



Arizona Fire & Medical Authority

Maricopa County, Arizona



Annual Comprehensive Financial Report

For the Fiscal Year Ended June 30, 2022



**Arizona Fire & Medical Authority
ANNUAL COMPREHENSIVE FINANCIAL REPORT
For the Year Ended June 30, 2022**

GOVERNING BOARD

**David Wilson
Chairman**

**John Crawford
Clerk**

**Richard Bookie
Member**

**Karen Gueltzow
Member**

**Merrel "Tony" Sambol
Member**

**Mark Burdick
Fire Chief**

**Prepared by the Financial Services Section
Rebecca Chitwood, Finance Director
Anna Wysocki Accountant**



**Arizona Fire & Medical Authority
18818 N. Spanish Garden Drive
Sun City West, Arizona 85375**



**Arizona Fire & Medical Authority
Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2022**

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Introductory Section





ARIZONA FIRE & MEDICAL AUTHORITY

Protecting life and property and enhancing the well-being of all those we serve

December 29, 2022

To the Governing Board of the
Arizona Fire & Medical Authority
Sun City West, Arizona

Arizona state law requires that all special districts with annual budgets in excess of \$1 million publish, within 240 days of the close of their fiscal year, a complete set of financial statements presented in conformance with Generally Accepted Accounting Principles (GAAP) and audited in accordance with Generally Accepted Auditing Standards (GAAS) by a firm of licensed certified public accountants. Pursuant to this requirement, it is our pleasure to submit to you the Annual Comprehensive Financial Report (ACFR) of the Arizona Fire & Medical Authority (the Authority) for the fiscal year ended June 30, 2022.

The responsibility for the completeness, fairness, and accuracy of the data presented and all accompanying disclosures rests with the Authority. To provide a reasonable basis for making these representations, Authority management has established a comprehensive internal control framework designed both to protect Authority assets from loss, theft, or misuse, and to compile sufficient reliable information for the preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America. Since the cost of internal controls should not outweigh their benefits, the Authority's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The Authority's financial statements have been audited by Walker & Armstrong, LLP, a certified public accounting firm. The goal of the independent audit is to provide reasonable assurance that the financial statements for the fiscal year ended June 30, 2022, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Authority's financial statements for the fiscal year ended June 30, 2022, are fairly presented in conformity with accounting principles generally accepted in the United States of America. The independent auditor's report is presented as the first component of the financial section of this report.

18818 N. Spanish Garden Drive, Sun City West, AZ 85375 • P (623) 544-5400 • F (623) 544-5455 • www.afma.az.gov
*The Arizona Fire & Medical Authority proudly serves the communities of Coldwater Ranch, Corte Bella, Cross River,
Dos Rios, Marisol Ranch, Pinnacle Peak County Island, Rancho Cabrillo, Rancho Silverado,
Rio Sierra, Sun City West, Sundero, Sun Lakes, Wittmann & Tonopah*

Accounting principles generally accepted in the United States of America require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the report of the independent auditors.

This report has been prepared in accordance with accounting principles generally accepted in the United States of America and follows guidelines recommended by the Government Finance Officers Association of the United States of America and Canada.

Profile of the Authority's Partner Fire Districts

On February 28, 2017, the Governing Boards of North County Fire & Medical District (NCFMD) and Sun Lakes Fire District (SLFD) approved the adoption of an Intergovernmental Agreement (IGA) forming the first Fire & Medical Authority in Maricopa County, Arizona. The Arizona Fire & Medical Authority (AFMA) was established pursuant to Arizona Revised Statutes governing a Joint Powers Authority (JPA). Effective July 1, 2017, the personnel, equipment, facilities, and daily operations of the two combined Districts are governed by the Authority's Board. The Authority's Board is comprised of elected officials who are appointed from each participating agency. The Authority's Board sets policies, recommends an annual budget, assists in long-term planning, negotiates labor/management agreements, and performs other duties as outlined in the JPA governance documents.

On December 4, 2018, the Sun Lakes Fire District and Tonopah Valley Fire District boards voted unanimously to merge into one new district. The merger took effect January 3, 2019. The community of Tonopah is located approximately 50 miles west of downtown Phoenix. The Tonopah Valley Fire District serves approximately 5,000 citizens and covers approximately 34 square miles. As a result of this merger, a new district was formed, the South County Fire & Medical District (SCFMD). This new district is a partner in the joint venture with AFMA. The Sun Lakes Fire District and Tonopah Valley Fire District no longer exist.

Numerous fire service organizations have turned to new shared services models. The term "shared services" is used in a broad sense to include any arrangement wherein districts share in revenues, costs, or operational responsibilities. This business model enables resources to be leveraged across an entire organization resulting in lower costs.

North County Fire & Medical District and South County Fire & Medical District have a long history of cooperative efforts. The combination of the current fiscal environment coupled with the past collaborative efforts created a perfect window of opportunity to explore expanded shared services. Both Districts endeavored to maintain financial stability and diminish the prospect of a workforce reduction which would seriously impact critical emergency services to each agency's residents. Collectively, the two Districts protect more than 75,000 residents within a roughly 400 square mile area of unincorporated portions of Maricopa County. During the fiscal year ended June 30, 2022, the Authority responded to 18,270 calls for assistance.

Through the JPA, the participating legal entities combine their suppression, medical and

administrative operations under the Arizona Fire & Medical Authority. North County Fire & Medical District and South County Fire & Medical District still exist as taxing authorities; however, the Authority became the employer. The personnel, equipment, facilities, and funds necessary to support the operation of the Authority are combined to provide service to the areas once served by the individual agencies.

Most importantly, there has been a positive change to Authority residents' daily emergency services. One of the primary benefits of the JPA is the reduction in administrative overhead duplication. This administrative duplication reduction provides both Districts with the opportunity to reallocate funding to stabilize fire and emergency medical service delivery. It has afforded both Districts the ability to meet the goal of providing the highest level of care and quality service to their residents.

The Authority is a professional multi-service organization providing fire protection, emergency and non-emergency medical services, hazardous materials response, technical rescue, and disaster preparedness and response. Emergency medical services include basic and advanced life support (paramedic) level care as well as ambulance transportation in most areas of the Authority. Authority services and programs also include a Fire Corps Program, a service van unit, public assistance/non-emergency response, inter-facility transport, fire cause determination and investigation, fire code enforcement and inspection, public education, public and media information, special needs assistance, and other support services. Additionally, the Authority contracts with State and Federal governments to assist with their wildland fire suppression efforts.

To deal with emergencies, the Authority currently staffs a team of professional personnel with the skills and equipment necessary to deal with a wide variety of emergencies. The Authority deploys its resources from 8 strategically located fire stations (North County Fire & Medical District and South County Fire & Medical District combined) staffed by a complement of certified firefighters (all of whom are cross-trained as paramedics or emergency medical technicians) and EMS personnel. The Authority operates 7 engine companies, 1 ladder company, 6 civilian staffed ambulances, and 2 battalion command units 24 hours each day, 365 days annually. The Authority's engine and ladder companies are all advanced life support (paramedic) which are equipped and operated as first response units for medical emergencies.

The Authority also continues to participate in an active automatic/mutual aid system with over 25 Phoenix Metropolitan area fire agencies. This system assures that the closest unit responds to an emergency regardless of the community in which the emergency occurs. Any efforts to enhance the automatic/mutual aid system only serve to strengthen each of the respective departments in providing high quality emergency services in an efficient manner.

As outlined in the JPA, each of the individual Districts remains in place as a taxing agency and property taxes collected are deposited with the Maricopa County Treasurer in each of the District's accounts. The monies are then transferred to the Authority's account for general operations. The same is true for the ambulance operations. Each District maintains a separate certificate of necessity (CON) in their name, doing business as Arizona Fire & Medical Authority, with ambulance transportation being provided by the Authority. The North County Fire & Medical District portion of the revenue and costs is approximately 63% and the South County Fire &

Medical District portion is approximately 37%. This pro-rata share is based on the number of daily emergency services personnel (battalion chiefs, firefighters, EMS) normally assigned to each battalion (Battalion 101 = NCFMD; Battalion 231 = SCFMD).

Local Economy

The Arizona Fire & Medical Authority is composed of a varied economic environment. The majority of Sun City West and Sun Lakes residents are over 55, retired, and living on a fixed income. Consequently, an overwhelming number of the residential properties within this area of the Authority are owned outright by their occupants. The portions of the Authority annexed over the last decade are typical working families with outstanding mortgages. The Wittmann and Tonopah areas consist of working families with many of its residents in lower income brackets. Further, like many other political subdivisions of the State of Arizona, the Authority faces significant economic challenges at a local level.

Primary assessed property values play a significant part in the revenue production of the Authority through the participating member agencies. Historically, the Authority's partner agencies maintained steady growth. However, during the last recession, the Authority's property owners experienced annual decreases in property valuations between 2008 and 2013. Finally, during tax year 2014, the member agencies started to experience recovery of assessed valuation. For the fiscal year ended June 30, 2022, NCFMD assessed valuation increased 6% and SCFMD increased by 7.3%.

It is important to note that during the Arizona general election held in November 2012, Arizona voters approved Proposition 117, which moved the previous special district tax calculation from full cash value to limited value. Furthermore, it limited the annual increase of property valuations to a maximum of 5% over the previous year's value. Valuation associated with annexations, development and property improvements are not limited to a maximum of 5% over the previous year's value.

Each year, the Authority develops an Annual Budget and Operational Plan; the emphasis of the plan is always to minimize the taxation impact to the property owners while maintaining the same high level of service. Due to varying changes in individual property values each year, the Authority is unable to set a tax rate that would maintain the identical property taxes assessed to property owners each year. NCFMD's tax rate remained the same as the previous year's rate of \$2.8644 per \$100 of secondary assessed valuation for the fiscal year ended June 30, 2022. SCFMD's tax rate remained the same as the previous year's rate of \$3.20 per \$100 of secondary assessed valuation for the fiscal year ended June 30, 2022.

Coronavirus Disease of 2019 (COVID-19)

In early 2021 as the budget development process began, local and national economic indicators were beginning to overcome the impacts of COVID-19. In May the U.S. unemployment rate was 3.6 percent and the unemployment rate for Arizona was 3.2%. Arizona's outlook is looking positive in the recovery of the pandemic. According to US News, Arizona ranked seventh overall

as the best state for economy, thirteenth in business environment, fourth in population growth, and twenty-seventh in employment.

The largest source of revenue for the Authority is generated from property taxes. An interesting impact of the pandemic has been a booming housing market; this has driven property values higher and calmed some of the property tax apprehensions. While home values have declined slightly in the beginning of 2022, they have remained relatively steady over the past few months. Also, because of Authority growth resulting from annexations and new construction, the Authority is expected to see increases in values, despite the pandemic. With the two-year valuation timeline, the Authority will continue to monitor the projected property tax situation closely.

The second-largest source of the Authority's revenues is generated from ambulance transport fees. The Authority experienced a significant reduction in ambulance transport volume and corresponding decrease in ambulance revenues from February 2020 through February 2021. During fiscal year 2022, the Authority received Provider Relief Fund Phase 4 funding from the Health Resources & Service Administration to assist with lost ambulance revenue.

Through the pandemic, the Authority worked diligently to maintain a high level of service delivery to the communities it serves while continuing to support the needs of its employees with numerous internal outbreaks of COVID-19. This required emergency staffing modifications, alternate work schedules and modalities, sourcing appropriate PPE, coordination of COVID-19 testing, and supporting regional vaccination efforts. This came at a cost; the Authority has successfully applied for and received reimbursement for a portion of the COVID-19 related expenses from Maricopa County and the Federal Government. For the fiscal year ended June 30, 2022, the Authority received approximately \$364,000 in ARPA grant funding to help offset our lost revenues and increased expenses. The Authority will continue to work diligently to recover all COVID-19 related expenses. As the pandemic's long-term financial and operational impacts are still uncertain, staff remains vigilant in properly preparing the Authority for any outcome.

Long-term Financial Planning

After over 10 years, fire districts in Arizona continue to recover from a historic recession. Extremely restricted funding sources for districts including tax rate caps, budget growth ceilings, and the passage of Proposition 117 that confines growth in property valuation for taxing purposes to 5% or less annually have made this recovery more difficult. These constraints, coupled with increasing operational costs, continue to have a damaging impact on emergency services throughout the state. Authority elected officials and staff remain proactive in recognizing threats to partner agencies' shrinking financial stability and have made a concerted effort to maintain the lowest possible property taxes. As a matter of practice, the Authority continues to utilize a long-term financial projection process to assist in remaining fiscally responsible.

The Authority has utilized consultants and internal studies to assist in the development of long-term financial forecasting programs. Financial policies are essential to the effective fiscal management of the Authority; however, they must be coupled with strategic, long-term planning processes in order to support an effective organization. The Authority uses three core documents to facilitate its long-term planning process and to establish its goals and objectives annually. These core documents are identified as the Strategic Plan, Capital Improvement Plan, and the Annual

Budget and Operational Plan. The Strategic Plan is a foundational document that serves as a blueprint to build and improve the organization. The Strategic Plan provides a vision-based framework for the Authority that is evaluated regularly and updated every five years. The Capital Improvement Plan (CIP) is a systematic method of anticipating, planning, and budgeting for major capital projects. The Budget and Operational Plan is generated annually and guides the Authority in providing and allocating financial resources and enables the Authority to deliver its vital services at present improved service levels.

The Strategic Plan outlines strategic priorities and action item objectives that assist in the prioritization of annual budget requests and the overall allocation of resources. Input from financial forecasting is a vital tool used to help shape and define the Authority's vision for the future, to identify critical issues, and to seek out revenue sources to support services and outline future service priorities. The Budget and Operational Plan includes a long-term financial forecast that helps the Authority address the challenges of balancing revenues and expenditures for the services provided by the Authority beyond the one-year perspective offered by the Annual Budget and Operational Plan. This long-term financial forecast is a 5-year projection using calculations based on a combination of historical revenue and expenditure levels, known operational needs, and analytical data to produce annual revenue and expenditure estimations. Authority staff reviews and updates these documents and programs based on identified legislative and economic factors and their potential impact on the Authority's financial and strategic goals for the future.

The Capital Improvement Plan (CIP) is a component of the Authority's Budget and Operational Plan. The purpose of the CIP is to systematically identify, plan, schedule, finance, track capital assets, and monitor capital projects to ensure cost effectiveness as well as conformance with established policies and priorities. The CIP outlines direct costs associated with recommended capital projects and asset purchases. The CIP outlines anticipated capital projects and the replacement schedules for current capital assets for a period of ten years. Asset purchases and replacements are identified in detail for the first 5-year period and in summary for the following 5-year period. Capital project purchases and asset replacements for the current fiscal year are identified and summarized with both anticipated initial capital outlay and ongoing operational costs for each project, allowing the Governing Board the opportunity to determine the feasibility of each project. Funding sources for each project are also identified within the plan.

Strategic and Planning Matters

During fiscal year 2007-08, the NCFMD began the process of obtaining accreditation through the Center for Public Safety Excellence (CPSE). Attaining accreditation promotes excellence within the Authority, encourages quality improvement, defines missions and goals to personnel and the public, identifies strengths and weaknesses, fosters development of strategic plans, and promotes pride within the Authority and to its customers. This accreditation procedure took approximately 18 months to complete and consisted of comprehensive internal self-evaluation and external peer evaluation systems. The initial steps to complete the self-evaluation required the generation of a self-assessment manual and a standards of coverage manual. The external evaluations were conducted by unbiased, objective reviewers who compared the Authority to a set of national standards and then made recommendations on how to elevate the professionalism and level of service delivery within the Authority.

In August 2010, Sun City West Fire District completed the accreditation process and achieved Accredited Agency status, held for five years. In 2015, NCFMD completed the re-accreditation process and was again awarded Accredited Agency Status for 2015-2020. In March 2020, the Authority began its third accreditation process. The accreditation process was finalized on January 21, 2021. The Commission on Fire Accreditation confirmed that the Authority had met all of the requirements to become reaccredited, achieving organizational and professional excellence through its strategic self-assessment model and continuous quality improvement. There are 300 accredited agencies out of approximately 40,000 fire departments throughout the country and only 12 accredited agencies in Arizona. This accreditation status verified that AFMA had met the highest standards for effectiveness and efficiency in responding to emergencies. Today, with this recognition, the Arizona Fire & Medical Authority possesses a significant resource for continuous improvement. The Commission on Fire Accreditation International (CFAI), its professionalism, and its quality of service lend credence to the Authority's administrative and operational performance. As an accredited agency, the Authority's standing is elevated in application processes to receive grant funds.

The Authority, through the strategic planning process, developed both mission and vision statements. It is imperative that a mission statement depict the general theme and principles by which the Authority represents its collective purpose. The Authority prides itself on providing the best service possible to its residents and has developed and adopted the following mission statement to direct its service goals:

Our mission is to protect life and property and to enhance the well-being of all those that we serve.

After establishing the Authority's mission, the next progression was to define a vision for the future. The benchmarks set during strategic planning efforts were used as guidelines of excellence that the Authority will strive to achieve.

The Authority faces unique challenges in keeping pace with the changing world in which we live and work. We must not forget the traditions and people who brought us to this point. However, we must adapt, be flexible, and be progressive in order to be successful. We believe that the following paragraph will provide us with a vision that will enable us to continue to be an exceptional organization:

We will provide exceptional service through organizational teamwork to promote an innovative, responsive, and professional agency that adapts within a changing environment. Utilizing collaborative working relationships, we strive to be a leader in our industry. We endeavor to be fiscally responsible with the single purpose of serving the greater community good.

Financial Policies

Establishing and following sound fiscal policies enhances the Authority's financial health as well as its image and credibility with its citizens and the public in general. The Governing Board is

charged with establishing financial policies and the staff is responsible for implementing those policies in the day-to-day management of the Authority finances.

The Authority's budget is closely aligned with the financial policies established by the Governing Board. These policies serve to strengthen the current and long-term financial health of the organization and are visited, at a minimum, on an annual basis to ensure they represent the most current and realistic framework for decision-making. A balanced budget is the foundation of the Authority's financial policies. The Board and Authority staff members define a balanced budget as one that matches required expenditures necessary to provide the Authority's established service goals with available, sustainable resources. The Board and staff spend an extensive period of time detailing expenditures and identifying and verifying the revenue sources that are available to support those expenditures. As expenditures fluctuate, so must revenues. However, the Board and staff strive to ensure that these fluctuations do not negatively impact service levels.

Fund Balance: During the beginning months of each fiscal year, generally between July and mid-September, the Authority's Partner Districts receive little or no property tax revenues. This is a direct result of the State of Arizona's property tax billing and collection cycle. Property taxes are levied and billed to taxpayers annually and payments are due in two installments. The first installment is due during October and the balance is due in March of each fiscal year. The Board and staff are charged with determining, on a monthly basis during these times of revenue shortfalls, whether the Authority should utilize the cash available in the capital projects fund or obtain short-term financing.

