

GOLDEN VALLEY FIRE DISTRICT
FINANCIAL STATEMENTS
JUNE 30, 2020

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GOLDEN VALLEY FIRE DISTRICT

FINANCIAL STATEMENTS JUNE 30, 2020

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GOLDEN VALLEY FIRE DISTRICT

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SAUNDERS COMPANY, LTD

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INDEPENDENT AUDITOR'S REPORT

To the Governing Board
Golden Valley Fire District
Golden Valley, Arizona

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Golden Valley Fire District, Golden Valley, Arizona, 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 of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Golden Valley Fire District, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Other Matters

Required Supplementary Information

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

Other Legal and Regulatory Requirements

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 23, 2021, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Sanders Company, Ltd

Glendale, Arizona
February 23, 2021

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Golden Valley Fire District

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

The following discussion and analysis of the Golden Valley Fire District financial performance presents Management's overview of the District's financial activities for the fiscal year ending June 30, 2020. Please read it in conjunction with the District's basic financial statements which begin following this analysis. This annual financial report consists of two parts, Management's Discussion and Analysis (this section) and the Basic Financial Statements.

Nature of Operations

The Golden Valley Fire District provides Fire, Rescue, Paramedic Hazardous Materials, Rope Rescue and Confined Space Rescue services to businesses, homes, property and persons within the District boundaries, as well as services to locations and persons outside the District thru mutual aid agreements and contracts.

Results of Operations (Chief)

Overview of 2019-2020 fiscal year Fire District initiatives to better serve the community through planned improvements and strategic initiatives to keep the Golden Valley Fire District proactive and in a constant state of development and self-evaluation.

λ **Response Information:**

○ Emergency Medical incidents	1,757	78.1%
○ Fire Incidents	228	10.1%
○ False Alarms	50	2.2%
○ Special Incidents/Other	40	1.8%
○ Good Intent Incidents	144	6.4%
○ Service Calls	24	1.1%
○ Hazardous Material Incident	7	0.3%
Total Calls for service	<u>2,250</u>	

λ **Personnel:**

- Battalion Chief Dave Martin was promoted to Assistant Fire Chief on January 28, 2020.
- Our volunteer program continues to grow

λ **Specialized Teams:**

- Technical Rescue Team – performs Rope Rescue and Confined Space Rescues
- Hazardous Material Team
- Fire Investigation Team

- λ **Budget:**
 - Assignment of budget Project Managers for specific areas of responsibility

- λ **Community awareness programs:**
 - Annual Fire Prevention Week
 - Participant in Veterans Day parades & activities in Golden Valley & Kingman areas
 - Golden Valley Days parade participation
 - Fire District website at www.GoldenValleyFire.org

- λ **Other initiatives:**
 - Improved / web-based training program
 - Business Community partnerships improved
 - Improved succession planning for all job descriptions
 - Continued Economic development partnership with Mohave County officials

- λ **New apparatus:**
 - None

- λ **Out of District contracts for services:**

○ Griffith Energy	\$269,499.56
○ Western Wind Energy	\$ 3,593.00
○ Unisource / Black Mountain Energy	\$150,368.00
○ Nucor Steel	<u>\$ 23,339.86</u>
○ Total added compensation for services	<u>\$446,800.42</u>

- λ **ISO reduction plan:**
 - Fire Marshal Inspection / Code Enforcement Program
 - Improved daily / annual firefighter training
 - Improvements in water hauling apparatus
 - Budget for future apparatus improvements / refurbishment
 - Obtained classification rating of 4/10 effective 05/01/2017

- λ **Public Education & Training:**
 - Active participation in local school Annual Fire Prevention Week activities

Financial Highlights

- § District investment in capital assets increased by \$26,831 or 1.06%.
- § The District's net position decreased by \$218,182 or 10.18% from the previous fiscal year.
- § Total revenues increased by \$71,594 or 2.81% over the previous fiscal year.
- § At the end of the current fiscal year, unrestricted net position for the Governmental Activities was \$(634,309).

Overview of the Financial Statements

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

The main purpose of these statements is to provide the reader with sufficient information to assess whether or not the District's overall financial position has improved or deteriorated.

Government -Wide Financial Statements

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

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

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

Fund Financial Statements

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

Net Position June 30, 2020

	<u>BALANCE</u> <u>JUNE 30, 2019</u>	<u>BALANCE</u> <u>JUNE 30, 2020</u>
Net Investment in Capital Assets	\$ 2,533,136	\$ 2,559,967
Unrestricted	<u>(389,296)</u>	<u>(634,309)</u>
Total Net Position	<u>\$ 2,143,840</u>	<u>\$ 1,925,658</u>

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Golden Valley Fire District, total net position was \$1,925,658 at the close of the most recent fiscal year.

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

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

Condensed Statement of Net Position

	Governmental Activities	
	2019	2020
Assets		
Current and other assets	\$ 1,511,555	\$ 1,403,124
Capital assets	<u>2,533,136</u>	<u>2,559,967</u>
Total assets	4,044,691	3,963,091
Deferred outflows of resources	1,237,547	1,200,699
Liabilities		
Current liabilities	97,852	104,252
Non-Current liabilities	<u>1,791,499</u>	<u>1,776,872</u>
Total liabilities	1,889,351	1,881,124
Deferred inflows of resources	<u>1,249,047</u>	<u>1,357,008</u>
Net position:		
Net investment in capital assets	2,533,136	2,559,967
Unrestricted	<u>(389,296)</u>	<u>(634,309)</u>
Total net position	<u>\$ 2,143,840</u>	<u>\$ 1,925,658</u>

The unrestricted net position of (\$634,309) 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

Most of the revenues for the District were derived from assessed property taxes and Fire District Assistance Tax from the County. Additional revenues were generated through several Out of District contracts as well as response to major wild land fires.

Governmental Activities net position decreased by \$218,182. Key elements of this decrease are reported below:

Condensed Statement of Activities

	<u>Governmental Activities</u>	
	<u>2019</u>	<u>2020</u>
Expenditures:		
Public Safety:		
Personnel	\$ 2,746,080	\$ 2,100,107
Materials and Supplies		292,876
Administration		163,207
Depreciation	<u>0</u>	<u>241,152</u>
Total Expenditures	2,746,080	2,797,342
Program Revenues:		
Program revenue:		
Fees for services	694,170	509,680
Capital grants	<u>27,822</u>	<u>275,689</u>
Total program revenues	<u>721,992</u>	<u>785,369</u>
Net Program Expenditures	2,024,088	2,011,973
General revenues :		
Property taxes	1,603,238	1,564,289
Fire district assistance tax	169,071	173,865
Interest Earnings	13,862	14,724
Miscellaneous	<u>41,571</u>	<u>40,913</u>
Total general revenues	<u>1,827,742</u>	<u>1,793,791</u>
Change in net position	(196,346)	(218,182)
Net position, beginning	<u>2,340,186</u>	<u>2,143,840</u>
Net position, ending	<u>\$ 2,143,840</u>	<u>\$ 1,925,658</u>

General Fund Budgetary Highlights

The Golden Valley Fire District stayed within the approved budget for fiscal year 2019-2020.

While the District did not spend over the budget at the fund level, the District overspent one line item. This item was Administration in the amount of \$7,705. The legal compliance of budgeting for Special Districts in Arizona is at the fund level. The District did not overspend its budget at the fund level.

