150
Fire district assistance tax	36,418	37,526
Interest	39,133	10,551
Other income	<u>20,851</u>	<u>38,515</u>
Total general revenues	<u>308,311</u>	<u>292,742</u>
Change in net position	(10,932)	(33,260)
Net position, beginning	<u>76,641</u>	<u>65,709</u>
Net position, ending	<u>\$ 65,709</u>	<u>\$ 32,449</u>

General Fund Budgetary Highlights

The Elfrida Fire District stayed within the budget, however some individual budget lines in the Revenue budget were not met. The District budgeted Fees for Service, wildland revenue, interest revenue and grant revenue in anticipation of receiving those amounts. Those amounts were not received during the year resulting in a negative variance within the budget. The District budgets for these items so that if they are received, the District is able to utilize the monies during the Fiscal Year.

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Capital Asset and Debt Administration

Capital Assets

In order to continue to provide the best service possible, the District spends a portion of the budget on fixed asset acquisition and capital projects.

Nothing was spent this fiscal year on Capital Assets.

Capital Assets, Net of Depreciation June 30, 2019

	<u>BALANCE</u> <u>06/30/2018</u>	<u>BALANCE</u> <u>06/30/2019</u>
<u>Depreciable Assets</u>		
Vehicles	\$ 509,559	\$ 509,559
Buildings	86,895	86,895
Building Improvements	26,558	26,558
Equipment, Fire	<u>319,829</u>	<u>319,829</u>
Total Historical Costs	<u>942,841</u>	<u>942,841</u>
Less Accumulated Depreciation		
Vehicles	501,364	506,011
Buildings	66,284	68,439
Building Improvements	17,344	18,008
Equipment, Fire	<u>319,829</u>	<u>319,829</u>
Less: Total Accumulated Depreciation	<u>904,821</u>	<u>912,287</u>
Depreciable Capital Assets, Net	38,020	30,554
<u>Non-Depreciable Assets</u>		
Land	<u>2,947</u>	<u>2,947</u>
Capital Assets, Net	<u>\$ 40,967</u>	<u>\$ 33,501</u>

Long Term Debt

At the end of the current fiscal year, the District had no outstanding debt.

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Factors Affecting Future Results

The District is subject to general economic conditions such as increases or declines in property tax value or other types of revenues that vary with economic conditions.

The District is subject to general economic conditions such as increases or declines in property tax value or other types of revenues that vary with economic conditions. The department hopes to hire more staff and purchase new equipment in order to have better coverage for the district and surrounding areas.

Contacting the District

This financial report is designed to provide an overview of the District's finances for anyone with an interest in the government's finances. Any questions regarding this report or requests for additional information may be directed to Elfrida Fire District at 10293 N. Central Hwy located in Elfrida, Az.

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BASIC FINANCIAL STATEMENTS

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**ELFRIDA FIRE DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2019**

Exhibit A

	Governmental Activities
ASSETS	
Cash & Cash Equivalents	\$ 100,467
Receivables:	
Ambulance Service Fees, Net of Allowances for Doubtful Accounts	31,095
Wildland	2,455
Property Tax	51,766
Prepaid Credit Card	10,080
Prepaid Expenses	15,200
Total Capital Assets, Net	33,501
 Total Assets	 244,564
DEFERRED OUTFLOW OF RESOURCES	
Deferred Outflows Related to Pension (ASRS)	55,292
Deferred Outflows Related to OPEB	1,550
Total Assets and Outflow of Resources	301,406
LIABILITIES	
Current Liabilities	
Payroll Taxes Payable	5,869
Wages Payable	2,925
Accounts Payable	1,686
Due in less than one year	
Compensated Absences	1,939
Non Current Liabilities	
Due in more than one year	
Compensated Absences	7,755
Net Pension Liability	
Net Pension Liability Related to Pension (ASRS)	206,408
Net Pension Liability Related to OPEB	189
Total Liabilities	226,771
DEFERRED INFLOW OF RESOURCES	
Deferred Inflows Related to Pension (ASRS)	40,522
Deferred Inflows Related to OPEB	1,664
Total Liabilities and Inflow of Resources	268,957
NET POSITION	
Net Investment in Capital Assets	33,501
Unrestricted	(1,052)
Total Net Position	\$ 32,449

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-The Notes to the Financial Statements are an Integral Part of This Statement-

**ELFRIDA FIRE DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019**

Exhibit B

**Governmental
Activities**

EXPENDITURES

Public Safety - Fire/EMS Protection

Public Safety

\$ 375,383

Administration

70,735

Depreciation

7,466

Total Program Expenditures

453,584

PROGRAM REVENUES

Fees for Service

127,582

Total Program Revenues

127,582

Net Program Expenditures

326,002

GENERAL REVENUES

Property Taxes

206,150

Fire District Assistance

37,526

Investment Earnings

10,551

Miscellaneous

38,515

Total General Revenues

292,742

Increase (Decrease) in Net Position

(33,260)

NET POSITION-BEGINNING OF THE YEAR

65,709

NET POSITION-END OF THE YEAR

\$ 32,449

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-The Notes to the Financial Statements are an Integral Part of This Statement-

**ELFRIDA FIRE DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2019**

Exhibit C

General

ASSETS

Cash and Cash Equivalents	\$	100,467
Receivables:		
Ambulance Service Fees, Net of Allowances for Doubtful Accounts		31,095
Wildland		2,455
Property Taxes		51,766
Prepaid Expenses		15,200
Prepaid Credit Card		<u>10,080</u>
 Total Assets		 <u><u>\$ 211,063</u></u>

LIABILITIES

Payroll Taxes Payable	\$	5,869
Wages Payable		2,925
Accounts Payable		1,686
Compensated Absences		<u>1,939</u>
 Total Liabilities		 12,419

DEFERED INFLOW OF RESOURCES

Unavailable Revenues		
Deferred Taxes		<u>51,649</u>
 Total Liabilities and Inflow of Resources		 <u>64,068</u>

FUND BALANCES

Assigned		99,324
Non-Spendable		25,280
Unassigned		<u>22,391</u>
 Total Fund Balances		 <u>146,995</u>
 Total Liabilities, Deferred Inflow of Resources & Fund Balances		 <u><u>\$ 211,063</u></u>

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**ELFRIDA FIRE DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED
JUNE 30, 2019**