The capital projects fund monies may be borrowed to serve as working capital for the first few months of the fiscal year. The Authority may also choose to use short-term financing or registered warrants obtained through the Maricopa County Treasurer's Office. A combination of both options has been used in recent years. During times of low earnings interest rates, it is generally more beneficial for the Authority to borrow from its capital projects fund rather than pay the interest costs associated with registered warrants. During times when the Authority can invest funds to earn higher interest rates, short-term borrowing usually results in lower costs when compared against the high interest revenues produced from the investment of capital funds. After sufficient property taxes are received through Maricopa County to support monthly expenditures, any monies borrowed are returned to the capital projects fund.

Capital Improvement Plan: The purpose of the Capital Improvement Plan (CIP) is to systematically identify, plan, schedule, finance, track capital assets, and monitor capital projects to ensure cost effectiveness as well as conformance with established policies and priorities. The CIP is reviewed and updated annually, at a minimum, and outlines direct costs associated with capital projects and asset purchases. Required ongoing operational costs are identified and presented as a part of each project allowing the Board the opportunity to determine the feasibility of each project. Funding sources for each project or purchase are acknowledged within the CIP.

Fiscal Planning and Budgeting: The Authority's policy concerning fiscal planning and budgeting is to govern the preparation, monitor the expenditures, and analyze the effectiveness of the Annual Budget and Operational Plan. Part of this process includes incorporating a long-term perspective and a system of identifying available and sustainable resources and allocating those resources

among competing purposes. The Authority presents an annual operating budget that is balanced, meaning that planned expenditures are equal to or less than current revenues and ongoing expenditures will only be paid for with ongoing revenues. The Authority will not postpone expenditures, use one-time (nonrecurring) revenue sources to fund ongoing (recurring) uses or use external borrowing for operational requirements. The Authority identifies and allocates funding resources amongst various service needs. It is increasingly important to incorporate a long-term perspective and monitor the performance of programs competing to receive funding.

The Authority's audited, fund basis financial statements are presented using the modified accrual basis of reporting; therefore, Authority budgeting is also completed on a modified accrual basis. Under the modified accrual basis, expenditures are recorded when goods or services are received rather than when the invoices are paid. The exception to this general rule is interest on general long-term debt, which is recognized when due. Revenues are recorded in the accounting period in which they become measurable and available.

Pension and Other Post-Employment Benefits

The Authority contributes to the Public Safety Personnel Retirement System (PSPRS), a multiple-employer public employee retirement system that acts as a common investment and administrative agent to provide retirement, health insurance premium, death, and disability benefits for all eligible fire suppression personnel. All benefit provisions and other requirements are established by state statutes. Employees were required to contribute 7.65- 11.65% of their wages to PSPRS in the fiscal year ended June 30, 2022. The Authority is required to contribute the remaining amounts necessary to fund PSPRS, as determined by the actuarial basis specified by statute. The employer rate for the fiscal year ended June 30, 2022 started at 32.17% of covered payroll and later dropped to 15.31% of covered payroll after the Authority issued the Certificates of Participation.

All PSPRS annuitants and non-suppression employees contribute to the Arizona State Retirement System (ASRS). The ASRS is a cost sharing, multiple-employer, public employee, tax qualified defined benefit plan (with the exception of the defined contribution portion). The ASRS Board is the governing body of the ASRS and is responsible for the administration and management of the ASRS and its trust fund. For fiscal year ended June 30, 2022, participating employees were required to contribute 12.22% for retirement and 0.19% for long-term disability. The Authority is required to contribute at the same percentage rates.

Awards and Acknowledgements

Awards: The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Arizona Fire & Medical Authority for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2021. In order to be awarded a Certificate of Achievement, the Authority published an easily readable and efficiently organized ACFR. This report satisfied both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Annual Comprehensive Financial Report (ACFR) continues to meet the Certificate of

Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

In addition, the Authority also received GFOA's Distinguished Budget Presentation Award for the Annual Budget and Operational Plan for the fiscal year beginning July 1, 2021.

Acknowledgements: The preparation of this report would not have been possible without the efficient and dedicated service of the entire staff of the Authority's Financial Services Section and the Authority Administrative Staff. We wish to express our appreciation to all members of the Authority who assisted and contributed to the preparation of this report. Appreciation is also extended to the Authority's Governing Board, employees, and citizens of the Authority whose continued support is vital to the financial health of the Arizona Fire & Medical Authority.

Respectfully Submitted,



Mark Burdick, Fire Chief



Rebecca Chitwood, CPA, Finance Director

Arizona Fire & Medical Authority
Organizational Chart / Staffing Plan
July 2022

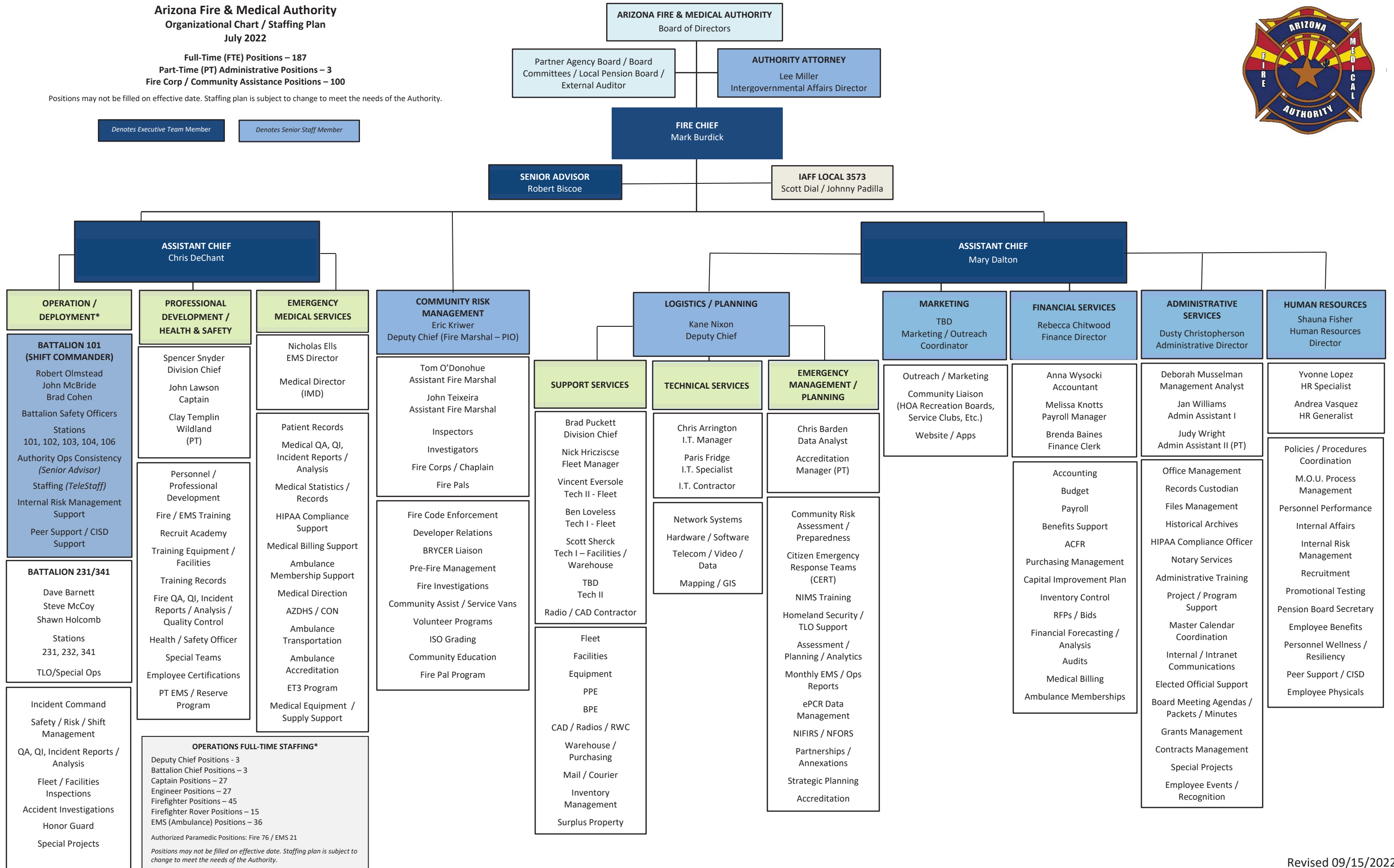
Full-Time (FTE) Positions – 187
 Part-Time (PT) Administrative Positions – 3
 Fire Corp / Community Assistance Positions – 100

Positions may not be filled on effective date. Staffing plan is subject to change to meet the needs of the Authority.



Denotes Executive Team Member

Denotes Senior Staff Member



**Arizona Fire & Medical Authority
ELECTED AND APPOINTED OFFICIALS
June 30, 2022**

<u>Elected Officials</u>	<u>Board Title</u>	<u>Originally Appointed</u>	<u>Current Term Expires</u>
David Wilson	Board Chairman	May 2017	December 2022
John Crawford	Board Clerk	December 2018	December 2022
Richard Bookie	Board Member	October 2019	December 2022
Karen Gueltzow	Board Member	May 2017	December 2022
Merrel “Tony” Sambol	Board Member	April 2020	December 2022

<u>Appointed Officials</u>	<u>Title</u>	<u>Section</u>
Mark Burdick	Fire Chief	Authority-wide

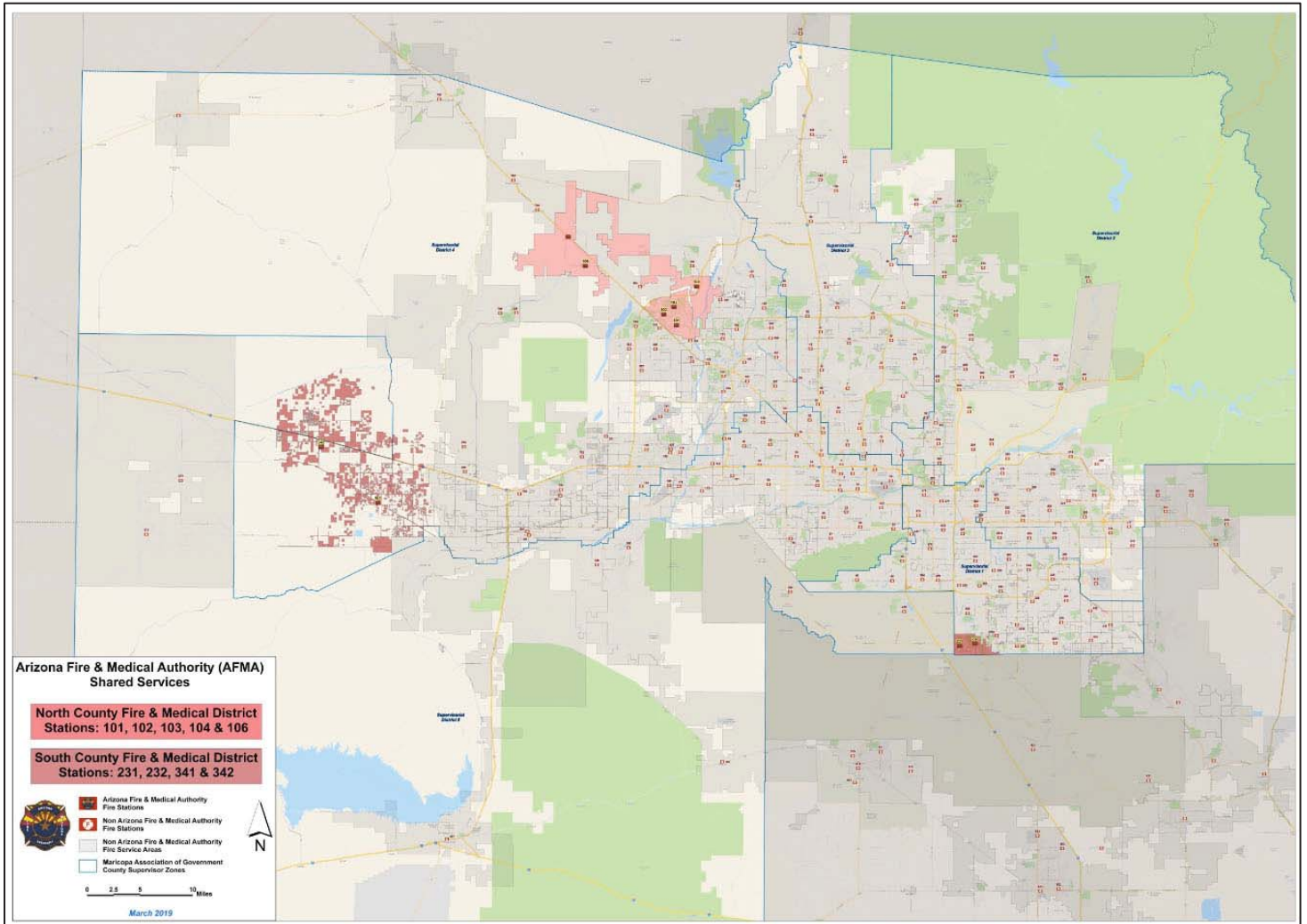
ADMINISTRATIVE OFFICES

Arizona Fire & Medical Authority
18818 N. Spanish Garden Drive
Sun City West, Arizona 85375

LEGAL COUNSEL

Lee Miller
18818 N. Spanish Garden Dr
Sun City West, AZ 85375

Service Area



*Station 342 is not in operation



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

Arizona Fire & Medical Authority

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morrill

Executive Director/CEO

Financial Section



Independent Auditor's Report

To the Board of Directors
Arizona Fire & Medical Authority
Sun City West, Arizona

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Authority as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 14, the budgetary comparison information on pages 48 and 49, the pension/OPEB plan schedules and related notes to pension plan schedules on pages 50 through 56, be presented to supplement the basic financial statements.

Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying schedules of joint venture activity on pages 57 through 60 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of joint venture activity are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2022, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Walker & Armstrong, LLP

Phoenix, Arizona
December 29, 2022

**Arizona Fire & Medical Authority
Management’s Discussion and Analysis (MD&A)
For the Fiscal Year Ended June 30, 2022**

As management of Arizona Fire & Medical Authority (the “Authority”), we offer readers of the Authority’s financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended June 30, 2022. We encourage readers to consider the information presented here in conjunction with the Authority’s financial statements, which begin on page 15.

On February 28, 2017, the Governing Boards of North County Fire & Medical District (NCFMD) and Sun Lakes Fire District (SLFD) approved the adoption of an Intergovernmental Agreement forming the first Fire & Medical Authority in Maricopa County, Arizona. The new Arizona Fire & Medical Authority (AFMA) was established pursuant to Arizona Revised Statutes governing a Joint Powers Authority (JPA). The personnel, equipment, facilities and daily operations of the two combined districts are governed by an Authority Board effective July 1, 2017. The Authority Board is comprised of elected officials who are appointed from each participating agency. The Authority Board sets policies, recommends an annual budget, assists in long-range planning, negotiates labor/management agreements, and performs other duties as outlined in the JPA governance documents.

On December 4, 2018, the Sun Lakes Fire District and Tonopah Valley Fire District boards voted unanimously to merge into one new district. The merger took effect January 3, 2019. The community of Tonopah is located approximately 50 miles west of downtown Phoenix. The Tonopah Valley Fire District serves about 5,000 people and covers approximately 34 square miles. As a result of this merger, a new district was formed, and was named South County Fire & Medical Districts (SCFMD). This new district is a partner in the joint venture with AFMA. The Sun Lakes Fire District and Tonopah Valley Fire District no longer exist.

Under the Authority, the participating legal entities divest their operational and administrative obligations to the Authority. North County Fire & Medical District and South County Fire & Medical District still exist as taxing authorities; however, the Authority became the employer. The personnel, equipment, facilities and funds to support the operation of the Authority were combined and transferred to the Authority in order to provide service to the area once served by the individual agencies.

Financial Highlights

- At the close of the most recent fiscal year, the liabilities and deferred inflows of resources of the Authority exceeded assets and deferred outflows of resources by \$14,506,285. The net investment in capital assets is \$8,682,091.
- As of the close of the current fiscal year, the Authority’s governmental funds reported combined ending fund balances of \$19,699,917. Approximately 4.8% of this total amount, or \$944,287, is available for spending at the government’s discretion (unassigned fund balance). Of the remaining fund balance, \$226,593 is assigned for the employee benefit liability account, \$123,764 is restricted for community services, \$9,872,700 has been committed to future capital projects and the remaining balance of \$8,532,573 has been committed to future pension costs.

Management's Discussion and Analysis (MD&A) - Continued

- At the end of the current fiscal year, unassigned fund balance for the general fund was \$944,287 or 1.1% of the 2022 fiscal year's total budgeted operating expenditures.
- At the onset of budget preparation for the year ended June 30, 2022, the Authority's Board of Directors mandated that the Authority maintain adequate controls over the budgeting process to minimize any potential for increased burden on the Authority's taxpayers. The budget for the year ended June 30, 2022, accomplished this task.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements which are comprised of three components: (1) government-wide financial statements, (2) fund financial statements and (3) notes to the financial statements. This report also contains the required supplementary information in addition to the financial statements themselves. In addition, other supplementary information is included that provides additional information on joint venture activity and cost allocations and certain statistical information.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Authority's finances, in a manner similar to a private-sector business. Consequently, the entity-wide presentation utilizes the accrual basis of accounting and combines all governmental funds of the Authority.

The *statement of net position* presents information on all of the Authority's assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference between them reported as net position (deficit). Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The *statement of activities* presents information showing how the government'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 (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements can be found on pages 15-16 of this report.

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 Authority, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Management's Discussion and Analysis (MD&A) - Continued

Management establishes governmental funds based on the application of generally accepted accounting principles and the evaluation of applicable laws, regulations and reporting objectives.

Governmental Funds

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

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

The Authority maintains three (3) individual governmental funds: the general fund, the capital projects fund and the special projects fund (a special revenue fund). Information is presented separately in the governmental fund balance sheets and governmental fund statement of revenues, expenditures, and changes in fund balances for each of these funds, all of which are considered to be the major funds of the Authority; the concept and determination of major funds has been established by the Governmental Accounting Standards Board (GASB). While the special projects fund is non-major, it is the only fund meeting the criterion and is thus discreetly reported.

The Authority adopts an annual appropriated budget to provide for its general fund. A budgetary comparison statement for the general fund has been provided as part of the supplementary information following the basic financial statements to demonstrate compliance with the budget and is presented on pages 48 and 49. The Authority revises the capital improvement plan annually to outline anticipated replacements and projects to be completed during the year using the capital projects fund.

There is no budget generated for the special revenue fund as it is generally comprised of restricted monies that carryover from year-to-year for the purpose of supporting specified projects or programs as related to the funding received. Detailed tracking of these resources and the associated expenditures are continuously maintained to ensure funds are used for their intended purpose.

The basic governmental fund financial statements can be found on pages 17-20 of this report.

