

AGENDA

**Central Arizona Fire and Medical Authority
Central Arizona Fire and Medical Authority Board of Directors
CA Regular Meeting
Thursday, December 19, 2019, 5:00 pm - 6:00 pm
Chino Valley Town Hall, 202 N. State Route 89, Chino Valley, Arizona**

NOTICE OF MEETING

Pursuant to A.R.S. § 38-431.02, notice is hereby given to the members of the Central Arizona Fire and Medical Authority Board of Directors and the general public that the **Central Arizona Fire and Medical Authority** will hold a meeting open to the public on **Thursday, December 19, 2019 at 5:00 p.m.** The meeting will be held at the **Chino Valley Town Hall, 202 N. State Route 89, Chino Valley, Arizona.** The Board may vote to go into Executive Session on any agenda item, pursuant to A.R.S. §38-431.03(A)(3) for discussion and consultation for legal advice with Authority's Attorney on matters as set forth in the agenda item. The following topics and any variables thereto, will be subject to Board consideration, discussion, approval, or other action. All items are set for possible action.

1. CALL TO ORDER / ROLL CALL OF BOARD MEMBERS
2. PLEDGE OF ALLEGIANCE
3. NEW BUSINESS
 - A. Motion, Discussion, and Action Regarding Election of Fire Board Chairperson and Board Clerk
4. PRESENTATIONS
 - A. Chino Valley Town Council Report
 - B. Board Members' Reports
 - i. Prescott Regional Communications (PRCC)
 - ii. Public Records Requests
 - iii. Legal Fees
 - iv. Labor / Management
 - C. Letters from the Public
 - D. Monthly Division Reports from the Fire Chief and staff in regard to current activities of the Fire Authority and the status and progress relating thereto. Any item discussed in the Division Reports is subject to discussion and direction by the Board; no action will be taken.
5. CALL TO THE PUBLIC

In accordance with A.R.S. §38-431.01(H) and as a matter of policy, the Central Arizona Fire and Medical Authority Board has decided to allow public comments as time permits. Therefore, those wishing to address the Board regarding an issue within the jurisdiction of this public body may do so in an orderly manner that includes completing a Call to the Public Form and submitting it to staff for the record. If a written statement is being read, please

provide a copy to ensure it is entered into the record accurately. Individuals will be limited to speak for three (3) minutes and Call to the Public shall not exceed 30 minutes per meeting.

6. CONSENT AGENDA

All matters listed under consent agenda are considered to be routine by the Central Arizona Fire and Medical Authority Board and will be enacted by one motion. There will be no separate discussion on these items. Any item may be removed by a Board member and will be considered separately for motion, discussion and action.

- A. Approve Regular Session Minutes - November 25, 2019
- B. Approve General Fund Financial Statements
- C. Approve Fire Protection Agreement: Featheringill

7. OLD BUSINESS

- A. Discussion and Direction to Staff Regarding Scheduling the Public Safety Personnel Retirement System (PSPRS) Unfunded Liability Workshop

8. NEW BUSINESS CONTINUED

- A. Presentation, Discussion, and Acceptance of FY 2019 Audit Report as Presented by Henry & Horne
- B. Motion, Discussion, and Action Regarding Approval of Fiscal Year 2021 Budget Development Schedule
- C. Discussion Regarding Ambulance Update

9. ADJOURNMENT

Disabled persons needing reasonable accommodations should call 928-772-7711 prior to the scheduled meeting.

304 BOARD OFFICER DUTIES

Effective Date: 10/22/2018

Revised Date:

Reviewed Date:



RELATIVE INFORMATION:

All Board members are eligible for election and should view the election to office as a routine and expected responsibility of Board membership. Arizona Revised Statutes require each Board to elect a Chairperson and a Clerk. While the term of office is one (1) year, there is no limitation on the number of sequential terms an individual may serve.

Board officers are generally elected during the month of December, depending on ranges of Board terms; officers may begin their term in January of the following year. Each elected officer takes office immediately and serves until the first Board meeting of the following year, or until a successor is elected.

The duties of the Chairperson include:

1. Presiding at meetings of the Board of Directors. The Chairperson shall perform all of the duties prescribed by the Arizona Revised Statutes. The Chairperson is responsible for ensuring that that business of the public meetings is transacted in the proper order and is reasonably expedited observing appropriate procedure and decorum.
2. Consulting with the Fire Chief regarding the preparation of each Board meeting agenda.
3. Participating, along with other Board members, with all the rights of a member to discuss issues, make motions, nominate candidates, and to vote.
4. Calling Special Meetings (study sessions, executive sessions, and/or additional regular sessions) of the Board as described by the Arizona Open Meeting Law.
5. Signing official District documents on behalf of the Board when authorized by the Board.
6. Making appointments as may be required by law and/or for the orderly representation of the Board.

The duties of the Clerk include:

1. Serving as Chairperson in the absence of the Chairperson with all the powers and duties as described above. The Clerk shall have such other powers and duties as a majority of the Board may determine.
2. Serving on such committees and/or as representative as appointed by the Board Chairperson.
3. Ensuring accurate minutes of each Board meeting are taken, transcribed, and distributed. Ensuring official minutes are properly authenticated and maintained in chronological order. These duties are delegated to staff members under the supervision of the Clerk.

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Signing on behalf of the District such documents that require two (2) signatures or as requested by the Chairperson.

POLICY STATEMENT

It shall be the policy of the Board of Directors of Central Arizona Fire and Medical Authority that election to Board office is an accepted obligation of Board membership and that the Board may annually elect a Chairperson and a Clerk as required by State Law.

