



**DAISY MOUNTAIN
FIRE & MEDICAL**
HONORABLE • COMPASSIONATE • EXCEPTIONAL

DAISY MOUNTAIN FIRE DISTRICT ARIZONA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the fiscal year ended June 30, 2020



Daisy Mountain Fire and Medical



Comprehensive Annual Financial Report

For the fiscal year ended June 30, 2020

Prepared by:

The James Vincent Group

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INTRODUCTORY SECTION



December 21, 2020

To the Honorable Board and Citizens of Daisy Mountain Fire District:

The following is the Comprehensive Annual Financial Report (CAFR) of Daisy Mountain Fire District (DMFD) for the fiscal year ending June 30, 2020. The Government of Finance Officers Association (GFOA) established the Certificate of Achievement for Excellence in Financial Reporting Program (CAFR Program) to encourage local governments to go beyond the minimum reporting requirements of generally accepted accounting principles. In this endeavor GFOA recognizes the agencies that prepare comprehensive annual financial reports that evidence the spirit of transparency and full disclosure. These goals are perfectly aligned with the goals of Daisy Mountain Fire District (DMFD).

Arizona Revised Statutes §48-253 and 48-805(9) require that all special districts with annual budgets in excess of \$1,000,000 publish within 240 days of the close of their fiscal year a complete set of financial statements presented in conformance with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. This report is published to fulfill that requirement for the fiscal year ended June 30, 2020.

This CAFR report is intended to meet and exceed all legal reporting requirements that are borne by this jurisdiction. Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of material misstatements. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Heidenreich & Heidenreich, CPAs, PLLC, a certified public accounting firm, has issued an unmodified (“clean”) opinion on the Daisy Mountain Fire District (DMFD) financial statements for the year ended June 30, 2020.

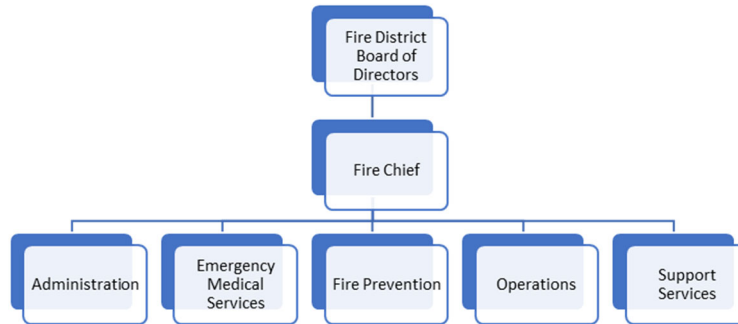
The independent auditor’s report is located at the front of the financial section of this report. Management’s discussion and analysis (MD&A) immediately follows the independent auditor’s report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.



District Profile

The Daisy Mountain Fire District was founded in February of 1989 after the Maricopa County Board of Supervisors approved the citizens petition to form a fire district. The official name was the Daisy Mountain Fire District. The District was tasked with handling the community's emergency service needs out of 1 fire station, located at 2428 w New River Road. In June of 1990, the district acquired property in New River to relocate the fire station and for a new station location in Desert Hills. Daisy Mountain also began providing emergency medical transportation in 1996. Over the years the district addressed the changing community needs by adding fulltime employees for 24/7/365 response and implementing basic emergency medical services. The changes from the early volunteers operating out of a single fire station were the foundation for growth and development of the professional services delivered today. The Daisy Mountain Fire District provides all hazard emergency services staffed daily by at least 22 fulltime firefighters, 6 full time Ambulance personnel from five modern, strategically located fire stations. The District has 5 major divisions: Administration, Emergency Medical Services, Fire Prevention, Operations and Support Services. All suppression personnel are dual trained in structural/wildland firefighting and are certified EMTs or Paramedics. The district is managed by administrative staff and a five-person elected fire board.

Recognized by the State of Arizona as a special taxing district, DMFD operates under Arizona Revised Statutes (ARS) Title 48, Chapter 5. The District is a community service organization primarily funded through limited assessed value property taxes. Alternative revenue sources including ambulance transportation and wildland fire response services have been developed that have reduced the burden on the primary revenue source and helped to continue to provide the highest level of service to the community it serves. It is governed by a five-member Board elected by the public, comprised of a Board Chair and four members, including a Board Clerk. All board members are elected at large and serve staggered four-year terms. The Board hires and has authority over a Fire Chief who is charged with managing day-to-day operations of the District. The Board is required to adopt an annual budget which serves as the foundation for financial planning and control. The budget is prepared by fund, function, and object. A current organization chart follows:



DMFD is a participant in an automatic aid agreement with multiple other fire departments and fire districts, which provides additional equipment and staffing from other jurisdictions when emergencies exceed the District's resources. The automatic aid agreement is a system which is used to dispatch the closest and most appropriate fire and life safety units to any address within the system, regardless of the geographical and political boundaries. This sharing of resources is a tremendous cost savings to the citizens within the system. This automatic aid agreement, state requirements and national standards suggest a staffing level of 4 firefighters for engine companies and 2 personnel for ambulances providing medical transport. This level is maintained to provide safe and effective fire suppression activities and life safety for our customers and members.

DMFD proudly serves the communities of New River, Desert Hills, Anthem and Black Canyon City by providing emergency services such as fire suppression, emergency medical services, including ambulance transportation, and hazardous material response. DMFD is also very active in the community providing non-emergency services. These services include but are not limited to, bike safety, CPR classes, citizen emergency response training, burn education, smoke detector installation, fire inspections, and car seat installations.

Emergency Services

Fire - DMFD currently consists of 106 fully trained and certified firefighters and ambulance personnel, staffing five fire stations. The stations are strategically located throughout the fire district to optimize response times. The goal of DMFD is to be the first fire company to arrive within five minutes of the initial dispatch. DMFD is dispatched by the Phoenix Alarm Room and is a member of the Phoenix Regional Automatic Aid System. This allows the residents of the fire district to benefit from the support of over twenty contributing fire agencies in the Phoenix metropolitan area.



EMS - DMFD provides an exemplary standard towards emergency medical care. Each DMFD fire engine is staffed with four personnel, each DMFD medic company (Ambulance) is staffed with two personnel. Each fire engine has at least two certified emergency paramedics, as well as one paramedic on each ambulance company ensuring that advanced emergency care is never far away. DMFD is committed to maintaining the highest level of pre-hospital care possible, through continuous training and providing our EMT's and Paramedics with the latest tools and cutting-edge technology to perform their duties. It is DMFD's top priority to deliver the fastest, safest, most comprehensive care to the citizens we serve.

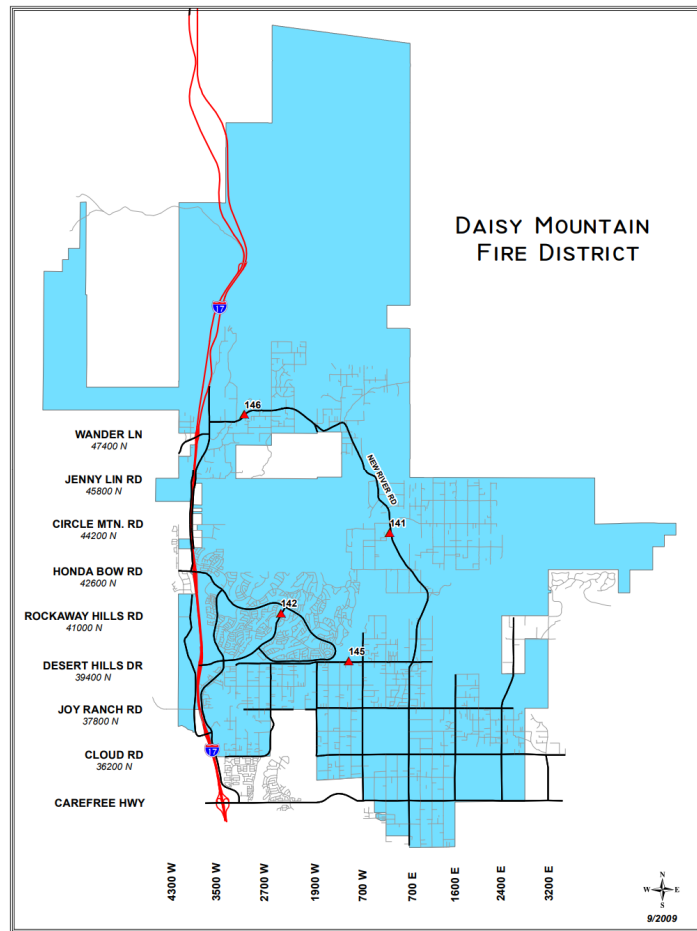
Wildland – DMFD is made up of a unique mix of suburban and rural communities. The diversity of the area presents DMFD with an Urban Interface approach to wildfires. Each member of the DMFD is trained to fight and manage wildfires. The DMFD Wildland Division is a dynamic and highly trained group of firefighters able to be deployed nationally. These deployments allow for the wildland division members to aid communities in need, while obtaining unique experience and skills to better serve our community.

Hazmat – The DMFD Hazardous Materials Team is a very specialized group of highly trained firefighters equipped to handle a vast array of emergencies. These members attend a 200-hour Hazardous Materials Technician Course, learning a variety of skills including spill control and mitigation, decontamination, reconnaissance, research and hands on training with specialized tools and equipment. DMFD is the northernmost Hazmat Team in Maricopa County and the southernmost in Yavapai County and has two significant transportation corridors, as well as critical infrastructure to protect.

About the Area

DMFD is one of the largest fire districts in the state, serving the communities of New River, Desert Hills, Anthem, and Black Canyon City; protecting approximately 200 square miles. At an average community elevation of 2000 feet, July is the hottest month, with an average daily high temperature of 103. December is the coldest month with an average daily low temp of 41. Average annual rain fall in New River is 14 inches. Residents and visitors can take advantage of a vast array of trails for equestrians, mountain biking, trail running, hiking and ATV riding.

Covering approximately 200 square miles the district has grown to serve an estimated 50,000 full time residents. The district provides an all hazards response to emergency response, providing fire protection and emergency medical services, ambulance transportation, hazardous materials response team, public education and fire prevention. Deploying daily staffing of 28 Fire/EMS personnel, DMFD will respond to approximately 6,000 dispatched incidents in FY 19/20.



A snapshot of DMFD-Demographics and service levels includes:

District Size	Approx. 200 square miles
Ambulance Transport Service Area	Approx. 200 square miles
Full-time Resident Population	50,000
Stations	5
Ambulances	3
Daily Fire and Rescue Service Staffing	28 (minimum)
Staffed Fire Engines/Ladder Truck	5

Budget Overview

The District budgets all funds in accordance with the requirements of state law. All funds are budgeted on the modified accrual basis of accounting.



The Board adopts the general fund budget prior to July 1st, the beginning of the fiscal year of the District. The budget process begins in early January and consists of multiple analysis of historical revenue and expenditures, future projections and numerous meetings and budget workshops with the Board and public. Throughout the budget process the Board reviews the budgeted expenses at the fund, function and object level. This is done to allow the Board, and participating community members, to gain a more detailed understanding of the budget and to be compliant with Arizona Revised Statute 48-805.02(A) which requires a detailed estimate of expenditures. The Board adopts the budget at the fund level which is also the legal level of budgetary control.

Budgeted expenditures lapse at year-end and may not be carried over to subsequent years

Local Economy and Outlook

As with many communities, Covid-19 has created significant economic challenges. The uncertainty around Covid-19 and its overall impact on the local economy will take time to understand.

Recent trends in net assessed value growth have been positive and economists predict that the increases in net assessed valuation should continue for the next several years.

The district's population is expected to continue to grow in the next 20 years. District management and staff are working proactively and cooperatively with other governments, surrounding fire districts, and regional planning groups to ensure continued ability to serve the ever changing population it serves.

Long-term financial planning and major initiatives

With the ending of the 2014-2018 five-year strategic plan the district's management team met to set new priorities that will guide the organization for the next five years. After numerous discussions and meetings, the organization was able to present their 2019 -2023 Strategic Plan which outlined the organizations desire to focus on financial long-term sustainability, identified areas to strengthen operations, pursuit of growth, desire to be enterprising and focus on succession planning. One of the major initiatives outlined in the strategic plan was the goal of developing a comprehensive five-year capital improvement plan. The capital improvement plan will sustain and enhance emergency response infrastructure by maintaining and replacing aging facilities and capital assets. This capital improvement plan will forecast the life expectancy and replacement and or maintenance costs for each of the District's long-term assets, as well as define the funding levels needed over each of the five years.

Relevant Financial Policies

DMFD has adopted a comprehensive set of financial policies. The policies are constantly evaluated for their effectiveness and how they keep the Governing Board and staff focused on increased internal controls, reporting and long-term sustainability. The policies implemented have been effective in protecting the District and its focus on maintaining service levels while also providing long term sustainability and success.

Awards and Acknowledgements

Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Daisy Mountain Fire District for its comprehensive annual financial report for the fiscal year ended June 30, 2019. This was the first year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

We would like to express our sincere gratitude to the personnel of the finance department who assisted and contributed to the preparation of this report. Appreciation is also extended to Board Chair Brian Moore, the Board of Directors, the managers, employees and citizens of the District whose continued support is vital to the financial health of Daisy Mountain Fire District.

Respectfully submitted,



Brian Tobin
Fire Chief



The James Vincent Group
Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Daisy Mountain Fire District
Arizona**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morrill

Executive Director/CEO



Daisy Mountain Fire and Medical District

List of Elected and Appointed

June 30, 2020

Elected Board Members

	Term Expires
Board Chair Brian Moore	December 2022
Board Clerk Joe Cantelme	December 2022
Board Member Delene Mahoney	December 2024
Board Member Dr. Randy Hancock	December 2022
Board Member Dr. Jonathan Maitem	December 2024

Administrative Offices

41018 N. Daisy Mountain Drive, Anthem, Arizona, 85086

Fire Chief/Administrator

Chief Brian Tobin

Finance Director

The James Vincent Group

Legal Counsel

Mark Robens

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the District Board
Daisy Mountain Fire District
Anthem, AZ

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 Daisy Mountain Fire District, as of and for the year ended June 30, 2020, 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 on 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 Daisy Mountain Fire District, as of June 30, 2020, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 14 through 19, budgetary comparison on pages 53 and 54 and net pension and OPEB information on pages 55 through 59 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Introductory Section and Statistical Section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Introductory Section and Statistical Section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2020, on our consideration of Daisy Mountain Fire 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 the effectiveness of Daisy Mountain Fire District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Daisy Mountain Fire District's internal control over financial reporting and compliance.