Exhibit D

	General
REVENUE	
Property Taxes	\$ 217,599
Fire District Assistance Tax	37,526
Fees for Service	127,582
Investment Earnings	272
Miscellaneous	38,515
Total Revenues	421,494
EXPENDITURES	
Current:	
Public Safety	364,048
Administration	70,735
Capital Outlay	10,293
Total Expenditures	445,076
Excess (Deficiency) of Revenues over Expenditures	(23,582)
Net Change in Fund Balances	(23,582)
Fund Balances-Beginning of Year	170,577
Fund Balances-End of Year	\$ 146,995

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**ELFRIDA FIRE DISTRICT
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2019**

Exhibit E

**Reconciliation of Governmental Fund Balance to Net Position
(Exhibit A) of governmental activities:**

Fund Balances - Total Governmental Funds (Exhibit C)	\$	146,995
Amounts reported for governmental activities in the statement of net position are different because:		
Capital Assets used in governmental activities are not financial resources and, therefore are not reported in the other funds.		
Governmental Capital Assets		945,788
Less: Accumulated Depreciation		<u>(912,287)</u>
		33,501
Deferred Outflows of Resources		
Related to Pension (ASRS)		55,292
Related to OPEB		1,550
Non Current liabilities are not due and payable in the current period and therefore are not reported in the funds.		(7,755)
Net Pension Liability		
Related to Pension (ASRS)		(206,408)
Related to OPEB		(189)
Deferred Inflows of Resources		
Related to Deferred Taxes		51,649
Related to Pension (ASRS)		(40,522)
Related to OPEB		<u>(1,664)</u>
Net Position of Governmental Activities (Exhibit A)	\$	<u><u>32,449</u></u>

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**ELFRIDA FIRE DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED
JUNE 30, 2019**

Exhibit F

**Reconciliation of the change in fund balance-total governmental funds
to the change in net position of governmental activities:**

Net Change in Fund Balances - Total Governmental Funds (Exhibit D)	\$	(23,582)
---	----	----------

Amounts reported for governmental activities in the statement of activities (Exhibit B) are different because of the following:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital outlay in the current period.		(7,466)
--	--	---------

Net Change in Deferred Outflows and Inflows of Resources		(1,170)
--	--	---------

The addition of non current liabilities (e.g., bonds, leases, leave) provides current financial resources to governmental funds, while the repayment of the principal of non current liabilities consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of non current liabilities and related items.		<u>(1,042)</u>
--	--	----------------

Change in Net Position of Governmental Activities (Exhibit B)	\$	<u><u>(33,260)</u></u>
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ELFRIDA FIRE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The District is a local governmental unit formed as a political subdivision of the local county which is a political subdivision of the State of Arizona. The District was formed under the provisions of Title 48 of Arizona Revised Statutes. The District operates under the guidance of an elected board, which is the policy making body of the District. The purpose of the District is to provide fire protection, emergency medical and related services to the residents and guests of the District and the surrounding area. The day to day operations are supervised by a fire chief and his staff.

The District has the power to issue bonds, levy taxes, bill for services and raise revenues with the power of the County government. The District has the power to expend public funds for any legitimate purpose required to further its needs. The District operates as an independent governmental agency directly responsible to the local taxpayers and voters.

Introduction

Accounting principles generally accepted in the United States of America require that the reporting entity include the primary government, all organizations for which the primary government is financially accountable, and other organizations which by nature and significance of their relationship with the primary government would cause the financial statements to be incomplete or misleading if excluded. Blended component units, although legally separate entities, are, in substance, part of the government's operations; therefore, data from these units are combined with data of the primary government. Based on these criteria, there are no component units requiring inclusion in these financial statements.

Basic Financial Statements

The accounting policies for the District conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies are described below.

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Government -wide Statements

The government -wide financial statements (i.e., the Statement of Net Position and the Statement of Changes in Activities) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, 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 segment 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 users of the services 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. Other items not properly included among program revenues are reported instead as general revenues.

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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental funds

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 both measurable and available as net current assets. All sources of revenue except interest become measurable when the District has rendered a service. Interest revenue is measurable when its rate becomes known. Revenues are considered available if they are received within 60 days of the end of any accounting period. Expenditures are generally recognized when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The District reports the following major governmental funds:

The *General 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 another fund.

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Financial Statements Amounts

Cash & Cash Equivalents

All savings, checking and money market accounts with an original maturity of less than 90 days are considered to be cash equivalents.

Prepaid Items

Payments to vendors that benefit future accounting periods are classified as prepaid items until charged to expenditures in the period benefited.

Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$2,500 and an estimated useful life of more than two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the 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 lives are not capitalized.

Property, plant and equipment are depreciated using the straight-line method over the following useful lives:

Buildings	27.5 to 40 years
Equipment	5 to 7 years
Fire Trucks	10 years
Automobiles	5 years
Office Equipment	5 years

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 or fund balance that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/exp enditure) until then.

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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 or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Compensated Absences

Accumulated unpaid vacation and leave time is normally accrued when incurred. The anticipated current portion of employee leave is accrued in the governmental fund, while the non current portion is recorded only in the non current group of accounts.

Non Current Liabilities

In the government-wide financial statements, non current liabilities and other non current obligations are reported as liabilities in the applicable governmental activities or business-type activities in the statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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Net Position/ Fund Equity

Net Position on Government Wide Financial Statements – Exhibit A

Fund Equity, as defined in GASB Statement No. 34, “Basic Financial Statements for State and Local Governments” is defined as net position and is classified in the following categories:

- Restricted—amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- Unrestricted—this balance is the amount of equity which is not included in the Restricted fund balance and the Investments in Capital Asset balances.
- Net Investment in Capital Assets – This consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

Fund Balances on Government Fund Financial Statements – Exhibit C

Beginning with fiscal year ended June 30, 2010, the District implemented GASB Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions.” This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government’s fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

- Non-spendable fund balance—amounts that are not in a spendable form (such as inventory) or are required to be maintained intact.
- Restricted fund balance—amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed fund balance—amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (i.e., District Board). To be reported as committed, amounts cannot be used for any other purpose unless the Board takes the same highest level action to remove or change the constraint.
- Assigned fund balance—amounts the District intends to use for a specific purpose. Intent can be expressed by the District Board or by an official or body to which the District Board delegates the authority.
- Unassigned fund balance—amounts that are available for any purpose. Positive amounts are reported only in the general fund.