CROSS REFERENCES

Arizona Revised Statutes

A.R.S. §48-805 Fire district; powers and duties

A.R.S. §48-803(E) District administered by a district board

CAFMA Board Policy Manual

Policy 301 Board Member Responsibilities

Policy 306 Filling Board Vacancies

RECORDS REQUESTS

Date Received	First Name	Last Name	Company Name	Record Type	Incident / Reference #	Status	Delivery Method	Cost	Date Completed	Notes	Staff Hours	Staff Cost
11/12/2019	Julio	Zapata	Zapata Law PLLC	EMS	18-10052	COMPLETE	MAILED	\$10.00	12/03/19	Subpoena - Served papers - Given to Chief Tharp due to how extensive the request is CB/TF Mailed signed subpoena by Chief Tharp and all other documents on flashdrive. TF		\$0.00
11/26/2019	Det. Brian	Hohrein	Prescott Valley PD	EMS	19-11988	IN PROGRESS		0		Chief Tharp returned request. Stated that we cannot give EMS without HIPPA or Subpoena even if it is a criminal investigation. We can give incident report. All is free of charge because it's a criminal investigation - CB Left msg w/ Det. 11/27 -KG 12/04 Det. picked up incident report & will come back with search warrant - KG		\$0.00
12/2/2019	Mark	Kille	Mingus Mountain Law Group	EMS	19-011075	IN PROGRESS		\$22.00		Requested EMS report. Did not send check wants report mailed, did not send payment for request. Believes that request is covered under "HITECH Act". Chief Tharp returned request and stated that we require HIPPA release AND proof of guardianship before report can be approved. Emailed Diana @Mingus mountain to inform her of documents and payment needed. -CB		
				ENVIRONMENTAL RECORD		IN PROGRESS						
11/20/19	Joan	Jacobs	Jacobs Joan & Associates	ENVIRONMENTAL RECORD	2019.11.20-Jacobs	IN PROGRESS				Environmental records for 3707, 3699, 3651 & 3627 N SR 89 Chino Valley		\$0.00
12/3/2019	Tina	French	Tina French	ENVIRONMENTAL RECORD	2019.12-03-French	COMPLETE	EMAILED	\$0.00		Environmental records for 7901 E State Route 69 PV- Rick emailed no records found. 12/9/19 MS		\$0.00
12/4/2019	Ali	Schroeder	ICHD Chino Cottage Group Home	FIRE	19-012526	IN PROGRESS				Signed and left message that it is ready to pick up 12-5-19 MS		
11/07/19	Mark	Kille	Mingus Mountain Law Group	INCIDENT	2019.11.07-Kille	CLOSED	NO RECORD	\$0.00	11/18/19	Based on given time, date, and patient name, no record was found- CB		\$0.00
11/12/19	Melanie	Bossie	Bossie, Reilley, & Oh	INCIDENT	19-6434	COMPLETE	MAILED	\$22.00	11/20/2019	Chief Tharp approved. Report was mailed CB		\$0.00
11/13/19	Gerald	Gnerre	Earth Resources Corporation	INCIDENT	19-7986	COMPLETE	PICKED UP	\$0.00	11/18/2019	CB- Requested incident report. Susanne signed off and records were picked up.		\$0.00
11/18/19	Eric	Hobbs	LexisNexis Claims Solutions	INCIDENT	2017.11.15 Hobbs	CLOSED	NO RECORD	\$0.00	11/18/19	KG & CB-Based on info given, no records found. Mailed back check.		\$0.00
11/19/19	Sonja	Williams	The Claims center for Century Link	INCIDENT	2019-11-19-Williams	CLOSED	RECORD AVAILABLE	\$0.00	11/19/19	MS & CB - No record found with information given		\$0.00
11/25/2019	Fran	Natale	Metropolitan Reporting Bureau	INCIDENT	19-8250	COMPLETE	FAXED	\$22.00	11/26/2019	KG-Requested incident report. Chief Tharp approved, Susanne approved faxing. Faxed 11/26/19.		\$0.00
04/17/19	Chris	Jensen	Jensen Phelan Law Firm	PUBLIC RECORD	2019.04.17-Jensen01	IN PROGRESS				CEY - Financial records of deposits, withdrawals, transfers, loans, loan payments, disbursements, pension plan payments, interest payments or charges, or any other financial actions as to the Capital Reserve Account since 01/01/2014. 5/1/19: letter advising due to large volume of records, please allow 4-6 weeks for records to be ready. One letter addressing all three agencies. 6/4: Letter advising large volume of emails returned, additional time needed for review, etc. Also re-stated records available on website and unable to send records via email due to size. One letter for all three agencies. 6/25 Letter re: additional time due to staffing issues, re-stated some records available on website. One letter for all three agencies.		
04/17/19	Chris	Jensen	Jensen Phelan Law Firm	PUBLIC RECORD	2019.04.17-Jensen02	IN PROGRESS				CHV - Financial records of deposits, withdrawals, transfers, loans, loan payments, disbursements, pension plan payments, interest payments or charges, or any other financial actions as to the Capital Reserve Account since 01/01/2014. 5/1/19: letter advising due to large volume of records, please allow 4-6 weeks for records to be ready. One letter addressing all three agencies. 6/4: Letter advising large volume of emails returned, additional time needed for review, etc. Also re-stated records available on website and unable to send records via email due to size. One letter for all three agencies. 6/25 Letter re: additional time due to staffing issues, re-stated some records available on website. One letter for all three agencies.		

04/17/19	Chris	Jensen	Jensen Phelan Law Firm	PUBLIC RECORD	2019.04.17-Jensen03	IN PROGRESS				CEA - Financial records of deposits, withdrawals, transfers, loans, loan payments, disbursements, pension plan payments, interest payments or charges, or any other financial actions as to the Capital Reserve Account since 01/01/2014. 5/1/19: letter advising due to large volume of records, please allow 4-6 weeks for records to be ready. One letter addressing all three agencies. 6/4: Letter advising large volume of emails returned, additional time needed for review, etc. Also re-stated records available on website and unable to send records via email due to size. One letter for all three agencies. 6/25 Letter re: additional time due to staffing issues, re-stated some records available on website. One letter for all three agencies.		
11/25/2019	Jelesyka	Baeza	Hirsh&Lyon Accident Law			IN PROGRESS				They did not include enough details to determine what they were looking for. A record request form was not including in their request. A form was emailed to them requesting additional details. 11/25/19 MS		\$0.00

LEGAL FEES

Chino Valley Fire District

No legal fees.

Central Yavapai Fire District

11/04/19 Burch and Cracchiolo – ACE Lawsuit – June-July\$1,464.50

11/04/19 Burch and Cracchiolo – ACE Lawsuit – September\$175.00

Central Arizona Fire and Medical

No legal fees.

Chief Scott Freitag, Fire Chief
Central Arizona Fire and Medical Authority
8603 E. Eastridge Drive
Prescott Valley, AZ 86314

November 16, 2019

Dear Chief Freitag,

The purpose of this letter is to bring to your attention the performance of the members of Station 51 B Shift; specifically, Brody Fields, Adam Reyes, and Jesse Butterfield.

Even though I am an elderly widow, I have never cast myself in the role of "damsel in distress." However, on Thursday evening, November 14, that is exactly how I felt. I was frantic, fearing a potential electrical fire concerning the replacement of new smoke detectors. One of the detectors had been flashing an intermittent red light. Something that I had never noticed with my previous detectors. I had heard of other people requesting assistance from the fire department in similar situations. Shaking and with my blood pressure rising, I researched, found and called the CAFMA dispatch. I apologised for calling and explained how very worried I was. The dispatcher was so calm, told me not to worry and assured me that "help" was on the way.

About five minutes later, "my heros" arrived. They listened carefully to my concerns, investigated and tested all six fire detectors; and after reviewing the small-printed installation instructions, determined that the detectors were performing as designed. I felt so stupid and embarassed to have taken their time. They assured me that this is "part of the job." My shaking stopped and my blood pressure started to return to normal.

In closing, thank you for your leadership and to all those associated with CAFMA.

Most sincerely,


Heather Stephanoff




DIVISION REPORTS

REPORTED TO THE
CENTRAL ARIZONA FIRE AND MEDICAL AUTHORITY
BOARD OF DIRECTORS

Chief's Report

By Fire Chief Freitag

I'd like to start by wishing everyone a Merry Christmas and a Happy New Year. I do not have a lot to report since our November meeting was not that long ago, and the time between Thanksgiving and Christmas is fairly slow.