Capital Asset and Debt Administration

Capital Assets

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

For fiscal year ended June 30, 2020 the District purchased, had contributed, or constructed the following assets:

- SCBA Equipment (36)
- Radios (8)
- New Roof at Station 12
- New Roof at Administration Office
- New Roof at Administration Storage Trailer

Capital Assets, Net of Depreciation June 30, 2020

Capital asset activity for the year ended.

	<u>BALANCE</u> <u>06/30/2019</u>	<u>BALANCE</u> <u>06/30/2020</u>
<u>Depreciable Assets</u>		
Vehicles	\$ 2,739,767	\$ 2,739,767
Buildings	1,774,155	1,774,155
Building Improvements	84,028	84,028
Equipment, Admin	111,464	111,464
Equipment, Fire	<u>682,351</u>	<u>950,334</u>
Total Historical Costs	<u>5,391,765</u>	<u>5,659,748</u>
Less Accumulated Depreciation		
Vehicles	1,955,411	2,089,059
Buildings	475,158	524,951
Building Improvements	36,073	39,308
Equipment, Admin	102,583	105,187
Equipment, Fire	<u>468,758</u>	<u>520,630</u>
Less: Total Accumulated Depreciation	<u>3,037,983</u>	<u>3,279,135</u>
Depreciable Capital Assets, Net	2,353,782	2,380,613
<u>Non-Depreciable Assets</u>		
Land	<u>179,354</u>	<u>179,354</u>
Capital Assets, Net	<u>\$ 2,533,136</u>	<u>\$ 2,559,967</u>

Non-Current Liabilities

At the end of the current fiscal year, the District had debt outstanding of \$53,541. All of the debt is backed by the full faith and credit of the District.

Changes in Non-Current Liabilities:

	Balance <u>June 30, 2019</u>	Balance <u>June 30, 2020</u>
Lease/Purchases -None	\$ <u>0</u>	\$ <u>0</u>
Total Lease Obligations	0	0
Compensated Absences – Due in More Than One Year	<u>55,289</u>	<u>53,541</u>
Totals	<u>\$ 57,695</u>	<u>\$ 53,541</u>

Factors Affecting Future Results

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

1) Fire District Revenue

- a. The most recent economic forecast indicates property values have slightly increases and some increase in tax revenue for the 2020 – 2021 budget years. The District will continue to seek alternative revenue streams such as:
 - i. Property annexations to offset the decline for the foreseeable future.
 - ii. Investment and involvement in Statewide Wildland Mobilizations
 - iii. Out of District Contract for Services Agreements
 - iv. Reduction of overtime costs through alternative staffing models
 - v. Applying for grants
 - vi. Utilizing the power of shared purchasing with other Districts
 - vii. Contracted Service Agreements with property owners.

2) New Fire Station(s):

- a. The District will keep in mind a fire station to the north central area of the District, which could affect the population concentration to the North of Hwy-68. Possibly selling current properties not being used to purchase property to the North.

3) Training Center

- a. The Golden Valley Fire District’s Public Safety Training Center (PSTC) is continuing the planning and acquisition of “Props” to fill the remaining 10-acres with Firefighter training props to include the following:

- i. Flashover chamber
- ii. Confined Space Rescue
- iii. Helicopter Landing Zone
- iv. Vehicle Extrication area
- v. Liquefied Petroleum Gas (LPG) prop
- vi. Emergency Vehicle Driving course
- b. The District will continue to work with other community organizations and public safety providers to collaborate with the District to allow for the largest use of this facility.

4) Specialized Teams

- a. The District will continue to support the following specialized District teams:
 - i. Hazardous Materials Response Team
 - ii. Technical Rescue Team
 - iii. Fire Investigations Team

Contacting the District

This financial report is designed to provide an overview of the District's finances for anyone with an interest in the government's finances. Any questions regarding this report or requests for additional information may be directed to Fire Chief Dave Cunningham, Golden Valley Fire District at 749 S Egar Road, Golden Valley, AZ 86413.

BASIC FINANCIAL STATEMENTS

**GOLDEN VALLEY FIRE DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2020**

Exhibit A

	Governmental Activities
ASSETS	
Cash & Cash Equivalents	\$ 642,523
Receivables:	
General Accounts	450
Grants	9,977
Property Taxes	659,027
Wildland	8,738
Net Pension Asset - OPEB (PSPRS)	82,409
Total Capital Assets, Net	2,559,967
 Total Assets	 3,963,091
DEFERRED OUTFLOW OF RESOURCES	
Deferred Outflows Related to Pension (PSPRS)	1,198,612
Deferred Outflows Related to OPEB (PSPRS)	2,087
 Total Assets and Outflow of Resources	 5,163,790
LIABILITIES	
Current Liabilities	
Accounts Payable	6,779
Credit Cards Payable	3,237
Payroll Taxes Payable	28,264
Insurance Payable	20,776
Wages Payable	30,656
Use Tax Payable	1,155
Due in Less Than One Year	
Compensated Absences	13,385
Non-Current Liabilities	
Due in More Than One Year	
Compensated Absences	53,541
Net Pension Liability (PSPRS)	1,723,331
 Total Liabilities	 1,881,124
DEFERRED INFLOW OF RESOURCES	
Deferred Inflows Related to Pension (PSPRS)	1,329,352
Deferred Inflows Related to OPEB (PSPRS)	27,656
 Total Liabilities and Inflow of Resources	 3,238,132
NET POSITION	
Net Investment in Capital Assets	2,559,967
Unrestricted	(634,309)
 Total Net Position	 \$ 1,925,658

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

**GOLDEN VALLEY FIRE DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020**

Exhibit B

**Governmental
Activities**

EXPENDITURES

Public Safety :		
Personnel		\$ 2,100,107
Materials & Supplies		292,876
Administration		163,207
Depreciation		<u>241,152</u>
Total Program Expenditures		<u>2,797,342</u>

PROGRAM REVENUES

Capital Grants		275,689
Fees for Service		<u>509,680</u>
Total Program Revenues		<u>785,369</u>
Net Program Expenditures		<u>2,011,973</u>

GENERAL REVENUES

Property Taxes		1,564,289
Fire District Assistance		173,865
Interest Earnings		14,724
Miscellaneous		<u>40,913</u>
Total General Revenues		<u>1,793,791</u>

Increase (Decrease) in Net Position	(218,182)
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NET POSITION-BEGINNING OF THE YEAR	<u>2,143,840</u>
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NET POSITION-END OF THE YEAR	<u><u>\$ 1,925,658</u></u>
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-The Notes to the Financial Statements are an Integral Part of This Statement-

**GOLDEN VALLEY FIRE DISTRICT
BALANCE SHEET - GOVERNMENTAL FUND
JUNE 30, 2020**

Exhibit C

General

ASSETS

Cash and Cash Equivalents		\$ 642,523
Receivables:		
General Accounts		450
Grants		9,977
Property Taxes		659,027
Wildland		<u>8,738</u>
 Total Assets		 <u><u>\$ 1,320,715</u></u>

LIABILITIES

Accounts Payable		\$ 6,779
Credit Cards Payable		3,237
Payroll Taxes Payable		28,264
Insurance Payable		20,776
Wages Payable		30,656
Use Tax Payable		<u>1,155</u>
 Total Liabilities		 90,867

DEFERRED INFLOW OF RESOURCES

Unavailable Revenue		
Deferred Property Taxes		<u>608,220</u>
 Total Liabilities and Inflow of Resources		 <u>699,087</u>