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The District Board establishes (and modifies or rescinds) fund balance commitments by a resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by District Board through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service, or for other purposes).

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amount and disclosures in the financial statements. Actual results could differ from those estimates.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

A fire district shall prepare an annual budget that contains detailed estimated expenditures for each fiscal year and that clearly shows salaries payable to employees of the district. The budget summary shall be posted in three public places and a complete copy of the budget shall be published on the district's official website for twenty days before a public hearing at a meeting called by the board to adopt the budget. Copies of the budget shall also be available to members of the public on written request to the district. Following the public hearing, the district board shall adopt a budget. A complete copy of the adopted budget shall be posted in a prominent location on the district's official website within seven business days after final adoption and shall be retained on the website for at least sixty months. For any fire district that does not maintain an official website, the fire district may comply with this subsection by posting on a website of an association of fire districts in this state. ARS 48-805.2(a)

Pursuant to ARS 48.805.2(d), all fire district are required to submit certain information accompanying the budget which has been certified to by the chairman and clerk of the District Board. The budget and the accompanying certification are required to be submitted to the County Board of Supervisors no later than August 1st of each year.

Budgets are adopted by the District on basis consistent with Arizona Revised Statutes.

Encumbrance accounting is not employed by the District. All appropriations lapse at year-end.

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NOTE 3 - DEPOSITS, INVESTMENT RISK & CASH MANAGEMENT

Deposits and Investments

The deposit of public funds is regulated by Arizona Revised Statutes (ARS). ARS 48-807 allows the District to establish bank accounts with any financial institution that is authorized to do business in the State of Arizona for the purpose of operating a payroll account, holding special revenues, ambulance revenues or both as necessary to fulfill the District's fiduciary responsibilities. The District may also establish, through the County Treasurer, accounts for monies from property taxes, grants, contributions and donations. The County Treasurer is required to establish a fund known as the "fire district general fund" for the receipt of all taxes levied on behalf of the District.

The District may register warrants only if separate accounts are maintained by the County Treasurer for each governmental fund of the District. Warrants may only be registered on the maintenance and operation account, the unrestricted capital outlay account and the special revenue accounts, and only if the total cash balance of all three accounts is insufficient to pay the warrants and only after any revolving line of credit has been expended. Registered warrants may not exceed ninety per cent of the taxes levied by the County for the District's current fiscal year. Registered warrants bear interest as prescribed by statute and are redeemed as provided for by law for County warrants.

Unless monies are legally restricted by contract, agreement or law, those monies may be transferred between fund accounts according to the original or amended budget of the Fire District.

Any surplus remaining the fire district general fund at the end of the fiscal year shall be credited to the fire district general fund of the district for the succeeding fiscal year and after subtraction of accounts payable and encumbrances, shall be used to reduce the tax levy for the following year.

The District accounts with the County Treasurer are part of an investment pool operated by the County Treasurer. The County treasurer invests the cash in a pool under policy guidelines established by the County Treasurer's office. The County accounts for the investment pool in their Fiduciary Investment Trust Fund. Credit risk, concentration of credit risk, and interest rate risk regarding the County Treasurer's Investment pool is included in the Comprehensive Annual Financial Report of the County. The fair value of each participant's position in the County Treasurer's Investment Pool approximates the value of the participant's shares in the pool.

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Financial institutions accepting governmental monies in the State of Arizona are required to collateralize at 102% all government deposits which exceed the FDIC insurance limit. The current FDIC limit is \$250,000 for the total of all interest bearing accounts and \$250,000 for the total of all demand deposit accounts. The collateralization is required to be separately identifiable securities and be held by a third party financial institution or trust agency. ARS (Title 35) requires this to be monitored by the State Treasurer's Office. The District may also place monies in investments which are subject to the risks identified below.

The following is a summary of the Cash and Cash Equivalents held by financial institutions at June 30, 2019:

DEPOSITORY ACCOUNTS:

	General <u>Fund</u>
Insured Deposits (FDIC)	\$ 15,696
County Treasurer Investment Pool	<u>86,197</u>
Total Deposits	101,893
In Transit Items	<u>(1,726)</u>
Total Depository Accounts	100,167
 <u>NON DEPOSITORY ACCOUNTS</u>	
Cash on Hand	<u>300</u>
Total Non Depository Accounts	<u>300</u>
Total Cash & Investments	<u>\$ 100,467</u>

GASB Statement No. 72 establishes standards for measuring fair value and applying fair value to certain investments, establishes a three-tier hierarchy of inputs to valuation techniques used to measure fair value and enhances disclosures related to fair value hierarchy and valuation techniques.

These fair value measurement reporting levels are:

- Level 1 - Quoted prices in active markets for identical assets.
- Level 2 - Significant other observable inputs.
- Level 3 - Significant unobservable inputs.

Investments by fair value level: Level Two

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External investment pools measured at fair value:

County Treasurer Investment Pool	\$ 86,197
Total	\$ 86,197

Custodial Credit Risk. Custodial credit risk is the risk that, in the event of the failure of the counterparty, the system will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments in external investment pools and in open-end mutual funds are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

Foreign Currency Risk. Arizona Revised Statutes do not allow foreign investments.

Investment Policy. The District does not have a formal policy with respect to credit risk, custodial credit risk, concentration of credit risk, interest rate risk, or foreign currency risk.

Credit Risk – Credit Risk is the risk that an issuer or other counterparty to an investment in a debt security will not fulfill its obligations. The District has no investment policy that would further limit its investment choices other than what is in the Arizona Revised Statutes (ARS). The Cochise County Treasurer’s Investment Pool (CCTIP) are external investment pools with no regulatory oversight. The CCTIP is not required to register (and is not registered) with the Securities and Exchange Commission. As of June 30, 2019, the CCTIP had not received a credit quality rating from a national rating agency.

Statutes authorize the District to invest in obligations of the U.S. Treasury and federal agency securities, along with certain public obligations such as bonds or other obligations of any state of the United States of America or of any agency, instrumentality, or local governmental unit of any such state of which the District invests, that are rated in the highest rating category of nationally recognized statistical rating organizations.

Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk.