Heidenreich & Heidenreich, CPAs, PLLC
Phoenix, AZ
December 21, 2020

DAISY MOUNTAIN FIRE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Daisy Mountain Fire District (the "district"), we offer readers of these financial statements, this narrative overview and analysis of the financial activities of the District's performance during the fiscal year ending June 30, 2020. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in financial position. We encourage readers to consider the information presented here in conjunction with the financial statements as a whole.

Financial Highlights

- The total assets and deferred outflows of the Daisy Mountain Fire District were \$42,043,065 at the close of the fiscal year. The total assets and deferred outflows exceeded liabilities and deferred inflows by \$6,153,639. Of this amount (\$4,044,384) represents the balance of the unrestricted net position.
- The District realized a \$1,598,445 increase in fund balances during the fiscal year. The increase consists of excess revenues over expenditures of \$3,562,909, before capital expenditures of \$1,005,598, debt service payments and expenditures of \$1,181,364, and other financing sources of \$222,498.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$4,842,292. The change in fund balance for the general fund was an increase of \$1,822,580 for the fiscal year. The District Board and Administration are working diligently to enhance the financial position of the organization while still providing a high level of service to the community it serves.
- Cash and investments increased by \$1,337,121.
- The long-term liabilities increased by a net amount of \$1,904,367. This increase is primarily due to the increase in the net pension liability.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the basic financial statements of the District. These 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.

Government-wide Financial Statements

The *Government-wide financial statements* present the financial picture of the District from the economic measurement resources focus using the accrual basis of accounting. These statements include all assets of the District (including capital assets) as well as all liabilities (including long-term debt). They are intended to provide a broad overview in a manner similar to a private sector business.

The *Statement of Net Position* presents information of all the assets and deferred outflows and liabilities and deferred inflows of the District, with the difference between the two being 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 net position of the District 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 (e.g., uncollected taxes and earned but unused vacation leave).

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

Governmental Funds are used to account for essentially the same functions reported as governmental activities in the Government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains three (3) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the capital projects fund, and the debt service fund, which are all considered to be major funds. The District adopts an annual appropriated budget for its general fund. Budgetary comparison statements have been provided for this fund to demonstrate compliance with the budget and can be found on pages 53-54 of this report. The basic governmental fund financial statements can be found on pages 22-25 of this report.

Notes to the Financial Statements

The Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the Government-wide and Governmental fund financial statements.

Other Information

In addition, information on the District's participation in an agent retirement plan can be found on pages 40-50 of this report.

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 Daisy Mountain Fire District, assets and deferred outflows exceeded liabilities and deferred inflows by \$6,153,639 at the close of the most recent fiscal year. The largest portion of the District's net position (131%) 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.

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

	Governmental Activities		Increase/ Decrease
	2020	2019	
Cash and investments	\$ 12,097,564	\$ 10,760,443	\$ 1,337,121
Other assets	2,469,936	1,728,780	741,156
Capital assets	19,810,296	20,286,794	(476,498)
Total assets	<u>34,377,796</u>	<u>32,776,017</u>	<u>1,601,779</u>
Deferred outflows of resources	<u>7,665,269</u>	<u>7,519,329</u>	<u>145,940</u>
Current and other liabilities	1,810,944	2,261,290	(450,346)
Long-term liabilities	32,366,367	30,462,000	1,904,367
Total liabilities	<u>34,177,311</u>	<u>32,723,290</u>	<u>1,454,021</u>
Deferred inflows of resources	<u>1,712,115</u>	<u>2,665,175</u>	<u>(953,060)</u>
Net investment in			-
Capital assets	8,061,060	5,889,695	2,171,365
Restricted - Debt Service	2,136,963	1,978,772	158,191
Unrestricted	(4,044,384)	(2,961,586)	(1,082,798)
Total net position	<u>\$ 6,153,639</u>	<u>\$ 4,906,881</u>	<u>\$ 1,246,758</u>

During 2020, current assets increased primarily because of an increase in cash and cash equivalents of \$1,337,121 from prior year. The District commenced interfacility transfers in 2019 and during the 2020 budget process management did not have historical data to budget this revenue at its full potential. As a result, ambulance operations were over budget in revenues for 2020. The district also budgeted for savings through management of expenditures during the year as well as allocating a surplus to reserves. Other assets increased \$741,156 due to timing in balances of accounts receivable and prepaid items.

The unrestricted net position of (\$4,044,384) is not available to meet the District's ongoing obligations to citizens and creditors. As previously discussed, the deficit position arises from the actuarially determined unfunded future liability of the Public Safety Personnel Retirement System (PSPRS).

Governmental Activities

Governmental activities net position increased by \$1,246,758. Key elements of this increase are reported below:

	Governmental Activities		Increase/ Decrease
	2020	2019	
Program Revenues			
Charge for Svcs	\$ 4,119,573	\$ 2,744,134	\$ 1,375,439
Capital grants and contributions	47,759	404,348	(356,589)
General Revenues			
Property Taxes	15,774,996	15,022,433	752,563
Fire District Assistance Tax	476,574	480,405	(3,831)
Investment Earnings	182,977	253,019	(70,042)
Other income	286,437	149,135	137,302
Total Revenues	<u>20,888,316</u>	<u>19,053,474</u>	<u>1,834,842</u>
Expenses			
Fire protection and emergency services	19,641,558	19,580,079	61,479
Total Expenses	<u>19,641,558</u>	<u>19,580,079</u>	<u>61,479</u>
Increase (decrease) in net Assets	1,246,758	(526,605)	1,773,363
Beginning Net Position	4,906,881	5,433,486	(526,605)
Ending Net Position	<u>\$ 6,153,639</u>	<u>\$ 4,906,881</u>	<u>\$ 1,246,758</u>

Overall revenues increased by \$1,834,842 while expenses increased by \$61,479. Most of the increase in revenue was for charges for services and property tax revenue.

The district commenced interfacility transfers during FY 2019 and 2020 was the first full year of interfacility transfer for the district which caused an increase in charges for services. During FY 2020 wildland deployments increased which also caused an increase in charges for services.

Assessed value increased \$30.1 million or a 7.03% increase which caused an increase in property tax revenue.

Expenses slightly increased from prior year due to personnel expenses for wildland deployments.

Financial Analysis of the Governmental Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, the unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of fiscal year.

At the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$12,212,538, an increase of \$1,598,445 in comparison with the prior year's balance. A few factors that lead to this increase were an increase in assessed value for the district, increase in charges for services due to interfacility transfers and less expenditures for capital outlay.

The general fund is the chief operating fund of the District. At the end of the current fiscal year, spendable fund balance of the general fund was \$4,842,292. As a measure of the general fund's liquidity, it may be useful to compare spendable fund balance to total fund expenditures. Spendable fund balance represents 27% of total current year general fund expenditures of \$17,893,232.

Budgetary Highlights

During 2020, total revenues were \$348,699 more than final budgeted revenues while total expenditures were \$338,133 under budgeted expenditures prior to depreciation expense and GASB 68 adjustments. The positive revenue variance resulted primarily from ambulance revenues that were greater than budget due to the district commencing interfacility transfers during the fiscal year. The expenditure variance was primarily due to personnel expense.

Capital Asset and Debt Administration

Capital assets – The District's investment in capital assets as of June 30, 2020, totals \$19,810,296 (net of accumulated depreciation). This investment in capital assets includes construction in progress, land, improvements other than buildings, buildings and improvements, vehicles, furniture and equipment.

Outlays for capital assets during 2020 were \$1,005,598 which consisted primarily of fire and EMS equipment.

Fund balance in the Capital Project fund decreased \$400,588 for the year ended June 30, 2020. This decrease was caused by funding from the Capital Projects Fund to the general fund for capital purchases.

Additional information on the District's capital assets can be found in Note 6 to the financial statements on page 37.

Long-term liabilities – During the current fiscal year, the District incurred a new lease obligation to purchase a new ambulance.

The District issued \$9,055,000 worth of general obligation bonds, project of 2015, Series A (2016) in May 2016. Repayment of the bonds commences July 1, 2017 and ends on July 1, 2035.

The District issued \$6,620,000 worth of general obligation bonds, project of 2015, Series B (2017). Repayment of the bonds commences July 1, 2018 and ends on July 1, 2037.

The fund balance in the Debt Service Fund increased \$160,139 for the year ended June 30, 2020. This increase was due to revenues in excess of expenditures of principal and interest payment on bond obligations.

The District had long-term compensated absences payable of \$3,347,149 at year-end.

Additional information on the District's long-term liabilities can be found in Note 7 to the financial statements on pages 37.

Economic Factors and Next Year's Budgets and Rates

The District's mil rate is \$3.4828 for FY 2020 which is a slight decrease from prior year. The decrease is due to the bond rate decreasing from \$.2434 to \$.2328. The bond tax rate is to fulfill debt service obligations and does not affect the operational budget of the district. The district expects net assessed values to continue to increase for Maricopa and Yavapai counties.

In March 2020, the district enacted an incident management team for the COVID-19 worldwide pandemic. The purpose of this team was to secure proper equipment and supplies to ensure the needs and safety of the district employees and its residents. The District incurred \$55,000 of direct COVID-19 related expenses during the year ended 2020, of this amount \$41,600 was reimbursed to the district from the HHS CARES Act Provider Relief Fund. The district does not expect material unforeseen expenses in relation to COVID-19 going forward.

Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Daisy Mountain Fire District, 41018 N Daisy Mountain Drive Anthem, Arizona 85086.

Daisy Mountain Fire District
Statement of Net Position - Governmental Activities
June 30, 2020

Assets	
Cash and Investments	\$ 12,097,564
Receivables	
Ambulance, net	1,018,593
Property taxes	321,789
Due from other governments	131,727
Other Receivables	2,383
Prepaid items	671,350
Investment in joint venture	91,381
Risk Pool Capitalization	49,622
Net pension asset - OPEB	183,091
Capital assets, net	
Land	480,066
Buildings and equipment, net	<u>19,330,230</u>
Total assets	34,377,796
Deferred outflows of resources	
Deferred outflows of resources related to pensions	7,632,225
Deferred outflows of resources related to OPEB	33,044
Liabilities	
Accounts payable	128,521
Accrued Interest	256,487
Retainage payable	256,536
Accrued salaries and benefits	577,450
Capital lease payable	220,054
Bond payable	371,896
Noncurrent liabilities	
Due within one year	267,772
Due in more than one year	<u>32,098,595</u>
Total liabilities	34,177,311
Deferred inflows of resources	
Deferred inflows of resources related to pensions	1,465,474
Deferred inflows of resources related to OPEB	246,641
Net position	
Net investment in capital assets	8,061,060
Net position restricted for debt service	2,136,963
Unrestricted	<u>(4,044,384)</u>
Total net position	<u><u>\$ 6,153,639</u></u>

The accompanying notes are an integral part of these financial statements.

Daisy Mountain Fire District
Statement of Activities - Governmental Activities
Year Ended June 30, 2020

Expenses:

Fire protection and emergency services

Personnel	\$ 10,765,977
Employee benefits and expenses	3,672,904
Ambulance Operations	173,161
Depreciation	1,482,097
Utilities and communication	584,019
Repairs and maintenance	626,990
Administration	519,181
Taxes and Insurance	683,462
Turnout Gear	185,297
Professional Services	130,275
Training	69,962
Interest Expense	545,254
Other operating expenses	202,979
	19,641,558

Program revenues:

Charges for services	4,119,573
Capital grants	47,759
	4,167,332

General revenues:

Property taxes	15,774,996
Fire district assistance taxes	476,574
Interest	182,977
Other income	286,437
	16,720,984

Total general revenues	16,720,984
Increase (decrease) in net position	1,246,758
Net position - beginning of year	4,906,881
Net position - end of year	\$ 6,153,639

The accompanying notes are an integral part of these financial statements.

**Daisy Mountain Fire District
Balance Sheet - Governmental Funds
June 30, 2020**

	Major Funds			Total Governmental Funds
	General Fund	Capital Projects Fund	Debt Service Fund	
Assets				
Cash and Investments	\$ 6,522,470	\$ 3,440,583	\$ 2,134,511	\$ 12,097,564
Receivables				
Ambulance, net	1,018,593	-	-	1,018,593
Property taxes	321,789	-	-	321,789
Other	2,383	-	-	2,383
Due from other governments	131,727	-	-	131,727
Prepaid items	671,350	-	-	671,350
Total assets	<u>\$ 8,668,312</u>	<u>\$ 3,440,583</u>	<u>\$ 2,134,511</u>	<u>\$ 14,243,406</u>
Liabilities				
Accounts payable	\$ 128,521	\$ -	\$ -	\$ 128,521
Retainage payable	256,536			256,536
Accrued Interest	7,512		248,975	256,487
Accrued salaries and benefits	577,450	-	-	577,450
Total liabilities	970,019	-	248,975	1,218,994
Deferred inflows of resources				
<i>Unavailable revenues</i>				
Ambulance	542,096	-	-	542,096
Property taxes	269,778	-	-	269,778
Total deferred inflows of resources	811,874	-	-	811,874
Fund balances				
Assigned	1,372,777	1,436,852		2,809,629
Nonspendable	671,350	-	-	671,350
Restricted		2,003,731	1,885,536	3,889,267
Unassigned	4,842,292	-	-	4,842,292
Total fund balances	<u>6,886,419</u>	<u>3,440,583</u>	<u>1,885,536</u>	<u>12,212,538</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 8,668,312</u>	<u>\$ 3,440,583</u>	<u>\$ 2,134,511</u>	<u>\$ 14,243,406</u>

The accompanying notes are an integral part of these financial statements.