FUND BALANCES

Assigned		70,001
Unassigned		<u>551,627</u>
 Total Fund Balances		 <u>621,628</u>
 Total Liabilities, Deferred Inflow of Resources & Fund Balances		 <u><u>\$ 1,320,715</u></u>

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

**GOLDEN VALLEY FIRE DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUND
FOR THE YEAR ENDED
JUNE 30, 2020**

Exhibit D

	General
REVENUES	
Property Taxes	\$ 1,606,457
Fire District Assistance Tax	173,865
Fees for Service	509,680
Capital Grants	275,689
Interest Earnings	14,724
Miscellaneous	40,913
Total Revenues	2,621,328
EXPENDITURES	
Current:	
Public Safety:	
Personnel	2,038,947
Materials & Supplies	264,825
Administration	163,207
Capital Outlay	296,034
Total Expenditures	2,763,013
Excess (Deficiency) of Revenues over Expenditures	(141,685)
Net Change in Fund Balances	(141,685)
Fund Balances-Beginning of Year	763,313
Fund Balances-End of Year	\$ 621,628

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

**GOLDEN VALLEY FIRE DISTRICT
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUND
TO THE STATEMENT OF NET POSITION
JUNE 30, 2020**

Exhibit E

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

Fund Balances - Total Governmental Fund (Exhibit C)	\$	621,628
---	----	---------

Amounts reported for governmental activities in the statement of net position are different because:

Capital Assets used in governmental activities are not financial resources and, therefore are not reported in the other funds.

Governmental Capital Assets	5,839,102	
Less: Accumulated Depreciation	<u>(3,279,135)</u>	
		2,559,967

Net Pension Asset- OPEB (PSPRS)		82,409
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Deferred Outflows of Resources:		
Related to Pension (PSPRS)		1,198,612
Related to OPEB (PSPRS)		2,087

Non Current liabilities are not due and payable in the current period and therefore are not reported in the funds.		(66,926)
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Net Pension Liability (PSPRS)		(1,723,331)
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Deferred Inflows of Resources		
Related to Pension (PSPRS)		(1,329,352)
Related to OPEB (PSPRS)		(27,656)
Related to Deferred Property Taxes		<u>608,220</u>

Net Position of Governmental Activities (Exhibit A)	\$	<u><u>1,925,658</u></u>
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**GOLDEN VALLEY FIRE DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUND
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED
JUNE 30, 2020**

Exhibit F

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

Net Change in Fund Balances - Total Governmental Fund (Exhibit D)	\$ (141,685)
--	--------------

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense in the current period.	26,831
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Net Change in Deferred Outflows and Inflows of Resources	(114,966)
--	-----------

The issuance of non-current liabilities (e.g., bonds, leases, leave) provides current financial resources to governmental funds, while the repayment of the principal of non-current liabilities consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of non-current Liabilities and related items.	<u>11,638</u>
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Change in Net Position of Governmental Activities (Exhibit B)	<u><u>\$ (218,182)</u></u>
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-The Notes to the Financial Statements are an Integral Part of This Statement-

**GOLDEN VALLEY FIRE DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
JUNE 30, 2020**

Exhibit G

**Volunteer
Pension
Fund**

ASSETS

Cash & Cash Equivalents	\$	463
Investments, at fair value		
Mutual Funds		<u>60,974</u>
Total Assets		<u>61,437</u>

LIABILITIES

Accounts Payable		<u>-0-</u>
Total Liabilities		<u>-0-</u>

NET POSITION

Held in trust for pension and other purposes	\$	<u><u>61,437</u></u>
---	----	----------------------

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

**GOLDEN VALLEY FIRE DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE YEAR ENDED JUNE 30, 2020**

Exhibit H

	<u>Volunteer Pension Fund</u>
ADDITIONS	
Contributions:	
State Fire Marshal	\$ 117
Investment Earnings:	
Interest & Dividends	<u>1,982</u>
Total Investment Earnings	2,099
Less:	
Investment Expenses	5
Loss on Investments	<u>2,565</u>
Net Investment Earnings	<u>(471)</u>
Total Additions	<u>(471)</u>
DEDUCTIONS	
Benefits Paid to Participants	<u>-</u>
Total Deductions	<u>-</u>
Change in Net Position	(471)
Net Position - Beginning	<u>61,908</u>
Net Position - Ending	<u><u>\$ 61,437</u></u>

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

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GOLDEN VALLEY FIRE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

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

Introduction

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

Basic Financial Statements

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

Government -wide Statements

The government -wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business -type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to users of the services provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as general revenues.

The government -wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental funds

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

The District reports the following major governmental funds:

The *General Fund* is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.

The *Fiduciary Funds* are used to account for resources held for the benefit of parties outside the government. This fund's activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. Fiduciary funds are presented on an economic resources measurement focus and the accrual basis of accounting, similar to the government-wide financial statements.

Financial Statements Amounts

Cash & Cash Equivalents

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

Prepaid Items

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

Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$2,500 and an estimated useful life of more than two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the estimated fair market value at the date of donation.

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

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

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

Deferred Outflows/Inflows of Resources

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

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

Compensated Absences

Accumulated unpaid vacation and leave time is recorded in the government-wide Statement of Net Position.

Non-Current Liabilities

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

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

Net Position

Net Position on Government-Wide Financial Statements – Exhibit A

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

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

Fund Balances on Government Fund Financial Statements – Exhibit C

GASB Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions.”

This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government’s fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

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

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

Accounting Estimates

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

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

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

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

Budgets are adopted by the District on basis consistent with Arizona Revised Statutes. Encumbrance accounting is not employed by the District. All appropriations lapse at year-end.

NOTE 3 - DEPOSITS, INVESTMENT RISK & CASH MANAGEMENT

Deposits and Investments

The deposit of public funds is regulated by Arizona Revised Statutes (ARS). ARS 48-807 allows the District to establish bank accounts with any financial institution that is authorized to do business in the State of Arizona for the purpose of operating a payroll account, holding special revenues, ambulance revenues or both as necessary to fulfill the District's fiduciary responsibilities. The District may also establish, through the Mohave County Treasurer, accounts for monies

from property taxes, grants, contributions and donations. The Mohave County Treasurer is required to establish a fund known as the “fire district general fund” for the receipt of all taxes levied on behalf of the District.

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

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

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

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

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

The District may also place monies in investments which are subject to the risks identified below.

The following is a summary of the Cash and Cash Equivalents held by financial institutions at June 30, 2020:

DEPOSITORY ACCOUNTS:

	<u>General Fund</u>	<u>Fiduciary Fund</u>	<u>Total</u>
Insured Deposits (FDIC)	\$ 12,151	\$ 0	\$ 12,151
Money Market Cash Account, Uninsured, Uncollateralized		463	463
Mohave County Treasurer Investment Pool	<u>662,119</u>	<u>0</u>	<u>662,119</u>
 Total Deposits	 674,270	 463	 674,733
In Transit Items	<u>(31,946)</u>	<u>(0)</u>	<u>(31,946)</u>
Total Cash & Cash Equivalents	642,323	463	672,787

NON DEPOSITORY ACCOUNTS

Cash On Hand	<u>200</u>	<u>0</u>	<u>200</u>
Total Non-Depository Accounts	<u>200</u>	<u>0</u>	<u>200</u>
Total Cash & Cash Equivalents	642,523	463	642,986
Mutual Funds & Investments	<u>0</u>	<u>60,974</u>	<u>60,974</u>
Total Cash & Investments	<u>\$ 642,523</u>	<u>\$ 61,437</u>	<u>\$ 703,960</u>

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

These fair value measurement reporting levels are:

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

Investments by fair value level:	Mohave County Treasurer	Level Two
	Volunteer Pension Mutual Funds	Level One

External investment pools measured at fair value:

Mohave County Treasurer Investment Pool	\$ 662,119
Volunteer Pension Mutual Funds	<u>60,974</u>
Total	<u>\$ 723,093</u>

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

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

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

Credit Risk – Credit Risk is the risk that an issuer or other counterparty to an investment in a debt security will not fulfill its obligations. The District has no investment policy that would further limit its investment choices other than what is in the Arizona Revised Statutes (ARS). The Mohave County Treasurer’s Investment Pool (MCTIP) are external investment pools with no regulatory oversight. The MCTIP is not required to register (and is not registered) with the Securities and Exchange Commission. As of June 30, 2020, the MCTIP had not received a credit quality rating from a national rating agency.