Management's Discussion and Analysis (MD&A) - Continued

Notes to Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 21-47 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report includes required supplementary information, other than *Management's Discussion and Analysis*, concerning a comparison of the Authority's budget to actual revenues and expenditures, as described earlier and can be found on pages 48 and 49 of this report and certain pension information reported on pages 50-56. In addition, other supplementary information is included that provides additional information on joint venture activity and cost allocations on pages 57-60 and certain statistical information on pages 61-75.

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 Authority, liabilities and deferred inflows exceeded assets and deferred outflows of resources by \$14,506,285 at the close of the 2022 fiscal year.

A portion of the Authority's net position totaling \$8,682,091 reflects its investment in capital assets (e.g., land, construction in progress, buildings, machinery, vehicles, and equipment). The Authority uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. \$123,764 of the Authority's net position is restricted funds for the purpose of supporting specified projects or programs related to donated funds. The remaining unrestricted net position totaling a deficit of \$23,312,140 is unrestricted which is caused primarily by the net pension and OPEB obligations totaling \$31,089,892.

The Authority's \$8,682,091 in net capital assets consists of eight fully staffed fire stations which are strategically placed throughout the Authority's four hundred square mile service area and one dual purpose administration and fleet maintenance facility. The Authority maintains a fleet of approximately seventy-one fire apparatus, ambulances and staff vehicles, all of which are in above average condition. The Authority also has acquired state-of-the art medical and firefighting equipment, which is all well-maintained in order to provide the highest level of care. The remaining assets consist mainly of cash and cash equivalents, investments and other program revenue receivables which are used to meet the Authority's ongoing obligations to its citizens.

The following page contains an analysis of the current year government-wide statements.

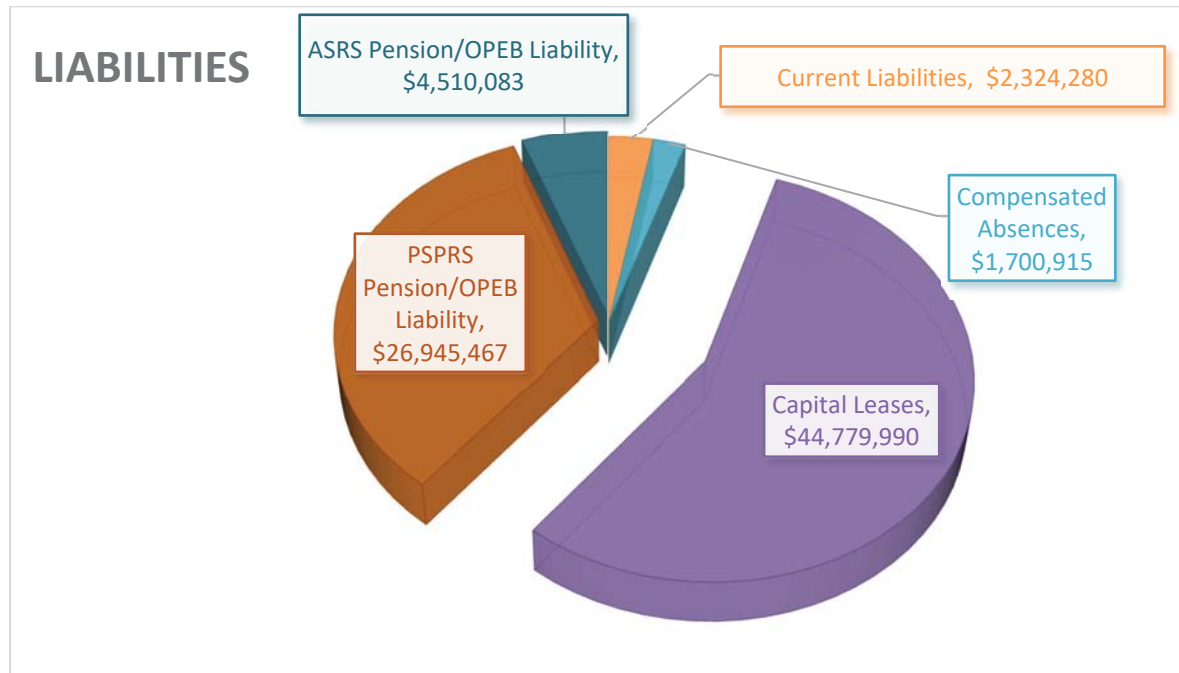
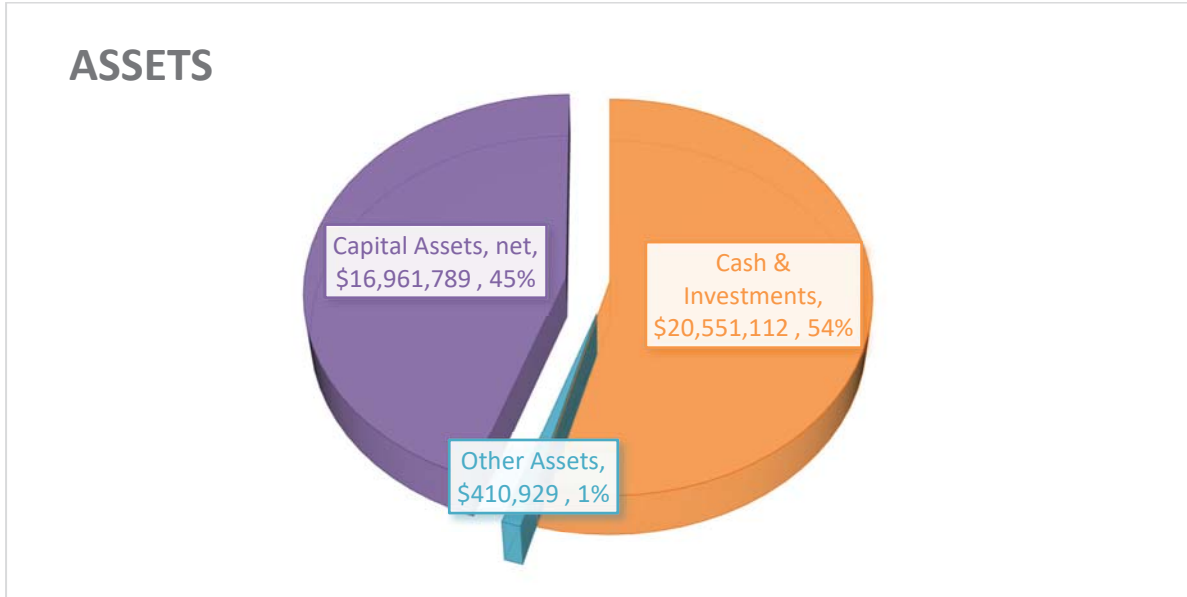
Management's Discussion and Analysis (MD&A) - Continued

Condensed Statements of Net Position

Governmental Activities		
	2022	2021
Assets		
Cash and investments	\$ 20,551,112	\$ 11,344,457
Other assets	410,929	820,623
OPEB asset	365,658	-
Capital assets, net	16,961,789	15,871,721
Total assets	38,289,488	28,036,801
Deferred outflows of resources related to pensions and OPEB liabilities		
	36,880,308	11,447,842
Total assets & deferred outflows	75,169,796	39,484,643
Liabilities		
Current liabilities	2,324,280	1,619,661
Noncurrent liabilities:		
Compensated absences	1,700,915	1,651,712
Debt	44,779,990	7,556,767
PSPRS net pension/OPEB liabilities	26,945,467	34,684,980
ASRS net pension/OPEB liabilities	4,510,083	5,901,204
Total liabilities	80,260,735	51,414,324
Deferred inflows of resources related to pensions and OPEB liabilities		
	9,415,346	1,771,579
Total liabilities & deferred inflows	89,676,081	53,185,903
Net position (deficit):		
Net investment in capital assets	8,682,091	7,892,247
Restricted for community services	123,764	107,055
Unrestricted (deficit)	(23,312,140)	(21,700,562)
Total net position (deficit)	\$ (14,506,285)	\$ (13,701,260)

Management's Discussion and Analysis (MD&A) - Continued

The following charts highlight the significant assets and liabilities of the Authority:



Management's Discussion and Analysis (MD&A) - Continued

The following table presents a summary of the Authority's revenues and expenses for the current fiscal year.

Condensed Statements of Activities

Governmental Activities

	2022	2021
Revenues:		
Program revenues:		
Operating grants	\$ 1,191,803	\$ 1,045,282
Charges for services	758,217	1,050,155
General revenues:		
Joint venture member revenues	30,328,801	29,013,404
Investment and other	115,502	314,130
Total revenues	32,394,323	31,422,971
Expenses:		
Public safety	33,199,348	33,308,513
Total expenses	33,199,348	33,308,513
Decrease in net position	(805,025)	(1,885,542)
Net position (deficit), beginning of year	(13,701,260)	(11,815,718)
Net position (deficit), end of year	\$ (14,506,285)	\$ (13,701,260)

The cost of all governmental activities for the year ended June 30, 2022, was \$33,199,348, the majority of which is salaries and wages and employee benefits. Joint venture member revenues and operating grants provided funding of \$30,328,801 and \$1,191,803, respectively. The increase in joint venture member revenues of \$1,315,397 or 4.5%, is mainly attributable to the increase in property tax revenue due to new construction and to increased property valuations. The increase in operating grants of \$146,521 or 14%, is mainly attributable to an increase in Smart & Safe Tax revenues. Fiscal year 2022 was the first full year of Smart & Safe tax collections.

Management's Discussion and Analysis (MD&A) - Continued

Financial Analysis of the Governmental Funds

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

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

At the end of the current fiscal year, the Authority's governmental funds reported combined ending fund balances of \$19,699,917. This is an increase of \$9,026,971 from the prior year and is the result of many factors including Certificate of Participation proceeds to create a committed pension liability reserve and increases in property tax revenues. Revenues for the year included transfers from joint venture members, wildland revenues and grant revenues.

Of the \$19,699,917 total combined governmental fund balance, the amount committed by the Board to capital projects totaled \$9,872,700 and to pension liabilities totaled \$8,532,573. The remaining amount, comprised of fund balance assigned to the employee benefit liability account in the amount of \$226,593 restricted amounts for community service of \$123,764, and \$944,287 is unassigned and available for future spending.

The general fund is the chief operating fund of the Authority. At the end of the current fiscal year, the unassigned fund balance of the general fund was \$944,287. As a measure of the general fund's liquidity, it may be useful to compare spendable fund balance to total fund expenditures. Spendable fund balance represents 1.6% of total general fund expenditures of \$59,640,982.

The capital projects fund accounts for the accumulation of financial resources allocated for the following: future construction costs for new and existing facilities; the purchase or replacement of fire, emergency medical response, staff and maintenance apparatus; significant fire and emergency medical services equipment replacements such as Self Contained Breathing Apparatus (SCBA) equipment; communications equipment; and major administrative management equipment such as copiers and computer servers. As of June 30, 2022, the ending fund balance in the capital projects fund was \$6,863,833. The Authority's Governing Board has determined that cash available in the general fund as of the fiscal year ended June 30, 2022, net of encumbrances, totaling \$3,008,867 would be transferred into the capital projects fund and committed to future capital development.

The special projects fund is a special revenue fund established for the collection and disbursement of funds for specified programs such as paramedic training, fire corps, fire and life safety, and the child safety seat loaner programs. These funds are contributed by citizens and local organizations for a specific purpose and are strictly utilized in accordance with the donors' wishes. Program funding and expenditures generally cross over fiscal years and therefore are managed within the special revenue fund. As of June 30, 2022, the ending fund balance in the special revenue fund was \$123,764.

Management's Discussion and Analysis (MD&A) - Continued

Budgetary Highlights

Total revenues were \$484,168 more than budgeted revenues and total expenditures were \$23,382,568 less than budgeted expenditures. The revenue variance occurred primarily due to the first full year of Smart & Safe Tax revenues being higher than anticipated. The positive expenditure variance resulted primarily from Public Safety Personnel Retirement system contributions and interest expenditures that did not occur.

Capital Asset and Debt Administration

Capital Assets – The Authority's investment in capital assets as of June 30, 2022, totaled \$16,961,789 (net of accumulated depreciation). These assets include land, buildings and improvements, apparatus and general fire, emergency medical, communications and administrative equipment.

Major capital asset transactions during the year included the following:

The Authority acquired capital assets in the amount of \$2,106,611 which included: Fire Station 232 renovations and two fleet vehicles.

The Authority depreciates capital assets, except for land and construction in progress, consistent with generally accepted accounting principles, utilizing the straight-line depreciation method. The cost of the asset is divided by the expected useful life in years and the result is charged to expense each year until the asset is fully depreciated. Major outlays for capital assets and improvements are capitalized as projects are completed and placed into service. The Authority's threshold for capitalization was maintained at \$5,000 to \$50,000 which is consistent with the minimum threshold as recommended by the Government Finance Officers Association (GFOA). Additional information on the Authority's capital assets can be found in Note 4 in the basic financial statements on pages 25 and 30.

Subsequent to June 30, 2022, the Authority continued its practice of significant capital project funding to ensure the highest level of services to the public. Through careful planning and monitoring of the Authority's capital asset replacement schedule, the Authority has determined an annual funding requirement to provide for the timely replacement of a majority of the Authority's larger, and more expensive, apparatus and equipment. The capital projects funding requirement, for the year ended June 30, 2022, was a minimum of \$450,000 as determined by the Authority's capital asset replacement schedule. Actual transfers to the capital projects fund were \$4,097,973 during 2022. In addition to the minimum annual funding requirement, the Authority's governing board has stated that any general fund unencumbered fund balance is to be transferred into the capital projects fund to support future capital development.

Long-term Liabilities - The Authority continues to retire and manage debt to fund various capital projects which support program services. As of June 30, 2022, the Authority had long-term outstanding liabilities of \$77,181,189 (excluding compensated absences) resulting from a lease

Management's Discussion and Analysis (MD&A) - Continued

purchase agreement, certificates of participation and unfunded pension/OPEB liabilities. The remaining debt associated with the lease purchase agreements (\$605,283), requires debt service payments totaling \$705,000 during the fiscal years ending June 30, 2023 through 2033. The debt associated with the Certificates of Participation (\$44,385,000), requires debt service payments totaling \$60,354,923 during the fiscal years ending June 30, 2023 through 2044.

As a result of the implementation of the Government Accounting Standards Board (GASB) Statement No.68 and No.75, the Authority recognized the long-term debt associated with unfunded pension liabilities. These liabilities are recorded as \$26,750,624 in the Public Safety Personnel Retirement System (PSPRS) and \$4,339,268 in the Arizona State Retirement System (ASRS) unfunded liabilities as of June 30, 2022. Most of the liability to Public Safety Personnel Retirement System (PSPRS) will be funded by Certificates of Participation (COPs) during the next fiscal year due to the reporting of the pension liability being delayed one year to allow for accurate pension calculations.

All debt is backed by the full faith and credit of the Authority and certain property. Additional information on the Authority's long-term liabilities can be found in Note 5 in the basic financial statements on page 31-33.

Economic Factors and Next Year's Budgets and Rates

The budget that was adopted includes the budgets for both of the entities participating in the joint venture combined into one budget for AFMA. NCFMD and SCFMD still remain as separate taxing entities. NCFMD's and SCFMD's property tax rate for fiscal year 2023 were increased to \$2.9144 and \$3.25 per \$100 of secondary assessed value, respectively. These rates were increased by \$.05 per \$100 of secondary assessed value for each district from the previous year.

Arizona Revised Statutes limit the amount the Authority can assess property tax revenues to \$3.375 per \$100 of secondary assessed value. Additionally, with the passage of Senate Bill 1421, fire districts are now limited to an 8% annual property tax levy increase based on the 2008 tax levy; this increase is cumulative, even if not fully utilized in one year, and adjusted annually for annexations and new construction. Each year the maximum levy limit is recalculated based on the aforementioned factors.

Although slower, the Authority is still anticipating continued growth over the next five years. The following factors are expected to play a role in the Authority's economic outlook:

- The Authority continues to seek new property annexations, expanding the boundaries and deepening the tax base.
- A large portion of the Authority's emergency response calls continue to be medically related, which typically result in emergency ambulance transport and associated revenues. The Authority also includes ambulance transport services to include non-emergency interfacility ambulance transports, which currently generate higher revenues than emergency transports and positively impacts ambulance revenue from the members.

Management's Discussion and Analysis (MD&A) - Continued

During the year ended June 30, 2022, 93.5% of the Authority's actual revenues were derived from joint venture member revenue which was comprised of real property, fire district assistance taxes and ambulance revenue.

Due to the potential for future increased housing development within its boundaries, the Authority is well positioned to benefit from the following elements:

- Potential development of frontier property within areas annexed into the Authority during recent fiscal years;
- Completion of additional housing developments within the Authority's boundaries; and,
- Continued increases in program service revenues, specifically ambulance emergent and non-emergent transports, within the Authority.

The adopted budgeted expenditures for the year ended June 30, 2023, are approximately \$35 million with approximately \$3.1 million to be provided for retirement of debt and for future capital projects funding. This leaves a net operating budget of \$31.9 million, which represents a 1.09% increase compared to the current year's net operating budget primarily due to the addition of new positions and enhanced services.

Request for Information

The Authority's financial statements are designed to present users (citizens, taxpayers, government entities and creditors) with a general overview of the Authority's finances and to demonstrate the Authority's accountability. As always, we appreciate your feedback. We take your responses seriously. Please keep your ideas coming – both favorable and critical. If you have any questions about this report or need additional financial information, please contact the Authority's administrative office at (623) 544-5400. Copies of the Authority's annual financial reports for the last five years can be found on the Authority's website under the financial section. You may also obtain copies of current and historical financial reports from the administrative office located at 18818 N. Spanish Garden Drive, Sun City West, Arizona 85375.