Concentration of Credit Risk Concentration of credit risk is associated with investments in any one issuer that represent 5 percent or more of total investments. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are considered as excluded from this requirement.

Arizona Revised Statutes do not include any requirement for concentration of risk.

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Interest rate risk: This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

The Cochise County Treasurer invests the cash in a pool under policy guidelines established by the Cochise County Treasurer's office (the County). The County accounts for the investment pool in their Fiduciary Investment Trust Fund. Credit risk, concentration of credit risk, and interest rate risk regarding the County Treasurer's Investment Pool (CCTIP) is included in the Comprehensive Annual Report of the County. The fair value of each participant's position in the CCTIP approximated the value of the participant's shares in the pool.

NOTE 4 – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and the public; and natural or manmade disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have never exceeded commercial insurance coverage for the District.

In addition, as the owner and operator of emergency response vehicles, the District is exposed to a high risk of loss related to these activities. The District carries commercial insurance on all vehicles and requires insurance coverage on all privately owned vehicles used for District activities.

NOTE 5 - INVENTORIES

The costs of governmental fund-type inventories are recorded as expenditures when purchased. All inventories of the District are considered immaterial.

NOTE 6 – RECEIVABLES

General and governmental fund receivables are recorded as received except for those funds collected and held by other governments on behalf of the Fire District. These amounts are recorded as soon as they are measurable and available in accordance with governmental accounting standards.

Ambulance receivables were \$88,160 with an allowance for bad debt of \$57,065 at June 30, 2019. This gave a net of \$31,095 which was expected to be collectable. The allowance for bad debt is the amount over 180 days in the accounts receivable aging report as of June 30, 2019.

Wildland receivable were \$2,455 with an allowance for bad debt of \$0 at June 30, 2019. This gave a net of \$2,455 which was expected to be collectable.

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Prepaid expenses were \$15,200 at June 30, 2019.

NOTE 7 – PROPERTY TAX REVENUE RECEIVABLE

Property Tax Receivables arise when property taxes are levied but not currently collected. The collectible portion (taxes levied less estimated uncollectible) are recorded as deferred inflow of resources in the period when an enforceable legal claim to the assets arise.

NOTE 8 - CAPITAL ASSETS

Capital asset activity for the year ended.

	<u>BALANCE</u> <u>06/30/20 18</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE</u> <u>06/30/20 19</u>
<u>Depreciable Assets</u>				
Vehicles	\$ 509,559	\$ 0	\$ 0	\$ 509,559
Buildings	86,895	0	0	86,895
Building Improvements	26,558	0	0	26,558
Equipment, Fire	<u>319,829</u>	<u>0</u>	<u>0</u>	<u>319,829</u>
Total Historical Costs	<u>942,841</u>	<u>0</u>	<u>0</u>	<u>942,841</u>
Less Accumulated Depreciation				
Vehicles	501,364	4,647	0	506,011
Buildings	66,284	2,155	0	68,439
Building Improvements	17,344	664	0	18,008
Equipment, Fire	<u>319,829</u>	<u>0</u>	<u>0</u>	<u>319,829</u>
Less: Total Accumulated Depreciation	<u>904,821</u>	<u>7,466</u>	<u>0</u>	<u>912,287</u>
Depreciable Capital Assets, Net	38,020	(7,466)	0	30,554
<u>Non-Depreciable Assets</u>				
Land	<u>2,947</u>	<u>0</u>	<u>0</u>	<u>2,947</u>
Capital Assets, Net	<u>\$ 40,967</u>	<u>\$ (7,466)</u>	<u>\$ 0</u>	<u>\$ 33,501</u>

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NOTE 9 - DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

Pursuant to GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position," and GASB Statement No. 65, "Items Previously Reported as Assets and Liabilities," the District recognized deferred outflows of resources in the governmentwide statements. These items are a consumption of net position by the District that is applicable to a future reporting period. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. The District reports the deferred inflows and outflows as follows:

	<u>Governmentwide Activities</u>
Governmentwide Deferred Outflows	
Deferred Pension	\$ 55,292
OPEB	<u>1,550</u>
Total Governmentwide Activities	<u>\$ 56,842</u>
Governmentwide Deferred Inflows	
Deferred Pension	\$ 40,522
OPEB	<u>1,664</u>
Total Governmentwide Activities	<u>\$ 42,186</u>
	<u>Governmental Activities</u>
Unavailable Revenue	
Deferred Taxes	\$ 51,649
Total Governmental Activities	<u>\$ 51,649</u>

NOTE 10 - CONTINGENT LIABILITIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

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NOTE 11 – ACCUMULATED COMPENSATED ABSENCES

Accumulated unpaid vacation and leave time is accrued when incurred. The current portion of such amounts has been accrued in the governmental fund (using the modified accrual basis of accounting).

The District has adopted a policy of not vesting sick leave however, unused sick leave is accumulated. The District is not obligated to pay accumulated sick time upon termination. Therefore, no liability for sick time has been recognized in the District's financial statement. The District currently shows accumulated sick time to be \$11,549.

NOTE 12 – CURRENT LIABILITIES

Accounts Payable are liabilities considered due and payable in 60 days or less.

Short-Term Debt are those liabilities payable within one year or less which are not considered as Accounts Payable.

The District utilizes an unsecured revolving credit line thru the Cochise County Treasurer. Interest on this line of credit is based on Prime rate plus ½% at the time the line of credit is utilized. The District routinely pays the balance in full when funds are available.

	Balance <u>June 30, 2018</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2019</u>
Payroll Taxes Payable	\$ 4,775	\$ 1,094	\$ 0	\$ 5,869
Wages Payable	1,787	1,138	0	2,925
Accounts Payable	2,750	0	1,064	1,686
Credit Card Payable	4,828	0	4,828	0
Compensated Absences	0	1,939	0	1,939
Line of Credit	<u>0</u>	<u>7,550</u>	<u>7,550</u>	<u>0</u>
Totals	<u>\$ 14,140</u>	<u>\$ 11,721</u>	<u>\$ 13,442</u>	<u>\$ 12,419</u>

NOTE 13 - COMMITMENTS

The District has a line of credit with Cochise County. The District did not have a balance outstanding on this line of credit as of June 30, 2019.