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

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

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

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

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

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

Volunteer Pension Mutual Funds. The Volunteer Pension Fund of the District invests in open-end mutual funds in the District's name and managed by an independent third party administrator. These funds are invested in SEC regulated securities. The District reports these investments at fair market value. These mutual funds are unrated and not insured. The investments are spread among several independent investment pools, each with a distinct investment type, none of which exceed 5% of the total funds invested in the investment family of funds.

NOTE 4- RISK MANAGEMENT

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

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

NOTE 5 - INVENTORIES

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

NOTE 6 - RECEIVABLES

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

NOTE 7 – PROPERTY TAX REVENUE RECEIVABLES

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

NOTE 8 - CAPITAL ASSETS

Capital asset activity for the year ended.

	<u>BALANCE</u> <u>06/30/2019</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE</u> <u>06/30/2020</u>
<u>Depreciable Assets</u>				
Vehicles	\$ 2,739,767	\$ 0	\$ 0	\$ 2,739,767
Buildings	1,774,155	0	0	1,774,155
Building Improvements	84,028	0	0	84,028
Equipment, Admin	111,464	0	0	111,464
Equipment, Fire	<u>682,351</u>	<u>267,983</u>	<u>0</u>	<u>950,334</u>
Total Historical Costs	<u>5,391,765</u>	<u>267,983</u>	<u>0</u>	<u>5,659,748</u>
<u>Less Accumulated Depreciation</u>				
Vehicles	1,955,411	133,648	0	2,089,059
Buildings	475,158	49,793	0	524,951
Building Improvements	36,073	3,235	0	39,308
Equipment, Admin	102,583	2,604	0	105,187
Equipment, Fire	<u>468,758</u>	<u>51,872</u>	<u>0</u>	<u>520,630</u>
Less: Total Accumulated Depreciation	<u>3,037,983</u>	<u>241,152</u>	<u>0</u>	<u>3,279,135</u>
Depreciable Capital Assets, Net	2,353,782	26,831	0	2,380,613
<u>Non-Depreciable Assets</u>				
Land	<u>179,354</u>	<u>0</u>	<u>0</u>	<u>179,354</u>
Capital Assets, Net	<u>\$ 2,533,136</u>	<u>\$ 26,831</u>	<u>\$ 0</u>	<u>\$ 2,559,967</u>

NOTE 9 - DEFERRED OUTLOWS AND INFLOWS OF RESOURCES

Pursuant to GASB Statement No. 63, “Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position,” and GASB Statement No. 65, “Items Previously Reported as Assets and Liabilities,” the District recognized deferred outflows of resources in the governmentwide

statements. These items are a consumption of net position by the District that is applicable to a future reporting period. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. The District reports the deferred inflows and outflows as follows:

	Government -wide <u>Activities</u>
Government -wide Deferred Outflows of Resources:	
Related to Deferred OPEB (PSPRS)	\$ 2,087
Related to Deferred Pensions (PSPRS)	<u>1,198,612</u>
Total Government -wide Activities	<u>\$ 1,200,699</u>
Government -wide Deferred Inflows of Resources:	
Related to Deferred OPEB (PSPRS)	\$ 27,656
Related to Deferred Pensions (PSPRS)	<u>1,329,352</u>
Total Government -wide Activities	<u>\$ 1,357,008</u>
	Governmental <u>Activities</u>
Unavailable Revenue:	
Deferred Property Taxes	\$ <u>608,220</u>
Total Governmental Activities	<u>\$ 608,220</u>

NOTE 10 - CONTINGENT LIABILITIES

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

NOTE 11 – ACCUMULATED COMPENSATED ABSENCES

Accumulated unpaid compensated absences are accrued when in the Government -Wide Statement of Net Position. The accrual at year end consisted of \$ 13,385 payable in less than one year and \$ 53,541 payable in future years.

The District policy on sick leave allows employees to be compensated for a portion of their accrued unused sick time upon voluntary termination, based the

amount of accumulated sick time. At June 30, 2020, the total amount of accumulated sick leave was \$128,119.

NOTE 12 – CURRENT LIABILITIES

Accounts Payable are liabilities considered due and payable in 60 days or less. Current Liabilities are those liabilities payable within one year or less which are not considered as Accounts Payable.

The District utilizes an unsecured revolving credit line with a limit of \$250,000. As of June 30, 2020, the balance outstanding was \$0 and \$250,000 was available. The interest rate, at year end, was 5.50%. The District routinely pays the balance in full when funds are available.

Changes in Current Liabilities :

	Balance <u>June 30, 2019</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2020</u>
Accounts Payable	\$ 7,925	\$ 0	\$ 1,146	\$ 6,779
Credit Card Payable	1,597	1,640	0	3,237
Payroll Taxes Payable	24,252	4,012	0	28,264
Wages Payable	23,306	7,350	0	30,656
Use Tax Payable	104	1,051	0	1,155
Insurance Payable	26,846	0	6,070	20,776
Compensated Absences	<u>13,822</u>	<u>0</u>	<u>437</u>	<u>13,385</u>
Totals	<u>\$ 97,852</u>	<u>\$ 14,053</u>	<u>\$ 7,653</u>	<u>\$ 104,252</u>

NOTE 13 – NON-CURRENT LIABILITIES

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

General Obligation Bonds

The District does not currently have any general obligation bonds.

Operating Leases

The District does not currently have any operating leases.

Capital Leases

The District does not currently have any capital leases.

Changes in Non-Current Liabilities :

	Balance <u>June 30, 2019</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2020</u>
Lease/Purchases -None	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
Total Lease Obligations	0	0	0	0
Compensated Absences – Due in More Than One Year	<u>55,289</u>	<u>0</u>	<u>1,748</u>	<u>53,541</u>
Totals	<u>\$ 57,695</u>	<u>\$ 0</u>	<u>\$ 1,748</u>	<u>\$ 53,541</u>

NOTE 14 – NET POSITION/FUND BALANCE

The District’s Net Position balances consist of restricted, unrestricted, non-spendable, and net investment in capital assets amounts.

The District’s Governmental Funds fund balances consist of restricted, committed, assigned, non-spendable and unassigned amounts.

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

Non-spendable are amounts that are not in a spendable form (such as inventory or prepaid expenses) or are required to be maintained intact.