Arizona Fire & Medical Authority
Statement of Net Position
June 30, 2022

	Governmental Activities
Assets:	
Cash and investments	\$ 1,010,039
Cash and investments, held by fiscal agent	19,541,073
Accounts receivable, net	13,685
Due from other governments	79,407
Investment in RWC Joint Venture	317,837
OPEB Asset	365,658
Capital assets, not being depreciated	2,663,014
Capital assets, being depreciated, net	14,298,775
	38,289,488
Deferred Outflows of Resources:	
Deferred outflows of resources related to pensions and other post-employment benefits	36,880,308
	75,169,796
Liabilities:	
Accounts payable	265,188
Accrued payroll and related	621,791
Noncurrent liabilities:	
Due within one year	
Compensated absences	125,994
Long-term debt, current portion	1,311,307
Due in more than one year:	
Compensated absences	1,700,915
Long-term debt	44,779,990
PSPRS net pension/OPEB liabilities	26,945,467
ASRS net pension/OPEB liabilities	4,510,083
	80,260,735
Deferred Inflows of Resources:	
Deferred inflows of resources related to pensions and other post-employment benefits	9,415,346
	89,676,081
Net Position (Deficit):	
Net investment in capital assets	8,682,091
Restricted for Community Services	123,764
Unrestricted	(23,312,140)
	\$ (14,506,285)

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

Arizona Fire & Medical Authority
Statement of Activities
Year Ended June 30, 2022

	Governmental Activities
Program Expenses:	
<i>Public safety-fire protection and emergency medical services:</i>	
Salaries and wages	\$ 16,605,616
Employee benefits	8,494,563
Materials and supplies	1,101,851
Administrative	174,366
Professional services	727,038
Utilities and communications	1,224,894
Repairs and maintenance	830,450
Training and related	155,975
Insurance - general	139,403
Other and grants	118,398
Debt service - interest	1,040,872
Debt service - issuance costs	1,067,687
Depreciation	1,518,235
Total program expenses	33,199,348
Program revenues:	
Charges for services	758,217
Operating grants	1,191,803
Net program expense	31,249,328
General revenues:	
Joint venture member revenues	30,328,801
Firefighter relief and pension	240,471
Investment earnings (loss)	(249,369)
Other and contributions	124,400
Total general revenues	30,444,303
Change in net position	(805,025)
Net position (deficit) - beginning of year	(13,701,260)
Net position (deficit) - end of year	\$ (14,506,285)

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

Arizona Fire & Medical Authority
Balance Sheets -
Governmental Funds
June 30, 2022

	Major Funds			Total Governmental Funds
	General	Capital Projects	Special Projects	
Assets:				
Cash and investments	\$ 838,386	\$ -	\$ 171,653	\$ 1,010,039
Cash and investments, held by fiscal agent	12,072,866	7,468,207	-	19,541,073
Accounts receivables, net	13,685	-	-	13,685
Due from other governments	79,407	-	-	79,407
Due from other funds	652,263	-	-	652,263
Total assets	<u>\$ 13,656,607</u>	<u>\$ 7,468,207</u>	<u>\$ 171,653</u>	<u>\$ 21,296,467</u>
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	\$ 265,188	\$ -	\$ -	\$ 265,188
Due to other funds	-	604,374	47,889	652,263
Accrued payroll and related	621,791	-	-	621,791
Total liabilities	886,979	604,374	47,889	1,539,242
Deferred Inflows of Resources:				
Unavailable revenues	57,308	-	-	57,308
Total deferred inflows of resources	57,308	-	-	57,308
Fund balances:				
Restricted for community services	-	-	123,764	123,764
Committed - capital projects	3,008,867	6,863,833	-	9,872,700
Committed - pension liabilities	8,532,573	-	-	8,532,573
Assigned	226,593	-	-	226,593
Unassigned	944,287	-	-	944,287
Total fund balances	12,712,320	6,863,833	123,764	19,699,917
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 13,656,607</u>	<u>\$ 7,468,207</u>	<u>\$ 171,653</u>	<u>\$ 21,296,467</u>

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

Arizona Fire & Medical Authority
Reconciliation of the Balance Sheet - Governmental Funds,
to the Government-wide Statement of Net Position
June 30, 2022

Total fund balances	\$	19,699,917
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 funds. The cost of the assets is \$33,427,800 and the accumulated depreciation is \$16,466,011.		16,961,789
Some of the Authority's receivables will be collected after year-end, but are not available soon enough to pay for the current-period expenditures, and therefore are deferred in the funds.		57,308
Net OPEB assets held in trust for future benefits are not available for Authority operations and, therefore are not reported in the funds		365,658
Long-term liabilities are not due and payable in the current period and therefore, are not reported in the funds.		(79,373,756)
Some deferred outflows and inflows of resources are applicable to future reporting periods and, therefore, are not reported in the funds:		
Deferred outflows of resources related to pensions/OPEB		36,880,308
Deferred inflows of resources related to pensions/OPEB		(9,415,346)
Investment in RWC		317,837
Net position (deficit) of governmental activities	\$	(14,506,285)

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

Arizona Fire & Medical Authority
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Governmental Funds
Year Ended June 30, 2022

	Major Funds			Total Governmental Funds
	General	Capital Projects	Special Projects	
Revenues:				
Joint venture member revenues	\$ 30,328,801	\$ -	\$ -	\$ 30,328,801
Charges for services	758,217	-	-	758,217
Firefighter relief and pension	240,471	-	-	240,471
Intergovernmental	1,319,106	-	-	1,319,106
Investment earnings (loss)	(152,517)	(96,922)	70	(249,369)
Other and contributions	13,641	-	37,358	50,999
Total revenues	32,507,719	(96,922)	37,428	32,448,225
Expenditures:				
Current:				
Salaries and wages	16,656,604	-	-	16,656,604
Employee benefits	35,779,554	-	-	35,779,554
Utilities and communications	1,707,669	-	-	1,707,669
Materials and supplies	1,081,132	-	20,719	1,101,851
Professional services	727,038	-	-	727,038
Repairs and maintenance	830,450	-	-	830,450
Other and grants	-	118,398	-	118,398
Administrative	174,366	-	-	174,366
Training and related	155,975	-	-	155,975
Insurance - general	139,403	-	-	139,403
Capital outlay	-	2,106,611	-	2,106,611
Debt service:				
Principal	280,232	-	-	280,232
Interest	1,040,872	-	-	1,040,872
Issuance costs	1,067,687	-	-	1,067,687
Total expenditures	59,640,982	2,225,009	20,719	61,886,710
Excess of revenues over (under) expenditures	(27,133,263)	(2,321,931)	16,709	(29,438,485)
Other financing sources (uses):				
COPs issuance	44,645,000	-	-	44,645,000
Premium on COPs issuance	1,174,415	-	-	1,174,415
Lease retired	(7,353,959)	-	-	(7,353,959)
Transfers in	-	4,097,973	-	4,097,973
Transfers out	(4,097,973)	-	-	(4,097,973)
Total other financing sources (uses)	34,367,483	4,097,973	-	38,465,456
Net change in fund balances	7,234,220	1,776,042	16,709	9,026,971
Fund balances, beginning of year	5,478,100	5,087,791	107,055	10,672,946
Fund balances, end of year	<u>\$ 12,712,320</u>	<u>\$ 6,863,833</u>	<u>\$ 123,764</u>	<u>\$ 19,699,917</u>

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

Arizona Fire & Medical Authority
Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balances of Governmental Funds
to the Government-wide Statement of Activities
Year Ended June 30, 2022

Net change in fund balances - total governmental funds	\$	9,026,971
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported in governmental funds 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. In the current period, these amounts are:		
Expenditures for general capital outlay		2,608,303
Depreciation expense		(1,518,235)
Certain intergovernmental revenues reported in the Statement of Activities that do not provide current financial resources and therefore, are not reported as revenues in the governmental funds.		(127,302)
Authority pension contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension liability is measured a year before the Authority's report. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the Statement of Activities (includes both PSPRS & ASRS):		
Authority pension/OPEB contributions		30,938,681
Pension/OPEB expense		(3,653,691)
Some expenses in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:		
Compensated absence expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
		50,988
RWC joint venture activity		(18,917)
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. In the current year, activity related to debt consisted of the following:		
Certificates of Participation (COPs) issuance		(44,645,000)
Lease retirement		7,353,959
Premium		(1,174,415)
Amortization of COPs premium		73,401
Principal payments		280,232
		(805,025)
Change in net position of governmental activities	\$	(805,025)

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

Arizona Fire & Medical Authority
Notes to Financial Statements
Year Ended June 30, 2022

Note 1 – Summary of Significant Accounting Policies

The accounting policies of Arizona Fire & Medical Authority (the “Authority”) conform to generally accepted accounting principles applicable to governmental units adopted by the Governmental Accounting Standards Board (GASB).

Reporting Entity

On February 28, 2017, the Governing Boards of North County Fire & Medical District (NCFMD) and Sun Lakes Fire District (SLFD) approved the adoption of an Intergovernmental Agreement forming the first Fire & Medical Authority in Maricopa County, Arizona. The new Arizona Fire & Medical Authority (AFMA) was established pursuant to Arizona Revised Statutes governing a Joint Powers Authority (JPA). The personnel, equipment, facilities and daily operations of the two combined districts are governed by an Authority Board effective July 1, 2017. The Authority Board is comprised of elected officials who are appointed from each participating agency. The Authority Board sets policies, recommends an annual budget, assists in long-range planning, negotiates labor/management agreements, and performs other duties as outlined in the JPA governance documents.

On December 4, 2018, the Sun Lakes Fire District and Tonopah Valley Fire District boards voted unanimously to merge into one new district. The merger took effect on January 3, 2019. The community of Tonopah is located approximately 50 miles west of downtown Phoenix. The Tonopah Valley Fire District serves about 5,000 people and covers approximately 34 square miles. As a result of this merger, a new district was formed, named South County Fire & Medical District. This new district is now a partner in the joint venture with AFMA. The Sun Lakes Fire District and Tonopah Valley Fire District no longer exist.

Under the Authority, the participating legal entities divest their operational and administrative obligations to the Authority. North County Fire & Medical District and South County Fire & Medical District still exist as taxing authorities; however, the Authority became the employer. The personnel, equipment, facilities and funds to support the operation of the Authority were combined and transferred to the Authority in order to provide service to the area once served by the individual agencies.

Basis of Presentation

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

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

Notes to Financial Statements - Continued

Note 1 – Summary of Significant Accounting Policies – Continued

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

Program revenues include:

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

Joint venture member revenues are the largest source of revenue and consists of transfer of property taxes and ambulance revenue from the joint venture members. Revenues not classified as program revenues or joint venture member revenues, including internally dedicated resources and all taxes, are reported as general revenues.

The effect of interfund activity has been eliminated from the government-wide financial statements to minimize the duplicate reporting of internal activities.

Fund financial statements – provide information about the Authority's funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. Where applicable, all remaining governmental funds are aggregated and reported as nonmajor funds.

The Authority reports the following major governmental funds:

- The *general fund* is the Authority's primary operating fund which accounts for all financial resources except those required to be accounted for in another fund.
- The *capital projects* fund is used to account for activities related to the acquisition or construction of significant capital assets.
- The *special projects* fund is a special revenue fund used to account for restricted donations and related expenditures for community service programs.

Basis of Accounting

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

Governmental funds in the fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Authority considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after year-end.

Notes to Financial Statements - Continued

Note 1 – Summary of Significant Accounting Policies - Continued

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they are due and payable.

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

Joint venture member revenues, taxes, leases, and investment earnings associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period.

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

Fund Balance Classifications

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

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

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

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

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

Assigned fund balances - amounts that are constrained by the Authority's intent to be used for specific purposes but are neither restricted nor committed. The Board of Directors has authorized the Fire Chief to make assignments of resources for specific purposes.

Notes to Financial Statements - Continued

Note 1 – Summary of Significant Accounting Policies - Continued

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

Commitments of Fund Balance

The Authority has adopted a policy whereby it will transfer any unassigned and unencumbered revenues to the capital projects fund to provide for planned future acquisitions of apparatus, vehicles, buildings and improvements. Such transfers are not restricted by statute and can be transferred back to the general fund upon board approved changes to the Authority's policies. As of June 30, 2022, the Authority's governing board has committed \$3,008,867 of the general fund balance to be transferred and used for future capital projects.

The Authority has adopted a policy that proceeds from the Certificates of Participation issued during fiscal year 2022 would be set aside to offset any future pension costs. As of June 30, 2022, the Authority's governing board has committed \$8,532,573 of the general fund balance to be used for future pension costs.

Assignments of Fund Balance

The Authority adopted a policy whereby it will assign unencumbered revenues equivalent to the unexpended budgeted wages and benefits to the employee benefit liability account (EBLA) within the general fund. This assignment will provide for the funding of previously unfunded liabilities associated with compensated absences. The EBLA will be evaluated annually and monies assigned based on the unexpended budget associated with wages and benefits, the fiscal year end compensated absence liability and current balance of the EBLA. Such assignments are not restricted by state statute and can be unassigned upon board approval. As of June 30, 2022, \$226,593 was assigned for this purpose.

Cash and Investments

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

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

Notes to Financial Statements - Continued

Note 1 – Summary of Significant Accounting Policies - Continued

Accounts Receivable

The Authority's accounts receivable consists primarily of funds due from other governments, including Wildland and the SAFER grant. The Authority typically sends out 2nd and 3rd notices if the amount is not paid within 90 days, then it is examined for collectability. Uncollected amounts are then written off when they are determined to be uncollectible.

Prepaid Items

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

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

Receivables and Payables

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

Investment in Joint Venture

AFMA is a member of the Regional Wireless Cooperative (RWC), which is a joint venture with several participating governmental agencies. The amount reported as "Investment in RWC Joint Venture" represents AFMA's proportionate interest in RWC.

Capital Assets

Capital assets are reported in the government-wide financial statements at actual cost or estimated historical cost if historical records are not available. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

Capital assets are depreciated using the straight-line method as follows:

<u>Capital asset class</u>	<u>Threshold</u>	<u>Estimated useful life</u>
Land and improvements	\$ 50,000	N/A
Buildings and improvements	\$ 50,000	30 to 40 years
Apparatus, operations equipment, & communications and computer equipment	\$ 5,000	3 to 15 years

Notes to Financial Statements - Continued

Note 1 – Summary of Significant Accounting Policies – Continued

Deferred Outflows/Inflows of Resources

The statement of net position and balance sheets include separate sections, as appropriate, for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to future periods that will be recognized as an expense or expenditure in future periods. Deferred inflows of resources represent an acquisition of net assets or fund balance that applies to future periods and will be recognized as revenue in future periods.

Restricted Assets

Certain proceeds of the Authority's long-term debt, as well as certain resources set aside for their repayment, and contributions for specific purposes are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited by applicable contribution or debt covenants.

Compensated Absences

All the employees of the member districts were transferred to the Authority as of July 1, 2017. All compensated absence liabilities are paid by the general fund.

Tier 1 employees are employees hired prior to July 1, 2012. Accruals are issued on the anniversary date of hire. Vacation is accrued in accordance with Authority policy by shift/non-shift classification and years of service. Sick leave is accrued in the amount of 240 hours for shift personnel and 160 hours for non-shift personnel. Tier 1 employees will eventually be eliminated through attrition.

Tier 2 employees are employees hired after July 1, 2012. With the formation of AFMA, the leave management policy was revised to replace the use of paid time off accruals for Tier 2 employees with bi-weekly vacation and sick leave accruals. On February 26, 2019, this policy was again revised to further classify Tier 2 employees to include any employee, regardless of date of hire, who became an employee of AFMA on or after July 1, 2018. Vacation is accrued in accordance with Authority policy by shift/non-shift classification and years of service. Sick leave is accrued in the amount of 5.92 hours for shift personnel and 3.96 hours for non-shift personnel per pay period.

For both tiers, vacation leave is subject to maximum accrual limitations of 480 hours for shift personnel and 340 hours for non-shift personnel. Upon separation from the Authority, vacation accruals are paid to a maximum limit of 336 hours for shift personnel and 250 hours for non-shift personnel and accrued sick leave is forfeited per policy with the following exceptions: (i) the employee submits a participation request to the Financial Services Section prior to March 1st in order to exercise the benefit in the next fiscal year, (ii) has been employed by the Authority or one of its member districts for a minimum of ten (10) years, (iii) qualifies for normal retirement under the Arizona State Retirement System (ASRS) or the Public Safety Personnel Retirement System (PSPRS), and (iv) separates from the Authority for the purpose of formally retiring and immediately drawing retirement benefits, they will be eligible for a pay-out of remaining accrued sick leave at a ratio of 50% into the Authority sponsored Post Employment

Notes to Financial Statements - Continued

Note 1 – Summary of Significant Accounting Policies – Continued

Health Plan (PEHP). Leave accruals are to be used throughout the year. Any unused allotments are accrued and carried forward to subsequent years up to the maximum limits.

Authority for the purposes of formally retiring and immediately drawing retirement benefits, they will be eligible for a pay-out of remaining accrued sick leave at a ratio of 50% into the Authority sponsored Post Employment Health Plan (PEHP). Leave accruals are to be used throughout the year. Any unused allotments are accrued and carried forward to subsequent years up to the maximum limits.

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position.

Intergovernmental Revenues

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

Estimates

The preparation of the basic financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosure of contingent assets, deferred outflows of resources, liabilities, and deferred inflows of resources at the date of the basic financial statements and the reported amounts of revenues and expenses during the tax calendar reporting period. Actual results may differ from those estimates.

Budgetary Accounting

The Authority is required, under Arizona Revised Statutes, to adopt a budget each fiscal year and to submit to the County Treasurer and the County Board of Supervisors no later than the first day of August each year; under statute only the general fund must legally adopt an annual budget. The adopted budget is on the modified accrual basis of accounting, which is a legally allowable basis for budgetary purposes. All annual appropriations lapse at fiscal year-end. The Authority is subject to expenditure limitations under Arizona Revised Statutes. Statutes also do not permit the Authority to incur debt in excess of the tax levy outstanding and to be collected plus the available and unencumbered cash on deposit. The limitation is applied to the total of the combined governmental funds. The Authority does not have legal authority to spend in excess of the total budgeted amount without an amended budget formally adopted by the Board of Directors. The operating budget will be controlled at the organizational level and the Capital Improvement Plan will be controlled at the project level. For administrative purposes, the Authority maintains budgetary control at the account level for the operating budget. Division managers may exceed their budgeted line items with the approval of the Fire Chief and the Financial Services Section, after review to ensure that the budget will not be exceeded at the organization level.

Notes to Financial Statements - Continued

Note 2 – Cash and Investments

Arizona Revised Statutes (ARS) require all monies levied by the Authority to be collected and held by the County Treasurer's office and included in the County's Local Government Investment Pool (LGIP). Monies received by the Authority as part of services, contributions or proceeds from the issuance of long-term debt can be deposited with the County LGIP, the State of Arizona LGIP or with local financial institutions based on the Authority's policies.

The Authority utilizes Maricopa County as its repository for cash and allows their pool to invest those funds; accordingly, the Authority does not have its own formal investment policy with respect to credit risk, custodial credit risk, concentration of credit risk, interest rate risk, or foreign currency risk for investments.

Cash on Hand and Deposits – At June 30, 2022, the Authority's carrying amount of the total cash in bank was \$1,009,589, and the bank balance was \$1,114,735. In addition, total cash on hand was \$450. At June 30, 2022, uninsured deposit balances of \$882,029 were fully collateralized by the Arizona State Treasurer's Statewide Pooled Collateral Program in the Authority's name.

Investments – The Authority's investments at June 30, 2022, are categorized within the fair value hierarchy established by U.S. generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset.