I am happy to report that we completed the Assistant Chief testing process on December 11th. Training Chief John Feddema tested for the position of Operations Chief, and Battalion Chief Cody Rose tested for the position of Planning and Logistics Chief. The process included three interview panels, a written assignment, and a final interview with senior staff. The interview panels included an external peer panel made up of community members, and a manager's panel that included Union VP Mike Kontz. The feedback from all panels was that we had two highly qualified candidates that they felt would do very well in the positions for which they applied. Our external peer panel consisting of five fire chiefs from across the state were asked if they would hire John or Cody as Assistant Chiefs for their organizations. They responded by saying that they were already trying to recruit them for their agencies. We have removed those chiefs from our Christmas card list ☺

Ultimately, our senior staff saw the same things in John and Cody that the other panels had relayed. To that end, with their wives sitting next to them, we offered them each a promotion to Assistant Chief. The promotions are not effective immediately as Chiefs Polacek and Bliss still have some time left. However, we will be working to make smooth transitions in the coming months. In the intervening time, they will be included in all senior staff meetings and will be part of our decision-making processes moving forward.

John and Cody are the future of CAFMA, and I have no doubt in their ability to keep our agency progressing. I would like to thank Director Packard for serving on the community panel! While Christmas Eve is not technically a holiday, I am releasing everyone at 1300 hours to go home to be with their families. Senior staff have been directed to let their staff know that they will be leaving a bit early that day.

As you are aware, the Senate Ad Hoc Committee related to reducing risk and exposures for firefighters met for the last time on December 5th. We heard testimony from a number of firefighters and their families regarding their personal battles with cancer and insurance. Our committee's charge was to recommend some best practices for exposure mitigation, as well as education and health screenings. I sent the final recommendations to you as part of *The Review* a couple of weeks ago.

CAFMA staff is reviewing our current policies and practices in comparison to the recommendations. As far as mitigating risk, we are already following most of the recommendations. We are making a few adjustments, but overall we are doing fairly well. I have talked with both labor and management about exploring the clean cab concept related to our fire apparatus. Chief Bliss and Domenic are reviewing the options.



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Engineer/Union VP Mike Kontz and I visited with a delegation of fire service professionals from Iraq when they stopped in the area. It was a good opportunity to exchange information and compare how each country operates. They were able to take a good look at some of our Hazardous Materials and Technical Rescue equipment as well as visit the Granite Mountain Hotshot Tribute Center.



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Administration

By Assistant Chief Tharp

We attended the PSPRS Board of Trustees Meeting and based on the changes that were decided by the board – to lower the assumed earnings rate from 7.4% to 7.3% and change the mortality tables to those for public safety – the across the board increase in employer contribution rates will be at least 2.2%. While this may not seem like much, we have only budgeted 5% in totality for the annual increase. We are hopeful that we can still absorb additional increases as this upcoming fiscal year is already posing some challenges for the budget. We have an outside company reviewing our job descriptions and doing a complete wage and benefit comparison for our agency and the Sedona Fire District. Additionally, we will be faced with an alternate funding plan for our PSPRS long term debt liability and looking to meet the capital replacement schedule with the addition of facilities and communication remodel and replacement projects. As normal, we will have way more requests than actual funds for meeting the needs of the community, agency, employees, and facilities of CAFMA. And yes, the budget process will begin is right around the corner.

The Audit reports will be presented by Henry and Horne for the second year for CAFMA, CYFD, and CVFD. As stated previously, this is required by law and is done annually to ensure compliance to statutes, governmental accounting, and national accounting practices. The Auditors will report to the Board at the December 19th meeting, but as a whole, the process has been more efficient than in the past. It is my hope that after next year we can look to providing a Comprehensive Annual Financial Report (CAFR) that will be reviewed by the Government Accounting Standards Board. If successful, the CAFR will be the first attempted by the CYFD, CVFD, or CAFMA in their histories. It will be a lot of work, but will provide a very detailed report that will be an additional step to being fully transparent to the taxpayers and anyone that wishes to know about our organizations' finances.

Finally, the semi-annual Arizona Fire District Association Conference will be in January in Laughlin. We encourage board members to let us know if they would like to attend for training or networking with other elected officials throughout the state. There will be some great classes on PSPRS, finance, audits, leadership, and the future of the fire service. In reference to PSPRS, we are looking to review the audit reports provided by Foster and Foster – the new actuarial company. There will also be additional annual training by PSPRS in January for all employers which will be attended by our staff. A lot of opportunities for training and education in the New Year!

Have a safe and happy Christmas holiday and see you next year!



DIVISION REPORTS

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Fire Prevention By Fire Marshal Chase

Construction:

Tech reviews attended in Chino Valley:

- Family Dental
- New pump station for Prescott water production facility
- Wesdmar Farms 16 ½ acre residential lots
- CV Cultivation four new warehouse buildings, four new greenhouses
- CV Farms extraction facility

Initial Plan Reviews attended at Yavapai County:

- Mountain Bike Retreat Camp on Skyline Drive near Highland Pines

Initial Plan Reviews attended in Prescott Valley:

- Just Tacos Restaurant
- Office Building at Yavapai Road and Florentine Road

New Construction/T.I.s:

- Windsong Senior Living
- St Germaine's Catholic Church
- Children's Theater next to Findlay Event Center
- Ocean Blue Car Wash on Glassford Hill Road
- Circle K Store and Fuel Station
- Heights Church

General:

The CAFMA Fire Board of Appeals members and Prevention staff had our annual business meeting.

Fire Marshal Chase attended the P.V. Town Council meeting and a meeting in the Mountain Club hosted by Supervisor Rowle Simmons.

A meeting was attended by CAFMA, the Town of PV, and the developer for the Bungalows at Talking Glass to discuss requirements for the subdivision.

The flying High Turkey Drive took place November 25th. A big thank you to Engineer Gordon Dibble for bringing the Truck Company to Fry's Grocery Store and elevating our PV Chamber CEO Marnie Uhl in the bucket. 1,200 turkeys were donated at the PV Fry's!

Prevention staff met with B&W Fire and Security to review their electronic plan review software.

We received plans for the Discount Tire coming to Prescott Valley.



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Events requested/attended by CAFMA:

- 11/7 Presentation at Talking Rock Ranch - Asst. Fire Marshal Andie Smith gave a presentation on defensible space & general safety topics to 40 attendees.
- 11/19, 20, 21 Station tours - Prescott Valley School - Engine 53 A, B & C Shift gave tours to Pre-Kindergarten and Kindergarten classes.
- 11/21 Trinity Christian School - Captain Rick Olson & Firefighter Jake McIntire spoke to a Kindergarten class of 33.