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

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

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

Net Position :

Net Investment in Capital Assets	\$ 2,559,967
Unrestricted	<u>(634,309)</u>
Total Net Position	<u>\$ 1,925,658</u>

Governmental Fund Balances :

Assigned Fund Balances – Payroll	\$ 70,001
Unassigned Fund Balances	<u>551,627</u>
Total Fund Balance s	<u>\$ 621,628</u>

NOTE 15 - PROPERTY TAXES

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

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

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

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

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

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

NOTE 16 – DEFERRED COMPENSATION PLAN

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code (IRC) Section 457. This plan, available to all District employees, permits employees to defer a portion of their current salary until future years. Assets held in IRC Section 457 plans are generally not subject to claims of creditors.

It is the District’s position that it has no liability for investment losses under the plan but has the duty of due care that would be required of an ordinary prudent investor. The District believes it is unlikely that it will use the assets to satisfy the claims of general creditors in the future.

NOTE 17 – EMPLOYEE RETIREMENT SYSTEMS AND POST EMPLOYMENT PLANS

The District and employees contribute to a retirement plan. This plan is the Public Safety Personnel Retirement System (PSPRS). The District does not contribute post-employment benefits for non-public safety personnel. For public safety personnel, state statute regulates retirement, death, long-term disability, and survivor insurance premium benefits.

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

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

	<u>PENSION</u>	<u>OPEB</u>
	<u>PSPRS</u>	<u>PSPRS</u>
Net pension liability (Asset)	\$ 1,723,331	\$ (82,409)
Deferred outflows of resources	1,198,612	2,087
Deferred inflows of resources	1,329,352	27,656
Pension expense	298,149	5,250

Public Safety Personnel Retirement System

Plan Description – The District entered into a Joinder Agreement with the Arizona State Public Safety Personnel Retirement System (PSPRS), an agent multiple-employer defined benefit pension plan, and an agent multiple-employer defined benefit health insurance premium plan to all full-time personnel engage in fire suppression or hazardous duty activities and/or fire support. A nine-member board known as the Board of Trustees and the participating local boards govern the PSPRS according to the provisions of A.R.S. Title 38, Chapter 5, Article 4.

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). A defined contribution plan is only available to those members who became a member on or after January 1, 2012.

The PSPRS issues a publicly available financial report that includes their financial statements and required supplementary information of PSPRS. The reports are available on the PSPRS Web site at www.psprs.com or may be obtained by writing to Public Safety Personnel, 3010 E. Camelback Road, Suite 200, Phoenix, Arizona 85016 or calling (602) 255-5575

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

TIER 1 – Members prior to December 31, 2011

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

TIER 2 – Members joining between January 1, 2012 and June 30, 2017

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

TIER 3 – Members joining July 1, 2017 or after

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% to 2.5% per year of service, times the number of years of service – up to a maximum of 80% 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.

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 on the first day of the month following termination of employment.

“Average Monthly Benefit Compensation” is defined differently for each tier above. The definitions are as follows:

Tier 1- is the 36 consecutive months of highest compensation within the last 20 years of service.

Tier 2- is the 60 consecutive months of highest compensation within the last 20 years of service.

Tier 3- is the 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, 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 the average monthly compensation or the members accrued normal pension.
- Ordinary Disability Retirement: A percentage of normal pension on employee's credited service (maximum 20 years divided by 20).

Survivor benefits are paid on behalf of an active member in the amount of 80% 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% of the member's average monthly 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) 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% 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 payment made to the member.

Health insurance premium benefits are available to retired or disabled members with 5 years of credited service. The benefits are payable only with respect to allowable health insurance premiums for which the member is responsible. Benefits range from \$150 per month to \$260 per month depending on the age of the member and dependents.

Employees covered by benefit terms – At June 30, 2019, the following employees were covered by the agent pension plan’s benefit terms:

	<u>PSPRS</u>	
	<u>Pension</u>	<u>OPEB</u>
Inactive employees or beneficiaries currently receiving benefits	5	5
Inactive employees entitled but not yet receiving benefits	5	5
DROP	0	0
Active employees	<u>20</u>	<u>20</u>
Total	<u>30</u>	<u>30</u>

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 combined active members and employer contribution rates are expected to finance costs of benefits employees earn during the year, with an additional amount to finance any unfunded liability. Contribution rates for the year ended June 30, 2020, are indicated below. Rates are a percentage of active members’ annual covered payroll.

	Active member Pension	District Pension	Health insurance Premium benefit
	<hr/>	<hr/>	<hr/>
Active members - pension	7.65%		
District:			
Pension	7.65%	24.42%	0.08%
Tier 3 Risk Pool	9.21%	9.21%	0.14%

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

	Net pension	Net OPEB
PSPRS	\$ 288,851	\$ 0

Pension Liability – The net assets and net liabilities were measured as of June 30, 2019, and the total liability used to calculate the net asset or liability was determined by an actuarial valuation assumptions based on the results of an actuarial experience study for the 5-year period ended June 30, 2016, including decreasing the investment rate of return from 7.5% to 7.4%, decreasing the wage inflation from 4% to 3.5%, and updating mortality, withdrawal, disability, and retirement assumptions. The total pension liabilities for PSPRS also reflect changes of benefit terms for legislation that changed benefit eligibility and multipliers for employees who became members between January 1, 2012 and June 30, 2017, and a court decision that decreased the contribution rates for the employees who became members before July 20, 2011. The court decision will also affect the PSPRS net pension liabilities measured as of June 20, 2018, because of refunds of excess member contributions. The changes in the District’s PSPRS net pension liabilities as a result of the refunds is not known.

At June 30, 2020 the District reported the following assets and liabilities:

	Net pension (asset) liability	Net OPEB (asset) liability
PSPRS	\$ 1,723,331	\$ (82,409)

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

<i>Actuarial valuation date</i>	June 30, 2019
<i>Actuarial cost method</i>	Entry Age Normal
<i>Actuarial Assumptions:</i>	
Investment rate of return	7.30%
Wage inflation	3.5% for pensions/not applicable for OPEB
Price inflation	2.5% for pensions/not applicable for OPEB
Cost-of-living adjustment	1.75% for pensions/not applicable for OPEB
Permanent benefit increase	Included for pensions/not applicable for OPEB
Mortality rates	PUB-S-2010 tables
Healthcare cost trend rate	Not applicable

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

The long-term expected rate of return on PSPRS pension plan investments was determined to be 7.30 using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return *
Short Term Investments	2%	0.25%
Risk parity	4%	4.01%
Fixed Income	5%	3.00%
Real assets	9%	6.75%
GTS	12%	4.01%
Private credit	16%	5.36%
Real estate	10%	4.50%
Private equity	16%	8.40%
Non-U.S. equity	14%	5.00%
U.S. equity	<u>16%</u>	4.75%
Total	<u>100%</u>	

Discount Rates – At June 30, 2019, the discount rate used to measure the PSPRS total pension/OPEB liabilities was 7.3%, which was a decrease of .1% from the discount rate used as of June 30, 2018. The projection of cash flows used to determine the PSPRS discount rates assumed that plan 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 plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension/OPEB liability.