The Authority's investments at June 30, 2022, were as follows:

<u>Investment Type</u>	<u>Amount</u>
Maricopa County Treasurer's investment pool	\$ 6,601,046
Arizona State Treasurer's investment pool	12,940,027
	<u>\$ 19,541,073</u>

Maricopa County Treasurer's investment pool and the Arizona State Treasurer's investment pool are not registered with the Securities and Exchange Commission and there is no regulatory oversight of their operations. However, the majority of Maricopa County's investment pool is invested in the State of Arizona's local government investment pool which is regulated by the State Board of Investment. The pools' structure does not provide for shares, and the counties have not provided or obtained any legally binding guarantees to support the value of the participants' investments. Participants in the pool are not required to categorize the value of shares in accordance with the fair value hierarchy.

Credit risk - State law limits deposits and investments to the Arizona State Treasurer's Local Government Investment Pool (LGIP); interest bearing savings accounts, and certificates of deposit which have a maturity date of not more than one year and in accounts of any savings and loan associations insured by an agency of the government of the United States, up to the amount of such insurance or pledged collateral.

Notes to Financial Statements - Continued

Note 2 – Cash and Investments – Continued

Custodial credit risk – For an investment, custodial credit risk is the risk that, in the event of the counterparty’s failure, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. In the case of demand and time deposits, there is the risk that in the event of a bank failure, the Authority's deposits may not be returned. Statutes require collateral for demand deposits, certificates of deposit, and repurchase agreements at 101 percent of all deposits not covered by federal depository insurance.

Interest rate risk – At June 30, 2022, the Authority’s investments can be withdrawn from the pool at will and therefore, are not subject to a significant amount of interest rate risk.

Foreign currency risk – The Authority does not have a formal investment policy with respect to foreign currency risk because state statutes do not allow foreign investments.

Note 3 – Receivables

Receivables and due from other governments as of June 30, 2022, for the Authority's general fund, including the applicable allowances for uncollectible accounts, are for other fees and reimbursements in the amount of \$13,685 and \$79,407, respectively.

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Notes to Financial Statements - Continued

Note 4 – Capital Assets

Capital asset activity for the year ended June 30, 2022, was as follows:

	Balance July 1, 2021	Increases	Decreases	Balance June 30, 2022
Non-depreciable assets:				
Land and improvements	\$ 866,962	\$ -	\$ -	\$ 866,962
Construction in progress	477,379	1,744,430	(425,757)	1,796,052
Total non-depreciable assets	1,344,341	1,744,430	(425,757)	2,663,014
Depreciable assets:				
Buildings and improvements	15,677,288	575,011	-	16,252,299
Apparatus	10,516,513	157,983	-	10,674,496
Operations equipment	2,205,555	556,636	(20,456)	2,741,735
Communications and computer equipment	1,096,256	-	-	1,096,256
Total depreciable assets	29,495,612	1,289,630	(20,456)	30,764,786
Less accumulated depreciation for:				
Buildings and improvements	(7,127,270)	(551,101)	-	(7,678,371)
Apparatus	(5,856,854)	(581,966)	-	(6,438,820)
Operations equipment	(1,365,253)	(308,145)	20,456	(1,652,942)
Communications and computer	(618,855)	(77,023)	-	(695,878)
Total accumulated depreciation	(14,968,232)	(1,518,235)	20,456	(16,466,011)
Total depreciable assets, net	14,527,380	(228,605)	-	14,298,775
Total capital assets, net	\$15,871,721	\$ 1,515,825	\$ (425,757)	\$16,961,789

Governmental activities depreciation expense in the amount of \$1,518,235, was charged to the public safety-fire protection and emergency medical services function of the Authority.

Notes to Financial Statements - Continued

Note 5 – Changes in Long-Term Liabilities

A summary of the changes in long-term liabilities for the year ended June 30, 2022, follows:

	Balance, July 1, 2021	Additions	Reductions	Balance, June 30, 2022	Due Within One Year
Certificates of Participation (COPs)	\$ -	\$ 44,645,000	\$ (260,000)	\$ 44,385,000	\$ 1,210,000
Premium on COPs	-	1,174,415	(73,401)	1,101,014	73,401
Compensated absences	1,877,896	49,202	(100,191)	1,826,909	125,994
PSPRS net pension/OPEB liabilities	34,684,980	-	(7,739,513)	26,945,467	-
ASRS net pension/OPEB liabilities	5,901,204	-	(1,391,121)	4,510,083	-
Leases payable	7,979,474	-	(7,374,191)	605,283	27,906
Total	\$ 50,443,554	\$ 45,868,617	\$(16,938,417)	\$ 79,373,756	\$ 1,437,301

Certificates of Participation (COPs)

On September 14, 2021, the Authority issued the Certificates of Participation for the refinancing of the Authority's obligations under Lease-Purchase Agreement dated as of July 1, 2020, between the Authority and Sterling National Bank to finance and refinance improvements to fire stations and facilities and apparatus in the amount of \$7,515,607, the funding of the Authority's unfunded liabilities with respect to the Arizona Public Safety Personnel Retirement System in the amount of \$28,515,125, and the remaining amount to fund a Pension Liability Reserve Fund. The 2021 COPs mature on various dates from 2022 to 2044 with a variable interest rate of .446%-4%.

<u>Certificates of Participation (COPs)</u>	<u>Interest Rate</u>	<u>Issued Fiscal Year Ending June</u>	<u>Year Series Matures</u>	<u>Amount of Original Issue</u>	<u>Outstanding June 30, 2022</u>
COPs-Tax-Exempt Refunding Series 2021	.446%-3.149%	2022	2044	\$ 38,145,000	\$ 37,885,000
COPs-Taxable Series 2021	3%-4%	2022	2037	6,500,000	6,500,000
				<u>\$ 44,645,000</u>	<u>\$ 44,385,000</u>

Notes to Financial Statements - Continued

Note 5 – Changes in Long-Term Liabilities – Continued

The following table discloses the payments under the COPs as of June 30, 2022, segregating principal and interest, for the next five years and in five year increments thereafter:

<u>Year ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 1,210,000	\$ 1,211,689	\$ 2,421,689
2024	1,475,000	1,196,184	2,671,184
2025	1,670,000	1,174,927	2,844,927
2026	1,825,000	1,144,106	2,969,106
2027	1,885,000	1,108,777	2,993,777
2028-2032	10,125,000	4,858,660	14,983,660
2033-2037	11,320,000	3,365,660	14,685,660
2038-2042	10,295,000	1,692,481	11,987,481
2043-2044	4,580,000	217,438	4,797,438
Total	44,385,000	15,969,922	60,354,922

Leases Payable

As of July 1, 2017, the lease debt of a member district was transferred to the Authority. The lease the Authority assumed was used to acquire buildings, apparatus, and equipment under an agreement that was refinanced during the 2014 fiscal year. During November 2018, the assumed lease was refinanced. During July 2020, the previous lease was refinanced. During September 2021, Certificates of Participation were issued and a portion of the proceeds were used to repay the outstanding principal and accrued interest on the lease.

During the 2013 fiscal year, NCFMD entered into a purchase agreement with a company to lease solar equipment for up to 20 years and this lease also transferred to the Authority. The Authority used its implicit borrowing rate of 3% to calculate the present value of future minimum payments which resulted in a net present value of minimum lease payments of \$605,283. The agreement provides a buyout option which extends through the end of the lease period.

Notes to Financial Statements - Continued

Note 5 – Changes in Long-Term Liabilities – Continued

At June 30, 2022, assets acquired through leases were as follows:

Buildings and improvements	\$ 800,539
Less: accumulated depreciation	<u>(371,397)</u>
Net carrying value	<u>\$ 429,142</u>

The future minimum lease payments under the lease, together with the present value of the net minimum lease payments as of June 30, 2022 were as follows:

<u>Year ended June 30,</u>	
2023	\$ 45,000
2024	45,000
2025	45,000
2026	45,000
2027	45,000
2028-2032	225,000
2033-2037	<u>255,000</u>
Total minimum lease payments	705,000
Less: amount representing interest	<u>(99,717)</u>
Present value of minimum lease payments	<u>\$ 605,283</u>

Note 6 – Other Agreements

The Authority has an agreement to utilize the land upon which Fire Station 104 was constructed under the provisions of a long-term agreement. The terms of the agreement are \$1 annually for 50 years, with renewal options for 5-year terms thereafter. The effect of this agreement on current and future reporting periods is nominal.

Note 7 – Tax and Revenue Anticipation Line of Credit

On behalf of the Authority, the Maricopa County Treasurer’s Office established a line of credit in the amount of \$3,000,000, with a local financial institution; interest is calculated at approximately 60% of the current prime rate. The line of credit can only be drawn by the County Treasurer to pay warrants issued by the Authority prior to the collection of the property tax levy in the current year. Pursuant to Arizona Revised Statute §48-807(H), the balance on the line of credit may not exceed 90% of the Authority’s tax levy outstanding and to be collected. The line of credit is paid by the County Treasurer upon receipt of property taxes or as cash is available. During the year ended June 30, 2022, the Authority did not utilize the line of credit.

Notes to Financial Statements - Continued

Note 8 – Commitments and Contingencies

Construction Commitments

The Authority did not have any significant contractual commitments related to various capital projects as of June 30, 2022.

Inter-governmental Agreements and Indemnifications

The Authority has a cancelable agreement with the City of Phoenix for computer aided dispatching and mobile digital communications equipment. The agreement renews each year unless cancelled by one or both parties at least three months prior to the first of July for the upcoming year. Should the Authority not renew the contract, substantial costs would be incurred to construct the necessary dispatching and communications infrastructure. The annual expense under this agreement for the year ended June 30, 2022, was \$756,899. The Authority is not responsible for repairs and maintenance expenses related to equipment used in their Authority; these costs are covered under the annual agreement.

The Authority is party to a variety of inter-governmental agreements (IGA) entered into in the ordinary course of business pursuant to which it may be obligated to provide services outside of its geographic boundaries and/or receive assistance from other parties. As part of these agreements, the Authority is obligated to indemnify other parties for certain liabilities that arise out of, or relate to, the subject matter of the agreements.

Risk Management

The Authority is contingently liable for claims and judgments resulting from lawsuits incidental to normal operations. In the opinion of the Authority's management, adverse decisions that might result, to the extent not covered by insurance, would not have a material effect on the financial statements. No provision has been made in the financial statements for possible losses of this nature.

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; cyber security, and natural disasters. The Authority carries commercial insurance for all such risks of loss, including workers' compensation and employees' health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 9 – Interfund Receivables, Payables and Transfers

Interfund balances resulted from cash being pooled in the general fund on behalf of other funds or expenditures that occurred within the general fund and were later reimbursed by other funds. At June 30, 2022, the general fund had an interfund receivable totaling \$47,889 due from the special projects fund and \$604,374 due from the capital projects fund. During 2022, interfund transfers were made between the general fund and the capital projects fund totaling \$4,097,973 in accordance with the Authority's Capital Improvement Plan.

Notes to Financial Statements - Continued

Note 10 – Employee Retirement Systems and Post Employment Plans

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

At June 30, 2022, the Authority reported the following aggregate amounts related to pensions and other post-employment benefits (OPEB) for all plans which it contributes:

	ASRS	PSPRS	Total
Net pension and OPEB liability	\$ 4,510,083	\$ 26,945,467	\$ 31,455,550
OPEB asset	170,815	194,843	365,658
Deferred outflows of resources related to pension and OPEB	1,173,363	35,706,945	36,880,308
Deferred inflows of resources related to pension and OPEB	1,610,781	7,804,565	9,415,346
Pension and OPEB expense	404,314	3,249,377	3,653,691

The Authority’s accrued payroll and employee benefits includes \$69,404 of outstanding pension and OPEB contribution amounts payable to all plans for the year ended June 30, 2022. Also, the Authority reported \$30,938,681 of pension and OPEB contributions as expenditures related to all plans to which it contributes.

The ASRS pension, PSPRS pension and OPEB plans are described below. The ASRS OPEB plans are combined with the pension plans and not separately described due to their relative insignificance to the Authority’s financial statements.

A. Arizona State Retirement System

Plan Description: Authority employees not covered by the Public Safety Personnel Retirement System (PSPRS) described below participate in the Arizona State Retirement System (ASRS). The ASRS administers a cost-sharing multiple-employer defined benefit pension plan; a cost-sharing multiple employer defined benefit health insurance premium benefit (OPEB) plan; and a cost-sharing, multiple-employer defined benefit long-term disability (OPEB) plan.

The ASRS is governed by the Arizona State Retirement System Board according to the provisions of Arizona Revised Statute Title 38, Chapter 5, Articles 2 and 2.1. The ASRS issues a publicly available financial report that includes its financial statements and required supplementary information. Reports may be obtained online at www.azasrs.gov, by writing or calling: Arizona State Retirement System, 3300 N. Central Avenue, Phoenix, Arizona 85012, (602) 240-2000.

Notes to Financial Statements - Continued

Note 10 – Employee Retirement Systems and Post Employment Plans – Continued

Benefits Provided – The ASRS provides retirement, health insurance premium supplement, long-term disability, and survivor benefits. State statute establishes benefit terms.

Retirement benefits are calculated on the basis of age, average monthly compensation, and service credit as follows:

	Retirement initial membership date	
	<i>Before July 1, 2011</i>	<i>On or after July 1, 2011</i>
Years of service and age required to receive benefits	Sum of years and age equals 80 10 years age 62 5 years, age 50 * any years age 65	30 years age 55 25 years age 60 10 years, age 62 5 years age 50* Any years age 65
Final average salary is based on	Highest 36 consecutive months of last 120 months	Highest 60 consecutive months of last 120 months
Benefit percent per year of service	2.1% to 2.3%	2.1% to 2.3%

* With actuarially reduced benefits

Retirement benefits for members who joined the ASRS prior to September 13, 2013, are subject to automatic cost-of-living adjustments based on excess investment earnings. Members with a membership date on or after September 13, 2013, are not eligible for cost-of-living adjustments. Survivor benefits are payable upon a member’s death. For retired members, the survivor benefit is determined by the retirement benefit option chosen. For all other members, the beneficiary is entitled to the member’s account balance that includes the member’s contribution and employer’s contributions, plus interest earned.

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

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

Contributions - In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements. The Arizona State Legislature establishes and may amend active plan members’ and the County’s contribution rates. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability.

Notes to Financial Statements - Continued

Note 10 – Employee Retirement Systems and Post Employment Plans – Continued

For the year ended June 30, 2022, active ASRS members were required by statute to contribute at the actuarially determined rate of 12.41 percent (12.22 percent retirement and 0.19 percent for long-term disability) of the members’ annual covered payroll, and statute required the Authority to contribute at the actuarially determined rate of 12.41 percent (12.01 percent for retirement, .21 percent for health insurance premium benefit, and .19 percent for long-term disability) of the active members’ covered payroll. The Authority's contributions to the pension, health insurance premium benefit and long-term disability plans for the year ended June 30, 2022 were \$460,166, \$8,046 and \$7,280 respectively.

During fiscal year 2022, the Authority paid for ASRS contributions from the general fund.

Liability – At June 30, 2022, the Authority reported \$4,510,083 as its proportionate share of the ASRS net pension/OPEB liability and \$170,815 as its proportionate share of the ASRS OPEB asset.

The net asset and liabilities were measured as of June 30, 2021. The total liability used to calculate the net asset or net liability was determined using updated procedures to roll forward the total liability from an actuarial valuation as of June 30, 2020, to the measurement date of June 30, 2021. The total liabilities as of June 30, 2021, reflect changes in actuarial assumptions based on the results of an actuarial experience study for the 5-year period ended June 30, 2020, including decreasing the discount rate from 7.5 percent to 7.0 percent and changing the projected salary increases from 2.7-7.2 percent to 2.9-8.4 percent.

The Authority’s proportion of the net asset or net liability was based on the Authority’s actual contributions to the plan relative to the total of all employers’ contributions for the year ended June 30, 2021. The Authority’s proportions measured as of June 30, 2021, and the change from its proportions measured as of June 30, 2020, were:

ASRS	Proportion June 30, 2021	Increase (decrease) from June 30, 2020
Pension	0.034270%	0.000220%

Pension and OPEB Expense and Deferred Outflows / Inflows of Resources – For the year ended June 30, 2022, the Authority recognized \$404,314 in pension/OPEB expense.

Notes to Financial Statements - Continued

Note 10 – Employee Retirement Systems and Post Employment Plans – Continued

Deferred outflows/inflows of resources - At June 30, 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to the ASRS pension plan from the following sources:

	Pension	
	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	\$ 70,710	\$ 59,822
Changes of assumptions or other inputs	596,850	15,924
Net difference between projected and actual earnings on plan investments	-	1,495,006
Changes in proportion and differences between Authority contributions and proportionate share of contributions	30,312	40,029
Authority contributions subsequent to the measurement date	475,491	-
Total	\$ 1,173,363	\$ 1,610,781

The amounts pertaining to OPEB are immaterial and therefore, are not disclosed.

The amounts reported as deferred outflows of resources relates to the ASRS pension plan and OPEB resulting from the Authority’s contributions subsequent to the measurement date will be recognized as an increase of the net asset or a reduction of the net liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the ASRS pension and OPEB will be recognized in pension expense as follows:

Year ending June 30	Pension
2023	\$ (33,296)
2024	(1,421)
2025	(345,379)
2026	(526,406)
2027	(3,395)
Thereafter	(3,012)

Notes to Financial Statements - Continued

Note 10 – Employee Retirement Systems and Post Employment Plans – Continued

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

Actuarial valuation date	June 30, 2020
Actuarial roll forward date	June 30, 2021
Actuarial cost method	Entry age normal
Investment rate of return	7.0%
Projected salary increases	2.9-8.4% for pensions/N/A for OPEB
Inflation	2.3%
Permanent benefit increase	Included for pensions/NA for OPEB
Mortality rates	2017 SRA Scale U-MP for pensions and health insurance benefit
Recovery rates	2012 GLDT for long term disability
Health care cost trend rate	Not applicable

Actuarial assumptions used in the June 30, 2020, valuation was based on the results of an actuarial experience study for the 5-year period ended June 30, 2020.

The long-term expected rate of return on ASRS plan investments was determined to be 7.0 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expense and inflation) are developed for each major asset class.

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best-estimates of geometric real rates of return for each major asset class are summarized in the following table:

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

Discount Rate – At June 30, 2021, the discount rate used to measure the ASRS total pension/OPEB liability was 7.0 percent, which was a decrease of 0.5 from the discount rate used as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board’s funding policy, which establishes the contractually required rate under Arizona statute.

Notes to Financial Statements - Continued

Note 10 – Employee Retirement Systems and Post Employment Plans – Continued

Based on those assumptions, the plan’s fiduciary net position was projected to be available to make all projected future 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.

Sensitivity of the Authority’s Proportionate Share of the ASRS Net Pension/OPEB(Asset) Liability in the Discount Rate – The following table presents the Authority’s proportionate share of the net pension/OPEB (asset) liability calculated using the discount rate of 7.0 percent, as well as what the Authority’s proportionate share of the net pension/OPEB (asset) liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.0 percent) or 1 percentage point higher (8.0 percent) than the current rate.

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
Authority’s proportionate share of the Net pension liability	\$ 7,092,044	\$ 4,510,083	\$ 2,357,152

The amounts pertaining to OPEB are immaterial and therefore, are not disclosed.