Monthly Safety Tips:

Heating Safety

- Keep anything that can burn at least three-feet (one metre) away from heating equipment, like the furnace, fireplace, wood stove, or portable space heater.
- Have a three-foot (one metre) "kid-free zone" around open fires and space heaters.
- Never use your oven to heat your home.
- Have a qualified professional install stationary space heating equipment, water heaters or central heating equipment according to the local codes and manufacturer's instructions.
- Have heating equipment and chimneys cleaned and inspected every year by a qualified professional.
- Remember to turn portable heaters off when leaving the room or going to bed.
- Always use the right kind of fuel, specified by the manufacturer, for fuel burning space heaters.
- Make sure the fireplace has a sturdy screen to stop sparks from flying into the room. Ashes should be cool before putting them in a metal container. Keep the container a safe distance away from your home.
- Test smoke alarms at least once a month.
- Install and maintain CO alarms to avoid the risk of CO poisoning. If you **smell** gas in your gas heater, do not light the appliance. Leave the home immediately and call your local fire department or gas company.
- All fuel-burning equipment should be vented to the outside to avoid carbon monoxide (CO) poisoning.



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FIRE PREVENTION MONTHLY ACTIVITY REPORT November 2019	
Public Education	
Public Education - Prevention Staff Only	2
# Attendees	24
Public Education - Fire Pal Program	1
# Attendees	0
Community Risk Management	
Business Inspections	60
Defensible Space Assessments	11
Knox Box Detail	4
Event Consultations & Inspections	2
Fire Hydrant Service	0
Miscellaneous Meetings, FM/AFM Meetings	16
Fire Investigations	
Fire Investigations - Arson	0
Fire Investigations - All Other	0
Construction	
IPRs & Pre-Construction Meetings	10
Sub-Division / Development Plan Review	2
Building Plan Reviews	7
Building Construction Inspections	4
Fire Protection System Plan Reviews	37
Fire Protection System Construction Inspections	44
Revenue - Construction Permit Fees	\$0.00
Revenue - Event Permit Fees	\$0.00



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Operations

By Assistant Chief Polacek

We experienced our first large snow storm of the season and crews were very busy running calls. Though we did not have any major incidents, the crews were kept busy with lines down, fire calls, motor vehicle accidents, public assists, and EMS calls. Crews ran 105 calls during the first 24 hours of the storm.

We continue to develop testing for Assistant Chief, Battalion Chief, and Fire Fighter, as we have now completed the testing for Engineer and Captain. The testing process for Assistant Chief and Battalion Chief utilizes evaluators from outside the agency as Human Resources. Assistant Chief Jeff Polacek built a test for Battalion Chief that consists of a written test, a practical simulation which consists of simulated emergency incidents, a role play scenario, in-box scenarios (which consist of handling routine daily tasks as a Battalion Chief), a presentation, and an oral interview. When the testing is complete we debrief with the evaluators and receive their input on the candidates. We then tally scores and make a promotional list. The final step is to conduct Chief interviews and offer promotions. We will be testing for Battalion Chief on January 28th & 29th. Depending on who promotes after the Assistant Chief test we may have three openings for Battalion Chief this year.

The station 61 remodel is near completion and after six months the crews have moved back into the station and out of the classroom. Though this project took a long time to complete, the crews are happy with the remodel.

We were notified by the Tohono O'odham Nation that we were not successful in receiving our grant for a Community Paramedicine Vehicle. We have received the contract for Community Paramedicine from YRMC and this has been given to legal counsel for review. When approved, we will bring the contract to the Board for approval.

After receiving Board approval in September we placed an order for new Scott SCBAs. We have asked that they start shipping bottles first as ours are due to expire in January. When the new SCBAs are delivered they will be inventoried, we will mask fit test all personnel, personnel will be trained on the new SCBAs, and then they will be placed into service.

Crews from Station 54 B-shift responded to a structure fire where an elderly man knocked over a propane heater which started a fire on the floor of a two story apartment. The crews found smoke coming from a window with an elderly man standing in the smoke. The crew entered the structure, rescued the elderly gentleman, and extinguished the fire. Without the quick response and actions of the crew the situation could have turned out much worse.

Operations wishes you all a Merry Christmas and a safe and Happy New Year!



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Planning and Logistics **By Assistant Chief Bliss**

Budget season has started and we have begun the process of updating forecasts and creating the next budget document. As has become normal over the last five years, PSPRS will be a large part of the discussion. Chief Tharp has been doing a lot of work in that area and will continue to keep the Boards informed as we receive more information. In the past we have presented the Capital plan update to the Board in December. This year we are changing that up and will be presenting the plan with the draft budget in April. We have found that changes were required in the last couple years between December and April that resulted in us requesting approval for the plan twice. This new schedule will eliminate that from occurring. As we move through the budget cycle this year, Cody Rose will be assisting me so that he receives further exposure and experience in the process.

The installation of ImageTrend as our Records Management Product for incident reporting has been going well. We have had weekly meetings with their deployment staff and have received very timely responses from their development techs when questions have arisen. Our goal remains to have the EMS and Fire reporting modules live on January 1, 2020 with the Training and Inspection modules following soon after.



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Training

By Training Chief Feddema

December has been an active month with a variety of training opportunities. On December 3 & 4, we hosted an Infectious Control Officer course at CARTA. We had a number of personnel from multiple divisions attend the training. The course provided information on how to handle employee safety and exposure to infectious diseases. We also hosted the Technical Rescue Training for the month of December. The Prescott Regional TRT team conducted Trench Rescue training, utilizing the Trench Rescue Training prop at CARTA. The prop provides an excellent opportunity to train on the topic in a controlled environment.

As we wrap up 2019, we are working on the training schedule for 2020. There are several challenges moving forward in 2020, one of which is centered on the crew's "productive time". This is the timeframe in which personnel are focused on CAFMA activities. As the organization grows, so too does competition for this time. There are many other department-related activities that fill up this time, as well as emergency incidents. The challenge is to develop a schedule that meets the needs of the organization and is realistic based on time limitations. We will continue to work on providing training that focuses on the needs of CAFMA personnel.



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Response Report

By GIS | Records Management Specialist Freeman

Land Area: 365 sq. miles Population: ≈100,000 Fire Stations: 10 Full-Staffed

Responses in District

TOTAL FIRE INCIDENTS	7
STRUCTURE FIRE	0
STRUCTURE FIRE; CONFINED	2
MOBILE HOME/PORTABLE BLDG	1
VEHICLE FIRE	2
BRUSH/GRASS/WILDLAND FIRE	1
OTHER/TRASH FIRE	2

Fire is 0.68% of call volume

TOTAL EMS	666
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EMS is 64.66% of call volume

OVERPRESSURE	2
HAZMAT	17
SERVICE	202
GOOD INTENT	112
FALSE ALARM/OTHER	24

Other is 34.66% of call volume

TOTAL # OF CALLS	1,030
Residential Fire Loss	\$0
Commercial Fire Loss	\$0
Vehicle Fire Loss	\$5,500

Calls in Town of Chino Valley	177
Calls in Town of Prescott Valley	500
Calls in Town of Dewey-Humboldt	44
Calls in rest of District	309
Calls out of District	7

Average total # of calls per day	34.33
Average fire calls per day	0.23
Average EMS calls per day	22.2
Average all other calls per day	11.9

Aid Given to Prescott	122
Aid Received from Prescott	75
Mutual Aid Given	3
Mutual Aid Received	0