Pension/OPEB

Changes in the Net Pension/OPEB Liability

	Pension		Net Pension Liability	Health insurance premium benefit		Net OPEB Liability
	Total Pension Liability	Increase (Decrease) Plan Fiduciary Net Position		Total OPEB Liability	Increase (Decrease) Plan Fiduciary Net Position	
Balances At June 30, 2019	\$ 6,549,795	\$ 4,747,129	\$ 1,802,666	\$ 126,837	\$ 193,293	\$ (66,456)
Changes for the current year:						
Service Cost	298,149	0	298,149	5,250	0	5,250
Interest on the total pension liability	498,506	0	498,506	9,717	0	9,717
Changes of benefit terms	0	0	0	0	0	0
Differences between expected and actual experience in the measurement of the total liability	(420,509)	0	(420,509)	(20,850)	0	(20,850)
Change of assumptions or other inputs	182,125	0	182,125	1,529	0	1,529
Contributions – Employer	0	279,880	(279,880)	0	926	(926)
Contributions – Employee	0	103,345	(103,345)	0	0	0
Net investment income	0	260,298	(260,298)	0	10,456	(10,456)
Benefit payments, including refunds of employee contributions	(222,748)	(222,748)	0	(1,542)	(1,542)	0
Hall/Parker Settlement	0	0	0	0	0	0
Administrative Expense	0	(5,520)	5,520	0	(180)	180
Other changes	0	(397)	397	0	397	(397)
Net Changes	<u>335,523</u>	<u>414,858</u>	<u>(79,335)</u>	<u>(5,896)</u>	<u>10,057</u>	<u>(15,953)</u>
Balances at June 30, 2020	<u>\$ 6,885,318</u>	<u>\$ 5,161,987</u>	<u>\$ 1,723,331</u>	<u>\$ 120,941</u>	<u>\$ 203,350</u>	<u>\$ (82,409)</u>

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

	1% Decrease	Discount Rate	1% Increase
	6.30%	7.30%	8.30%
Net OPEB liability	\$ (65,822)	\$ (82,409)	\$ (96,240)
Net pension liability	\$ 2,811,254	\$ 1,723,331	\$ 848,353

Pension plan fiduciary net position – Detailed information about the pension plan’s fiduciary net position is available in the separately issued PSPRS financial report. The report is available on the PSPRS website at www.psprs.com.

Pension expense and deferred outflows/inflows of resources – For the year ended June 30, 2020, the District recognized pension expense for PSPRS of \$ 298,149 and \$ 5,250 as OPEB expense.

At June 30, 2020, the District reported deferred outflow and inflows of resources related to pensions and OPEB from the following sources:

	Pension		Health Insurance Premium Benefit	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 46,269	\$ 1,329,352	\$ 0	\$ 25,347
Changes of assumption or other inputs	665,964	0	1,377	2,309
Net difference between project and actual earnings on pension plan investments	77,590	0	710	0
Contributions subsequent to the measurement date	408,789	0	0	0
Total	<u>\$ 1,198,612</u>	<u>\$ 1,329,352</u>	<u>\$ 2,087</u>	<u>\$ 27,656</u>

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, 2020. 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:	Pension Net Deferred Outflows of Resources	OPEB Net Deferred Inflows of Resources
2021	\$ (46,311)	\$ (3,479)
2022	(103,524)	(3,481)
2023	(68,490)	(2,085)
2024	(42,845)	(2,233)
2025	(120,225)	(2,997)
Thereafter	(128,134)	(11,294)
	<u>\$ (539,529)</u>	<u>\$ (25,569)</u>

NOTE 18 – PENSION AND RELIEF TRUST FUNDS

ARS 9-981. Authority to purchase alternative pension and benefit plan

A. In lieu of pension and relief benefits provided for under the provisions of article 3 of this chapter, a city, town or fire district may provide for an alternative pension and benefit program for fire fighters not covered under the provisions of article 3 of this chapter or under the public safety personnel retirement system.

B. The fire insurance premium tax received by the city, town or district under section 9-952, contributions from the city, town or district, and deductions from

the salaries or compensation of firemen may be used to purchase a private pension or benefit program for firemen. Firemen not covered under the public safety personnel retirement system may elect to be covered under the provisions of the alternative pension and benefit program upon filing a request in writing with the city, town or district.

C. The terms, conditions, benefits, eligibility requirements and contribution rates of the alternative pension and benefit program shall be established by:

1. For a city or town, by the adoption of a resolution of the city or town council.
2. For a fire district with a board, by the adoption of a resolution of the board.
3. For a fire district without a board, by the adoption of a resolution of the board of trustees of the firemen's relief and pension fund and the approval of the board of supervisors.

D. Notwithstanding any other provision of law, pension and benefit programs authorized under this article shall not be construed to be a contract between the employee and employer and are subject to annual appropriations of the city, town or district.

Pursuant to ARS, the District contributes to a pension and relief fund for volunteer firefighters. The funds are administered by an outside consulting firm who prepares a separate annual report. This report is available through Innes & Associates, 4302 East Ray Road, Suite 117, Phoenix, Arizona, 85044

NOTE 19 – FORMER EMPLOYEE PSPRS INSURANCE PASS-THRU

The District has 2 former employees on the *Direct Bill Subsidy* thru the Public Safety Personnel Retirement System (PSPRS). The Districts' only responsibility is to verify the former employee is covered by a supplemental insurance in addition to Medicare and to get proof of the cost. The retiree pays the premiums and the District submits on their behalf to PSPRS for the reimbursement of the subsidy. The District receives the subsidy from PSPRS and forwards it to the retiree.

NOTE 20- SUBSEQUENT EVENTS

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

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**REQUIRED SUPPLEMENTARY
INFORMATION**

**GOLDEN VALLEY FIRE DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED
JUNE 30, 2020**

Exhibit I

	Budgeted Amounts		Actual	Variance with Final
	Original	Final		Budget Positive (Negative)
Revenues:				
Property Taxes	\$ 1,738,351	\$ 1,738,351	\$ 1,606,457	\$ (131,894)
Fire District Assistance	174,460	174,460	173,865	(595)
Fees for Service	651,143	651,143	509,680	(141,463)
Capital Grants	567,460	567,460	275,689	(291,771)
Interest Earnings	6,000	6,000	14,724	8,724
Miscellaneous	53,536	53,536	40,913	(12,623)
Total Revenues	3,190,950	3,190,950	2,621,328	(569,622)
Expenditures:				
Current:				
Public Safety:				
Personnel	2,119,272	2,119,272	2,038,947	80,325
Materials & Supplies	348,715	348,715	264,825	83,890
Administration	155,502	155,502	163,207	(7,705)
Capital Grants	567,460	567,460	260,985	306,475
Capital Outlay	815,082	815,082	35,049	780,033
Total Expenditures	4,006,031	4,006,031	2,763,013	1,243,018
Excess (Deficiency) of Revenues over Expenditures	(815,081)	(815,081)	(141,685)	673,396
Net Change in Fund Balances	(815,081)	(815,081)	(141,685)	673,396
Fund Balances at Beginning of Year	815,081	815,081	763,313	(51,768)
Fund Balances at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 621,628</u>	<u>\$ 621,628</u>

See Accompanying Notes To The Budgetary Comparison Schedule

**GOLDEN VALLEY FIRE DISTRICT
NOTES TO BUDGETARY COMPARISON SCHEDULE
FISCAL 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.

NOTE 2 - OVER-EXPENDITURE OF BUDGET LINE ITEMS

While the District did not spend over the budget at the fund level, the District overspent one line item. This item was Administration in the amount of \$7,705. The legal compliance of budgeting for Special Districts in Arizona is at the fund level. The District did not overspend its budget at the fund level.