**Daisy Mountain Fire District
Reconciliation of the Governmental Funds - Balance Sheet
to the Statement of Net Position
June 30, 2020**

Fund balances - Governmental funds	\$ 12,212,538
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds' balance sheet.	19,810,296
Investment in joint venture is not a current financial resource and therefore is not reported in the governmental funds' balance sheet.	91,381
Risk pool capitalization is not a current financial resource and therefore is not reported in the governmental funds' balance sheet.	49,622
Some receivables are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the governmental funds' balance sheet as follows:	
Property taxes receivable	269,778
Ambulance receivables	542,096
Some liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds' balance sheet as follows:	
Net pension liability	(13,449,989)
Net OPEB liability/asset	183,091
Bond payable	(15,420,119)
Capital lease payable	(741,060)
Compensated absences	(3,347,149)
Some deferred outflows and inflows of resources are applicable to future reporting periods and, therefore, are not reported in the funds:	
Deferred inflows and outflows of resources related to pensions	6,166,751
Deferred inflows and outflows of resources related to OPEB	(213,597)
Net position of governmental activities	\$ 6,153,639

The accompanying notes are an integral part of these financial statements.

Daisy Mountain Fire District
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Governmental Funds
Year Ended June 30, 2020

	Major Funds			Total Governmental Funds
	General Fund	Capital Projects Fund	Debt Service Fund	
Revenues:				
<i>Taxes</i>				
Property taxes	\$ 14,585,975	\$ -	\$ 1,074,476	\$ 15,660,451
Fire district assistance taxes	476,574	-	-	476,574
Charges for services	3,213,819	-	-	3,213,819
Intergovernmental	531,868	-	-	531,868
Interest	94,678	16,314	71,985	182,977
Grants	47,759	-	-	47,759
Other	142,053	-	-	142,053
Total revenues	19,092,726	16,314	1,146,461	20,255,501
Expenditures:				
<i>Fire protection and emergency services</i>				
Personnel	10,147,654	-	-	10,147,654
Employee benefits	3,322,648	-	-	3,322,648
Utilities and communication	584,019	-	-	584,019
Repairs and maintenance	626,990	-	-	626,990
Administration	519,181	-	-	519,181
Ambulance Operations	173,161	-	-	173,161
Grant Expense	7,000	-	-	7,000
Taxes and Insurance	733,084	-	-	733,084
Training	69,962	-	-	69,962
Turnout Gear	185,299	-	-	185,299
Professional Services	130,275	-	-	130,275
Other	193,319	-	-	193,319
<i>Capital outlay</i>	1,005,598	-	-	1,005,598
<i>Debt service:</i>				
Principal payments	172,791	-	463,320	636,111
Interest payments	22,251	-	523,002	545,253
Total expenditures	17,893,232	-	986,322	18,879,554
Excess (deficiency) of revenues over expenditures	1,199,494	16,314	160,139	1,375,947
Other financing sources (uses):				
Issuance of capital lease	222,498	-	-	222,498
Transfers in (out)	400,588	(400,588)	-	-
Total other financing sources and uses	623,086	(400,588)	-	222,498
Net changes in fund balances	1,822,580	(384,274)	160,139	1,598,445
Fund balances, beginning of year	5,063,839	3,824,857	1,725,397	10,614,093
Fund balances, end of year	\$ 6,886,419	\$ 3,440,583	\$ 1,885,536	\$ 12,212,538

The accompanying notes are an integral part of these financial statements.

**Daisy Mountain Fire District
Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Year Ended June 30, 2020**

Net change in fund balances - total governmental funds	\$	1,598,445
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those costs over the lives of the assets and losses on the disposal of capital assets as expenditures as follows:		
Capital asset purchases		1,005,598
Depreciation expense		(1,482,097)
Changes in joint venture equity interest are not capitalized on the governmental fund statements, but are shown in the statement of activities.		(2,659)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the governmental funds as follows:		
Ambulance services		373,885
Property taxes		114,545
Current year payments for the risk pool capitalization are reclassified from expenditures in the governmental funds to an increase in risk pool capitalization asset on the government-wide statements.		49,622
District pension and OPEB contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension/OPEB liability is measured a year before the District's report. Pension/OPEB expense, which is the change in the net pension/OPEB liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the Statement of Activities:		
District pension/OPEB contributions		14,332
Pension/OPEB expense		(364,588)
Bond premiums are amortized over the life of the bond in the statement of activities and are not a current expenditure in the governmental funds		144,384
Repayment of long-term debt is reported as an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		636,111
The issuance of long-term debt is reported as a current financial resource of governmental funds, but does not have any effect on net position		(222,498)
Compensated absences reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		(618,322)
Change in net position of governmental activities	\$	1,246,758

The accompanying notes are an integral part of these financial statements.

Daisy Mountain Fire District
Statement of Fiduciary Net Position - Fiduciary Fund
June 30, 2020

Assets	Firefighters' Relief and Pension Fund
Cash and cash equivalents	\$ 29,664
 Net Position Restricted For Pensions	
Held in trust for pension benefits	\$ 29,664
Total Position Restricted For Pensions	\$ 29,664

The accompanying notes are an integral part of these financial statements.

Daisy Mountain Fire District
Statement of Changes in Fiduciary Net Position - Fiduciary Fund
Year Ended June 30, 2020

	<u>Firefighters' Relief and Pension Fund</u>
Additions:	
Interest	\$ 519
Change in Net Position	519
Net Position Restricted For Pensions - Beginning	<u>29,145</u>
Net Position Restricted For Pensions - Ending	<u><u>\$ 29,664</u></u>

The accompanying notes are an integral part of these financial statements.

Daisy Mountain Fire District
Notes to Financial Statements
June 30, 2020

Note 1 – Summary of Significant Accounting Policies

The accounting policies of The Daisy Mountain Fire District (the “District”) conform to generally accepted accounting principles applicable to governmental units adopted by the Governmental Accounting Standards Board (GASB).

Reporting Entity

The District was organized in 1989 pursuant to Title 48 of the Arizona Revised Statutes and is a special purpose local government governed by a separately elected governing body. The District provides fire protection and rescue services to residents of the New River, Desert Hills, Anthem, and Black Canyon areas. The District is legally separate and fiscally independent of other state and local governments. As required under generally accepted accounting principles, these financial statements present the activities of the District. Component units are legally separate entities for which the District is considered to be financially accountable. Blended component units, although legally separate entities, are in substance part of the District's operations. The District has no discretely presented or blended component units.

Basis of Presentation

The basic financial statements include both government-wide statements and fund financial statements. The government-wide statements focus on the District as a whole, while the fund financial statements focus on major funds. Each presentation provides valuable information that can be analyzed and compared between years and between entities to enhance the usefulness of the information.

Government-wide statements – These statements include a statement of net position and a statement of activities. These statements report the financial activities of the overall government.

A statement of activities presents a comparison between direct expenses and program revenues for each function of the District’s governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function.

Program revenues include:

- Charges to customers for services provided;
- Operating grants and contributions, and
- Capital grants and contributions.

Revenues not classified as program revenues, including internally dedicated resources and all taxes, are reported as general revenue.

The effect of interfund activity has been eliminated from the government-wide financial statements to eliminate the double counting of internal activities.

Daisy Mountain Fire District
Notes to Financial Statements
June 30, 2020

Note 1 – Summary of Significant Accounting Policies – Continued

Fund financial statements – provide information about the District’s funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds. Currently, the District does not have any nonmajor funds.

The District reports the following major governmental funds:

- The *general fund* is the District’s primary operating fund which accounts for all financial resources except those required to be accounted for in another fund.
- The *capital projects fund* is used to account for activities related to the acquisition or construction of significant capital assets. The capital projects fund was authorized by the board to provide funds from each year’s general fund budget for the replacement, acquisition or construction of major equipment of facilities. It should provide for the replacement of major equipment without the need for assessing large tax increases in any one year.
- The *debt service fund is used* for the payment of long-term obligation debt principal, interest and related costs.

The District is the trustee, or fiduciary, for certain funds held on behalf of the Firefighters’ Relief and Pension Fund. The fiduciary activities are reported in a separate statement of fiduciary net position and statement of changes in fiduciary net position. The District is responsible for ensuring the assets reported in these funds are used for their intended purposes.

The government-wide financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Property taxes are recognized as revenue in the year they are levied. Grant and contract revenues are recognized when all eligibility requirements have been met.

Governmental funds in the fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all property tax revenues reported in the governmental funds to be available if the revenues are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they are due and payable.

General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital lease agreements are reported as other financing sources.

Daisy Mountain Fire District
Notes to Financial Statements
June 30, 2020

Note 1 – Summary of Significant Accounting Policies – Continued

Taxes, leases, and investment income associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period.

All other revenue items are considered to be measurable and available only when cash is received by the government.

Fund Balance Classifications

Fund balances of the governmental funds are reported separately within classifications based on a hierarchy of the constraints placed on the use of those resources. The classifications are based on the relative strength of the constraints that control how the specific amounts can be spent. The classifications are nonspendable, restricted, and unrestricted (which includes committed, assigned, and unassigned fund balance classifications).

When an expenditure is incurred that can be paid from either restricted or unrestricted fund balances, it is the District's policy to use restricted fund balance first. For the disbursement of unrestricted fund balances, it is the District's policy to use committed amounts first, followed by assigned amounts, and lastly unassigned amounts.

Nonspendable fund balance - amounts that cannot be expended because they are either not in spendable form such as prepaid items, or are legally or contractually required to be maintained intact.

Restricted fund balances - amounts that have externally imposed restrictions on their usage by creditors, such as through debt covenants, grantors, contributors, or laws and regulations.

Committed fund balances - amounts with self-imposed limitations approved by the District's board of directors, which is the highest level of decision-making authority within the District. The constraints placed on committed fund balances can only be removed or changed by the board.

Assigned fund balances - amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed.

Unassigned fund balance - the residual classification for the general fund and includes all spendable amounts not reported in the other classifications. Also, deficits in fund balances of the other governmental funds are reported as unassigned.

**Daisy Mountain Fire District
Notes to Financial Statements
June 30, 2020**

Note 1 – Summary of Significant Accounting Policies – Continued

Assignments and Restrictions of Fund Balance

The District has adopted a policy whereby it will fund the Retirement Paid Time Off account based on amounts provided in the Memorandum of Understanding (MOU) agreement. MOU agreements are renewed every two years and the current MOU agreement was through June 30, 2020. The Retirement Paid Time Off account will be evaluated annually and monies will be assigned based on management's discretion and available funds. Such assignments are not restricted by state statute and can be unassigned upon board approval. As of June 30, 2020, \$1,372,777 was assigned for this purpose.

The District has adopted a policy whereby it will transfer any unassigned and unencumbered revenues to the capital projects fund to provide for planned future acquisitions of apparatus, vehicles, buildings and improvements. Such transfers are not restricted by statute and can be transferred back to the general fund upon board approved changes to the District's policies. As of June 30, 2020, the District's governing board has assigned \$1,436,852 of the capital projects fund's fund balance for future capital projects. As of June 30, 2020, the District had \$2,003,731 of bond proceeds remaining to be used for capital projects. These funds are shown as restricted.

The District has adopted a policy whereby it will assign or restrict amounts for the accumulation of financial resources that are restricted, committed, or assigned to expenditures for the payment of long-term obligation debt principal, interest and related costs. As of June 30, 2020 the debt service fund balance of \$1,885,536 was restricted for this purpose.

Net Position

In the government-wide financial statements, net position is the difference between assets and liabilities. Net assets invested in capital assets are capital assets less accumulated depreciation and any outstanding debt related to the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are legal limitations imposed on their use by legislation or external restrictions by other governments, creditors or grantors.

When both restricted and unrestricted resources are available for use, it is the policy of the District to use restricted resources first, then unrestricted resources as they are needed.

Cash and Investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Arizona Revised Statutes authorize special districts to invest public monies in the Arizona State Treasurer's local government investment pool, interest bearing savings accounts, certificates of deposit and in accounts of any savings and loan associations insured by an agency of the government of the United States, up to the amount of such insurance or pledged collateral. All investments are stated at fair value based on market prices.

Daisy Mountain Fire District
Notes to Financial Statements
June 30, 2020

Note 1 – Summary of Significant Accounting Policies – Continued

Prepaid Items

Prepaid items are accounted for using the purchase method in the governmental fund financial statements. Using this method, expenditures are reported at the time of purchase and unexpended amounts at year-end are reported on the balance sheet as a prepaid item for informational purposes only and are offset by a fund balance reserve to indicate that they do not constitute “available spendable resources.”

In the government-wide financial statements, prepaid purchases are recorded as assets when the goods or services are purchased and expensed over the period consumed.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "advances to/from other funds."

All program service receivables are shown net of an allowance for uncollectible accounts. The amount of the estimated uncollectible program service receivables at June 30, 2020, was \$621,431, which represents 38% of the current program service receivables balance.

The District levies real property taxes on or before the third Monday in August. Such levies, collected by Maricopa and Yavapai Counties, become due and payable in two equal installments; the first is due on the first day of October and the second is due on the first day of March in the subsequent year. There is no allowance for uncollectible accounts on taxes receivables as the District has a subordinated lien on all properties subject to the tax.

Capital Assets

Capital assets, which include property, equipment and vehicles, are reported in the general fund in the government-wide financial statements. Purchased assets are recorded at cost, except those assets for which historical costs were not available and estimated costs were used. Donated capital assets or donated works of art and similar items are recorded at acquisition value on the date received. Capital assets received in a service concession arrangement are reported at acquisition value. The threshold for capital assets is equipment that has a useful life greater than a year and costs more than \$5,000. The costs of normal repair and maintenance that do not add to the value of the asset or materially extend the asset’s life are not capitalized.

Property, equipment and vehicles of the primary government are depreciated using the straight line method over the following estimated useful lives:

Buildings and improvements	5 to 30 years
Equipment	3 to 10 years
Vehicles	10 years

No depreciation is taken on land or construction in progress.

**Daisy Mountain Fire District
Notes to Financial Statements
June 30, 2020**

Note 1 – Summary of Significant Accounting Policies – Continued

Pensions

For purposes of measuring the net pension asset and liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the pension plan's fiduciary net position and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount and bond issuance costs are expensed when incurred.

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 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 withheld or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Intergovernmental Grants and Aid

Monies received from other government agencies in the form of grants or aid based on an entitlement period are recorded as intergovernmental receivables and revenues when entitlement occurs. Reimbursement grants are recorded as intergovernmental receivables and revenues when the related expenditures are incurred.