NOTE 14 – NON-CURRENT LIABILITIES

In the government-wide financial statements, long term debt and other long term obligations are reported as liabilities in the applicable governmental activities or business-type activities in the statement of net assets.

General Obligation Bonds

The District does not currently have any general obligation bonds.

Operating Leases

The District does not currently have any operating leases.

Capital Leases

The District does not currently have any capital leases.

Changes in Non-Current Liabilities :

	Balance June 30, 2018	Additions	Deletions	Balance June 30, 2019
Compensated Absences	\$ 6,713	\$ 1,042	\$ 0	\$ 7,755
Totals	\$ 6,713	\$ 1,042	\$ 0	\$ 7,755

NOTE 15 – NET POSITION/FUND BALANCE

The District's Net Position consists of restricted, unrestricted, and net investment in capital assets amounts.

The District's Governmental Funds fund balances consist of restricted, committed, assigned and unassigned amounts.

Restricted fund balances are amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Committed fund balance is amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (i.e., District Board). To be reported as committed, amounts cannot be used for any other purpose unless the Board takes the same highest level action to remove or change the constraint.

Assigned fund balance is amounts the District intends to use for a specific purpose. Intent can be expressed by the District Board or by an official or body to which the District Board delegates the authority.

Unassigned fund balance is amounts that are available for any purpose. Positive amounts are reported only in the general fund.

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Non-spendable fund balances are amounts that are not in a spendable form (such as inventory) or are required to be maintained intact (such as a deposit on a credit card).

Net Position :

Net Investment in Capital Assets	\$ 33,501
Unrestricted	<u>(1,052)</u>
Total Net Position	<u>\$ 32,449</u>

Governmental Fund Balances :

Assigned – Payroll	\$ 66,793
Capital	<u>32,531</u>
Total Assigned Fund Balances	99,324
Non-Spendable	25,280
Unassigned Fund Balances	<u>22,391</u>
Total Fund Balance	<u>\$ 146,995</u>

NOTE 16 - PROPERTY TAXES

The District is authorized to levy property taxes in an amount sufficient to operate the District. This levy cannot exceed three dollars and twenty-five cents per one hundred dollars of assessed valuation. It also cannot exceed the amount of the levy in the preceding tax year multiplied by 1.08.

The District levies real property taxes on or before the third Monday in August that become due and payable in two equal installments. The first installment is due on the first day of October and becomes delinquent after the first business day of November. The second installment is due on the first day of March of the next year and becomes delinquent after the first business day of May.

The District also levies various personal property taxes during the year, which are due at the same time as real property taxes.

A lien assessed against real and personal property attaches on the first day of January preceding assessment and levy.

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The taxpayers may, by vote of the electorate, authorize a permanent override, depending upon certain criteria being met. The taxpayers also may authorize the issuance of bonds for capital acquisitions in addition to the operating taxes referred to above.

The County collects a County-Wide Fire District Assistance Tax (FDAT) and distributes the funds to all Fire Districts in the County, according to a formula established by state law. The maximum awarded to a District cannot exceed \$400,000 per year.

NOTE 17 – EMPLOYEE RETIREMENT SYSTEMS AND POST EMPLOYMENT PLANS

The District and employees contribute to a retirement plan. This plan is the Arizona State Retirement System (ASRS). Benefits for personnel are established based on contributions to the plan. For personnel, state statute regulates retirement, death, long-term disability, and survivor insurance premium benefits.

The cost of postemployment healthcare benefits, from an accrual accounting perspective, should be associated with the periods in which future costs are earned rather than in the future years when they will be paid (similar to the cost of pension benefits), GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* requires the District to recognize the entire OPEB liability and a comprehensive measure of OPEB expense. The comprehensive measures of OPEB expense includes immediate recognition in OPEB expense of the effects of changes of benefit terms, as well as the incorporation of the amortization of deferred inflows of resources and deferred outflows of resources related to OPEB over a defined, closed period.

At June 30, 2019, the District reported the following aggregate amounts related to pensions and other post-employment benefits (OPEB) for which it contributes:

	<u>ASRS</u>	<u>LTD</u>	<u>OPEB</u>
Net pension liability	\$ 206,408	\$ 733	\$ (544)
Deferred outflows of resources	55,292	488	1,062
Deferred inflows of resources	40,522	75	1,589
Pension expense	3,284	294	544

A. Arizona State Retirement System

Plan Description: The District contributes to 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 administered by the *Arizona State Retirement System (ASRS)* that covers employees of the State of Arizona and employees of participating political subdivisions and school districts.

The ASRS is governed by the Arizona State Retirement System Board according to the provisions of Arizona Revised Statute 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. Reports may be obtained online at www.azasrs.gov, by writing or calling: Arizona State Retirement System, 3300 N. Central Avenue, Phoenix, Arizona 85012, (602) 240-2000.

Benefits Provided – Benefits are established by State Statute and generally provide retirement, long-term disability, and health insurance premium benefits, including death and survivor benefits. The retirement benefits are generally paid at a percentage, based on years of service, of the retiree’s average compensation. Long-term disability benefits vary by circumstance, but generally pay a percentage of the employee’s monthly compensation. The health insurance premium benefit is paid as a fixed dollar amount per month toward the retiree’s health care insurance premiums, in amount based on whether the benefit is for the retiree or for the retiree and his or her dependents. State statute establishes benefit terms. Retirement benefits are calculated on the basis of age, average monthly compensation, and service credit as follows:

	<u>Retirement initial membership date</u>	
	Before July 1, 2011	After July 1, 2011
Years of service and receive benefits	Sum of years and age equals 80 10 years age 62 any years age 65	30 years age 55 25 years age 60 5 years age 50* Any years age 65
Final average salary is based on	Highest 36 months of last 120 months	Highest 60 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 member who joined the ASRS prior to September 13, 2013 are subject to automatic cost-of-living adjustments based on excess investment earning. Members with a membership date on or after September 13, 2013, are not eligible for cost-of-living adjustments. Survivor benefits are payable upon a member’s death. For retired members, the survivor benefit is determined by the retirement benefit option chosen. For all other members, the beneficiary is entitled to the member’s account balance that includes the member’s contribution and employer’s contributions, plus interest earned.

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 \$150 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.