GOLDEN VALLEY FIRE DISTRICT
Schedule of Changes in the District's Net Pension Liability and Related Ratios
Agent Plans (PSPRS) Last Ten Fiscal Years
Year Ended June 30, 2020

RSI-1

PSPRS - PENSION

Reporting Year Measurement Date	FISCAL YEAR						2014 THROUGH 2010
	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	
Total Pension Liability							Information not available
Service Cost	\$ 298,149	\$ 301,877	\$ 321,700	\$ 266,975	\$ 325,213	\$ 297,062	
Interest on total pension liability	498,506	455,249	425,059	416,526	433,158	339,049	
Changes of benefit terms	-	-	77,483	207,966	-	93,536	
Difference between expected and actual experience in the measurement of the pension liability	(420,509)	(103,723)	(361,002)	(510,365)	(683,128)	109,329	
Changes of assumptions or other inputs	182,125	1	234,790	231,744	-	500,498	
Benefit payments including refund of employee contributions	(222,748)	(209,370)	(197,754)	(359,880)	(156,120)	(153,282)	
Net change in pension liability	335,523	444,034	500,276	252,966	(80,877)	1,186,192	
Total pension liability - beginning	6,549,795	6,105,761	5,605,485	5,352,519	5,433,396	4,247,204	
Total pension liability - ending (a)	<u>\$ 6,885,318</u>	<u>\$ 6,549,795</u>	<u>\$ 6,105,761</u>	<u>\$ 5,605,485</u>	<u>\$ 5,352,519</u>	<u>\$ 5,433,396</u>	
Plan Fiduciary net position							
Contributions - employer	\$ 279,880	\$ 340,126	\$ 237,025	\$ 289,309	\$ 240,090	\$ 270,661	
Contributions - employee	103,345	126,169	151,816	179,021	170,339	170,261	
Net investment income	260,298	304,355	467,009	23,200	137,650	418,826	
Benefit payments, including refunds of employee contributions	(222,748)	(209,370)	(197,754)	(359,880)	(156,120)	(153,282)	
Hall/Parker Settlement	-	(180,524)	-	-	-	-	
Pension plan administrative expense	(5,520)	(5,332)	(4,532)	(3,737)	(3,743)	-	
Other changes	(397)	52	(159,289)	(276,176)	(2,852)	(117,186)	
Net change in plan fiduciary net position	414,858	375,476	494,275	(148,263)	385,364	589,280	
Plan fiduciary net position - beginning	4,747,129	4,371,653	3,877,378	4,025,641	3,640,277	3,050,997	
Plan fiduciary net position - ending (b)	<u>\$ 5,161,987</u>	<u>\$ 4,747,129</u>	<u>\$ 4,371,653</u>	<u>\$ 3,877,378</u>	<u>\$ 4,025,641</u>	<u>\$ 3,640,277</u>	

See accompanying notes to the Pension/OPEB Plan Schedules

GOLDEN VALLEY FIRE DISTRICT
Schedule of Changes in the District's Net Pension Liability and Related Ratios
Agent Plans (PSPRS) Last Ten Fiscal Years
Year Ended June 30, 2020

RSI-1

PSPRS - PENSION

Reporting Year Measurement Date	FISCAL YEAR						2014 THROUGH 2010
	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	
District's net pension liability - ending (a) - (b)	<u>\$ 1,723,331</u>	<u>\$ 1,802,666</u>	<u>\$ 1,734,108</u>	<u>\$ 1,728,107</u>	<u>\$ 1,326,878</u>	<u>\$ 1,793,119</u>	
Plan fiduciary net position as a percentage of the total pension liability	74.97%	72.48%	71.60%	69.17%	75.21%	67.00%	
Covered-employee payroll	\$ 1,192,638	\$ 1,381,587	\$ 1,394,453	\$ 1,398,506	\$ 1,512,906	\$ 1,666,338	
District's net pension liability as a percentage of covered-employee payroll	144.50%	130.48%	124.36%	123.57%	87.70%	107.61%	

See accompanying notes to the Pension/OPEB Plan Schedules

GOLDEN VALLEY FIRE DISTRICT
Schedule of Changes in the District's Net OPEB Liability and Related Ratios
Agent Plans (PSPRS) Last Ten Fiscal Years
Year Ended June 30, 2020

RSI-2

OPEB - PSPRS

Reporting Year Measurement Date	FISCAL YEAR						2014 THROUGH 2010
	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	
Total Pension Liability				Information not available	Information not available	Information not available	Information not available
Service Cost	\$ 5,250	\$ 5,665	\$ 5,299				
Interest on total pension liability	9,717	9,032	8,573				
Changes of benefit terms	-	-	821				
Difference between expected and actual experience in the measurement of the pension liability	(20,850)	(6,317)	(2,019)				
Changes of assumptions or other inputs	1,529	-	(3,140)				
Benefit payments including refund of employee contributions	(1,542)	(1,530)	(2,420)				
Net change in pension liability	(5,896)	6,850	7,114	-	-	-	-
Total pension liability - beginning	126,837	119,987	112,873				
Total pension liability - ending (a)	<u>\$ 120,941</u>	<u>\$ 126,837</u>	<u>\$ 119,987</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
Plan Fiduciary net position							
Contributions - employer	\$ 926	\$ 743	\$ 1,381				
Contributions - employee	-	-	-				
Net investment income	10,456	12,663	19,198				
Benefit payments, including refunds of employee contributions	(1,542)	(1,530)	(2,420)				
Pension plan administrative expense	(180)	(193)	(170)				
Other changes	397	-	-				
Net change in plan fiduciary net position	10,057	11,683	17,989	-	-	-	
Plan fiduciary net position - beginning	193,293	181,610	163,621				
Plan fiduciary net position - ending (b)	<u>\$ 203,350</u>	<u>\$ 193,293</u>	<u>\$ 181,610</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	

See accompanying notes to the Pension/OPEB Plan Schedules

GOLDEN VALLEY FIRE DISTRICT
Schedule of Changes in the District's Net OPEB Liability and Related Ratios
Agent Plans (PSPRS) Last Ten Fiscal Years
Year Ended June 30, 2020

RSI-2

OPEB - PSPRS

Reporting Year Measurement Date	FISCAL YEAR						2014 THROUGH 2010
	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	
District's net pension liability - ending (a) - (b)	\$ (82,409)	\$ (66,456)	\$ (61,623)	\$ -	\$ -	\$ -	
Plan fiduciary net position as a percentage of the total pension liability	168.14%	152.39%	151.36%				
Covered-employee payroll	\$ 1,192,638	\$ 1,381,587	\$ 1,394,453				
District's net pension liability as a percentage of covered-employee payroll	-6.91%	-4.81%	-4.42%				

See accompanying notes to the Pension/OPEB Plan Schedules

**GOLDEN VALEY FIRE DISTRICT
Schedule of Pension Contributions
Year Ended June 30, 2020**

RSI-3

PSPRS - Pension

	2020	2019	2018	2017	2016	2015	2014
	Measurement	Measurement	Measurement	Measurement	Measurement	Measurement	through
	Date (2019)	Date (2018)	Date (2017)	Date (2016)	Date (2015)	Date (2014)	(2010)
Actuarially determined contribution	\$ 279,880	\$ 340,126	\$ 237,025	\$ 289,309	\$ 240,090	\$ 270,661	Information not available
District's contributions in relation to the actuarially determined contribution	<u>279,880</u>	<u>340,126</u>	<u>237,025</u>	<u>289,309</u>	<u>240,090</u>	<u>270,661</u>	
District's contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
District's covered-employee payroll	<u>\$ 1,192,638</u>	<u>\$ 1,381,587</u>	<u>\$ 1,394,453</u>	<u>\$ 1,398,506</u>	<u>\$ 1,512,906</u>	<u>\$ 1,666,338</u>	
District's contributions as a percentage of covered-employee payroll	<u>23.47%</u>	<u>24.62%</u>	<u>17.00%</u>	<u>20.69%</u>	<u>15.87%</u>	<u>16.24%</u>	