Daisy Mountain Fire District
Notes to Financial Statements
June 30, 2020

Note 1 – Summary of Significant Accounting Policies – Continued

Compensated Absences

The District's policy regarding compensatory times permits employees to accumulate and roll over time with no maximum limit. Upon retirement, the policy regarding sick leave allows an employee to be paid for 50% of the employee's unused sick leave at the employee's current rate of pay. An employee is deemed eligible to retire by having been employed with the District for at least ten full years or by having been employed in the PSPRS system for at least ten full years and employed by the District for at least five full years. The vacation policy allows any unused vacation to be paid upon termination at 100% of the employee's current rate of pay. The liability for compensated absences is reported in the government-wide statements as a noncurrent liability.

Property Tax Calendar

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

Budgetary Accounting

The District is required, under Arizona Revised Statutes, to adopt a budget each fiscal year and to submit it to the county treasurer and the county board of supervisors no later than the first day of August each year; under statute only the general fund must legally adopt an annual budget. The adopted budget is on the modified accrual basis of accounting, which is a legally allowable basis for budgetary purposes.

All annual appropriations lapse at fiscal year-end. The District is subject to expenditure limitations under Arizona Revised Statutes. Statutes also do not permit the District to incur debt in excess of the tax levy outstanding and to be collected plus the available and unencumbered cash on deposit. The limitation is applied to the total of the combined governmental funds.

Daisy Mountain Fire District
Notes to Financial Statements
June 30, 2020

Note 2 – Deposits and Investments

Deposits – Amounts classified as deposits on June 30, 2020, are described below:

	Bank Balance	Carrying Amount
<i>General Fund</i>		
Maricopa County Treasurer’s Investment Pool	\$ 4,993,679	\$ 4,788,853
Yavapai County Treasurer’s Investment Pool	610,325	610,325
Deposits with financial institutions	1,123,292	1,123,292
Total General Fund deposits and investments	<u>\$ 6,727,296</u>	<u>\$ 6,522,470</u>
<i>Capital Projects Fund</i>		
Maricopa County Treasurer’s Investment Pool	\$ 1,039,608	\$ 1,039,608
Yavapai County Treasurer’s Investment Pool	397,244	397,244
Maricopa County Treasurer’s Investment Pool – Bond (Non-interest Bearing Account)	2,003,731	2,003,731
Total Capital Projects Fund deposits and investments	<u>\$ 3,440,583</u>	<u>\$ 3,440,583</u>
<i>Debt Service Fund</i>		
Maricopa County Treasurer’s Investment Pool	\$ 2,107,299	\$ 2,107,299
Yavapai County Treasurer’s Investment Pool	27,212	27,212
Total Capital Projects Fund deposits and investments	<u>\$ 2,134,511</u>	<u>\$ 2,134,511</u>

The Maricopa County Treasurer invests the cash in a pool under policy guidelines established by the Maricopa 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 Maricopa County Treasurer’s Investment Pool (MCTIP) is included in the Comprehensive Annual Financial Report of Maricopa County. The fair value of each participant’s position in the MCTIP approximates the value of the participant’s shares in the pool.

The Yavapai County Treasurer invests the cash in a pool under policy guidelines established by the Yavapai 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 Yavapai County Treasurer's Investment Pool (YCTIP) is included in the Comprehensive Annual Financial Report of Yavapai County. The fair value of each participant's position in the YCTIP approximates the value of the participant's shares in the pool.

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. The MCTIP and YCTIP are external investment pools with no regulatory oversight. The MCTIP and YCTIP are not required to register (and are not registered) with the Securities and Exchange Commission. As of June 30, 2020, the MCTIP and YCTIP had not received a credit quality rating from a national rating agency.

Daisy Mountain Fire District
Notes to Financial Statements
June 30, 2020

Note 2 – Deposits and Investments - Continued

Custodial credit risk – Custodial credit risk is the risk that in the event of a bank failure, the District’s deposits (in excess of FDIC insurance) may not be returned to the District. State statutes require that deposits with financial institutions be insured by the Federal Deposit Insurance Corporation (FDIC). FDIC insures deposits up to \$250,000 for all interest-bearing accounts and another \$250,000 for all demand deposit accounts in a given financial institution. Deposits in excess of insured amounts shall be collateralized by approved securities. The District participates in the Arizona State Treasurer’s Pooled Collateral Program and does not have any cash that is uninsured or uncollateralized.

Interest rate risk – Interest rate risk is the risk that changes in interest rate will adversely affect the fair value of an investment. The District does not have a formal investment policy that limits investments maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Concentration of credit risk – Arizona Revised Statutes do not include any requirements for concentration of credit risk.

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.

Note 3 – Ambulance Receivable

The ambulance receivable represents the calls invoiced by June 30, 2020. The receivable balance as of June 30, 2020 is \$1,640,024. The allowance for doubtful accounts as of June 30, 2020 is \$621,431. The portion of the receivable that is not collected within sixty days after the end of the fiscal year is recorded as deferred revenue on the fund financial statements.

Note 4 – Property Taxes

Taxes receivable represents the delinquent tax levied against the property taxes within the District. No reserve is made in the financial statements for doubtful accounts because in the event the taxes are not paid, a lien is placed on the property, which can be subsequently sold to collect the delinquent taxes. The taxes receivable at June 30, 2020 is \$321,789, which represents property taxes outstanding. The portion of taxes receivable that is not collected within sixty days after the end of the fiscal year is recorded as deferred revenue on the fund financial statements.

Note 5 – Due From Other Governments

Due from other governments consists mainly of receivables related to state land fires. The balance of this receivable as of June 30, 2020 is \$131,727. Currently, there is no provision for an allowance for doubtful accounts as management considers all amounts collectible.

**Daisy Mountain Fire District
Notes to Financial Statements
June 30, 2020**

Note 6 – Capital Assets

The summary of changes in capital assets is as follows:

	Balance 6/30/19	Additions	Deletions	Balance 6/30/20
<i>Governmental Activities:</i>				
Capital assets, not depreciated				
Land	\$ 480,066	\$ -	\$ -	\$ 480,066
Construction in progress	3,159,203	153,171	(3,296,996)	15,378
Capital assets, not depreciated				
Buildings and improvements	13,454,721	2,513,825	-	15,968,546
Fire equipment	5,579,319	837,265	-	6,416,584
Vehicles	6,631,485	798,334	-	7,429,819
Total capital assets	<u>29,304,794</u>	<u>4,302,595</u>	<u>(3,296,996)</u>	<u>30,310,393</u>
Accumulated depreciation				
Buildings and improvements	(2,041,601)	(536,205)	-	(2,577,806)
Fire equipment	(2,304,466)	(736,302)	-	(3,040,768)
Vehicles	(4,671,933)	(209,590)	-	(4,881,523)
Total accumulated depreciation	<u>(9,018,000)</u>	<u>(1,482,097)</u>	<u>-</u>	<u>(10,500,097)</u>
Capital assets, net	<u>\$ 20,286,794</u>	<u>\$ 2,820,498</u>	<u>\$ (3,296,996)</u>	<u>\$ 19,810,296</u>

The District completed a remodel of a fire station in July of 2019. The District used general obligation bonds issued in May 2016 to pay for both the new fire stations and administrative office building. Other major additions for the current fiscal year include two ambulances, four Chevrolet trucks, and radio towers.

Note 7 – Long-Term Debt

Long-term obligations are generally paid out of the general fund. Changes in long-term obligations for the year ended June 30, 2020, are as follows:

	Balance 6/30/19	Increases	Decreases	Balance 6/30/2020	Due in One Year
<i>Governmental Activities:</i>					
Capital leases	\$ 691,353	\$ 222,498	\$ 172,791	\$ 741,060	\$220,054
General obligation bonds	16,027,823	-	607,704	15,420,119	371,896
Net pension liability	11,867,869	1,582,120	-	13,449,989	-
Net OPEB liability (asset)	(50,227)	-	132,864	(183,091)	-
Compensated absences	2,728,825	1,692,718	1,074,394	3,347,149	267,772
Total long-term debt	<u>\$31,265,643</u>	<u>\$3,497,336</u>	<u>\$ 1,987,753</u>	<u>\$ 32,775,226</u>	<u>\$ 859,722</u>

**Daisy Mountain Fire District
Notes to Financial Statements
June 30, 2020**

Note 8 – Net Revenue

The District provides emergency medical services within the same geographic region as it provides fire prevention and suppression services. The District also provides transportation services. Charges for such emergency medical and transportation services are recognized as charges for services. Net revenue is reported at the estimated net realizable amounts from patients, third-party payers, and others for services rendered, including estimated retroactive adjustments under reimbursement allowances with third-party payers, and provisions for bad debt.

The District relies on payments from third-party payers, such as Medicare and commercial insurance carriers, to support the emergency medical services provided. Should these third-party payers not cover the entire amount of the services rendered, any remaining amounts are adjusted as uncompensated services with the remaining amounts necessary to support the program funded through tax revenues.

Note 9 – Capital Leases

The District acquired two fire engines in September of 2015 and ambulances in May of 2019 and October 2019 by granting leasehold interests in the underlying assets to the creditors (the Bank). The Bank, in turn, leased the property to the District under long-term agreements. Under these agreements, the District is obligated to make lease payments to the Bank, subject to receiving Board appropriations, until the obligation to the Bank is satisfied. Once the obligations to the Bank are satisfied, all rights, title, and interest in the engines or ambulance are transferred to the District. However, if the Board appropriations are not received, the District is relieved of any subsequent obligation and the obligations are considered in default. If the default is not cured, the District has agreed that the Bank may terminate the leases, take possession of, and liquidate, the assets pledged under the agreements.

The District's obligations are accounted for in the Statement of Net Position. Assets under capital lease totaled \$1,502,788 less accumulated depreciation of \$504,479 at June 30, 2020.

The description of the capital leases are as follows:

Description	Interest Rate	Lease Term	Payment	Balance 6/30/2020
E-One Max Typhoon Fire Engine	2.63%	9/1/2022	\$72,772 Bi-Annually	\$ 175,343
E-One Max Typhoon Fire Engine	2.63%	9/1/2022	\$72,772 Bi-Annually	\$ 175,343
Ambulance	2.94%	5/1/2024	\$45,098 Annually	\$ 167,875
Ambulance	2.20%	10/1/2024	\$47,484 Annually	\$222,499

**Daisy Mountain Fire District
Notes to Financial Statements
June 30, 2020**

Note 9 – Capital Leases - Continued

The following is a schedule of future minimum lease payments under capital leases, together with the net present value of the minimum lease payments as of June 30, 2020:

Year Ended June 30	
2021	\$ 238,126
2022	238,126
2023	165,354
2024	92,582
2025	47,484
Thereafter	-
	781,672
Less: Amount Representing Interest	(40,612)
	\$ 741,060

Note 10 – General Obligation Bonds

General Obligation(GO) bonds have been issued, after approval by voters at an authorized bond election, to finance construction of new administrative offices, a new fire station, upgrade radio infrastructure, purchase three new fire engines, and pay costs incurred in connection with delivery of the bonds.

As of June 30, 2020 bonds payable consisted of the following:

2015 General Obligation Bonds (issued 5/18/16) due in annual installments of \$587,100 to \$1,196,225 through 7/1/2035; interest at 2% to 4%. Original issue amount \$9,055,000 principal with a premium of \$730,705.	\$ 7,602,699
2015 General Obligation Bonds (issued 11/16/17) due in annual installments of \$359,050 to \$1,505,600 through 7/1/2037; interest at 2% to 4%. Original issue amount \$6,620,000 principal with a premium of \$717,197.	7,159,660
2009 General Obligation Bonds (issued 4/1/09) due in annual installments through 1/1/2039; Interest at 4.125%. Original issue amount \$861,000.	657,760
	\$ 15,420,119

**Daisy Mountain Fire District
Notes to Financial Statements
June 30, 2020**

Note 10 – General Obligation Bonds - Continued

The following is a summary of debt service requirements to maturity for GO bonds at June 30, 2020:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Net Premium (Discount)</u>	<u>Total</u>
2021	512,025	525,284	140,129	1,177,438
2022	604,795	512,792	134,402	1,251,989
2023	640,825	494,358	125,056	1,260,239
2024	676,905	472,333	113,855	1,263,093
2025	703,025	452,711	106,706	1,262,442
2026-2030	4,033,645	1,833,508	354,039	6,221,192
2031-2035	4,879,590	990,276	132,272	6,002,138
2036-2039	2,241,949	155,099	20,901	2,417,949
	<u>\$ 14,292,759</u>	<u>\$ 5,436,361</u>	<u>\$ 1,127,360</u>	<u>\$ 20,856,480</u>

Note 11 – Commitments

The District has a line of credit with Maricopa County totaling \$3,500,000. The District did not have a balance outstanding on this line of credit as of June 30, 2020.

Note 12 – Retirement Plans

The District and employees contribute to two retirement plans. These plans are a deferred compensation plan and the Public Safety Personnel Retirement System (PSPRS). Benefits for non-public safety personnel are established based on contributions to the plan. For public safety personnel, state statute regulates retirement, death, long-term disability, and survivor insurance premium benefits.

At June 30, 2020 the District reported the following aggregate amounts related to pensions and other post-employment benefits (OPEB) for which it contributes:

	<u>PSPRS</u>	<u>OPEB</u>
Net pension liability (asset)	\$ 13,449,989	\$ (183,091)
Deferred outflows of resources	7,632,225	33,044
Deferred inflows of resources	1,465,474	246,641
Pension expense	2,187,124	(76,033)

Deferred Compensation Plan

The District has a deferred compensation plan for all personnel. In this plan, employees can designate a percentage of their salary or a specific amount to be deducted from their paychecks. This plan is designed to provide benefits for retirement for any employee who chooses to participate in the plan. The District makes the following contributions: support staff receives 6% of their salary, management receives 10% of their salary and operations personnel receive a \$50 match per pay period. District contributions for the year ended June 30, 2020 totaled \$218,324.