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

B. Public Safety Personnel Retirement System

Plan Description – Employees who became members on or after July 1, 2017, may participate in the Public Safety Personnel Defined Contribution Retirement Plan (PSPDCRP). The PSPRS administers agent and cost-sharing multiple-employer defined benefit plans and agent and cost-sharing multiple-employers defined benefit health insurance premium benefit (OPEB) plans. A 9-member board known as the Board of Trustees and the participating local boards govern the PSPRS according to the provisions of A.R.S. Title 38, Chapter 5, Article 4. Employees who were PRPRS members before July 1, 2017, participate in the agent plans, and those who became PSPRS members on or after July 1, 2017, participate in the cost-sharing plans (PSPRS Tier 3 Risk Pool) which are not further disclosed because of their insignificance to the Authority’s financial statements.

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 website at www.psprs.com.

Notes to Financial Statements - Continued

Note 10 – Employee Retirement Systems and Post Employment Plans – Continued

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

Initial membership date:

Retirement and disability:	Before January 1, 2012	On or after January 1, 2012 and before July 1, 2017
Years of service and age required to receive benefit	20 years of service, any age 15 years of service, age 62	25 years of service or 15 years of credited service, age 52.5
Final average salary is based on	Highest 36 consecutive months of last 20 years	Highest 60 consecutive months of last 20 years

Benefit percent:

Normal retirement	50% less 2.0% for each year of credited service less than 20 years OR plus 2.0% to 2.5% for each year of credited service over 20 years, not to exceed 80%	1.5% to 2.5% per year of credited service, not to exceed 80%
Accidental disability retirement	50% or normal retirement, whichever is greater	
Catastrophic disability retirement	90% for the first 60 months then reduced to either 62.5% or normal retirement, whichever is greater	
Ordinary disability retirement	Normal retirement calculated with actual year of service or 20 years of credited service, whichever is greater, multiplied by years of credited service (not to exceed 20 years) divided by 20	

Survivor benefit:

Retired members	80% to 100% of retired member's pension benefit
Active members	80% to 100% of accidental disability retirement benefit of 100% of average monthly compensation if death was the result of injuries received on the job

Notes to Financial Statements - Continued

Note 10 – Employee Retirement Systems and Post Employment Plans – Continued

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

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

Employees covered by benefit terms - At June 30, 2022, the following employees were covered by the agent plan’s benefit terms:

	Pension	Health
Inactive employees or beneficiaries currently receiving benefits	42	42
Inactive employees entitled to but not yet receiving benefits	17	10
Active employees	96	96
Total	155	148

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 member and employer contribution rates are expected to finance costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. The Authority is required to contribute at an actuarially determined rate. Contribution rates for the year ended June 30, 2022, are indicated below. Rates are a percentage of active members’ annual covered payroll.

The rate for the year ended June 30, 2022, was 31.77% for the pension plan and .40% for the health insurance premium benefit for the Authority portion and 7.65-11.65% for the employee portion. Total pension contributions made during the year were \$30,085,859, and the total health insurance premium benefit contributions were \$377,330. During fiscal year 2022 the Authority paid for PSPRS pension and OPEB contributions from the general fund.

Liability – At June 30, 2022, the Authority reported liabilities of \$26,945,467 and \$(194,843) for pension and OPEB, respectively. The net assets and net liabilities were measured as of June 30, 2021, and the total liability used to calculate the net asset or liability was determined by an actuarial valuation as of that date.

Notes to Financial Statements - Continued

Note 10 – Employee Retirement Systems and Post Employment Plans – Continued

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

Actuarial valuation date	June 30, 2021
Actuarial cost method	Entry age normal
Investment rate of return	7.3%
Wage inflation	3.5% for pensions/N/A for OPEB
Price inflation	2.5% for pensions/N/A for OPEB
Cost of living adjustment	1.75% for pensions/N/A for OPEB
Mortality rates	PubS-2010 tables
Health care cost trend rate	Not applicable

Actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actual experience study for the 5-year period ended June 30, 2017.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Geometric Rate of Return</u>
U.S. public equity	24%	4.08%
International public equity	16%	5.20%
Global private equity	20%	7.67%
Other assets (capital appreciation)	7%	5.43%
Core bonds	2%	0.42%
Private credit	20%	5.74%
Diversifying strategies	10%	3.99%
Cash-Mellon	1%	-0.31%
Total	<u>100%</u>	

Notes to Financial Statements - Continued

Note 10 – Employee Retirement Systems and Post Employment Plans – Continued

Discount Rate – At June 30, 2021, the discount rate used to measure the PSPRS total pension/OPEB liabilities was 7.3 percent. The projection of cash flows used to determine the PSPRS discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the actuarially determined contribution rate and the member rate. Based on those assumptions, the 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.

Changes in the Net Pension/OPEB Liability

Pension	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balances at June 30, 2021	\$ 83,555,882	\$ 48,982,670	\$ 34,573,212
Changes for the current year:			
Service cost	2,250,161	-	2,250,161
Interest on the total pension liability	6,131,436	-	6,131,436
Differences between expected and actual experience in the measurement of the pension liability	2,167,192	-	2,167,192
Net investment income	-	13,943,232	(13,943,232)
Contributions - employers	-	3,261,344	(3,261,344)
Contributions - employee	-	1,037,199	(1,037,199)
Benefit payments	(3,627,526)	(3,627,526)	-
Pension plan administrative expense	-	(65,241)	65,241
Net changes	6,921,263	14,549,008	(7,627,745)
Balances at June 30, 2022	\$ 90,477,145	\$ 63,531,678	\$ 26,945,467

Notes to Financial Statements - Continued

Note 10 – Employee Retirement Systems and Post Employment Plans – Continued

OPEB	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) – (b)
Balances at June 30, 2021	\$ 1,231,459	\$ 1,119,691	\$ 111,768
Changes for the current year:			
Service cost	41,301	-	41,301
Interest on the total OPEB liability	91,458	-	91,458
Differences between expected and actual experience in the measurement of the OPEB liability	(88,050)	-	(88,050)
Contributions – employer	-	48,511	(48,511)
Net investment income	-	304,060	(304,060)
Benefit payments	(39,822)	(39,822)	-
OPEB plan administrative expense	-	(1,251)	1,251
Net changes	4,887	311,498	(306,611)
Balances at June 30, 2022	<u>\$ 1,236,346</u>	<u>\$ 1,431,189</u>	<u>\$ (194,843)</u>

Sensitivity of the Authority’s net pension/OPEB liability to changes in the discount rate – The following table presents the Authority’s net pension/OPEB liability calculated using the discount rates of 7.3%, as well as what the Authority’s net pension/OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower, (6.3%) or 1 percentage point higher, (8.3%) than the current rate:

	1% Decrease (6.3%)	Current Discount Rate (7.3%)	1% Increase (8.3%)
Net pension liability	\$ 40,424,181	\$ 26,945,467	\$ 15,974,487
Net OPEB liability	(46,413)	(194,843)	(319,851)

Notes to Financial Statements - Continued

Note 10 – Employee Retirement Systems and Post Employment Plans – Continued

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

Expense - For the year ended June 30, 2022, the Authority recognized PSPRS pension expense of \$3,298,383 and OPEB expense of \$(49,006).

Deferred Outflows/Inflows of Resources - At June 30, 2022, the Authority reported deferred outflows/inflows of resources related to PSPRS pension and OPEB from the following sources:

	Pension		OPEB	
	Deferred outflows of resources	Deferred inflows of resources	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	\$ 3,538,241	\$ 1,122,390	\$ 38,750	\$ 344,212
Changes of assumptions or other inputs	1,648,243	-	18,522	33,398
Net difference between projected and actual earnings on plan investments	-	6,150,496	-	154,069
Authority contributions subsequent to the measurement date	<u>30,085,859</u>	<u>-</u>	<u>377,330</u>	<u>-</u>
Total	<u>\$ 35,272,343</u>	<u>\$ 7,272,886</u>	<u>\$ 434,602</u>	<u>\$ 531,679</u>

The amounts reported as deferred outflows of resources relates to the PSPRS pension and OPEB resulting from contributions subsequent to the measurement date will be recognized as an increase in the net asset or a reduction of the net liability in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the PSPRS pension and OPEB will be recognized as expenses as follows:

Year Ending June 30,	Pension	Health
2023	\$ (244,241)	\$ (89,190)
2024	(284,716)	(89,948)
2025	(472,527)	(81,549)
2026	(1,606,343)	(96,582)
2027	451,079	(52,138)
Thereafter	70,346	(65,000)

Notes to Financial Statements - Continued

Note 10 – Employee Retirement Systems and Post Employment Plans – Continued

C. Deferred Compensation and Post Employment Health Plans

The Authority has established a defined contribution deferred compensation plan for all employees to provide for supplementary retirement benefits. Contributions to the plan are administered by a third-party and totaled \$1,023,145 for the year ended June 30, 2022.

The Authority has also established a defined contribution deferred compensation plan for all employees to provide for post-employment health benefits. Contributions to the plan are administered by a third-party and provide for post-employment reimbursement of qualifying medical premiums for the benefit of employees and their dependents. Contributions for the year ended June 30, 2022 totaled \$261,919.

The Authority provides neither administrative services nor investment advice. Accordingly, no fiduciary relationship exists between the Authority and the compensation plan. Therefore, plan assets, for either of the aforementioned plans, are not included as a fund of the Authority.

Note 11 – Joint Power Authority Agreement

Effective July 1, 2017, North County Fire & Medical District and Sun Lakes Fire District (now South County Fire & Medical District - SCFMD) completed a Joint Powers Authority Agreement (JPA). The JPA created a new legal entity under authority provided in ARS 48-805.01. Pursuant to the JPA, both Districts transferred and combined their personnel, equipment, fire stations, all other assets and liabilities and services into the new entity, Arizona Fire & Medical Authority. Both members will continue to exist as legal entities for the purpose of collecting taxes and certificate of necessity operations.

The Authority's net position is proportionately shared by its member districts. Net position is allocated based on its member districts original amount of contributed assets and liabilities and is adjusted annually for revenues received from and costs allocated to those members. Expenses are allocated to the member districts based on a combination of cost formulas and expenses specifically allocated to each member according to the operations of each district. The allocation is reviewed annually by the Authority and member districts for reasonableness. See the supplementary schedules at pages 57-60 for more information.

Note 12 – Implementation of New Accounting Principles

For the year ended June 30, 2022, the Authority implemented the provisions of GASB Statement No. 87, Leases, as amended, which establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The Authority recognizes lease liabilities with an initial, individual value of \$20,000 or more.

Note 13 – Subsequent Events

During December 2022, the Arizona Fire & Medical Authority Board, the Buckeye Valley Fire District Board, the North County Fire & Medical District Board, and the South County Fire & Medical District Board voted to approve the Amended and Restated Intergovernmental Agreement (IGA) for the Establishment of a Joint Powers Authority (JPA) Agreement adding Buckeye Valley Fire District as a partner agency to the Arizona Fire & Medical Authority; and, approval of the related Transition Plan. The Transition Plan will be the guiding document, with the full integration of day-to-day operations beginning on July 1, 2023.

Arizona Fire & Medical Authority
Required Supplementary Information
Budgetary Comparison Schedule - General Fund
Year Ended June 30, 2022

	Original and Final Budget	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Joint venture member revenue	\$ 31,207,612	\$ 30,328,801	\$ (878,811)
Charges for services	157,360	758,217	600,857
Firefighter relief and pension	249,119	240,471	(8,648)
Intergovernmental	363,860	1,319,106	955,246
Investment earnings (loss)	35,000	(152,517)	(187,517)
Other and contributions	10,600	13,641	3,041
Total revenues	32,023,551	32,507,719	484,168
Expenditures:			
Current:			
Salaries and wages	16,494,961	16,656,604	(161,643)
Employee benefits	49,792,416	35,779,554	14,012,862
Utilities and communications	1,356,999	1,707,669	(350,670)
Materials and supplies	1,015,370	1,081,132	(65,762)
Professional services	674,400	727,038	(52,638)
Repairs and maintenance	906,667	830,450	76,217
Administration	256,033	174,366	81,667
Training and related	286,921	155,975	130,946
Insurance	139,158	139,403	(245)
Contingency	600,000	-	600,000
Capital outlay	1,383,032	-	1,383,032
Debt service:			
Principal	1,340,555	280,232	1,060,323
Interest	8,777,039	1,040,872	7,736,167
Issuance costs	-	1,067,687	(1,067,687)
Total expenditures	83,023,551	59,640,982	23,382,568
Excess of revenues over (under) expenditures	(51,000,000)	(27,133,263)	23,866,736
Other financing sources (uses):			
COPs issuance	51,000,000	44,645,000	(6,355,000)
Premium on COPs issuance	-	1,174,415	1,174,415
Lease retired	-	(7,353,959)	(7,353,959)
Transfers out	-	(4,097,973)	(4,097,973)
Total other financing sources (uses)	51,000,000	34,367,483	(16,632,517)
Changes in fund balance	-	7,234,220	7,234,220
Fund balance, beginning of year	5,478,100	5,478,100	5,478,100
Fund balance, end of year	<u>\$ 5,478,100</u>	<u>\$ 12,712,320</u>	<u>\$ 12,712,320</u>

The accompanying notes are an
integral part of this schedule.

Arizona Fire & Medical Authority
Required Supplementary Information
Notes to Budgetary Comparison Schedule
Year Ended June 30, 2022

Note 1 – Budgetary Requirements and Basis of Accounting

The Authority’s budget is prepared on a basis of accounting consistent with U.S. generally accepted accounting principles. A budgetary comparison schedule for the general fund is included as required supplementary information to provide meaningful comparison of actual results to budget. The Board is responsible for approving the budget on an annual basis.

Note 2 - Expenditures in Excess of Appropriations

For the year ended June 30, 2022, expenditures exceeded final budget amounts in the general fund for the following programs:

Salaries and wages	\$ 161,643
Utilities and communications	350,670
Materials and supplies	65,762
Professional services	52,638
Insurance	245
Issuance costs	1,067,687

The excesses for the above expenditures were primarily the result of unexpected expenditures incurred and were offset by positive variances on other line items. In addition, the Authority monitors expenses on an ongoing basis to ensure that expenditures are within the budget.

Arizona Fire & Medical Authority
Required Supplementary Information
Schedule of the Authority's Proportionate Share of the Net Pension/OPEB Liability
Cost Sharing Plans
Year Ended June 30, 2022

	Reporting Fiscal Year (Measurement Date)					2017 through 2013
	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	
ASRS - Pension						
Authority's proportion of the net pension liability	0.03427%	0.03405%	0.03480%	0.03412%	0.02500%	Information
Authority's proportionate share of the net pension liability	\$ 4,502,926	\$ 5,899,680	\$ 5,057,984	\$ 4,758,539	\$ 3,977,076	not available
Authority's covered payroll	\$ 3,867,257	\$ 3,687,597	\$ 3,632,322	\$ 4,009,000	\$ 2,489,642	
Authority's proportionate share of the net pension liability as a percentage of its covered payroll	116.44%	159.99%	139.25%	118.70%	159.74%	
Plan fiduciary net position as a percentage of the total pension liability	78.58%	69.33%	73.24%	73.40%	69.92%	
Reporting Fiscal Year (Measurement Date)						
	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 through 2013
ASRS - Health insurance premium benefit						
Authority's proportion of the net OPEB liability (asset)	0.03506%	0.03475%	0.03530%	0.03453%	0.02600%	Information
Authority's proportionate share of the net OPEB liability (asset)	\$ (170,815)	\$ (24,603)	\$ (9,747)	\$ 12,434	\$ (14,100)	not available
Authority's covered payroll	\$ 3,867,257	\$ 3,687,597	\$ 3,632,322	\$ 4,009,000	\$ 2,489,642	
Authority's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	-4.42%	-0.67%	-0.27%	0.31%	-0.57%	
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	130.24%	104.33%	101.62%	102.20%	103.57%	
Reporting Fiscal Year (Measurement Date)						
	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 through 2013
ASRS - Long-term disability						
Authority's proportion of the net OPEB liability (asset)	0.03467%	0.03444%	0.03510%	0.03453%	0.02600%	Information
Authority's proportionate share of the net OPEB liability (asset)	\$ 7,157	\$ 26,127	\$ 22,840	\$ (17,859)	\$ 9,293	not available
Authority's covered payroll	\$ 3,867,257	\$ 3,687,597	\$ 3,632,322	\$ 4,009,000	\$ 2,489,642	
Authority's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	0.19%	0.71%	0.63%	-0.45%	0.37%	
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	90.38%	68.01%	72.85%	77.83%	84.44%	

See accompanying notes to plan schedules.

Arizona Fire & Medical Authority
Required Supplementary Information
Schedule of Changes in the
Net Pension/OPEB Liabilities and Related Ratios - Agent Plans
Year Ended June 30, 2022

	Reporting Fiscal Year (Measurement Date)					2017 through 2013
	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	
Public Safety Personnel Retirement System - Pension						
Total pension liability						
Transfer from other plans	\$ -	\$ -	\$ -	\$ -	\$ 59,275,279	
Service cost	2,250,161	2,263,500	2,287,899	2,235,039	2,072,122	Information not available
Interest on total pension liability	6,131,436	5,721,185	5,330,512	4,760,897	(1,628)	
Changes of benefit terms	-	-	-	-	204,088	
Difference between expected and actual experience in the measurement of the pension liability	2,167,192	519,904	(930,882)	1,525,825	3,455,509	
Changes of assumptions or other inputs	-	-	1,849,899	-	1,206,742	
Benefit payments	(3,627,526)	(2,115,198)	(2,233,979)	(1,755,296)	(2,115,535)	
Net change in pension liability	6,921,263	6,389,391	6,303,449	6,766,465	64,096,577	
Total pension liability - beginning	83,555,882	77,166,491	70,863,042	64,096,577	-	
Total pension liability - ending (a)	<u>\$ 90,477,145</u>	<u>\$ 83,555,882</u>	<u>\$ 77,166,491</u>	<u>\$ 70,863,042</u>	<u>\$ 64,096,577</u>	
Plan fiduciary net position						
Transfer from other plans	\$ -	\$ -	\$ -	\$ -	\$ 33,539,841	
Contributions - employer	3,261,344	3,165,001	3,014,208	2,770,145	2,090,966	
Contributions - employee	1,037,199	927,661	601,297	1,172,760	1,071,595	
Net investment income	13,943,232	605,946	2,272,943	2,734,951	4,005,774	
Benefit payments, including refunds of employee contributions	(3,627,526)	(2,115,198)	(2,233,979)	(1,755,296)	(2,115,535)	
Hall/Parker Settlement	-	-	-	(1,529,211)	-	
Administrative expense	(65,241)	(49,415)	(43,713)	(43,026)	(36,244)	
Other changes	-	-	-	1,230,261	(400,515)	
Net change in plan fiduciary net position	14,549,008	2,533,995	3,610,756	4,580,584	38,155,882	
Plan fiduciary net position - beginning	48,982,670	46,371,731	42,736,466	38,155,882	-	
Adjustment to beginning of year	-	76,944	24,509	-	-	
Plan fiduciary net position - ending (b)	<u>\$ 63,531,678</u>	<u>\$ 48,982,670</u>	<u>\$ 46,371,731</u>	<u>\$ 42,736,466</u>	<u>\$ 38,155,882</u>	
Authority's net pension liability - ending (a) - (b)	<u>\$ 26,945,467</u>	<u>\$ 34,573,212</u>	<u>\$ 30,794,760</u>	<u>\$ 28,126,576</u>	<u>\$ 25,940,695</u>	
Plan fiduciary net position as a percentage of the total pension liability	70.2%	58.6%	60.1%	60.3%	59.5%	
Covered payroll	\$ 10,106,428	\$ 10,079,620	\$ 9,769,401	\$ 9,716,398	\$ 9,168,680	
Authority's net pension liability as a percentage of covered-employee payroll	266.62%	343.00%	315.22%	289.48%	282.93%	

See accompanying notes to plan schedules.