See accompanying notes to the Pension/OPEB Plan Schedules

**GOLDEN VALLEY FIRE DISTRICT
Schedule of OPEB Contributions
Year Ended June 30, 2020**

RSI 4

PSPRS - OPEB

	2020	2019	2018	2017	2016	2015	2006
	Measurement	Measurement	Measurement	Measurement	Measurement	Measurement	through
	Date (2019)	Date (2018)	Date (2017)	Date (2016)	Date (2015)	Date (2014)	2013
Actuarially determined contribution	\$ 926	\$ 743	\$ 1,381	Information	Information	Information	Information
District's contributions in relation to the actuarially determined contribution	926	743	1,381	not available	not available	not available	not available
District's contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>				
District's covered-employee payroll	<u>\$ 1,192,638</u>	<u>\$ 1,381,587</u>	<u>\$ 1,394,453</u>				
District's contributions as a percentage of covered-employee payroll	<u>0.08%</u>	<u>0.05%</u>	<u>0.10%</u>				

See accompanying notes to the Pension/OPEB Plan Schedules

**GOLDEN VALLEY FIRE DISTRICT
NOTES TO PSPRS PENSION/OPEB PLAN SCHEDULES
FISCAL YEAR ENDED JUNE 30, 2020**

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

Actuarial cost method:	Entry age Normal
Amortization method:	Level percent-of-pay, closed
Remaining amortization period:	20 years; if the actuarial value of assets exceeded the actuarial accrued liability, the excess was amortized over an open period of 20 years and applied as a credit to reduce the normal cost which otherwise would be payable.
Asset valuation method:	7-year smoothed market value; 80%/120% market corridor
Wage growth:	In the 2014 actuarial valuation, wage growth was decreased from 4.5% to 4.0 - 8.0%. In the 2014 actuarial valuation, wage growth was decreased from 4.5% to 4.0%. In the 2013 actuarial valuation, wage growth was decreased from 5.0% to 4.5%
Projected Salary Increases:	In the 2017 actuarial valuation, projected salary increases were decreased from 4.0%-8.0% to 3.75%-7.5%. In the 2014 actuarial valuation, projected salary increases were decreased from 4.5%-8.5% to 4.0%-8.0%. In the 2013 actuarial valuation, projected salary increases were decreased from 5.0%-9.0% to 4.5%-8.5%
Investment Rate of Return	In the 2017 actuarial valuation, the investment rate of return was decreased from 7.5% to 7.4%. In the 2016 actuarial valuation the investment rate of return was decreased from 7.85% to 7.5%. In the 2013 actuarial valuation, the investment rate of return was decreased from 8.0% to 7.85%.
Retirement age:	Experience-based table of rates that is specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period July 1, 2006 - June 30, 2011.
Mortality:	In the 2017 actuarial valuation, changed to RP-2014 tables, with 75% of MP-2016 fully generational projection scales RP-2000 mortality table (adjusted by 105% for both males and females)
Assumed future permanent benefit increases:	Members retiring on or before July 1, 2011: 2% of overall average benefit compounded annually. All members receive the same dollar amount of increase. Members retired on or after August 1, 2011: 0.5% of overall average benefit compounded annually. All members receive the same dollar amount of increase.

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

See accompanying notes to the Pension/OPEB Plan Schedules

OTHER SUPPLEMENTARY INFORMATION

**GOLDEN VALLEY FIRE DISTRICT
ANNUAL REPORT INFORMATION
FISCAL YEAR ENDED JUNE 30, 2020**

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

REGULAR FIRE BOARD MEETINGS:

<u>Date</u>	<u>Time</u>	<u>Location</u>
July 24, 2019	9 a.m.	423 S Colorado St, Golden Valley, AZ
August 28, 2019	9 a.m.	423 S Colorado St, Golden Valley, AZ
Sept 25, 2019	9 a.m.	423 S Colorado St, Golden Valley, AZ
October 23, 2019	9 a.m.	423 S Colorado St, Golden Valley, AZ
Nov 20, 2019	9 a.m.	423 S Colorado St, Golden Valley, AZ
December 18, 2019	9 a.m.	423 S Colorado St, Golden Valley, AZ
January 22, 2020	9 a.m.	423 S Colorado St, Golden Valley, AZ
February 26, 2020	9 a.m.	423 S Colorado St, Golden Valley, AZ
March 25, 2020	9 a.m.	423 S Colorado St, Golden Valley, AZ
April 22, 2020	9 a.m.	423 S Colorado St, Golden Valley, AZ
May 27, 2020	9 a.m.	423 S Colorado St, Golden Valley, AZ
June 24, 2020	9 a.m.	423 S Colorado St, Golden Valley, AZ

BOARD MEMBERS:

<u>Name</u>	<u>Business Phone Number</u>	<u>Position</u>
Tony DeMaio	928-565-3479	Director
Sue Foster	928-565-3479	Clerk
Gary Juneau	928-565-3479	Chairman
Randy Osborn	928-565-3479	Director
George Payntar	928-565-3479	Director

LOCATION OF POSTING OF MEETING NOTICES (all meetings):

Website:	www.goldenvalleyfire.org	
Station 11	3480 N. Bacobi Rd.	Golden Valley, AZ
Administration	749 S. Egar Rd.	Golden Valley, AZ
Station 13	2790 Oatman Rd	Golden Valley, AZ

LEGAL DESCRIPTION OF BOUNDARY CHANGES:

NONE

GOLDEN VALLEY FIRE DISTRICT
GOVERNMENT AUDIT STANDARDS SECTION
JUNE 30, 2020

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SAUNDERS COMPANY, LTD

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

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CERTIFIED FRAUD EXAMINER
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Arizona Association of Licensed Private Investigators

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

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

To the Governing Board
Golden Valley Fire District
Golden Valley, Arizona

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Golden Valley Fire District, Golden Valley, Arizona, 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, and have issued our report thereon dated February 23, 2021.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the

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

Purpose of this Report

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

Saunders Company, Ltd

Glendale, Arizona
February 23, 2021

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SAUNDERS COMPANY, LTD

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

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CERTIFIED FRAUD EXAMINER
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Arizona Association of Licensed Private Investigators

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

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

To the Governing Board
Golden Valley Fire District
Golden Valley, Arizona

Report on Compliance

We have audited the Golden Valley Fire District's (the District) compliance with the requirements of Arizona Revised Statutes Title 48-805 for the year ended June 30, 2020, and have issued our report thereon dated February 23, 2021. Our audit included test work on the District's compliance with the selected requirements identified in the State of Arizona Revised Statutes and the Arizona State Constitution including, but not limited to, Title 48, Chapter 5, Article 1 and ARS 48-805.

Management's Responsibility

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

Auditor's Responsibility

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

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

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

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

Opinion

In our opinion, the District complied with the requirements identified above for the year ended June 30, 2020.

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

Saunders Company, Ltd

Glendale, Arizona
February 23, 2021

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