**Daisy Mountain Fire District
Notes to Financial Statements
June 30, 2020**

Note 12 – Retirement Plans – Continued

Public Safety Personnel Retirement System

Plan Description - The District contributes to the Public Safety Personnel Retirement System (PSPRS), an agent multiple-employer defined benefit pension plan, a defined contribution pension plan, and an agent multiple-employer defined benefit health insurance premium plan that covers public safety personnel who are regularly assigned hazardous duty in the employ of the State of Arizona or a political subdivision thereof. The defined contribution plan is only available to members who became a member on or after January 1, 2012. The PSPRS, acting as a common investment administrative agent, is governed by a board, known as the Fund Manager, and the participating local boards to the provision of A.R.S. Title 38, Chapter 5, Article 4. The PSPRS issues a publicly available financial report that includes financial statements and required supplementary information for PSPRS. The report may be obtained by writing to Public Safety Personnel, 3010 E. Camelback Road, Suite 200, Phoenix, Arizona 85016 or by calling (602) 255-5575 or by visiting <http://www.psprs.com/investments--financials/>.

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

The calculation of retirement benefits for employees who became a member on or before December 31, 2011 (Tier 1 members) commence the first day of the month following termination of employment and are based upon the following:

1. Age 62 with 15 years of service, or 20 years of service with less than 20 years of credited service: 50 percent of the average monthly benefit compensation for the first 20 years of credited service. The pension is reduced by 4 percent per year for each year of credited service under 20 years.
2. 20 to 24.99 years of credited service: 50 percent of the average monthly benefit compensation for the first 20 years of credited service plus 2 percent of the average monthly benefit compensation for each year of credited service between 20 and 24.99.
3. 25 or more years of credited service: 50 percent of the average monthly benefit compensation for the first 20 years of credited service plus 2.5 percent of the average monthly benefit compensation for each year of credited service above 20 years – up to a maximum of 80 percent of the average monthly benefit compensation.

Daisy Mountain Fire District
Notes to Financial Statements
June 30, 2020

Note 12 – Retirement Plans – Continued

The calculation of retirement benefits for employees who became a member on or after January 1, 2012, and on or before June 30, 2017 (Tier 2 members) commence the first day of the month following termination of employment and are based upon the following:

1. Age 52.5 with 15 years of credited service but less than 25 years: average monthly benefit compensation times a multiplier that varies by years of service, from 1.5 percent to 2.5 percent per year of service, times the number of years of service.
2. Age 52.5 with 25 years of credited service: 62.5 percent of the average monthly benefit compensation. Benefits will be reduced by 4 percent for each year of credited service under 25 years.
3. 25 or more years of credited service: 62.5 percent of the average monthly benefit compensation for the first 25 years of credited service plus 2.5 percent of the average monthly benefit compensation for each year of credited service above 25 years – up to a maximum of 80 percent of the average monthly benefit compensation. The pension is reduced by 4 percent for each year of credited service under 25 years with a pro-rata reduction for any fractional years.

The calculation of retirement benefits for employees who became a member on or after July 1, 2017, (Tier 3 members) are included in a new tier of benefits that was established by legislation passed in 2016. This group of members will enroll in a hybrid plan, which has elements of both a defined benefit and defined contribution plan. Employees who are part of this group may also elect to participate in a defined contribution plan in lieu of the hybrid plan. If enrolling in the hybrid plan, benefits (defined benefit portion only) commence the first day of the month following termination of employment and are based upon the following:

1. Age 55 with 15 or more years of credited service: average monthly benefit compensation times a multiplier that varies by years of service, from 1.5 percent to 2.5 percent per year of service, times the number of years of service – up to a maximum of 80 percent of the average monthly benefit compensation.
2. An individual who became a member on or after July 1, 2017, and reaches age 52.5 with at least 15 years of credited service may take an early retirement; however, the amount of his or her retirement benefit is actuarially reduced.

**Daisy Mountain Fire District
Notes to Financial Statements
June 30, 2020**

Note 12 – Retirement Plans – Continued

The phrase “average monthly benefit compensation,” as it is used in the above discussion, is defined as following:

<u>Membership Tier</u>	<u>Average Monthly Compensation</u>
Tier 1	36 consecutive months of highest compensation within the last 20 years of service
Tier 2	60 consecutive months of highest compensation within the last 20 years of service
Tier 3	60 consecutive months of highest compensation within the last 15 years of service

Disability benefits are calculated as follows:

Accidental Disability Retirement:	50% of average monthly compensation, Or normal pension amount, whichever is Greater.
Catastrophic Disability Retirement:	90% of average monthly compensation For the first 60 months. Thereafter, the Benefit is the greater of 62.5% of Average monthly compensation or the Member’s accrued normal pension.
Ordinary Disability Retirement:	A percentage of normal pension on Employee’s credited service (maximum 20 years divided by 20).

**Daisy Mountain Fire District
Notes to Financial Statements
June 30, 2020**

Note 12 – Retirement Plans – Continued

Survivor benefits are paid on behalf of an active member in the amount of 80 percent of the pension based on the calculation for an accidental disability retirement. If the member was killed in the line of duty, the benefit is 100 percent of the member’s average compensation. The benefit amount is allocated to the surviving spouse and, if applicable, eligible children. If there is no surviving spouse, and there is at least one eligible child, the guardian of the eligible child(ren) and the eligible child(ren) are the recipients of the benefit. If there is no surviving spouse or eligible child(ren), the member’s named beneficiary on file will receive the member’s accumulated contributions. Benefits are paid on behalf of inactive, non-retired member to the member’s named beneficiary in the amount of member’s accumulated contributions. Death benefits are paid on behalf of a retired member in a manner similar to an active member. The surviving spouse (if married for at least two consecutive years at the time of the member’s death) will receive 80 percent of the member’s pension benefit for lifetime. The surviving children and guardian provisions are the same as those regarding active members, with the exception that the percentages received are based upon the pension amount as opposed to the amounts referenced above for active members. If there is no surviving spouse or eligible child(ren), the member’s named beneficiary on file will receive the member’s accumulated contributions less the pension payments made to the member.

A retired member or survivor of a retired member may receive a Cost of Living Adjustment (COLA) from the System if monies are available. COLA eligibility and calculation is contingent upon the member’s hire date.

Members, or survivors of retired members, who were hired before July 1, 2017, are eligible to receive a compounding COLA in the base benefit of up to 2 percent per year. The COLA will be based on the average annual percentage change in the Metropolitan Phoenix-Mesa Consumer Price Index published by the United States Department of Labor, Bureau of Statistics.

Members, or survivors of retired members, who were hired on or after July 1, 2017, are eligible to receive a compounding COLA in the base benefit, beginning at the earlier of the first calendar year after the seventh anniversary of the retired member’s retirement or when the retired member is or would have been sixty years of age. The COLA will be based on the average annual percentage change in the Metropolitan Phoenix-Mesa Consumer Price Index published by the United States Department of Labor, Bureau of Statistics. COLA adjustments will be received for this group if the following conditions are met:

<u>Ratio of Actuarial Value of Assets to Liabilities</u>	<u>Maximum Increase</u>
70-80%	1.00%
80-90%	1.50%
90-100%	2.00%

**Daisy Mountain Fire District
Notes to Financial Statements
June 30, 2020**

Note 12 – Retirement Plans – Continued

Health insurance premium benefits are available to retired or disabled members with five years of credited service. The benefits are payable only with respect to allowable health insurance premiums for which the member is responsible. Benefits provided are as follows:

Single		Family		
Not Medicare <u>Eligible</u>	Medicare <u>Eligible</u>	All Not Medicare <u>Eligible</u>	All Medicare <u>Eligible</u>	One With Medicare
\$150	\$100	\$260	\$170	\$215

Employees covered by benefit terms – At June 30, 2020, the following employees were covered by the agent pension plans’ benefit terms:

	Pension	OPEB
Inactive employees or beneficiaries currently receiving benefits	12	12
Inactive employees entitled to but not yet receiving benefits	9	2
Active employees	78	79
Total	99	93

Contributions - State statutes establish the pension contribution requirements for active PSPRS employees. In accordance with state statutes, annual actuarial valuations determine employer contribution requirements for PSPRS pension and health insurance premium benefits. The contribution rates for employees are prescribed by the ARS Title 38, Chapter 5, Article 4, Section 38-843. For Tier 1 and Tier 2 employees, the actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned during the year by these employees, with an additional amount to finance any unfunded accrued liability. The unfunded accrued liability portion of the rate is paid by the City as a percentage of the pay of all of the City’s active PSPRS members, regardless of start date. For Tier 3 employees, each employer shall make contributions sufficient to pay fifty percent of both the normal cost plus the actuarially determined amount required to amortize the total unfunded accrued liability attributable only to those members hired on or after July 1, 2017.

The District’s contributions to the pension plan and OPEB were \$1,738,005 and \$22,830 respectively. The District’s contribution rates for the year ended June 30, 2020 were:

Tier 1 & 2 Members		
Pension	OPEB	Total
24.66%	.27%	24.93%

**Daisy Mountain Fire District
Notes to Financial Statements
June 30, 2020**

Note 12 – Retirement Plans – Continued

Tier 3 Members

Employer contribution for Tier 3	9.68%
Employer contribution for Tier 1&2 unfunded liability	8.52%
Total as a % of Tier 3 payroll	18.20%

District public safety employees who became PSPRS members before July 1, 2017 participate in the agent plans, and those who became members on or after July 1, 2017 participate in the cost-sharing plans (PSPRS Tier 3 Risk Pool) which are not further disclosed because the contributions and liabilities are trivial to the financial statements as a whole.

Pension/OPEB Liability (asset) – at June 30, 2020, the District reported a net pension liability of \$13,449,989 and a net OPEB asset of \$183,091. The net pension and OPEB liabilities (assets) were measured as of June 30, 2019, and the total pension/OPEB liabilities used to calculate the net pension/OPEB liabilities (assets) were determined by an actuarial valuation as of that date.

Pension Actuarial Assumptions - The significant actuarial assumptions used to measure the total pension and OPEB liabilities are as follows:

Actuarial valuation date:	6/30/2019
Actuarial cost method:	Entry Age Normal
Cost-of-Living Adjustment:	1.75%
Price Inflation:	2.50%
Salary increases:	3.50% - 7.50%, including inflation
Tier 1&2 Investment rate of return:	7.30%, net of investment and administrative expenses
Tier 3 Investment rate of return:	7.00% net of investment and administrative expenses

Active Lives: PubS-2010 Employee mortality, loaded 110% for males and females, projected with future mortality improvements reflected generationally using 75% of scale MP-2018. 100% of active deaths are assumed to be in the line of duty.

Inactive Lives: PubS-2010 Healthy Retiree mortality, loaded 110% for males and females, projected with future mortality improvements reflected generationally using 75% of scale MP-2018.

Beneficiaries: PubS-2010 Survivor mortality, projected with future mortality improvements reflected generationally using 75% of scale MP-2018.

Disabled Lives: PubS-2010 Disabled mortality, projected with future mortality improvements reflected generationally using 75% of scale MP-2018.

Mortality rates:

**Daisy Mountain Fire District
Notes to Financial Statements
June 30, 2020**

Note 12 – Retirement Plans – Continued

Actuarial assumptions used in the June 30, 2019 valuation were based on the results of a 2017 experience study using actual plan experience.

The long-term expected rate of return on PSPRS pension plan investments was determined to be 7.3 percent using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These real rates of return are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Equity	16.00%	4.75%
Non-U.S. Equity	14.00%	5.00%
Private Equity	12.00%	8.40%
Fixed Income	5.00%	3.00%
Private Credit	16.00%	5.36%
GTS	12.00%	4.01%
Real Assets	9.00%	6.75%
Real Estate	10.00%	4.50%
Risk Parity	4.00%	4.01%
Short Term Investments	2.00%	0.25%
Total	100.00%	

- Geometric Real Rate of Return. Based on inflation assumption of 2.75%

Discount Rates – The discount rate used to measure the total pension and OPEB liabilities was 7.3 percent for tier 1&2 members and 7.00 percent for tier 3 members. The projection of cash flows used to determine the PSPRS discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the actuarially determined contribution rate and the member rate. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension and OPEB liabilities.

Daisy Mountain Fire District
Notes to Financial Statements
June 30, 2020

Note 12 – Retirement Plans – Continued

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balances at June 30, 2019	\$ 42,749,561	\$ 30,881,692	\$ 11,867,869
Adjustment to Beginning of Year		(8,765)	8,765
Changes for the current year:			
Service cost	1,794,377	-	1,794,377
Interest on the total pension liability	3,276,924	-	3,276,924
Differences between expected and actual experience in the measurement of the pension liability	(356,183)	-	(356,183)
Change of assumptions or other inputs	953,106	-	953,106
Contributions – Employer	-	1,810,530	(1,810,530)
Contributions – Employee	-	597,885	(597,885)
Net investment income	-	1,717,291	(1,717,291)
Benefit payments, including refunds of employee contributions	(522,375)	(522,375)	-
Pension Plan Administrative Expense		(30,837)	30,837
Other changes	-	-	-
Net changes	5,145,849	3,572,494	1,573,355
Balances at June 30, 2020	\$ 47,895,410	\$ 34,445,421	\$ 13,449,989

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset) (a) – (b)
Balances at June 30, 2019	\$ 712,107	\$ 762,334	\$ (50,227)
Adjustment to Beginning of Year		8,765	(8,765)
Changes for the current year:			
Service cost	20,016	-	20,016
Interest on the total OPEB liability	54,177	-	54,177
Differences between expected and actual experience in the measurement of the OPEB liability	(141,799)	-	(141,799)
Change of assumptions or other inputs	7,517	-	7,517
Contributions – Employer	-	22,830	(22,830)
Contributions – Employee	-	-	-
Net investment income	-	41,903	(41,903)
Benefit payments, including refunds of employee contributions	-	-	-
OPEB Plan Administrative Expense		(723)	723
Net changes	(60,089)	64,010	(124,099)
Balances at June 30, 2020	\$ 652,018	\$ 835,109	\$ (183,091)

**Daisy Mountain Fire District
Notes to Financial Statements
June 30, 2020**

Note 12 – Retirement Plans – Continued

Sensitivity of the District’s net pension liability to changes in the discount rate – The following table presents the District’s net pension liability calculated using the discount rates noted above, as well as what the District’s net pension and OPEB liabilities would be if they were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease 6.30%/6%	Current Discount Rate 6.30%/6%	1% Increase 6.30%/6%
Net pension liability (asset)	\$ 21,639,853	\$ 13,449,989	\$ 6,872,936
Net OPEB liability (asset)	\$ (93,808)	\$ (183,091)	\$ (257,979)

Pension plan fiduciary net position – Detailed information about the pension plan’s fiduciary net position is available in the separately issued PSPRS financial report.