Unit Responses

	In District	Total
E50	139	147
E51	32	171
E53	162	163
E54	143	144
E57	38	40
E58	126	129
E59	120	130
E61	95	95
E62	142	148
E63	52	53
T50	3	4
B3	48	50
B6	19	26

Call Volume at PRCC

	MONTH	YTD
PFD	694	7,956
CAFMA	1,030	11,218
GCFD	13	136
OD	7	82
WKFD	5	37

Top 5 Call Types

614	EMS
96	Assist Invalid
67	Cancelled en Route
65	Public Service Assistance
29	Vehicle Accident w/Injuries

Move Ups by Station

50:	39	57:	2
51:	55	61:	15
53:	17	62:	8
54:	0	63:	21
58:	3		
59:	12	TOTAL:	172

MINUTES

**Central Arizona Fire and Medical Authority
Central Arizona Fire and Medical Authority Board of Directors
CA Regular Meeting
Monday, November 25, 2019, 5:00 pm - 6:00 pm
Central Arizona Fire and Medical Authority, Administration, 8603 E. Eastridge Drive,
Prescott Valley, Arizona**

In Attendance

Darlene Packard; Dave Dobbs; Dave Tharp; Jeff Wasowicz; Julie Pettit;
Kathy Goodman; Matt Zurcher; Nicolas Cornelius; Scott A Freitag; Susanne
Dixon

NOTICE OF MEETING

Pursuant to A.R.S. § 38-431.02, notice is hereby given to the members of the Central Arizona Fire and Medical Authority Board of Directors and the general public that the **Central Arizona Fire and Medical Authority** will hold a meeting open to the public on **Monday, November 25, 2019 at 5:00 p.m.** The meeting will be held at **Central Arizona Fire and Medical Authority, Administration, 8603 E. Eastridge Drive, Prescott Valley, Arizona.** The Board may vote to go into Executive Session on any agenda item, pursuant to A.R.S. §38-431.03(A)(3) for discussion and consultation for legal advice with Authority's Attorney on matters as set forth in the agenda item. The following topics and any variables thereto, will be subject to Board consideration, discussion, approval, or other action. All items are set for possible action.

1. CALL TO ORDER / ROLL CALL OF BOARD MEMBERS

Chair Pettit called the meeting to order at 5:00 p.m.

2. PLEDGE OF ALLEGIANCE

Chair Pettit led the Pledge of Allegiance.

3. PRESENTATIONS

A. Prescott Valley Town Council Report

Prescott Valley Town Council Member Don Packard shared permit and construction updates including housing starts of two multiple-family permits, two mobile home permits, and 35 single-family homes - 12 of those in Granville. He shared a status update on new Prescott Valley businesses, including that the Circle K on 69 and Navajo will be completed late January, and there will be a new station at Glassford Hill and 69. He believes The Iron Cook by the ED is open now and the Colt Grill will be opening soon. The Ocean Blue Car Wash has not been dedicated yet but appears busy, and the new Ocean Blue Car Wash off of Glassford Hill is still in process. Construction at Spouse and Viewpoint is now complete, but has to go across state land and is experiencing normal time constraints related to that process. Council Member Packard shared that Yavapai County had six mobile home permits, but he did not have a housing update from County.

B. Board Members' Reports

i. Prescott Regional Communications (PRCC)

Director Wasowicz reported that everything is on track and seems fine at PRCC. The new director is doing a good job.

ii. Public Records Requests

Director Zurcher had nothing more to add.

iii. Legal Fees

Director Zurcher noted that legal fees are coming to an end for the ACE lawsuit.

iv. Labor/Management

Director Dobbs stated that Labor Management had met and there are no glaring issues and nothing of significance to report. He expressed that he is excited about new leadership.

C. Letters from the Public

This item was skipped.

D. Monthly Division Reports from the Fire Chief and staff in regard to current activities of the Fire Authority and the status and progress relating thereto. Any item discussed in the Division Reports is subject to discussion and direction by the Board; no action will be taken.

Chief Freitag reported that he is excited about implementing leadership training for management staff over the next year, and that he is looking to the City of Westminster, Colorado as they have a robust in-house training program and positive track record for improving leadership qualities. Westminster has shared many of their programs with CAFMA and he is looking forward to continuing the relationship.

Chief Freitag stated that he is still on the ad-hoc committee that is looking at ways to reduce firefighter cancer-causing exposures. Local 3066 President Ben Roche will attend the next meeting. Chief Freitag has scheduled a January visit with a leading cancer doctor at her research center. This center is able to diagnose cancer earlier, even before blood tests. He shared a success story from the center.

Chief Freitag informed the Board that he has been asked to serve as state-wide liaison for the International Fire Chief's Association's (IAFC) Fire-Rescue International (FRI) Conference and Expo scheduled in Phoenix for August 2020. It will be the first time this conference has been held in Arizona.

Chief Tharp stated that he had attended the Public Safety Personnel Retirement System (PSPRS) Board meeting. There has been a 2.2% increase across the board, all agencies. The Actuary may have the individualized CAFMA report to us by the first week of December, which is quick.

Director Wasowicz noted that good progress is not going to change what we owe and wondered if changes are going to cost CAFMA less money.

Chief Tharp responded that PSPRS recognizes there is an issue and are working to rectify it. How PSPRS manages funds and how CAFMA pays what we owe may change, which is positive. We may have to pay more upfront, but PSPRS is looking at individualizing the accounts even more and reducing the assumed earnings rate. He compared ASRS and PSPRS and explained that ASRS is giant pool, as opposed to PSPRS as individual accounts, so if ASRS invests well then then the group does well. With PSPRS, a small agency may do better than, say, the City of Phoenix.

On behalf of Fire Marshal Chase, Chief Freitag thanked Local 3066, and specifically Mike Kontz and Director Packard, for donations for Safe Trick or Treat. He also reported that Dewey-Humboldt received a grant for residents to place reflective address markers on their home as part of the 'If They Can't Find You, They Can't Help You' program.

Chief Bliss had nothing further to add to his report.

Chief Polacek did not submit a report, and so presented that Operations has been busy with testing, including Captain, Engineer, and a just-completed Firefighter Academy. There will be upcoming testing for Battalion Chief and Assistant Chief. There are a lot of promotions on the way due to upcoming retirements. He reported that PRCC is still moving forward with EMD dispatching, and we are working with TriTech to iron out the bugs. CAFMA engine companies are doing sit-alongs with Dispatch to see what they go through on a daily basis. He commended Captain Niemynski for submitting CAFMA as a premier EMS agency, sharing that we earned the award.

Director Wasowicz asked if while out at the training center Chief Polacek had noticed work on the drainage occurring.

Chief Polacek responded that he doesn't believe they are working yet and is not sure if we had received a plan. Chief Bliss will meet with Director Wasowicz to discuss.

Attorney Cornelius stated that he has exchanged emails with their attorneys and they are working through local permitting issues. It appears that they are backing off from acting as the general contractor on the project.