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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 Arizona State Legislature establishes and may amend active plan members’ and the District’s contribution rates. 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, 2019 active ASRS members were required by statute to contribute at the actuarially determined rate of 11.80 percent (11.64 percent retirement, .00 percent for health benefit supplement premiums and .16 percent for long-term disability) of the active members’ annual covered payroll. In addition, the District was required by statute to contribute at the actuarially determined rate of 11.80 percent (11.18 percent for retirement, 0.46 percent for health insurance benefit, and 0.16 percent for long-term disability) of covered annual payroll of retired members who worked in positions that would typically be filled by an employee who contributes to ASRS. The District’s contributions to ASRS for the year ended June 30, 2019 was \$ 16,038.

The District’s combined contributions for pension and OPEB for the current and two preceding years, all of which were equal to the require contributions, were as follows:

<u>Years ended June 30</u>	<u>Total Contribution</u>
2019	\$ 16,920
2018	16,732
2017	12,617

During fiscal year 2019, the District paid for ASRS from the general fund.

Liability – At June 30, 2019, the District reported a liability of \$ 206,408 for its proportionate share of the ASRS net pension liability. The net pension liability is measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined using updated procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2019, to the measurement date of June 30, 2018. The District’s proportion of the net pension liability was based on the District’s actual contributions to the plan relative to the total of all employers’ contribution for the year ended June 30, 2018. The District’s proportion measure as of June 30, 2018, was 0.00148 percent, which was consistent to its proportion measured as of June 30, 2017.

The District 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, 2018. The District’s proportions measured as of June 30, 2018, and the change from its proportions measured as of June 30, 2017, were:

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ASRS	Proportion June 30, 2018	Increase (Decrease) from June 30, 2017
Pension	0.00148%	0.00028%
Health insurance premium benefit	0.00151%	0.00029%
Long-term disability	0.00148%	0.00027%

The net assets and net liabilities measured as of June 30, 2018, will reflect changes of actuarial assumptions based on the results of an actuarial experience study for the 5-year period ended June 30, 2016. The change in the District net assets and net liabilities as a result of these changes is not known.

Expense and Deferred Outflows/Inflows of Resources – For the year ended June 30, 2019, the District recognized pension expense for ASRS of \$ 3,284. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to ASR from the following sources:

	Pension		OPEB		LTD	
	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	\$ 5,686	\$ 1,138	\$ 0	\$ 502	\$ 20	\$ 0
Changes in assumptions or other inputs	5,462	18,301	1,049	0	167	0
Net difference between projected and actual earnings	0	4,964	0	1,086	0	75
Changes in proportion and differences between contributions and proportionate share of contributions	29,335	16,119	13	1	97	0
Contributions subsequent to the measurement date	<u>14,809</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>204</u>	<u>0</u>
Total	<u>\$ 55,292</u>	<u>\$ 40,522</u>	<u>\$ 1,062</u>	<u>\$ 1,589</u>	<u>\$ 488</u>	<u>\$ 75</u>

The amount reported as deferred outflows of resources relates to ASRS pensions resulting from the District's contributions subsequent to the measurement recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ASRS pensions will be recognized in pension expense as follows:

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<u>Year ending June 30</u>	<u>Pension</u>	<u>Health Insurance Premium Benefit</u>	<u>Long-Term Disability</u>
2020	\$ 2,824	\$ (207)	\$ 17
2021	6,892	(206)	16
2022	(7,529)	(207)	16
2023	(2,226)	22	36
2024	0	71	40
Future	0	0	84

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

Actuarial valuation date	June 30, 2017
Actuarial roll forward date	June 30, 2018
Actuarial cost method	Entry age normal
Asset Valuation	Fair Value
Investment Rate of Return	7.5%
Projected salary increases	2.7 – 7.2%
Inflation	2.3%
Permanent benefit increase	Included
Mortality rates	2017 SRA Scale U-MP
Recovery Rates	2012 GLDT
Healthcare Cost Trend Rate	Not Applicable

Actuarial assumptions used in the June 30, 2017, valuation were based on the results of an actuarial experience study for the five-year period ended June 30, 2016.

The long-term expected rate of return on ASRS pension plan investments was determined to be 7.50 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class of ASRS are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Equity	50%	5.50%
Fixed Income	30%	3.83%
Real Estate	20%	5.85%
Other	0%	0.00%
Total	<u>100%</u>	

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

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

	<u>1% Decrease 6.50%</u>	<u>Current Discount Rate 7.50%</u>	<u>1% Increase 8.50%</u>
Net Insurance Premium Benefit Liability	\$ <u>1,927</u>	\$ <u>(544)</u>	\$ <u>(2,648)</u>
Net Long-Term Disability Benefit	\$ <u>876</u>	\$ <u>733</u>	\$ <u>673</u>
The district’s proportionate share of the net pension liability	\$ <u>294,239</u>	\$ <u>206,408</u>	\$ <u>133,026</u>

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

NOTE 18- SUBSEQUENT EVENTS

Management has evaluated subsequent events and does not know of any comments or disclosures that should be made thru the date of this report.

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**ELFRIDA FIRE DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED
JUNE 30, 2019**

Exhibit G

	Budgeted Amounts		Actual	Variance with Final
	Original	Final		Budget Positive (Negative)
Revenues:				
Property Taxes	\$ 215,627	\$ 215,627	\$ 217,599	\$ 1,972
Fire District Assistance	40,000	40,000	37,526	(2,474)
Fees for Service	350,701	350,701	127,582	(223,119)
Grant Revenue	160,000	160,000	-	(160,000)
Interest	1,000	1,000	272	(728)
Miscellaneous	37,472	37,472	38,515	1,043
Total Revenues	804,800	804,800	421,494	(383,306)
Expenditures:				
Current:				
Public Safety	727,890	727,890	364,048	363,842
Administration	93,810	93,810	70,735	23,075
Capital Outlay	88,100	88,100	10,293	77,807
Total Expenditures	909,800	909,800	445,076	464,724
Excess (Deficiency) of Revenues over Expenditures	(105,000)	(105,000)	(23,582)	81,418
Net Change in Fund Balances	(105,000)	(105,000)	(23,582)	81,418
Fund Balances at Beginning of Year	105,000	105,000	170,577	65,577
Fund Balances at End of Year	\$ 0	\$ 0	\$ 146,995	\$ 146,995

See Accompanying Notes To The Budgetary Comparison Schedule

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ELFRIDA FIRE DISTRICT
NOTES TO BUDGETARY COMPARISON SCHEDULE
FISCAL YEAR ENDED JUNE 30, 2019

NOTE 1 – BUDGETARY REQUIREMENTS AND BASIS OF ACCOUNTING

In accordance with the Arizona Revised Statutes, the District is required to adopt an annual operating budget no later than August 1st. The budget is adopted on a basis consistent with generally accepted accounting principles and appropriations lapse at year-end.