Pension expense and deferred outflows/inflows of resources - For the year ended June 30, 2020, the District recognized pension expense for PSPRS and OBEP of \$2,111,091. At June 30, 2020, the District reported deferred inflows of resources related to pensions from the following sources:

PSPRS	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,512,341	\$ 1,442,321
Changes of assumptions or other inputs	1,894,754	23,153
Net difference between projected and actual earnings on pension plan investments	487,125	-
District contributions subsequent to the measurement date	1,738,005	-
Total	\$ 7,632,225	\$ 1,465,474

**Daisy Mountain Fire District
Notes to Financial Statements
June 30, 2020**

Note 12 – Retirement Plans – Continued

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

Year Ending June 30,	
2021	\$ 847,110
2022	524,427
2023	726,421
2024	706,703
2025	602,571
Thereafter	1,021,514
	<u>\$ 4,428,746</u>

OPEB	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 181,644
Changes of assumptions or other inputs	6,680	64,997
Net difference between projected and actual earnings on pension plan investments	3,534	-
District contributions subsequent to the measurement date	22,830	-
Total	<u>\$ 33,044</u>	<u>\$ 246,641</u>

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

Year Ending June 30,	
2021	\$ (33,556)
2022	(33,557)
2023	(28,695)
2024	(29,026)
2025	(32,092)
Thereafter	(79,501)
	<u>\$ 236,427</u>

Daisy Mountain Fire District
Notes to Financial Statements
June 30, 2020

Note 13 - Interfund Activity

Interfund transfers for the year ended June 30, 2020 consisted of transfers from the capital projects fund to the general fund of \$400,588. These transfers were to make payments for capital projects.

Note 14 – Risk Management

The District is contingently liable for claims and judgments resulting from lawsuits incidental to normal operations. The District maintains commercial liability insurance to cover losses. Any settled claims resulting from these risks have not exceeded commercial insurance in any of the last three years. In the opinion of the District’s management, adverse decisions that might result, to the extent not covered by insurance, would not have a material effect on the financial statements. Consequently, no provision has been made in the financial statements for possible losses of this nature.

Note 15 – Investment in Joint Venture

The District currently participates with several other cities and districts in the Regional Wireless Cooperative(RWC) agreement for the construction, operation and maintenance of a regional communications network. The District is a Maintenance Manager of the Network. As a Maintenance Manager, the District operates and maintains a portion of the network. The District has an ongoing financial responsibility as a result of the agreement to participate in the cost to construct, operate and maintain the network. The District’s share of costs is determined based on the proportionate number of subscriber units in use at the time of assessment. The equity interest for the District at June 30, 2020, was \$91,381 per RWC’s separately issued annual financial statements.

Note 16 – COVID-19 Pandemic

On March 11, 2020 the Governor of Arizona issued a declaration of emergency due to the novel strain of coronavirus (COVID-19). We cannot reasonably estimate the length or severity of this pandemic, or the extent to which the disruption may ultimately materially impact our operations. The District derives a significant portion of its revenues from property taxes. While the District has not experienced any significant increase in the amount of delinquency from its taxpayers, the situation creates uncertainty about the impact of future revenues that might be generated. As of the date the financial statements were issued, the District’s net position had not been significantly impacted.

Note 17 – Related Party Transaction

The assistant chief of the District is on the board of directors of a self-insured workers’ compensation pool in which the District participates. Payments to this pool totaled \$132,325 during the year, which included a contribution for risk pool capitalization of \$49,622.

Note 18 – Subsequent Events

Management has evaluated subsequent events through December 21, 2020, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY
INFORMATION (RSI)

**Daisy Mountain Fire District
Required Supplementary Information
General Fund - Budgetary Comparison Schedule
Year Ended June 30, 2020**

	Amended and Final Budget	Actual Amounts	Variance with Final Budget- Favorable (Unfavorable)
Revenues			
<i>Taxes:</i>			
Property taxes	\$ 14,903,678	\$ 14,585,975	\$ (317,703)
Fire district assistance tax	472,149	476,574	4,425
Charges for services	2,775,000	3,213,819	438,819
Intergovernmental	400,000	531,868	131,868
Grants and Miscellaneous	193,200	284,490	91,290
Total revenues	18,744,027	19,092,726	348,699
Expenditures			
<i>Fire protection and emergency services</i>			
Personnel Costs	14,755,180	14,117,779	637,401
Buildings & Land	288,000	277,189	10,811
Vehicles and Equipment	1,123,700	903,422	220,278
Communications & IT Services	703,583	727,794	(24,211)
Travel & Training	187,750	92,795	94,955
Managerial Costs	548,752	588,863	(40,111)
Capital Outlay	-	1,005,599	(1,005,599)
Grant Expenses	120,000	7,000	113,000
Financial Reserve/End Leave Liability	500,000		500,000
Debt Service Principal	-	172,791	
Total expenditures	18,226,965	17,893,232	333,733
Excess of revenues over expenditures	517,062	1,199,494	682,432
<i>Other financing sources (uses):</i>			
Funding from capital reserves	517,062	400,588	(116,474)
Issuance of capital lease		222,498	222,498
Changes in fund balance	1,034,124	1,822,580	788,456
Fund balance, beginning of year	4,996,283	4,810,464	(185,819)
Fund balance, end of year	<u>\$ 6,030,407</u>	<u>\$ 6,633,044</u>	<u>\$ 602,637</u>

See accompanying notes to the budgetary comparison schedule.

**Daisy Mountain Fire District
Required Supplementary Information
Notes to Budgetary Comparison Schedule
Year Ended June 30, 2020**

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.

**Daisy Mountain Fire District
Required Supplementary Information
Schedule of Changes in the District's
Net Pension Liability and Related Ratios
Year Ended June 30, 2020**

	Fiscal Year						2007 through 2014
	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	
Total pension liability							
Service cost	\$ 1,794,377	\$ 1,779,912	\$ 1,673,090	\$ 1,403,668	\$ 1,271,270	\$ 1,289,372	Information not available
Interest on total pension liability	3,276,924	2,791,740	2,606,330	1,900,290	1,627,227	1,473,556	
Changes of benefit terms			205,530	3,646,888	-	(54,793)	
Difference between expected and actual experience in the measurement of the pension liability	(356,183)	1,567,037	(1,021,030)	1,512,320	824,429	(1,044,263)	
Changes of assumptions or other inputs	953,106		(1,002)	1,462,010	-	439,020	
Benefit payments, including refunds of employee contributions	(522,375)	(450,795)	(631,536)	(473,756)	(147,467)	(125,047)	
Net change in pension liability	\$ 5,145,849	\$ 5,687,894	\$ 2,831,382	\$ 9,451,420	\$ 3,575,459	\$ 1,977,845	
Total pension liability - beginning	42,749,561	37,061,667	34,230,285	23,742,561	20,167,102	18,189,257	
Total pension liability - ending (a)	<u>\$ 47,895,410</u>	<u>\$ 42,749,561</u>	<u>\$ 37,061,667</u>	<u>\$ 33,193,981</u>	<u>\$ 23,742,561</u>	<u>\$ 20,167,102</u>	
Plan fiduciary net position							
Contributions - employer	\$ 1,810,530	\$ 1,889,800	\$ 1,027,836	\$ 997,389	\$ 877,149	\$ 865,118	
Contributions - employee	597,885	758,523	838,054	1,089,704	763,225	739,872	
Net investment income	1,717,291	1,971,269	2,890,896	128,074	726,689	2,198,085	
Benefit payments, including refunds of employee contributions	(522,375)	(450,795)	(631,536)	(473,756)	(147,467)	(125,047)	
Hall/Parker Settlement	-	(1,231,924)					
Pension plan administrative expense	(30,837)	(30,702)	(26,379)	(18,829)	(18,120)		
Other changes	-	(65,687)	(39,851)	(17,469)	(6,434)	(30,118)	
Net change in plan fiduciary net position	3,572,494	2,840,484	4,059,020	1,705,113	2,195,042	3,647,910	
Plan fiduciary net position - beginning	30,881,692	28,041,208	23,982,188	21,396,234	19,201,192	15,553,282	
Adjustment to beginning of year	(8,765)						
Plan fiduciary net position - ending (b)	<u>\$ 34,445,421</u>	<u>\$ 30,881,692</u>	<u>\$ 28,041,208</u>	<u>\$ 23,101,347</u>	<u>\$ 21,396,234</u>	<u>\$ 19,201,192</u>	
District's net pension liability - ending (a) -	<u>\$ 13,449,989</u>	<u>\$ 11,867,869</u>	<u>\$ 9,020,459</u>	<u>\$ 10,092,634</u>	<u>\$ 2,346,327</u>	<u>\$ 965,910</u>	
Plan fiduciary net position as a percentage of the total pension liability	72%	72%	76%	70%	90%	95%	
Covered payroll	\$ 7,677,961	\$ 7,413,211	\$ 7,218,742	\$ 7,242,871	\$ 6,612,440	\$ 6,556,127	
District's net pension liability as a percentage of covered payroll	175%	160%	125%	139%	35%	15%	

The District Implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, for the fiscal year ended June 30, 2015. Information prior to 2014 is not available.

Black Canyon Fire District merged with Daisy Mountain Fire District as of July 1, 2017. Information for the Black Canyon Fire District prior to that date is not included in this schedule.

**Daisy Mountain Fire District
Required Supplementary Information
Schedule of District Pension Contributions
Year Ended June 30, 2020**

PSPRS	2020	2019	2018	2017	2016	2015	2007-2014
Actuarially determined contribution	\$ 1,886,111	\$ 1,810,530	\$ 1,889,800	\$ 1,027,836	\$ 997,389	\$ 877,149	Information not available
District's contributions in relation to the actuarially determined contribution	<u>1,886,111</u>	<u>1,810,530</u>	<u>1,889,800</u>	<u>1,027,836</u>	<u>997,389</u>	<u>877,149</u>	
District's contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
District's covered payroll	<u>\$ 8,140,450</u>	<u>\$ 7,677,961</u>	<u>\$ 7,413,211</u>	<u>\$ 7,218,742</u>	<u>\$ 7,242,874</u>	<u>\$ 6,612,440</u>	
District's contributions as a percentage of covered payroll	<u>23.17%</u>	<u>23.58%</u>	<u>25.49%</u>	<u>14.24%</u>	<u>13.77%</u>	<u>13.27%</u>	

The District Implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, for the fiscal year ended June 30, 2015.
Information prior to 2014 is not available.

Black Canyon Fire District merged with Daisy Mountain Fire District as of July 1, 2017.
Information for the Black Canyon Fire District prior to that date is not included in this schedule.

**Daisy Mountain Fire District
Required Supplementary Information
Schedule of Changes in the District's
Net OPEB Liability and Related Ratios
Year Ended June 30, 2020**

	<u>2020</u> <u>(2019)</u>	<u>2019</u> <u>(2018)</u>	<u>2018</u> <u>(2017)</u>	<u>2007</u> <u>through</u> <u>2016</u>
Total OPEB liability				
Service cost	\$ 20,016	\$ 21,498	\$ 21,207	Information not available
Interest on total OPEB liability	54,177	52,410	59,683	
Changes of benefit terms			213	
Difference between expected and actual experience in the measurement of the OPEB liability	(141,799)	(58,683)	(72,138)	
Changes of assumptions or other inputs	7,517		(94,458)	
Benefit payments, including refunds of employee contributions	-	(1,228)	(3,120)	
Net change in OPEB liability	<u>\$ (60,089)</u>	<u>\$ 13,997</u>	<u>\$ (88,613)</u>	
Total OPEB liability - beginning	712,107	698,110	786,723	
Total OPEB liability - ending (a)	<u><u>\$ 652,018</u></u>	<u><u>\$ 712,107</u></u>	<u><u>\$ 698,110</u></u>	
Plan fiduciary net position				
Contributions - employer	\$ 22,830	\$ 19,812	\$ 27,815	
Contributions - employee	-	-	-	
Net investment income	41,903	48,962	71,811	
Benefit payments, including refunds of employee contributions	-	(1,228)	(3,120)	
OPEB plan administrative expense	(723)	(745)	(635)	
Other changes			-	
Net change in plan fiduciary net position	<u>64,010</u>	<u>66,801</u>	<u>95,871</u>	
Plan fiduciary net position - beginning	762,334	695,533	599,662	
Adjustment to beginning of year	8,765			
Plan fiduciary net position - ending (b)	<u><u>\$ 835,109</u></u>	<u><u>\$ 762,334</u></u>	<u><u>\$ 695,533</u></u>	
District's net OPEB liability (asset) - ending (a) - (b)	<u><u>\$ (183,091)</u></u>	<u><u>\$ (50,227)</u></u>	<u><u>\$ 2,577</u></u>	
Plan fiduciary net position as a percentage of the total OPEB liability			99.63%	
Covered payroll	\$ 7,677,961	\$ 7,413,211	\$ 7,218,742	
District's net OPEB liability as a percentage of covered payroll	-2.38%	-0.68%	0.04%	

The District Implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, for the fiscal year ended June 30, 2018. Information prior to 2017 is not available.

Black Canyon Fire District merged with Daisy Mountain Fire District as of July 1, 2017. Information for the Black Canyon Fire District prior to that date is not included in this schedule.

**Daisy Mountain Fire District
Required Supplementary Information
Schedule of District OPEB Contributions
Year Ended June 30, 2020**

PSPRS	2020	2019	2018	2007-14
Actuarially determined contribution	\$ 22,830	\$ 22,830	\$ 19,812	Information not available
District's contributions in relation to the actuarially determined contribution	22,830	22,830	19,812	
District's contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
District's covered payroll	<u>\$ 8,140,450</u>	<u>\$ 7,677,961</u>	<u>\$ 7,413,211</u>	
District's contributions as a percentage of covered-employee payroll	<u>0.28%</u>	<u>0.30%</u>	<u>0.27%</u>	

The District Implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, for the fiscal year ended June 30, 2018. Information prior to 2017 is not available.

Black Canyon Fire District merged with Daisy Mountain Fire District as of July 1, 2017. Information for the Black Canyon Fire District prior to that date is not included in this schedule.