Arizona Fire & Medical Authority
Required Supplementary Information
Schedule of Changes in the
Net Pension/OPEB Liabilities and Related Ratios - Agent Plans - Continued
Year Ended June 30, 2022

	Reporting Fiscal Year (Measurement Date)					2017 through 2013
	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	
Public Safety Personnel Retirement System - OPEB						
Total OPEB liability						
Transfer from other plans	\$ -	\$ -	\$ -	\$ -	\$ 1,273,498	
Service cost	41,301	42,036	28,010	27,045	24,755	Information not available
Interest on total OPEB liability	91,458	93,449	95,707	93,298	(922)	
Changes of benefit terms	-	-	-	-	5,016	
Difference between expected and actual experience in the measurement of the OPEB liability	(88,050)	(103,313)	(153,084)	(59,210)	100,932	
Changes of assumptions or other inputs	-	-	27,783	-	(85,088)	
Benefit payments	(39,822)	(42,991)	(42,930)	(43,197)	(49,335)	
Net change in total OPEB liability	4,887	(10,819)	(44,514)	17,936	1,268,856	
Total OPEB liability - beginning	1,231,459	1,242,278	1,286,792	1,268,856	-	
Total OPEB liability - ending (a)	<u>\$ 1,236,346</u>	<u>\$ 1,231,459</u>	<u>\$ 1,242,278</u>	<u>\$ 1,286,792</u>	<u>\$ 1,268,856</u>	
Plan fiduciary net position						
Transfer from other plans	\$ -	\$ -	\$ -	\$ -	\$ 815,599	
Contributions - employer	48,511	49,390	50,179	49,554	52,638	
Contributions - employee	-	-	-	-	-	
Net investment income	304,060	13,733	112,989	66,386	96,084	
Benefit payments	(39,822)	(42,991)	(42,930)	(43,197)	(49,335)	
Administrative expense	(1,251)	(2,945)	(1,784)	(1,010)	(850)	
Other changes	-	-	-	7,680	-	
Net change in plan fiduciary net position	311,498	17,187	118,454	79,413	914,136	
Plan fiduciary net position - beginning	1,119,691	1,099,203	993,549	914,136	-	
Adjustment to beginning of year	-	3,301	(12,800)	-	-	
Plan fiduciary net position - ending (b)	<u>\$ 1,431,189</u>	<u>\$ 1,119,691</u>	<u>\$ 1,099,203</u>	<u>\$ 993,549</u>	<u>\$ 914,136</u>	
Authority's net OPEB liability - ending (a) - (b)	<u>\$ (194,843)</u>	<u>\$ 111,768</u>	<u>\$ 143,075</u>	<u>\$ 293,243</u>	<u>\$ 354,720</u>	
Plan fiduciary net position as a percentage of the total pension liability	115.76%	90.92%	88.48%	77.21%	72.04%	
Covered payroll	\$ 10,106,428	\$ 10,079,620	\$ 9,769,401	\$ 9,716,398	\$ 9,168,680	
Authority's net OPEB (asset) liability as a percentage of covered-employee payroll	-1.93%	1.11%	1.46%	3.02%	3.87%	

See accompanying notes to plan schedules.

**Arizona Fire & Medical Authority
Required Supplementary Information
Schedule of Pension/OPEB Contributions
Year Ended June 30, 2022**

	Fiscal Year						2016 through 2013
	2022	2021	2020	2019	2018	2017	
ASRS - Pension							
Statutorily required contribution	\$ 460,166	\$ 450,535	\$ 422,230	\$ 406,094	\$ 436,981	\$ 268,383	Information not available
Authority's contributions in relation to the statutorily required contribution	460,166	450,535	422,230	406,094	436,981	268,383	
Authority's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Authority's covered payroll	\$ 3,831,521	\$ 3,867,257	\$ 3,687,597	\$ 3,632,322	\$ 4,009,000	\$ 2,489,642	
Authority's contributions as a percentage of covered payroll	12.01%	11.65%	11.45%	11.18%	10.90%	10.78%	

	Fiscal Year						2016 through 2013
	2022	2021	2020	2019	2018	2017	
ASRS - Health insurance premium benefit							
Statutorily required contribution	\$ 8,046	\$ 15,082	\$ 18,069	\$ 16,709	\$ 17,640	\$ 13,942	Information not available
Authority's contributions in relation to the actuarially determined contribution	8,046	15,082	18,069	16,709	17,640	13,942	
Authority's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Authority's covered payroll	\$ 3,831,521	\$ 3,867,257	\$ 3,687,597	\$ 3,632,322	\$ 4,009,000	\$ 2,489,642	
Authority's contributions as a percentage of covered payroll	0.21%	0.39%	0.49%	0.46%	0.44%	0.56%	

	Fiscal Year						2016 through 2013
	2022	2021	2020	2019	2018	2017	
ASRS - Long-term disability							
Statutorily required contribution	\$ 7,280	\$ 6,961	\$ 6,269	\$ 5,811	\$ 6,414	\$ 3,486	Information not available
Authority's contributions in relation to the actuarially determined contribution	7,280	6,961	6,269	5,811	6,414	3,486	
Authority's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Authority's covered payroll	\$ 3,831,521	\$ 3,867,257	\$ 3,687,597	\$ 3,632,322	\$ 4,009,000	\$ 2,489,642	
Authority's contributions as a percentage of covered payroll	0.19%	0.18%	0.17%	0.16%	0.16%	0.14%	

See accompanying notes to plan schedules.

Arizona Fire & Medical Authority
Required Supplementary Information
Notes to Plan Schedules
Year Ended June 30, 2022

Note 1 – Actuarially Determined Contribution Rates

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

Actuarial cost method	Entry age normal
Amortization method	Level percent-of-pay, closed
Remaining amortization period as of the 2020 actuarial valuation	20 years
Asset valuation method	7-year smoothed market value; 80%/120% market corridor

Actuarial assumptions:

Investment rate of return	In the 2019 actuarial valuation, the investment rate of return was decreased from 7.4% to 7.3%. In the 2017 actuarial valuation, the investment rate of return was decreased from 7.5% to 7.4%. In the 2016 actuarial valuation, the investment rate of return was decreased from 7.85% to 7.5%. In the 2013 actuarial valuation, the investment rate of return was decreased from 8.0% to 7.85%.
Projected salary increases	In the 2017 actuarial valuation, projected salary increases were decreased from 4.0%–8.0% to 3.5%–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%.
Wage growth	In the 2017 actuarial valuation, wage growth was decreased from 4% to 3.5%. 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%.
Retirement age	Experience-based table of rates that is specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period July 1, 2006–June 30, 2011.
Mortality	In the 2019 actuarial valuation, changed to PubS-2010 tables. In the 2017 actuarial valuation, changed to RP-2014 tables, with 75% of MP-2016 fully generational projection scales. RP-2000 mortality table (adjusted by 105% for both males and females).

Notes to Plan Schedules - Continued

Note 2 – Factors That Affect the Identification of Trends

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

Arizona Fire & Medical Authority
Other Supplementary Information
Schedule of Joint Venture Activity and Cost Allocation - Government Wide
Year Ended June 30, 2022

	North County Fire & Medical District	South County Fire & Medical District	Arizona Fire & Medical Authority
Fund balance - Governmental funds	\$ 11,571,315	\$ 8,128,602	\$ 19,699,917
Prior year capital assets	12,686,215	3,185,506	15,871,721
Prior year RWC joint venture	328,870	7,884	336,754
Prior year deferred revenue	122,995	61,615	184,610
Prior year deferred outflows	8,550,724	2,897,118	11,447,842
Prior year deferred inflows	(1,640,531)	(131,048)	(1,771,579)
Prior year long-term liabilities	<u>(36,860,110)</u>	<u>(13,583,444)</u>	<u>(50,443,554)</u>
Prior year GASB 34 reconciling items	(16,811,837)	(7,562,369)	(24,374,206)
Reconciling items			
Capital outlay	1,643,230	965,073	2,608,303
Depreciation	(956,488)	(561,747)	(1,518,235)
Deferred revenue	(80,200)	(47,102)	(127,302)
Pension expense	17,189,544	10,095,446	27,284,990
Compensated absences	32,123	18,865	50,988
Investment in RWC joint venture activity	(11,918)	(6,999)	(18,917)
Principal	186,948	93,284	280,232
Premium	(770,417)	(403,998)	(1,174,415)
Amortization of premium	48,151	25,250	73,401
COPs issued	(29,287,120)	(15,357,880)	(44,645,000)
Lease retired	<u>5,956,707</u>	<u>1,397,252</u>	<u>7,353,959</u>
Total reconciling items	<u>(6,049,440)</u>	<u>(3,782,556)</u>	<u>(9,831,996)</u>
Net position	<u>\$ (11,289,962)</u>	<u>\$ (3,216,323)</u>	<u>\$ (14,506,285)</u>

Arizona Fire & Medical Authority
Other Supplementary Information
Schedule of Joint Venture Revenue and Cost Allocation - General Fund
Year Ended June 30, 2022

	<u>North County Fire & Medical District</u>	<u>South County Fire & Medical District</u>	<u>Arizona Fire & Medical Authority</u>
Revenues:			
Charges for services	\$ 482,635	\$ 275,582	\$ 758,217
Firefighter relief and pension	151,497	88,974	240,471
Intergovernmental	831,037	488,069	1,319,106
Investment earnings (loss)	(96,086)	(56,431)	(152,517)
Other and contributions	8,594	5,047	13,641
	<u>1,377,677</u>	<u>801,241</u>	<u>2,178,918</u>
Total revenues	1,377,677	801,241	2,178,918
Joint venture member revenue	19,487,801	10,841,000	30,328,801
Expenditures:			
Current:			
Salaries and wages	10,493,661	6,162,943	16,656,604
Employee benefits	22,541,119	13,238,435	35,779,554
Utilities and communications	1,072,327	635,342	1,707,669
Materials and supplies	681,113	400,019	1,081,132
Professional services	508,873	218,165	727,038
Repairs and maintenance	519,267	311,183	830,450
Administrative	109,851	64,515	174,366
Training and related	98,264	57,711	155,975
Insurance - general	87,824	51,579	139,403
Debt service:			
Principal	190,792	89,440	280,232
Interest	712,310	328,562	1,040,872
Issuance costs	700,403	367,284	1,067,687
	<u>37,715,804</u>	<u>21,925,178</u>	<u>59,640,982</u>
Total expenditures	37,715,804	21,925,178	59,640,982
Excess of expenditures over revenues	(16,850,326)	(10,282,937)	(27,133,263)
Other financing sources (uses):			
COPs issuance	29,287,120	15,357,880	44,645,000
Premium on COPs issuance	770,417	403,998	1,174,415
Lease retired	(5,956,707)	(1,397,252)	(7,353,959)
Transfers out	(2,581,722)	(1,516,251)	(4,097,973)
	<u>21,519,108</u>	<u>12,848,375</u>	<u>34,367,483</u>
Total other financing sources (uses)	21,519,108	12,848,375	34,367,483
Net change in fund balances	4,668,782	2,565,438	7,234,220
Fund balances, beginning of year	<u>1,767,768</u>	<u>3,710,332</u>	<u>5,478,100</u>
Fund balances, end of year	<u>\$ 6,436,550</u>	<u>\$ 6,275,770</u>	<u>\$ 12,712,320</u>

Arizona Fire & Medical Authority
Other Supplementary Information
Schedule of Joint Venture Revenue and Cost Allocation - Capital Projects Fund
Year Ended June 30, 2022

	<u>North County Fire & Medical District</u>	<u>South County Fire & Medical District</u>	<u>Arizona Fire & Medical Authority</u>
Revenues:			
Investment earnings (loss)	\$ (61,061)	\$ (35,861)	\$ (96,922)
Total revenues	(61,061)	(35,861)	(96,922)
Expenditures:			
Current:			
Other and grants	74,591	43,807	118,398
Capital outlay	1,327,164	779,447	2,106,611
Total expenditures	1,401,755	823,254	2,225,009
Excess of expenditures over revenues	(1,462,816)	(859,115)	(2,321,931)
Other financing sources (uses):			
Transfers in	2,581,722	1,516,251	4,097,973
Total other financing sources (uses)	2,581,722	1,516,251	4,097,973
Net change in fund balances	1,118,906	657,136	1,776,042
Fund balances, beginning of year	3,945,188	1,142,603	5,087,791
Fund balances, end of year	<u>\$ 5,064,094</u>	<u>\$ 1,799,739</u>	<u>\$ 6,863,833</u>

Arizona Fire & Medical Authority
Other Supplementary Information
Schedule of Joint Venture Revenue and Cost Allocation - Special Projects Fund
Year Ended June 30, 2022

	<u>North County Fire & Medical District</u>	<u>South County Fire & Medical District</u>	<u>Arizona Fire & Medical Authority</u>
Revenues:			
Investment earnings	\$ 44	\$ 26	\$ 70
Other and contributions	23,536	13,822	37,358
Total revenues	23,580	13,848	37,428
Expenditures:			
Materials and supplies	13,053	7,666	20,719
Total expenditures	13,053	7,666	20,719
Excess of revenues over expenditures	10,527	6,182	16,709
Fund balances, beginning of year	60,144	46,911	107,055
Fund balances, end of year	<u>\$ 70,671</u>	<u>\$ 53,093</u>	<u>\$ 123,764</u>

Statistical Section



**Arizona Fire & Medical Authority
Statistical Section Schedules**

This part of the Authority's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Authority's overall financial health.

Financial Trends.....72-75

These schedules contain trend information to help the reader understand how the Authority's financial performance and well-being have changed over time.

- Condensed Summary of Net Position
- Summary Statement of Activities and Changes in Net Position
- Fund Balances of Governmental Funds
- Summary Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds

Revenue Capacity.....66-71

These schedules contain information to help the reader assess the Authority's largest source of joint venture member revenues (property tax collections by its members).

- Property Taxes Levied and Collected by North County Fire & Medical District
- Property Taxes Levied and Collected by South County Fire & Medical District
- Net Limited Assessed Property Value by Property Classification – North County Fire & Medical District
- Net Limited Assessed Property Value by Property Classification – South County Fire & Medical District
- Net Limited Assessed Property Value of Major Taxpayers – North County Fire & Medical District
- Net Limited Assessed Property Value of Major Taxpayers – South County Fire & Medical District

Debt Capacity.....72

This schedule presents information to help the reader assess the Authority's current outstanding levels of debt and the Authority's ability to issue additional (bonded) debt in the future.

- Outstanding Debt and Debt Limitations

Demographic and Economic Information.....73

This schedule offers demographic and economic indicators to help the reader understand the environment within which the Authority's financial activities take place.

- County-Wide Demographic and Economic Statistics

Operating Information.....74-75

These schedules contain service and capital asset data to help the reader understand how the information in the Authority's financial report relates to the services the Authority provides and the activities which it performs.

- Summary of Emergency Responses
- Summary of Authority Assets and Employees

Arizona Fire & Medical Authority
Condensed Statement of Net Position
Last Ten (10) Years (as of June 30)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
ASSETS										
Current	\$ 21,327,699	\$ 12,165,080	\$ 8,520,499	\$ 7,597,912	\$ 7,745,106	\$ -	\$ -	\$ -	\$ -	\$ -
Capital	16,961,789	15,871,721	16,519,795	16,513,484	14,762,515	-	-	-	-	-
Total	38,289,488	28,036,801	25,040,294	24,111,396	22,507,621	-	-	-	-	-
DEFERRED OUTFLOWS OF RESOURCES										
Pension/OPEB related	36,880,308	11,447,842	10,845,683	11,606,277	7,939,422	-	-	-	-	-
LIABILITIES										
Other	886,979	970,770	710,278	623,618	637,714	-	-	-	-	-
Long-term debt	79,373,756	50,443,554	43,914,810	41,380,959	36,976,239	-	-	-	-	-
Total	80,260,735	51,414,324	44,625,088	42,004,577	37,613,953	-	-	-	-	-
DEFERRED INFLOWS OF RESOURCES										
Pension/OPEB related	9,415,346	1,771,579	3,076,607	5,036,210	2,701,082	-	-	-	-	-
NET POSITION										
Invested in capital assets, net of related debt	8,682,091	7,892,247	10,523,091	10,030,621	9,675,300	-	-	-	-	-
Restricted	123,764	107,055	120,630	119,329	101,378	-	-	-	-	-
Unrestricted	(23,312,140)	(21,700,562)	(22,459,439)	(21,473,064)	(19,644,670)	-	-	-	-	-
TOTAL NET POSITION	\$ (14,506,285)	\$ (13,701,260)	\$ (11,815,718)	\$ (11,323,114)	\$ (9,867,992)	\$ -	\$ -	\$ -	\$ -	\$ -

SOURCE: Schedule 1 through Schedule 4 were prepared using current year audited financial statements. Information is not presented prior to 2018 due to the Authority not being in existence for that time frame.

Arizona Fire & Medical Authority
Summary Statement of Activities and Changes in Net Position
Last Ten (10) Years (as of June 30)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
EXPENSES										
Public Safety	\$ 33,199,348	\$ 33,308,513	\$ 30,496,083	\$ 28,842,791	\$ 28,402,372	\$ -	\$ -	\$ -	\$ -	\$ -
PROGRAM REVENUES										
Charges For Services	758,217	1,050,155	559,461	954,018	921,433	-	-	-	-	-
Operating Grants	1,191,803	1,045,282	1,094,697	21,284	298,841	-	-	-	-	-
NET PROGRAM										
EXPENSES	(31,249,328)	(31,213,076)	(28,841,925)	(27,867,489)	(27,182,098)	-	-	-	-	-
GENERAL REVENUES										
Joint venture member revenues	30,328,801	29,013,404	27,940,166	25,360,217	24,708,631	-	-	-	-	-
Other revenues	115,502	314,130	409,155	442,557	339,540	-	-	-	-	-
Total General Revenues	30,444,303	29,327,534	28,349,321	25,802,774	25,048,171	-	-	-	-	-
SPECIAL ITEMS										
Initial transfers from members	-	-	-	609,593	(7,734,065)	-	-	-	-	-
TOTAL CHANGE IN										
NET POSITION	\$ (805,025)	\$ (1,885,542)	\$ (492,604)	\$ (1,455,122)	\$ (9,867,992)	\$ -	\$ -	\$ -	\$ -	\$ -

SOURCE: Schedule 1 through Schedule 4 were prepared using current year audited financial statements. Information is not presented prior to 2018 due to the Authority not being in existence for that time frame.