Director Wasowicz inquired as to a performance clause and whether or not they have a deadline via a contract.

Attorney Cornelius replied that he did not believe so, but he is keeping an eye on the progress.

Chief Feddema was not present.

4. CALL TO THE PUBLIC

In accordance with A.R.S. §38-431.01(H) and as a matter of policy, the Central Arizona Fire and Medical Authority Board has decided to allow public comments as time permits. Therefore, those wishing to address the Board regarding an issue within the jurisdiction of this public body may do so in an orderly manner that includes completing a Call to the Public Form and submitting it to staff for the record. If a written statement is being read, please provide a copy to ensure it is entered into the record accurately. Individuals will be limited to speak for three (3) minutes and Call to the Public shall not exceed 30 minutes per meeting.

There were no public comments.

5. CONSENT AGENDA

All matters listed under consent agenda are considered to be routine by the Central Arizona Fire and Medical Authority Board and will be enacted by one motion. There will be no separate discussion on these items. Any item may be removed by a Board member and will be considered separately for motion, discussion and action.

- A. Approve Regular Session Minutes - October 28, 2019
- B. Approve General Fund Financial Statements
- C. Approve Fire Protection Agreements: McCarty, Wulf (Two Properties)

Motion to accept the consent agenda as presented.

Move: Matt Zurcher Second: Dave Dobbs Status: Passed

Yes: Dave Dobbs, Darlene Packard, Julie Pettit, Jeff Wasowicz, Matt Zurcher

6. VOTE TO GO INTO EXECUTIVE SESSION

Executive session was not required; Attorney Cornelius recommended we come back to this if necessary.

- A. Legal Advice Pursuant to A.R.S. §38-431.03(A)(3) Regarding Informal AG Opinion Regarding Alleged Open Meeting Law Violations Related to Real Estate Purchases.

7. OLD BUSINESS

- A. Discussion and Possible Direction to Staff Regarding Processing Fire Protection Agreements

Chief Tharp reminded the Board of previous discussions. He reported that nothing in the Bylaws was prohibitive in disallowing the Board from moving forward; however, per Attorney Cornelius, statutory references indicate the Board must approve the contracts. The initial contract will be brought forward, but the renewal process does not need a signature. CAFMA is struggling with customers that allow their contract to lapse, and there is a 90-day grace period. Staff is attempting to gain homeowner's insurance information so we can let owner's insurance carrier know when coverage is cancelled.

Director Packard inquired as to whether CAFMA covers owners during the grace period.

Chief Tharp responded yes.

Chair Pettit asked if staff could shorten cycle time to a 30-day notice prior to expiration.

Chief Tharp replied that staff does send out a notice 30 days before the due date and a cancellation notice is sent after the due date. He stated that his staff now has a process in place to obtain insurance information. He noted that CAFMA charges a very minimal fee, and that he is attempting to minimize staff time spent on the agreements.

8. NEW BUSINESS

A. Discussion Regarding Informal AG Opinion Regarding Alleged Open Meeting Law Violations Related to Real Estate Purchases

Attorney Cornelius stated that issues were raised by members of the public relating to the May 2019 real estate purchases, which led to allegations regarding public records and open meeting law violations. Conversations with the civil section of the Attorney General's Office (AG) and ombudsman were had and the allegations relating to public records were proven untrue and resolved. The AG has taken the position that the agenda items within the agenda should have included additional information. He stated that the AG has offered an informal opinion relating to this matter.

Attorney Cornelius noted three items from the AG's informal opinion:

The April 22, 2019, and May 13, 2019 notices did not provide a general description of what would be discussed.

There should have been more discussion in the open meeting prior to the executive session.

That the parcel purchase that was identified by resolution numbers in effect was hiding information from the public.

Attorney Cornelius believes that going forward, in the event of a purchase, we can craft the agenda appropriately without disclosing details that would harm CAFMA's negotiating position. He advised the Board to take the steps necessary to ratify the previous resolutions per the AG's instructions. He is required to notify them within seven days of this meeting.

Chief Freitag acknowledged the public records request complaint with the AG and they responded with an email that said CAFMA needed to send those documents out. He replied with a "No, we will send records upon receipt of a request." He notified the AG that this requester could submit a public records request form and be assured of a 24-hour response. He stated that the AG appears to have sided with CAFMA and agrees with our records request policy and procedures.

Attorney Cornelius agreed that it is not the agency's job to hold a public records request until which time the records become available. He does not know of an agency that would hold a records request.

Chief Freitag added that the State of Arizona advised that they do not hold records requests because the staff hours to catalog and follow-up would be

detrimental.

Director Wasowicz inquired as to whether or not the complainant received a copy of the response.

Attorney Cornelius answered that there is nothing that indicates a copy was sent, but he understands from other sources that the other party received a copy.

- B. Discussion and Possible Action to Ratify Board Actions Taken at May 13, 2019 Meeting Regarding Approval of Resolution 2019-02 - Purchase of Real Estate located at 7555 E. Addis Avenue, and Parcel # 103-35-755F; and Approval of Resolution 2019-03 – Purchase of Real Estate located at 7547 E. Addis Avenue and 7549 E. Addis Avenue

Motion to ratify the May 13, 2019 meeting regarding approval of Resolution 2019-02 - the purchase of real estate located at 7555 E. Addis Avenue, and parcel # 103-35-755F; and the approval of Resolution 2019-03 – purchase of real estate located at 7547 E. Addis Avenue and 7549 E. Addis Avenue.

Attorney Cornelius stated he will file the required document with the Attorney General's Office.

Move: Matt Zurcher Second: Darlene Packard Status: Passed

Yes: Dave Dobbs, Darlene Packard, Julie Pettit, Jeff Wasowicz, Matt Zurcher

- C. Discussion and Direction to Staff Regarding Scheduling the Public Safety Personnel Retirement System (PSPRS) Unfunded Liability Workshop

Chief Tharp's recommendation is that the Board move forward with a PSPRS workshop. He and Chief Bliss are working on content and are sourcing ideas locally and from across the state. He predicted that the individualized actuarial report will show up soon and will aid them significantly. He asked if the board meeting on December 19 would be a good day for the workshop.

Director Zurcher suggested that December might be too difficult as there is too much going on and wanted more time to receive reports and any other relevant information.

Chief Tharp insisted that CAFMA would like all board members there, including the CYFD and CVFD board members.

Chief Freitag stated that a special meeting could be called in January and reiterated that all 10 board members should be present.

Chair Pettit allowed comments from the two Central Yavapai Fire District board members in the audience, Cynthia Gentle and Dane Beck.

Director Gentle agreed with Director Zurcher that the boards need all available information for the workshop and a January date would be better.

Director Dane Beck gave a thumbs up from the audience.

Chief Tharp agreed that waiting until January will work. He will be processing audit reports to present to the Board in December.

D. Discussion Regarding Ambulance Update

Chief Freitag reported that the white paper is complete. He stated that it is detailed because it is important to capture everything that has been completed to this point. Captain Niemynski reviewed the data and it was sent out for peer review across the state, as well as internally. He asked if the Board will approve sending the white paper to legislative officials.