**Daisy Mountain Fire District
Required Supplementary Information
Notes to Pension/OPEB Plan Schedules
Year Ended June 30, 2020**

Note 1 – Pension Actuarial Assumptions

The significant actuarial assumptions used to measure the total pension and OPEB liabilities are as follows:

Actuarial valuation date:	6/30/2019
Actuarial cost method:	Entry Age Normal
Cost-of-Living Adjustment:	1.75%
Price Inflation:	2.50%
Salary increases:	3.50% - 7.50%, including inflation
Tier 1&2 Investment rate of return:	7.30%, net of investment and administrative expenses
Tier 3 Investment rate of return:	7.00% net of investment and administrative expenses
Mortality rates:	<p>Active Lives: PubS-2010 Employee mortality, loaded 110% for males and females, projected with future mortality improvements reflected generationally using 75% of scale MP-2018. 100% of active deaths are assumed to be in the line of duty.</p> <p>Inactive Lives: PubS-2010 Healthy Retiree mortality, loaded 110% for males and females, projected with future mortality improvements reflected generationally using 75% of scale MP-2018.</p> <p>Beneficiaries: PubS-2010 Survivor mortality, projected with future mortality improvements reflected generationally using 75% of scale MP-2018.</p> <p>Disabled Lives: PubS-2010 Disabled mortality, projected with future mortality improvements reflected generationally using 75% of scale MP-2018.</p>

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 District Board
Daisy Mountain Fire District
Anthem, AZ

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 Daisy Mountain Fire District as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Daisy Mountain Fire District's basic financial statements, and have issued our report thereon dated December 21, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Daisy Mountain Fire 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Daisy Mountain Fire 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 District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Daisy Mountain Fire 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*.

Compliance with Regulatory Requirements

In connection with our audit, nothing came to our attention that caused us to believe that Daisy Mountain Fire District incurred any debt or liability in excess of taxes levied and to be collected and the monies actually available and unencumbered at that time in the District's General Fund, except for those liabilities as prescribed in A.R.S. section 48-805, subsection B, paragraph 2 and sections 48-806 and 48-807, or that the District failed to comply with A.R.S. section 48-805.02 subsection F. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. This is supplemental reporting for state compliance purposes only.

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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Heidenreich & Heidenreich CPAs PLLC

Heidenreich & Heidenreich, CPAs, PLLC
Phoenix, AZ
December 21, 2020

STATISTICAL SECTION

Contents	Page
<u>Financial Trends</u>	63
These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	
<u>Revenue Capacity</u>	67
These schedules contain information to help the reader assess the District's most significant local revenue sources, property tax, and sales and use taxes.	
<u>Debt Capacity</u>	71
These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	
<u>Demographic and Economic Information</u>	74
These schedules offer economic and demographic indicators to help the reader understand the environment within which the District's financial activities take place.	
<u>Operating Information</u>	76
These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	

**Daisy Mountain Fire District
Net Position By Component
Last ten fiscal years
(accrual basis of accounting)**

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Governmental Activities										
Net investments in capital assets	\$ 8,061,060	\$ 5,889,695	\$ 6,434,865	\$ 5,778,743	\$ 5,348,454	\$ 4,257,251	\$ 4,718,353	\$ 5,070,595	\$ 5,525,456	\$ 5,361,087
Restricted	-	-	-	-	-	-	-	-	-	-
Net position restricted for debt service	2,136,963	1,978,772	2,079,867	1,879,675	326,985	-	-	-	-	-
Unrestricted	<u>(4,044,384)</u>	<u>(2,961,586)</u>	<u>(3,081,246)</u>	<u>(5,186,519)</u>	<u>889,334</u>	<u>1,760,439</u>	<u>2,462,980</u>	<u>2,310,105</u>	<u>1,812,241</u>	<u>1,336,021</u>
Total governmental activities net position	<u>\$ 6,153,639</u>	<u>\$ 4,906,881</u>	<u>\$ 5,433,486</u>	<u>\$ 2,471,899</u>	<u>\$ 6,564,773</u>	<u>\$ 6,017,690</u>	<u>\$ 7,181,333</u>	<u>\$ 7,380,700</u>	<u>\$ 7,337,697</u>	<u>\$ 6,697,108</u>

Note: Black Canyon Fire District merged with Daisy Mountain Fire District as of July 1, 2017. Information for the Black Canyon Fire District prior to that date is not included in this schedule.

In fiscal year 2015, beginning net position was restated due to the implementation of GASB Statement No. 68

In fiscal year 2018, beginning net position was restated due to the implementation of GASB Statement No. 75

**Daisy Mountain Fire District
Changes in Net Position
Last ten fiscal years
(accrual basis of accounting)**

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Expenses										
Governmental activities										
Public safety	\$ 19,096,304	\$ 18,965,347	\$ 15,856,137	\$ 19,469,592	\$ 13,563,879	\$ 12,818,931	\$ 11,871,896	\$ 11,953,008	\$ 10,877,000	\$ 12,771,428
Interest on long-term debt	545,254	614,732	574,941	-	162,314	10,053	20,102	27,684	54,924	100,619
Total primary government expenses	19,641,558	19,580,079	16,431,078	19,469,592	13,726,193	12,828,984	11,891,998	11,980,692	10,931,924	12,872,047
Program revenues										
Governmental activities										
Charges for services	4,119,573	2,744,134	2,473,983	1,918,345	1,994,972	1,085,724	979,874	1,135,590	1,205,812	1,733,040
Capital grants and operations	47,759	404,348	98,497	611,124	228,587	496,685	104,578	134,425	59,286	262,307
Total primary government program revenues	4,167,332	3,148,482	2,572,480	2,529,469	2,223,559	1,582,409	1,084,452	1,270,015	1,265,098	1,995,347
Net(expense)/revenue:										
Total primary government net expense	<u>(15,474,226)</u>	<u>\$ (16,431,597)</u>	<u>\$ (13,858,598)</u>	<u>(16,940,123)</u>	<u>\$ (11,502,634)</u>	<u>\$ (11,246,575)</u>	<u>\$ (10,807,546)</u>	<u>\$ (10,710,677)</u>	<u>\$ (9,666,826)</u>	<u>\$ (10,876,700)</u>
General Revenue and Other Changes in Net position										
Governmental activities:										
Property taxes	\$ 15,774,996	\$ 15,022,433	\$ 15,096,235	\$ 12,033,875	\$ 11,429,875	\$ 11,322,743	\$ 9,958,792	\$ 10,183,138	\$ 9,886,302	\$ 10,704,962
Fire district assistance tax	476,574	480,405	482,465	406,810	408,401	406,117	404,965	403,245	302,983	300,988
Investment earnings	182,977	253,019	132,184	78,194	29,865	14,044	11,774	9,910	13,361	26,033
Other	286,437	149,135	803,538	217,425	199,301	193,842	232,648	158,694	128,859	117,656
Gain (loss) on sale of capital assets	-	-	280,000	-	(17,725)	(82,957)	-	(1,307)	(24,090)	5,395
Total primary government	16,720,984	15,904,992	16,794,422	12,736,304	12,049,717	11,853,789	10,608,179	10,753,680	10,307,415	11,155,034
Change in Net Position										
Total primary government	<u>\$ 1,246,758</u>	<u>\$ (526,605)</u>	<u>\$ 2,935,824</u>	<u>\$ (4,203,819)</u>	<u>\$ 547,083</u>	<u>\$ 607,214</u>	<u>\$ (199,367)</u>	<u>\$ 43,003</u>	<u>\$ 640,589</u>	<u>\$ 278,334</u>

Note: Black Canyon Fire District merged with Daisy Mountain Fire District as of July 1, 2017. Information for the Black Canyon Fire District prior to that date is not included in this schedule.

**Daisy Mountain Fire District
Fund Balances of Governmental Funds
Last ten fiscal years
(modified accrual basis of accounting)**

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-	-	-	-	-	-	-
Nonspendable	671,350	538,674	427,270	1,089,106	421,532	313,390	314,254	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	1,372,777	1,346,710	555,880	994,470	4,213,558	910,829	910,829	205,086	1,246,150	565,085
Unassigned	4,842,292	3,178,455	4,259,826	274,733	1,727,301	1,452,725	928,934	1,767,603	222,988	500,805
Total general fund	<u>\$ 6,886,419</u>	<u>\$ 5,063,839</u>	<u>\$ 5,242,976</u>	<u>\$ 2,358,309</u>	<u>\$ 6,362,391</u>	<u>\$ 2,676,944</u>	<u>\$ 2,154,017</u>	<u>\$ 1,972,689</u>	<u>\$ 1,469,138</u>	<u>\$ 1,065,890</u>
All other governmental funds										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	3,889,267	4,129,716	9,412,099	7,521,367	9,631,985	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	1,436,852	1,420,538	1,691,390	1,322,129	1,314,378	2,042,210	1,597,543	1,391,662	1,146,628	1,555,103
Unassigned	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ 5,326,119</u>	<u>\$ 5,550,254</u>	<u>\$ 11,103,489</u>	<u>\$ 8,843,496</u>	<u>\$ 10,946,363</u>	<u>\$ 2,042,210</u>	<u>\$ 1,597,543</u>	<u>\$ 1,391,662</u>	<u>\$ 1,146,628</u>	<u>\$ 1,555,103</u>

Note: Black Canyon Fire District merged with Daisy Mountain Fire District as of July 1, 2017. Information for the Black Canyon Fire District prior to that date is not included in this schedule.

Daisy Mountain Fire District
Statement of Changes in Fund Balances
Last ten fiscal years
(modified accrual basis of accounting)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Revenues										
Taxes	\$ 15,660,451	\$ 15,045,046	\$ 14,922,852	\$ 12,068,552	\$ 11,389,748	\$ 11,321,252	\$ 9,992,143	\$ 10,267,139	\$ 10,218,335	\$ 10,537,949
Fire district assistance tax	476,574	480,405	482,465	406,810	408,401	406,117	404,965	403,245	302,983	300,988
Capital grants	47,759	404,348	98,497	-	-	-	-	134,425	59,286	262,307
Charges for services	3,213,819	2,560,669	2,545,711	2,466,959	2,272,593	1,690,426	1,045,264	1,131,177	1,074,479	1,099,143
Investment earnings	182,977	253,019	132,184	78,194	29,865	14,044	11,774	9,910	13,361	26,033
Other	673,921	298,105	708,835	217,426	199,301	193,842	232,648	158,694	128,858	116,730
Total Revenues	<u>20,255,501</u>	<u>19,041,592</u>	<u>18,890,544</u>	<u>15,237,941</u>	<u>14,299,908</u>	<u>13,625,681</u>	<u>11,686,794</u>	<u>12,104,590</u>	<u>11,797,302</u>	<u>12,343,150</u>
Expenditures										
Public safety	16,692,592	16,103,768	14,776,267	13,231,570	13,363,029	12,230,136	10,838,899	11,022,764	10,818,592	11,336,483
Capital outlay	1,005,598	6,745,843	5,871,944	4,790,026	1,822,898	57,052	248,879	122,683	360,335	291,278
Debt Service										
Principal	636,111	1,516,512	1,022,552	123,618	60,608	360,846	191,705	184,124	601,895	704,458
Interest	545,253	614,732	574,060	199,676	12,164	10,053	20,102	27,684	54,924	100,619
Total Expenditures	<u>18,879,554</u>	<u>24,980,855</u>	<u>22,244,823</u>	<u>18,344,890</u>	<u>15,258,699</u>	<u>12,658,087</u>	<u>11,299,585</u>	<u>11,357,255</u>	<u>11,835,746</u>	<u>12,432,838</u>
Excess of revenues over (under) expenditures	1,375,947	(5,939,263)	(3,354,279)	(3,106,949)	(958,791)	967,594	387,209	747,335	(38,444)	(89,688)
Other financing sources (uses)										
Proceeds from sale of capital assets	-	-	280,000	-	-	-	-	1,250	28,000	6,321
Proceeds from capital lease obligation	222,498	206,891	-	-	925,000	-	-	-	-	-
Proceeds from bond obligations	-	-	6,620,000	-	9,055,000	-	-	-	-	-
Premium on bonds	-	-	717,197	-	730,705	-	-	-	-	-
Debt issuance costs	-	-	(155,747)	-	(162,314)	-	-	-	-	-
Total other financing sources (uses)	<u>222,498</u>	<u>206,891</u>	<u>7,461,450</u>	<u>-</u>	<u>10,548,391</u>	<u>-</u>	<u>-</u>	<u>1,250</u>	<u>28,000</u>	<u>6,321</u>
Net change in fund balances	<u>\$ 1,598,445</u>	<u>\$ (5,732,372)</u>	<u>\$ 4,107,171</u>	<u>\$ (3,106,949)</u>	<u>\$ 9,589,600</u>	<u>\$ 967,594</u>	<u>\$ 387,209</u>	<u>\$ 748,585</u>	<u>\$ (10,444)</u>	<u>\$ (83,367)</u>
Debt Service as a percentage of noncapital expenditures	6.61%	11.69%	9.75%	2.39%	0.54%	2.94%	1.92%	1.89%	5.72%	6.63%

Note: Black Canyon Fire District merged with Daisy Mountain Fire District as of July 1, 2017. Information for the Black Canyon Fire District prior to that date is not included in this schedule.