**Arizona Fire & Medical Authority
Fund Balances
Governmental Funds
Last Ten (10) Years (as of June 30)**

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
GENERAL FUND										
Nonspendable	\$ -	\$ -	\$ 129,290	\$ 30,179	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Committed	11,541,440	4,097,973	1,738,700	1,700,000	1,800,000	-	-	-	-	-
Assigned	226,593	224,747	222,584	218,366	143,949	-	-	-	-	-
Unassigned	944,287	1,155,380	2,010,100	1,651,944	659,799	-	-	-	-	-
Total	12,712,320	5,478,100	4,100,674	3,600,489	2,603,748	-	-	-	-	-
OTHER GOVERNMENTAL FUNDS										
Restricted	123,764	107,055	120,630	119,329	101,378	-	-	-	-	-
Committed	6,863,833	5,087,791	3,002,934	2,868,791	3,915,351	-	-	-	-	-
Total	6,987,597	5,194,846	3,123,564	2,988,120	4,016,729	-	-	-	-	-
TOTAL GOVERNMENTAL FUNDS										
General Fund	12,712,320	5,478,100	4,100,674	3,600,489	2,603,748	-	-	-	-	-
Other Governmental Funds	6,987,597	5,194,846	3,123,564	2,988,120	4,016,729	-	-	-	-	-
TOTAL	\$ 19,699,917	\$ 10,672,946	\$ 7,224,238	\$ 6,588,609	\$ 6,620,477	\$ -	\$ -	\$ -	\$ -	\$ -

SOURCE: Schedule 1 through Schedule 4 were prepared using current year audited financial statements. Information is not presented prior to 2018 due to the Authority not being in existence for that time frame.

Arizona Fire & Medical Authority
Summary Statement of Revenue, Expenditures and Changes in Fund Balances
Governmental Funds
Last Ten (10) Years (as of June 30)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
REVENUES										
Joint venture member revenue	\$ 30,328,801	\$ 29,013,404	\$ 27,940,166	\$ 25,360,217	\$ 24,617,995	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernment	1,319,106	1,099,363	872,112	21,284	298,841	-	-	-	-	-
Firefighter relief and pension	240,471	243,055	237,209	220,703	186,184	-	-	-	-	-
Other revenues	559,847	1,121,230	764,328	1,244,224	1,091,511	-	-	-	-	-
Total revenue	32,448,225	31,477,052	29,813,815	26,846,428	26,194,531	-	-	-	-	-
EXPENDITURES										
Public Safety	57,391,308	28,936,266	27,026,950	25,478,200	24,149,718	-	-	-	-	-
Capital Projects	2,106,611	780,159	1,455,127	2,586,954	978,071	-	-	-	-	-
Debt Service										
Principal	280,232	147,732	486,159	4,847,041	391,100	-	-	-	-	-
Interest	1,040,872	195,293	209,950	216,369	156,152	-	-	-	-	-
Issuance Costs	1,067,687	99,396	-	-	-	-	-	-	-	-
Total expenditures	61,886,710	30,158,846	29,178,186	33,128,564	25,675,041	-	-	-	-	-
Excess of revenues	(29,438,485)	1,318,206	635,629	(6,282,136)	519,490	-	-	-	-	-
Over/(Under) Expenditures										
OTHER FINANCING										
SOURCES/USES										
COPs proceeds	45,819,415	7,484,554	-	6,068,058	-	-	-	-	-	-
Lease retirement	(7,353,959)	(5,354,052)	-	-	-	-	-	-	-	-
SPECIAL ITEMS										
Initial transfer in from members	-	-	-	182,210	6,100,987	-	-	-	-	-
TOTAL CHANGES IN FUND BALANCES	\$ 9,026,971	\$ 3,448,708	\$ 635,629	\$ (31,868)	\$ 6,620,477	\$ -	\$ -	\$ -	\$ -	\$ -
Debt Service as a percentage of non-capital expenditures	2.25%	1.17%	2.51%	16.58%	2.22%	-%	-%	-%	-%	-%

SOURCE: Schedule 1 through Schedule 4 were prepared using current year audited financial statements. Information is not presented prior to 2018 due to the Authority not being in existence for that time frame.

**Arizona Fire & Medical Authority
Property Taxes Levied and Collected by
North County Fire & Medical District
Last Ten (10) Years**

Fiscal Year Ended June 30,	District Tax Rate	Adopted District Tax Levy	% of Adjusted		Adjusted District Tax Levy as of 6/30/2022	% of Adjusted	
			Amount	Levy		Amount	Levy
2022	\$ 2.8644	\$ 16,041,322	\$ 15,817,988	99.04%	\$ 15,970,510	\$ 15,817,988	99.04%
2021	2.8644	15,063,763	14,911,291	99.03%	15,057,098	15,053,546	99.98%
2020	2.8644	14,138,457	13,906,962	98.54%	14,113,489	14,110,444	99.98%
2019	2.8644	13,425,467	13,286,827	99.99%	13,288,519	13,287,006	99.99%
2018	2.8644	12,668,405	12,642,168	99.99%	12,643,895	12,642,458	99.99%
2017 (2)	-	-	-	- %	-	-	- %
2016 (2)	-	-	-	- %	-	-	- %
2015 (2)	-	-	-	- %	-	-	- %
2014 (2)	-	-	-	- %	-	-	- %
2013 (2)	-	-	-	- %	-	-	- %

SOURCE: Maricopa County Treasurer.

NOTE (1) Taxes are collected by the Treasurer of the County. Taxes are levied by the Board of Supervisors of the County as required by Arizona Revised Statutes. Interest and penalty collections for delinquent taxes are not included in the collection figures in the table above, but are deposited in the County's General Fund.

(2) Information is not presented prior to 2018 due to the Authority not being in existence for that time frame.

**Arizona Fire & Medical Authority
Property Taxes Levied and Collected by
South County Fire & Medical District
Last Ten (10) Years**

Fiscal Year Ended June 30,	District Tax Rate	Adopted District Tax Levy	Amount	% of Adjusted Levy	Adjusted District Tax Levy as of 6/30/2022	Amount	% of Adjusted Levy
2022	\$ 3.2000	\$ 9,692,317	\$ 9,558,556	98.66%	\$ 9,688,793	\$ 9,558,556	98.66%
2021	3.2000	9,022,883	8,871,543	98.36%	9,019,021	9,013,981	99.94%
2020 ⁽²⁾	-	-	-	-%	-	-	-%
2019 ⁽²⁾	-	-	-	-%	-	-	-%
2018 ⁽²⁾	-	-	-	-%	-	-	-%
2017 ⁽²⁾	-	-	-	-%	-	-	-%
2016 ⁽²⁾	-	-	-	-%	-	-	-%
2015 ⁽²⁾	-	-	-	-%	-	-	-%
2014 ⁽²⁾	-	-	-	-%	-	-	-%
2013 ⁽²⁾	-	-	-	-%	-	-	-%

SOURCE: Maricopa County Treasurer.

NOTE (1) Taxes are collected by the Treasurer of the County. Taxes are levied by the Board of Supervisors of the County as required by Arizona Revised Statutes. Interest and penalty collections for delinquent taxes are not included in the collection figures in the table above, but are deposited in the County's General Fund.

(2) Information is not presented prior to 2021, due to fiscal year 2021 being the first year taxes were levied for South County Fire & Medical District.

Arizona Fire & Medical Authority
Net Limited Assessed Property Value by Property Classification
North County Fire & Medical District
Last Ten (10) Years

Fiscal Year (1)	Commercial, Industrial, Utilities, and Mines	Agricultural and Vacant	Residential (Owner Occupied)	Residential (Rental)	Railroad	Totals
2021-22	\$ 64,768,772	\$ 31,121,212	\$ 422,098,254	\$ 175,146,780	\$ 4,588,698	\$ 697,723,716
2020-21	47,881,088	17,199,812	324,791,887	133,427,244	3,472,687	526,772,718
2019-20	48,214,508	17,356,171	305,635,078	124,086,045	3,589,992	498,881,794
2018-19	44,925,859	15,144,328	290,691,081	112,753,243	3,227,712	466,742,223
2017-18	42,872,947	14,933,064	274,488,169	105,864,994	3,494,713	441,653,887
2016-17	-	-	-	-	-	-
2015-16	-	-	-	-	-	-
2014-15	-	-	-	-	-	-
2013-14	-	-	-	-	-	-
2012-13	-	-	-	-	-	-

SOURCE: State Abstract of the Assessment Roll.

NOTE (1) Information is not presented prior to 2018 due to the Authority not being in existence for that time frame.

Arizona Fire & Medical Authority
Net Limited Assessed Property Value by Property Classification
South County Fire & Medical District
Last Ten (10) Years

Fiscal Year (1)	Commercial, Industrial, Utilities, and Mines	Agricultural and Vacant	Residential (Owner Occupied)	Residential (Rental)	Railroad	Totals
2021-22	\$ 38,675,408	\$ 26,160,731	\$ 209,675,051	\$ 89,831,720	\$ 138,075	\$ 364,480,985
2020-21	23,016,872	14,617,894	172,677,319	71,351,509	107,699	281,771,293
2019-20	-	-	-	-	-	-
2018-19	-	-	-	-	-	-
2017-18	-	-	-	-	-	-
2016-17	-	-	-	-	-	-
2015-16	-	-	-	-	-	-
2014-15	-	-	-	-	-	-
2013-14	-	-	-	-	-	-
2012-13	-	-	-	-	-	-

SOURCE: State Abstract of the Assessment Roll.

NOTE (1) Information is not presented prior to 2021, due to fiscal year 2021 being the first year taxes were levied for South County Fire & Medical District.

Arizona Fire & Medical Authority
Net Limited Assessed Property Value by Property Classification
North County Fire & Medical District
Last Ten (10) Years

	Fiscal Year 2022			Fiscal Year 2013 ⁽¹⁾		
	Rank	Net Limited Assessed Property Value	Percentage of Net Limited Assessed Property Value	Rank	Net Limited Assessed Property Value	Percentage of Net Limited Assessed Property Value
Major Taxpayer						
Arizona Public Service Company	1	\$ 12,246,691	1.76%		-	-
BNSF Railway Company	2	6,278,649	0.90%		-	-
SP Heritage OpCo LLC	3	4,557,354	0.65%		-	-
Peoria SFR DST	4	3,050,209	0.44%		-	-
EPCOR (Sun City West Water Division)	5	2,607,499	0.37%		-	-
EPCOR (Sun City West Sewer)	6	2,445,309	0.35%		-	-
Smith's Food & Drug Centers Inc	7	2,385,345	0.34%		-	-
Patterson Farms Inc	8	2,243,213	0.32%		-	-
GSA Happy Valley LP	9	1,575,852	0.23%		-	-
HTA - SCW Webb Medical A LLC (IMPS)	10	1,535,147	0.22%		-	-
Total principal taxpayers		\$ 38,925,268	5.58%		-	-

SOURCE: Maricopa County Assessor

NOTE (1) Information is not presented prior to 2018 due to the Authority not being in existence for that time frame.

Arizona Fire & Medical Authority
Net Limited Assessed Property Value by Property Classification
South County Fire & Medical District
Last Ten (10) Years

	Fiscal Year 2022			Fiscal Year 2013 (1)		
	Rank	Net Limited Assessed Property Value	Percentage of Net Limited Assessed Property Value	Rank	Net Limited Assessed Property Value	Percentage of Net Limited Assessed Property Value
Major Taxpayer						
Mesquite Solar I	1	\$ 12,606,474	3.46%		-	-
Mesquite Solar 3, LLC	2	7,746,900	2.13%		-	-
Sun Streams LLC	3	7,717,850	2.12%		-	-
RNS Center LP	4	6,276,490	1.72%		-	-
Mesquite Solar 2, LLC	5	4,512,025	1.24%		-	-
Hickman's Egg Ranch INC	6	3,592,419	0.99%		-	-
Sun Lakes Marketing Limited Partnership (LEAS)	7	3,397,372	0.93%		-	-
Superior Products Corporation of Arizona	8	1,547,967	0.42%		-	-
Sun Lakes Marketing Limited Partnership (LLP)	9	1,362,820	0.37%		-	-
Arizona Public Service Company	10	1,263,318	0.35%		-	-
Total principal taxpayers		\$ 50,023,635	13.72%		-	-

SOURCE: Maricopa County Assessor

NOTE (1) Information is not presented prior to 2021, due to fiscal year 2021 being the first year taxes were levied for South County Fire & Medical District.

Arizona Fire & Medical Authority
Outstanding Debt and Debt Limitations
Last Ten (10) Years

Fiscal Year Ended June 30,	Capital Lease Debt	Certificates of Participation Debt ⁽²⁾	General Obligation Bond		Total Outstanding Debt		
			Outstanding	Legal Limit ⁽¹⁾	Amount	% Subject To Limit	Debt Per Capita
2022	\$ 605,283	\$ 45,486,014	\$ -	\$ -	\$ 46,091,297	- %	614.55
2021	7,979,474	-	-	-	7,979,474	- %	106.39
2020	5,996,706	-	-	-	5,996,706	- %	79.96
2019	6,482,863	-	-	-	6,482,863	- %	86.44
2018	5,087,215	-	-	-	5,087,215	- %	78.26
2017 ⁽³⁾	-	-	-	-	-	- %	-
2016 ⁽³⁾	-	-	-	-	-	- %	-
2015 ⁽³⁾	-	-	-	-	-	- %	-
2014 ⁽³⁾	-	-	-	-	-	- %	-
2013 ⁽³⁾	-	-	-	-	-	- %	-

SOURCE: The Authority's Capital Lease Debt information was obtained from current and prior year financial statements and is comprised of the NRG Energy, Inc. (Solar) Lease Purchase Agreement. The Authority's Certificates of Participation Debt information was obtained from current financial statements and is comprised of Certificates of Participation 2021 issuance debt services schedules.

NOTE (1) The Authority's purchase lease agreements are backed by the full faith and credit of the Authority. The Certificates of Participation are backed by lease agreement of Authority property. Such amounts are not subject legal limits based on property valuation; rather, the debt service is required to be paid from the primary tax levy subject to levy limitations. General Obligation Bonds are limited to the lessor of 6% of secondary assessed value in the year they are issued or the maximum amount of the voter approved offering.

(2) Includes unamortized premiums of debt issuance.

(3) Information is not presented prior to 2018 due to the Authority not being in existence for that time frame.

Arizona Fire & Medical Authority
County-Wide Demographic and Economic Statistics
Last Ten (10) Fiscal Years

Fiscal Year	Maricopa County Population	Maricopa County Personal Income	Maricopa County (2) Per Capita Income	Maricopa County Unemployment Rate	Estimated District Population
2021-22	Note (3)	Note (3)	Note (3)	4.0%	75,000
2020-21	4,496,588	\$ 268,713,717,000	59,759	5.9%	75,000
2019-20	(1) 4,438,342	249,677,860,000	56,255	9.8%	75,000
2018-19	(1) 4,363,816	227,058,763,000	52,032	5.2%	75,000
2017-18	(1) 4,292,576	210,391,358,000	49,013	5.1%	65,000
2016-17	(1) -	-	-	- %	-
2015-16	(1) -	-	-	- %	-
2014-15	(1) -	-	-	- %	-
2013-14	(1) -	-	-	- %	-
2012-13	(1) -	-	-	- %	-

SOURCE: The source for "Maricopa County Personal Income" is from U.S. Department of Commerce Bureau of Economic Analysis. "Maricopa County Population" and "Unemployment Rate" information is from Workforce Informer Arizona (www.workforce.az.gov). The estimated district population is based on analysis of registered voters, annexation and other demographic information maintained by the district.

NOTE (1) Information is not presented prior to 2018 due to the Authority not being in existence for that time frame. Revised statistics for 2017-18 through 2019-20.

(2) Maricopa County per capita income is calculation determined by Maricopa County personal income divided by Maricopa County population.

(3) Personal Income and per capita is not yet available for fiscal year 2022.

**Arizona Fire & Medical Authority
Summary of Emergency Responses
Last Ten (10) Fiscal Years**

Fiscal Year Ended June 30,	Medical	Fire	Special Ops	Service		False Alarm	Total Emergency Responses	Ambulance Transports
				Calls (1)	Good Intent (2)			
2022	15,367	575	84	911	907	426	18,270	8,313
2021	14,592	779	133	950	915	368	17,737	7,464
2020	13,436	574	97	997	1,059	448	16,611	7,552
2019	12,984	373	144	1,096	881	650	16,128	8,226
2018	11,523	173	94	1,394	375	689	14,248	8,033
2017 (1)	-	-	-	-	-	-	-	-
2016 (1)	-	-	-	-	-	-	-	-
2015 (1)	-	-	-	-	-	-	-	-
2014 (1)	-	-	-	-	-	-	-	-
2013 (1)	-	-	-	-	-	-	-	-

SOURCE :

Emergency calls are tracked using the Authority's emergency call tracking database (ImageTrend).

- NOTE (1)** Information is not presented prior to 2018 due to the Authority not being in existence for that time frame.
- (2)** Service Calls include, but are not limited to: lock-out, water leak, animal problem/rescue, public service assist.
- (3)** Good Intent calls include, but are not limited to: dispatched & cancelled, wrong location, controlled burning.

**Arizona Fire & Medical Authority
Summary of Authority Assets and Employees
Last Ten (10) Fiscal Years**

Fiscal Year Ended June 30,	Fire Trucks & Apparatus (1)	ALS Ambulance	Fire Stations	Fire Fighters	EMS Personnel	Admin Personnel	Total Employees
2022	22	6	8	123	36	27	186
2021	22	6	8	123	36	27	186
2020	16	6	8	117	36	25	178
2019	16	6	8	107	36	20	163
2018	16	6	7	76	33	21	130
2017 (2)	-	-	-	-	-	-	-
2016 (2)	-	-	-	-	-	-	-
2015 (2)	-	-	-	-	-	-	-
2014 (2)	-	-	-	-	-	-	-
2013 (2)	-	-	-	-	-	-	-

SOURCE : Authority records.

Note (1) The Apparatus listed here only reflect the active response units assigned to stations. They do not reflect reserve apparatus or support apparatus assigned to the administrative facility.

(2) Information is not presented prior to 2018 due to the Authority not being in existence at that time frame.