Director Wasowicz commended Chief Freitag on a terrific report. He then asked for clarity on whether or not Chief Freitag recommends one option over another.

Chief Freitag responded with no, he wanted to leave further direction and action up to the Board. He suggested that the Board may come up with other options. He stated that finding a second ambulance company for the area once Prescott Fire Department backed out meant that no company will respond to a Request for Proposal (RFP) based on just CAFMA's jurisdiction. That option does not exist for our area as it stands now.

Director Wasowicz asked if the paper is informational only or requires action.

Chief Freitag responded that the intent is information for the Board as well as a recommendation for action. He said as far as the state is concerned, he would add a cover letter asking them to support the Article 9 rule change process. He mentioned that there may be changes that would require a legislative move. He stated that John Flynn offered to help package portions of the white paper specifically in order to grab a legislator's attention. He mentioned that the 1999 Auditor General's Report is still in effect.

Director Wasowicz clarified that what is happening is inappropriate. It is not criminal, but the Bureau of EMS is not executing their duty.

Chief Freitag agreed, stating that the Bureau of EMS has done nothing to fix the issues in the last 20 years. CAFMA is one of many Arizona agencies negatively affected by the lack of progress. He pointed out that the Auditor General's report shows that very little has changed.

Director Wasowicz inquired as to what Chief Freitag wants from the Board right now.

Chief Freitag replied that he would like the Board's direction to staff. He then asked if they would like to evaluate further.

Chair Pettit noted that the white paper is geared towards the Board and needs to contain a hard ask in a cover letter for the state legislature.

Chief Freitag responded that that is exactly what he needed to know. He stated

that the hard ask will be support for the Article 9 rule change process. He then mentioned that the Article 10 group about to begin and he has been made proxy to help push this along.

Director Wasowicz asserted that 47 states have already fixed the CON issue, let Arizona be the 48th. He recommended narrowing the white paper down and polishing it up.

Chair Pettit requested that the paper be brought back to the Board with actionable items.

Chief Freitag declared that he will create a cover letter with specific requests. He will ask John Flynn to take a look at the overall document. He reasserted that the main intention behind the white paper is for the public to know the background and all that CAFMA has done.

Chair Pettit confirmed that Chief Freitag has given the Board a well written, informative report that they can all speak to. She directed him to narrow the letter down to three requests for the state.

Chief Freitag assured the Board that he will have a proposed cover letter at the December meeting.

Director Wasowicz mentioned that he likes the first few pages of the Auditor General's Report.

Chief Freitag responded that that is why he included the report. He believes that the state needs to start adding stricter response time requirements. He noted that the lack of audits is problematic as private company statistics are hidden from the public, unlike CAFMA's, which are public.

9. ADJOURNMENT

Motion to adjourn the meeting at 5:59 p.m.

Move: Darlene Packard Second: Matt Zurcher Status: Passed

Yes: Dave Dobbs, Darlene Packard, Julie Pettit, Jeff Wasowicz, Matt Zurcher

Disabled persons needing reasonable accommodations should call 928-772-7711 prior to the scheduled meeting.

SAMPLE

Central Arizona Fire and Medical Authority

FIRE PROTECTION SERVICES AGREEMENT

This Fire Protection Agreement is made effective _____, between the Central Arizona Fire and Medical Authority, a political subdivision of the State of Arizona, hereinafter referred to as "AGENCY" and _____, hereinafter referred to as the "Applicant." The property under consideration is described as:

Street Address:

Mailing Address:

Contact Phone Number:

Yavapai County Assessor's Parcel Number:

IT IS THEREFORE MUTUALLY UNDERSTOOD AND AGREED AS FOLLOWS:

1) Purpose. AGENCY shall provide fire protection and limited emergency medical services under the terms of this Agreement.

2) Duration and Renewal. The effective term of this Agreement shall be from _____ through **June 30, 2019**. The provisions of this Agreement shall renew automatically on July 1 of each year for consecutive one-year terms, unless either party pursues termination of the Agreement pursuant to Paragraph 11.

3) Services Provided. Fire Suppression, Emergency Rescue, and limited Emergency Medical Services (collectively "Emergency Services") will be provided under this Agreement. Unless the Incident Commander (senior AGENCY Officer present) requests additional help, AGENCY shall provide a standard response as determined by AGENCY dispatch protocols on each emergency call from the Applicant, subject to conditions below.

It is intended that the Emergency Services provided under this Agreement shall be made available to the individuals residing at the property described in the Preamble above (the "Property") or invitees of said residents (collectively, "Service Recipients") in conjunction with the above-referenced Property irrespective of whether the Property is owner-occupied or leased. While the Applicant shall be responsible for all fees assessed under this Agreement, AGENCY also reserves the right to invoice any actual Service Recipient for the services provided under this Agreement, according to the fee schedule adopted by AGENCY, as amended from time to time. Said billing shall be in addition to the service fee charged under this Agreement.

In providing services under this Agreement, AGENCY reserves the right to involve such other jurisdictions and EMS or suppression service providers as it deems necessary, consistent with its then current protocol. No assurances are made as to

whether, or to what extent, any such third party providers will respond. Applicant and Service Recipients may be responsible for any additional charges assessed by such other service providers.

Applicant herein acknowledges that AGENCY alone will determine its response to any given incident and that AGENCY alone will determine the number of units and personnel responding to such incident. Applicant further acknowledges that such response is subject to, among others and without limitation, any unforeseen circumstance, a major fire, other accidents, conflicting concurrent calls, reduction in force, road closure, poor road conditions, acts of God, or other situations in which there is a shortage of manpower or equipment. Applicant understands that the response time will likely be extended beyond that which might be regularly expected elsewhere within the jurisdictional boundaries of AGENCY by reason of the distance to and isolation of the Applicant's Property, the limited manpower available, access limitations, road conditions, and the other calls within AGENCY that may take priority, and Applicant hereby consents to the same. In addition, Applicant acknowledges and agrees that AGENCY's response and effectiveness may be limited by a lack of adequate water supply.

Applicant acknowledges and agrees that AGENCY may, in its sole discretion, give priority to other emergency calls either within AGENCY's jurisdictional boundaries or outside AGENCY boundaries, potentially causing a delay in response time. Further, Applicant acknowledges and agrees that AGENCY may, in conjunction with any call to the Property, respond with insufficient equipment or manpower on occasion, either by reason of limited manpower, equipment availability, resource allocation, or by reason of the limited information having been made available to AGENCY in conjunction with the determination of the appropriate response.

Applicant hereby acknowledges that no assurances are given or warranties made as to the response time or service level that will be offered, and agrees to hold the AGENCY harmless from and indemnify AGENCY for any and all damages which might be incurred by Applicant, Service Recipient, to Applicant's Property or to any third party's property or person, including that of any Service Recipient, by reason of extended response times, reduced equipment or manpower response, the decision to involve other service providers, failure to involve other jurisdictions or service providers, AGENCY's decision to allocate resources elsewhere either inside or outside of AGENCY's jurisdictional boundaries, the allocation of manpower or equipment, or other operational decisions which might result in delay or additional loss of life or property.