Daisy Mountain Fire District
Property Tax Rates - All Direct and Overlapping Governments
Last ten fiscal years

<u>Fiscal year ended June 30,</u>	<u>Daisy Mountain Fire District</u>	<u>Daisy Mountain Fire District Debt Service</u>	<u>Total District</u>	<u>Overlapping Rates</u>				<u>Total Direct and overlapping rates</u>
				<u>Cave Creek Unified School District</u>	<u>Deer Valley Unified School District</u>	<u>Canon Unified School District</u>	<u>Mayer Unified School District</u>	
2011	2.5369	-	\$ 2.5369	0.9616	3.1178	-	-	\$ 6.6163
2012	2.9793	-	2.9793	0.9671	3.6260	-	-	7.5724
2013	3.2500	-	3.2500	0.9499	3.2059	-	-	7.4058
2014	3.2500	-	3.2500	0.8779	2.9175	-	-	7.0454
2015	3.2500	-	3.2500	1.0826	2.9305	-	-	7.2631
2016	3.2500	-	3.2500	1.1442	3.4485	-	-	7.8427
2017	3.2500	-	3.2500	1.0447	3.5343	-	-	7.8290
2018*	3.2500	0.4901	3.7401	1.0655	3.5962	6.3381	5.3313	20.0712
2019	3.2500	0.2460	3.4960	1.0593	3.5620	5.1380	5.2204	18.4757
2020	3.2500	0.2334	3.4834	1.8189	3.9346	4.9259	4.8944	19.0572

Source: Maricopa and Yavapai County Tax Assessor

* The district merged with Black Canyon City Fire District in fiscal year ending June 30, 2018

**Daisy Mountain Fire District
Principal Property Taxpayers
Current and Nine Years Ago**

June 30, 2020

% of Total Assessed

<u>Taxpayer</u>	<u>Type of Business</u>	<u>Assessed Value</u>	<u>Value</u>
ARIZONA PUBLIC SERVICE COMPANY	Utilities	6,699,634	1.46%
BELAROSA APARTMENTS LLC	Real Estate	3,339,733	0.73%
TRANSWESTERN PIPELINE COMPANY LLC	Utilities	2,820,382	0.62%
WHITESTONE ANTHEM MARKETPLACE LLC	Retail	2,219,006	0.48%
S-K ANTHEM OPPORTUNITY I LLC	Service	1,747,549	0.38%
ANTHEM GOLF LLC	Recreation	1,612,392	0.35%
SMITHS FOOD & DRUG CENTERS INC LEASE	Retail	1,611,774	0.35%
GSA ANTHEM LP	Real Estate	1,431,084	0.31%
EPCOR (ANTHEM WATER DIVISON)	Utilities	1,406,393	0.31%
MERRILL GARDENS AT ANTHEM LLC	Real Estate	1,377,949	0.30%
		<u>24,265,896</u>	<u>5.29%</u>
Total Assessed Value		<u>458,574,705</u>	

June 30, 2011

% of Total Assessed

<u>Taxpayer</u>	<u>Type of Business</u>	<u>Assessed Value</u>	<u>Value</u>
ARIZONA PUBLIC SERVICE COMPANY	Utilities	4,429,567	1.29%
NSHE WINNEBAGO LLC	Auto	3,688,520	1.08%
ANTHEM GOLF LLC	Recreation	2,866,024	0.84%
BELAROSA GROUP LLC	Real Estate	2,550,000	0.74%
SMITHS FOOD & DRUG CENTERS INC LEASE	Retail	1,955,664	0.57%
KIMCO BARCLAY ANTHEM LP	Real Estate	1,951,866	0.57%
VENTURE COURT PROFESSIONAL PLAZA LLC	Recreation	1,253,680	0.37%
TUSCANI POINTE OF ARIZONA LLC	Real Estate	1,246,364	0.36%
WAW PROPERTY LLC	Real Estate	1,115,074	0.33%
ANTHEM EASTSIDE INVESTORS LLC	Real Estate	1,017,907	0.30%
		<u>\$ 22,074,666</u>	<u>6.44%</u>
Total Assessed Value		<u>\$ 342,968,911</u>	

Source: Maricopa and Yavapai County Assessor

Daisy Mountain Fire District
Assessed and Estimated Actual Value of Taxable Property
Last ten fiscal years

Fiscal year ended June 30,	Real Property	Personal Property	Public Utility Property	Less: Tax Exempt Real property	Total		Estimated Real Market Value	Assessed value as a % of actual Value
	Residential & Commercial Property	Assessed Value	Assessed Value		Taxable Assessed Value	Direct Tax Rate		
2011	363,851,554	2,915,785	8,877,808	32,676,236	\$ 342,968,911	\$ 2.5369	3,353,674,747	10%
2012	330,158,991	2,947,122	9,092,281	27,423,048	314,775,346	2.9793	3,090,373,306	10%
2013	322,662,627	2,638,253	9,472,844	27,280,673	307,493,051	3.2500	3,033,527,257	10%
2014	365,979,450	2,471,270	9,727,736	28,680,551	349,497,905	3.2500	3,466,476,161	10%
2015	379,096,415	2,240,449	10,631,902	28,996,235	362,972,531	3.2500	4,130,725,612	9%
2016	381,172,065	1,913,360	11,831,670	29,171,241	365,745,854	3.2500	4,516,704,274	8%
2017	400,691,335	1,853,030	12,603,215	30,574,779	384,572,801	3.2500	4,668,694,836	8%
2018*	415,932,819	6,084,895	16,138,646	33,599,428	404,556,932	3.2500	5,027,585,237	8%
2019	441,861,443	3,510,826	16,860,549	33,770,281	428,462,537	3.2500	5,443,720,883	8%
2020	467,658,567	3,371,811	16,796,688	29,252,361	458,574,705	3.2500	4,635,053,406	10%

Source: Maricopa and Yavapai County Tax Assessor

* The district merged with Black Canyon City Fire District in fiscal year ending June 30, 2018

**Daisy Mountain Fire District
Property Tax Levies and Collections
Last ten fiscal years**

Fiscal year ended June 30,	Original Property Tax Levy	Tax Roll Corrections	Property Tax Levy (Adjusted)	Collected within the Fiscal Year of Levy		Collections in Subsequent Years	Amount	% of Levy
				Amount	% of Levy			
2011	10,757,459	(133,746)	\$ 10,623,714	10,537,949	99.19%	81,980	\$ 10,619,929	99.96%
2012	10,218,238	(51,175)	10,167,063	10,093,396	99.28%	66,698	10,160,094	99.93%
2013	10,230,735	(23,895)	10,206,840	10,140,724	99.35%	62,201	10,202,925	99.96%
2014	9,993,579	(34,481)	9,959,098	9,929,725	99.71%	24,484	9,954,209	99.95%
2015	11,358,753	(20,969)	11,337,784	11,268,073	99.39%	63,522	11,331,595	99.95%
2016	11,445,422	(14,916)	11,430,506	11,403,353	99.76%	20,722	11,424,075	99.94%
2017	12,038,420	5,189	12,043,609	11,989,918	99.55%	45,212	12,035,130	99.93%
2018*	15,047,665	(17,429)	15,030,236	14,819,747	98.60%	196,236	15,015,983	99.91%
2019	15,012,575	(4,734)	15,007,841	14,897,827	99.27%	66,211	14,964,038	99.71%
2020	15,832,429	(14,733)	15,817,696	15,551,563	98.32%	-	15,551,563	98.32%

Source: Maricopa and Yavapai County Treasurer

* The district merged with Black Canyon City Fire District in fiscal year ending June 30, 2018

Daisy Mountain Fire District
Ratios of General Bonded Debt Outstanding
Last ten fiscal years

Fiscal year ended June 30,	Capital Lease Debt	General Obligation Bond		Total Outstanding Debt		
		Outstanding	Legal Limit	Amount	% of Personal Income	Debt Per Capita
2011	1,338,570	-	\$ 19,239,565	1,338,570	0.92%	0.35
2012	736,675	-	18,149,846	736,675	0.48%	0.19
2013	552,551	-	17,897,032	552,551	0.35%	0.14
2014	360,846	-	20,609,028	360,846	0.21%	0.09
2015	-	-	21,778,352	-	0.00%	-
2016	864,392	9,785,705	11,294,654	10,650,097	5.74%	2.57
2017	740,774	9,785,705	23,074,368	10,526,479	5.36%	2.49
2018	1,253,584	16,857,456	24,273,416	18,111,040	8.55%	4.00
2019	691,353	16,027,823	25,707,752	16,719,176	7.19%	3.64
2020	741,060	15,420,119	27,514,482	16,161,179	6.61%	3.30

Source: Personal income and population information can be found in the Demographic and Economic Statistics.

**Daisy Mountain Fire District
Direct and Overlapping Governmental Activities Debt**

<u>Governmental Unit</u>	<u>Debt Outstanding at 6/30/19</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes:			
Cave Creek Unified School District	\$ 40,505,605	37.71%	\$ 15,275,387
Deer Valley Unified School District	198,220,000	37.71%	74,752,303
Canon Unified School District	-	26.18%	-
Mayer Unified School District	1,554,468	26.18%	407,017
Subtotal, overlapping debt			<u>90,434,707</u>
Daisy Mountain Fire District (as of June 30, 2020)			<u>15,420,119</u>
Total Direct and overlapping debt			<u>\$ 105,854,826</u>

Note: Overlapping governments are those that coincide, at least in part, with the geographical boundaries of the District. This Schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and business of the District. The process recognizes that, when considering the District's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government. The most recent year available for this information is for year end June 30, 2019.

Source: Arizona Department of Administration

**Daisy Mountain Fire District
Legal Debt Margin Information
Last ten fiscal years**

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Assessed Value	\$ 458,574,705	\$ 428,462,537	\$ 404,556,932	\$ 384,572,801	\$ 365,745,854	\$ 362,972,531	\$ 349,497,905	\$ 307,493,051	\$ 314,775,346	\$ 342,968,911
Debt limit rate	<u>6%</u>	<u>6%</u>	<u>6%</u>	<u>6%</u>	<u>6%</u>	<u>6%</u>	<u>6%</u>	<u>6%</u>	<u>6%</u>	<u>6%</u>
Debt Limit	27,514,482	25,707,752	24,273,416	23,074,368	21,944,751	21,778,352	20,969,874	18,449,583	18,886,521	20,578,135
Less debt obligations	<u>(15,420,119)</u>	<u>(16,719,176)</u>	<u>(18,111,040)</u>	<u>(10,526,479)</u>	<u>(10,650,097)</u>	-	<u>(360,846)</u>	<u>(552,551)</u>	<u>(736,675)</u>	<u>(1,338,570)</u>
Legal debt margin	<u>\$ 12,094,363</u>	<u>\$ 8,988,576</u>	<u>\$ 6,162,376</u>	<u>\$ 12,547,889</u>	<u>\$ 11,294,654</u>	<u>\$ 21,778,352</u>	<u>\$ 20,609,028</u>	<u>\$ 17,897,032</u>	<u>\$ 18,149,846</u>	<u>\$ 19,239,565</u>
Total net debt applicable to the limit as a percentage of debt limit	56.04%	65.04%	74.61%	45.62%	48.53%	0.00%	1.72%	2.99%	3.90%	6.50%

**Daisy Mountain Fire District
Demographic and Economic Statistics
Last ten fiscal years**

Fiscal year ended June 30,	Population (Maricopa & Yavapai County*)	Personal Income (thousands of dollars)	Per Capita income (Maricopa & Yavapai County)	Unemployment Rate (Maricopa County)	Unemployment Rate (Yavapai County)*
2011	3,843,370	145,320,626	37,811	9.5%	-
2012	3,884,705	154,137,019	39,678	7.8%	-
2013	3,944,859	158,054,524	40,066	7.1%	-
2014	4,008,651	168,450,841	42,022	6.1%	-
2015	4,076,438	178,469,430	43,781	5.4%	-
2016	4,137,076	185,613,641	44,866	4.9%	-
2017	4,221,684	196,286,191	46,495	4.3%	-
2018	4,523,430	211,812,685	46,826	4.3%	4.6%
2019	4,596,805	232,674,463	50,617	4.5%	4.9%
2020	4,903,756	244,512,071	49,862	8.9%	8.7%

Sources of information:

- 1) *Office of Economic Opportunity - Arizona Labor Statistics*

* Yavapai only disclosed for the years ending June 30, 2018 and forward due to the merger with Black Canyon City Fire District.

**Daisy Mountain Fire District
Principal Employers
Current and Nine Years Ago**

Employer	June 30, 2019			June 30, 2011		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
State of Arizona	37,655	1	1.70%	49,282	1	3.02%
Banner Health	36,213	2	1.63%	28,220	3	1.73%
Wal-Mart Stores	33,814	3	1.52%	30,608	2	1.88%
Wells Fargo	15,062	4	0.68%	13,100	5	0.80%
City of Phoenix	13,894	5	0.63%	15,544	4	0.95%
Arizona State University	13,480	6	0.61%	12,221	8	0.75%
Raytheon Missile Systems	12,000	7	0.54%	12,000	10	0.74%
Honor Health	11,308	8	0.51%			
Dignity Health	11,206	9	0.51%			
University of Arizona	10,659	10	0.48%			
Apollo Group				13,000	6	0.80%
Maricopa County				12,458	7	0.76%
Bank of America				12,000	9	0.74%
Total	<u>195,291</u>		<u>8.80%</u>	<u>198,433</u>		<u>12.17%</u>

Source: Maricopa County

Note: The principal employer were not available for the District alone, therefore, the principal employers for Maricopa County are presented. The more recent year available is June 30, 2019.

**Daisy Mountain Fire District
Operating Indicators by Function
Last ten fiscal years**

Function	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Public Safety										
Emergency medical service calls	3,784	3,997	3,152	2,562	2,722	2,175	2,136	2,100	2,019	2,392
Fire responses	190	168	186	160	144	123	138	101	137	136
Other responses - including hazardous materials, mutual aid, public service	64	116	88	110	65	57	72	106	77	74
Miscellaneous - including false alarms, good intent	1,069	1,489	1,284	1,057	1,105	1,163	1,025	1,053	1,117	1,205
Total Incidents	5,107	5,770	4,710	3,889	4,036	3,518	3,371	3,360	3,350	3,807

Source: Various District departments

**Daisy Mountain Fire District
Full-Time Equivalent Employees by Function
Last ten fiscal years**

Function	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Public Safety										
Fire and rescue service	106	93	93	72	72	78	81	81	84	84
Administrative and support	21	21	18	17	17	12	12	12	11	13
Total	<u>127</u>	<u>114</u>	<u>111</u>	<u>89</u>	<u>89</u>	<u>90</u>	<u>93</u>	<u>93</u>	<u>95</u>	<u>97</u>

Source: District HR department

**Daisy Mountain Fire District
Capital Asset Statistics by Function
Last ten fiscal years**

Function	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Public Safety										
Stations	5	5	5	4	4	4	4	4	4	4
Equipment:										
Engines	5	5	5	4	4	4	4	4	4	4
Ladder Trucks	1	1	1	1	1	1	1	1	1	1
Brush rigs	5	5	5	4	3	3	3	3	3	3
Rescue units	3	3	3	3	3	3	3	3	3	3
Tenders	4	4	4	3	3	3	3	3	3	3
Hazmat squad	1	1	1	1	1	1	1	1	1	1
Squad/support units										

Source: District logistics department