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ELFRIDA FIRE DISTRICT
Schedule of Contributions
Year Ended June 30, 2019

RSI-5

ASRS - Pension

	2019 Measurement Date (2018)	2018 Measurement Date (2017)	2017 Measurement Date (2016)	2016 Measurement Date (2015)	2015 Measurement Date (2014)	2014 through through 2009
Actuarially determined contribution	\$ 16,038	\$ 16,732	\$ 12,617	\$ 14,876	\$ 15,711	Information not available
District's contributions in relation to the actuarially determined contribution	16,038	16,732	12,617	14,876	15,711	
District's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	
District's covered-employee payroll	\$ 127,352	\$ 149,246	\$ 141,217	\$ 141,665	\$ 136,862	
District's contributions as a percentage of covered-employee payroll	12.59%	11.21%	8.93%	10.50%	11.48%	

Note: 2015 is the first year of reporting this information - prior years are not available.

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See accompanying notes to the Pension Schedules

ELFRIDA FIRE DISTRICT
Schedule of Contributions
Year Ended June 30, 2019

RSI-6

ASRS - Health Insurance Premium Benefit

	2019 Measurement Date (2018)	2018 Measurement Date (2017)	2017 Measurement Date (2016)	2016 Measurement Date (2015)	2015 Measurement Date (2014)	2014 through 2009
Actuarially determined contribution	\$ 647	\$ 655				
District's contributions in relation to the actuarially determined contribution	647	655				
District's contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>				
District's covered-employee payroll	<u>\$ 127,352</u>	<u>\$ 149,246</u>				
District's contributions as a percentage of covered-employee payroll	<u>0.51%</u>	<u>0.44%</u>				

INFORMATION NOT AVAILABLE

Note: 2018 is the first year of reporting this information - prior years are not available.

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See accompanying notes to the Pension Schedules

ELFRIDA FIRE DISTRICT
Schedule of Contributions
Year Ended June 30, 2019

RSI--7

ASRS - Long-Term Liability

	2019 Measurement Date (2018)	2018 Measurement Date (2017)	2017 Measurement Date (2016)	2016 Measurement Date (2015)	2015 Measurement Date (2014)	2014 through 2009
Actuarially determined contribution	\$ 235	\$ 164				
District's contributions in relation to the actuarially determined contribution	235	164				
District's contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>				
District's covered-employee payroll	<u>\$ 127,352</u>	<u>\$ 149,246</u>				
District's contributions as a percentage of covered-employee payroll	<u>0.18%</u>	<u>0.11%</u>				

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Note: 2018 is the first year of reporting this information - prior years are not available.

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See accompanying notes to the Pension Schedules

ELFRIDA FIRE DISTRICT
Schedule of Proportionate Share of the Net Pension Liability (ASRS)
Last Ten Fiscal Years
Year Ended June 30, 2019

ASRS - Pension	2019	2018	2017	2016	2015	2014	RSI-8
	Measurement	Measurement	Measurement	Measurement	Measurement	Measurement	through
	Date (2018)	Date (2017)	Date (2016)	Date (2015)	Date (2014)	Date (2014)	through
							2009
District's proportion of net pension liability (asset)	0.14800%	0.00120%	0.00146%	0.00147%	0.00149%		
District's proportionate share of the net pension liability (asset)	\$ 206,408	\$ 186,937	\$ 235,659	\$ 231,450	\$ 235,659		
District's covered-employee payroll	\$ 127,352	\$ 149,246	\$ 141,217	\$ 141,665	\$ 136,862		
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	162.08%	125.25%	166.88%	163.38%	172.19%		
Plan fiduciary net position as a percentage of the total pension liability	73.40%	69.92%	67.06%	68.35%	69.49%		

Note: 2015 is the first year of reporting this information - prior years are not available.

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See accompanying notes to the Pension Schedules

ELFRIDA FIRE DISTRICT
Schedule of Proportionate Share of the Net Pension Liability (ASRS)
 Last Ten Fiscal Years
 Year Ended June 30, 2019

RSI-9

ASRS - OPEB	2019	2018	2017	2016	2015	2014
	Measurement	Measurement	Measurement	Measurement	Measurement	through
	Date (2018)	Date (2017)	Date (2016)	Date (2015)	Date (2014)	2009
District's proportion of net pension liability (asset)	0.00151%	0.00122%				
District's proportionate share of the net OPEB liability (asset)	\$ (544)	\$ (664)				
District's covered-employee payroll	\$ 127,352	\$ 149,246				
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-0.43%	-0.44%				
Plan fiduciary net position as a percentage of the total pension liability	73.40%	69.92%				

INFORMATION NOT AVAILABLE

Note: 2018 is the first year of reporting this information - prior years are not available.

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See accompanying notes to the Pension Schedules

ELFRIDA FIRE DISTRICT
Schedule of Proportionate Share of the Net Pension Liability (ASRS)
Last Ten Fiscal Years
Year Ended June 30, 2019

RSI-10

ASRS - LTD	2019 Measurement Date (2018)	2018 Measurement Date (2017)	2017 Measurement Date (2016)	2016 Measurement Date (2015)	2015 Measurement Date (2014)	2014 through 2009
District's proportion of net pension liability (asset)	0.00148%	0.00121%				
District's proportionate share of the net LTD liability (asset)	\$ 733	\$ 439				
District's covered-employee payroll	\$ 127,352	\$ 149,246				
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.58%	0.29%				
Plan fiduciary net position as a percentage of the total pension liability	73.40%	69.92%				

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Note: 2018 is the first year of reporting this information - prior years are not available.

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See accompanying notes to the Pension Schedules

**ELFRIDA FIRE DISTRICT
NOTES TO PENSION PLAN SCHEDULES
FISCAL YEAR ENDED JUNE 30, 2019**

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

Actuarial cost method: Entry age Normal
 Amortization method: Level percent-of-pay, closed
 Remaining amortization period: 21 years; if the actuarial value of assets exceeded the actuarial accrued liability, the excess was amortized over an open period of 21 years and applied as a credit to reduce the normal cost which otherwise would be payable.
 Asset valuation method: 7-year smoothed market value; 80%/120% market corridor
 Wage growth: In the 2014 actuarial valuation, wage growth was decreased from 4.5% to 4.0 - 8.0%. In the 2014 actuarial valuation, wage growth was decreased from 4.5% to 4.0%.
 Projected Salary Increases: In the 2017 actuarial valuation, projected salary increases were decreased from 4.0%-8.0% to 3.75%-7.5%. In the 2013 actuarial valuation, projected salary increases were decreased from 4.5%-8.5% to 4.0%-8.0%. PSPRS members with initial membership date before July 1, 2017: In the 2016 actuarial valuation the investment rate of return was decreased from 7.85% to 7.5%. In the 2013 actuarial valuation, the investment rate of return was decreased from 8.0% to 7.85%.
 Retirement age: PSPRS members with initial membership on or after July 1, 2017: 7%.
 Mortality: Experience-based table of rates that is specific to the type of eligibility condition. Last updated for the 2016 valuation pursuant to an experience study of the period July 1, 2011 - June 30, 2016.
 RP-2014 mortality table (adjusted by 105% for both males and females)

Assumed future permanent benefit increases: Members retire on or before July 1, 2011: 2% of overall average benefit compounded annually. All members receive the same dollar amount of increase. Members retired on or after August 1, 2011: 0.5% of overall average benefit compounded annually.
 All members receive the same dollar amount of increase.

Arizona courts have ruled that provisions of a 2011 law changing 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, 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 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 pension contributions were less than the actuarially or statutorily determined contributions for 2018 and 2019.

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See accompanying notes to the Pension Schedules

OTHER SUPPLEMENTARY INFORMATION

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**ELFRIDA FIRE DISTRICT
ANNUAL REPORT INFORMATION
FISCAL YEAR ENDED JUNE 30, 2019**

AZ Revised Statutes (ARS) requires certain additional information be attached to the audit report to comply with ARS 48-251 & 48-253 as required to meet the requirements of the AZ "Annual Report" of Special Districts. This information is included as other supplementary information.

FIRE BOARD MEETINGS:

<u>Date</u>	<u>Time</u>	<u>Location</u>
July 24, 2018	5:00 p.m.	Station #1 – Elfrida, Arizona
Aug 28, 2018	5:00 p.m.	Station #1 – Elfrida, Arizona
Sep 25, 2018	5:00 p.m.	Station #1 – Elfrida, Arizona
Oct 23, 2018	5:00 p.m.	Station #1 – Elfrida, Arizona
Nov 26, 2018	5:00 p.m.	Station #1 – Elfrida, Arizona
Dec 18, 2018	5:00 p.m.	Station #1 – Elfrida, Arizona
Jan 22, 2019	5:00 p.m.	Station #1 – Elfrida, Arizona
Feb 26, 2019	5:00 p.m.	Station #1 – Elfrida, Arizona
Mar 27, 2019	5:00 p.m.	Station #1 – Elfrida, Arizona
Apr 23, 2019	5:00 p.m.	Station #1 – Elfrida, Arizona
May 29, 2019	5:00 p.m.	Station #1 – Elfrida, Arizona
June 25, 2019	5:00 p.m.	Station #1 – Elfrida, Arizona

BOARD MEMBERS:

<u>Name</u>	<u>Business Phone Number</u>	<u>Occupation</u>
Dale Hedges	520-642-3749	Member
Alma Garcia	520-642-3749	President
Rosa Aguillo	520-642-3749	Member
Sandra Overfield	520-642-3749	Secretary
Andrew Warn	520-642-3749	Treasurer

LOCATION OF POSTING OF MEETING NOTICES (all meetings):

Fire Station #1	Elfrida, Arizona
Bob's Hometown Hardware	Elfrida, Arizona
U.S. Post Office	Elfrida, Arizona

LEGAL DESCRIPTION OF BOUNDARY CHANGES:

None

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ELFRIDA FIRE DISTRICT
GOVERNMENT AUDIT STANDARDS
June 30, 2019

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ELFRIDA FIRE DISTRICT

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SAUNDERS COMPANY, LTD

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

To the Governing Board
Elfrida Fire District
Elfrida, 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, each major fund, and the aggregate remaining fund information of Elfrida Fire District, Elfrida, Arizona, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 9, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the district's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 may exist that have not been identified.

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Compliance and Other Matters

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

Purpose of this Report

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

Saunders Company, Ltd.

Glendale, Arizona
January 9, 2020

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH STATE OF ARIZONA FIRE DISTRICT REGULATORY REQUIREMENTS

To the Governing Board
Elfrida Fire District
Elfrida, Arizona

Report on Compliance

We have audited the Elfrida Fire District's (the District) compliance with the requirements of Arizona Revised Statutes Title 48-805 for the year ended June 30, 2019, and have issued our report thereon dated January 9, 2020. Our audit included test work on the District's compliance with the selected requirements identified in the State of Arizona Revised Statutes and the Arizona State Constitution including, but not limited to, Title 48, Chapter 5, Article 1 and ARS 48-805.

Management's Responsibility

The management of the District is responsible for compliance with all requirements identified above.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance with those requirements based on our audit; specifically, the following statements:

1. That the District has not incurred any debt or liability in excess of taxes levied and to be collected and the monies actually available and unencumbered at that time in the District general fund except for those liabilities as prescribed in section 48-805, subsection B, paragraph 2 and sections 48-806 and 48-807.
2. That the District complies with subsection F of section 48-805.
3. Whether the audit or report disclosed any information contrary to the certification made as prescribed by subsection D, paragraph 1 of section 48-805.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

Opinion

In our opinion, the District complied with the requirements identified above for the year ended June 30, 2019.

The purpose of this report is solely to describe the scope of our testing of the applicable compliance requirements identified in the Arizona Revised Statutes as noted above and the results of that testing based on the state requirements. Accordingly, this report is not suitable for any other purpose.

Saunders Company, Ltd.

Glendale, Arizona
January 9, 2020

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