Further, Applicant acknowledges and agrees that AGENCY shall not be liable for the negligent act or omission of any third party service provider. Applicant also agrees that AGENCY is under no obligation to transport any Service Recipient. Applicant acknowledges that AGENCY does not hold a Certificate of Necessity and does NOT provide ambulance or non-emergency transport services, and that transport services are typically provided through a third party. Applicant, Service Recipient, or both, shall be solely responsible for any and all expenses associated with any transport services utilized by either.

4) Response Time. AGENCY shall make reasonable efforts to respond to Applicant's emergency calls in a manner consistent with then-current agency protocol, subject to the terms and conditions set forth in this Agreement. Applicant hereby acknowledges that response times are subject to variations due to existing weather conditions, road conditions, travel distance, traffic conditions, property identification, conflicting responses, equipment and manpower availability or allocation, and access to Applicant's Property. Applicant acknowledges that because of the substantial distance involved, the minimum response time likely to be experienced by Applicant may exceed that of other recipients within the jurisdictional boundaries of AGENCY, and that no assurances are given by the AGENCY as to what ISO rating might apply to the Applicant's Property.

5) Routing Information. Applicant agrees that it shall provide AGENCY with current routing information to Applicant's Property in a form acceptable to AGENCY Fire Chief, and will endeavor to inform all occupants of subject Property of the proper procedures to follow in case of fire.

6) Access. Applicant hereby specifically acknowledges that standard access roads sufficient to allow AGENCY fire equipment to reach the scenes of emergency calls are a significant factor in AGENCY's ability to respond to emergency calls within a reasonable and expeditious time. If access roadways are not maintained by other public service agencies, the responsibility of providing and maintaining adequate access rests solely with Applicant. Applicant hereby agrees to hold AGENCY harmless from and to fully indemnify AGENCY for any liability or damages arising from any delay which might occur by reason of limited, inadequate or poorly maintained access, inadequate address or access description, or failure of Applicant or the Property to comply with applicable fire codes, building codes, zoning codes or recommendations or requirements made by any agency or AGENCY.

Applicant hereby grants to AGENCY the right of ingress and egress and to enter upon Applicant's Property for purposes of conducting inspections to determine accessibility, and to observe any other matters which may affect AGENCY's ability to provide services under this Agreement. Nothing herein shall be construed as requiring AGENCY to make any such inspection, or to require that AGENCY report to the Property owner in regard to any accessibility issues.

7) Compensation; Calculation; Payment. As consideration for AGENCY's provision of Emergency Services under this Agreement, Applicant shall pay to AGENCY a sum (the "Service Fee") equal to the amount which would be paid if the Applicant's Property was located in and taxable by the respective fire district (either the Central Yavapai Fire District or the Chino Valley Fire District) which would otherwise contract to provide such services to Applicant at that fire district's then current tax rate, any applicable bond debt servicing rates, plus an administrative fee equal to \$50.00 as modified from time to time. The Service Fee shall be owed to AGENCY by Applicant even if there is no current county tax assessed on the Property: by reason of the fact that the property is considered to be non-taxable; because no net assessed value has

been established; or for any other reason. In that event, for the purpose of calculating the Service Fee to be paid by the Applicant, 10% of the full cash value as indicated by the county assessor's office may be used as the assessed value, or if the full cash value is not available, the value of the property shall be established by way of appraisal conducted by a duly-licensed real estate appraiser provided by and solely at the cost of Applicant.

If the property is appraised, the assessed value will be 10% of the appraisal. The then current fire district tax rate shall be applied to said property value, plus any then-applicable bond debt service rates and an administrative fee equal to \$50.00. If for some reason the current assessed value information is unavailable, then the Service Fee under this contract, as renewed, will be equal to the Service Fee charged for the immediately preceding service year, plus 10%, until such time as the current property value information becomes available, at which time the fee for the then-current year shall be recalculated and an adjustment to the Service Fee made.

Payment shall be due when this Agreement is signed; alternatively, payment arrangements may be approved in the sole discretion of AGENCY for quarterly payments with the first payment being due and payable simultaneous with the execution of this Agreement and thereafter on the first day of each subsequent quarter. Any payment not received within 30 days of the due date will be considered in default and may result in the termination of this Agreement. For the initial term of the Agreement, the parties agree that the fee shall be \$«F17», but that such fee may be prorated (based on 12 months).

In the event of termination of this Agreement due to non-payment by Applicant of the agreed Service Fee within 30 days of due date, Applicant must reapply for Emergency Services pursuant to a new Agreement. In such event, the only option for payment under such new Agreement shall be for payment of all monies due in full at the time of execution of the new Agreement; other payment arrangements will only be considered upon renewal of the Agreement after completion of the initial term of the new Agreement.

The Service Fee paid to AGENCY by Applicant pursuant to this Agreement shall be considered earned by AGENCY when paid, and shall not be conditioned upon or modified by reason of the number of responses made by AGENCY to the Applicant's property during the term of this Agreement. While Applicant shall be responsible for all Service Fees assessed under this Agreement, AGENCY also reserves the right to invoice any actual Service Recipients for the services provided under this Agreement according to the then-current fee schedule adopted by AGENCY, as amended from time to time. Said invoice shall be in addition to any Service Fee due under the terms of this Agreement.

8) Insurance. Applicant shall provide AGENCY with a current certificate of liability and hazard insurance, together with the name and address of insurance agent, name of insurance company providing coverage, and insurance policy number.

9) Waiver and Disclaimer of Liability. Applicant agrees that AGENCY shall not be liable for any consequential damages to Applicant or any Service Recipient, including but not limited to any lost income or profits suffered by Applicant or any Service Recipient. In consideration of AGENCY's agreement to provide services under the terms of this Agreement, Applicant agrees to hold AGENCY harmless and hereby releases AGENCY from and indemnifies AGENCY for any and all claims, demands, liability and causes of action that may arise as a result of AGENCY providing the services described herein. Applicant specifically agrees to hold AGENCY harmless from, in addition to the foregoing, any claims, demands, liability or causes of action which might arise out of AGENCY's inability to provide, or any delay or limits in providing services, due in whole or in part to the conditions spelled out in Sections 3, 4, 5, and 6 of this Agreement.

10) No Third-Party Beneficiaries. This Agreement will be for the benefit of the parties named herein only and shall not be construed as having been entered into for the benefit of any third party.

11) No Warranties. Nothing herein shall be construed as a warranty by AGENCY against damages, whether to real property or personal property, which may result by way of fire, injury to a person, by accident or any other emergency occurring on Applicant's Property.

12) Limitation of Damages. In the event of breach or non-performance by AGENCY, Applicant's sole remedy shall be limited to the termination of this Agreement and refund of any unearned fees for that current contract year, the parties hereto having agreed that said fees are a reasonable amount of damages. This limitation of damages shall bind, without limitation, Service Recipients, family members, legal representatives, assigns and successors in interest of the Applicant. The waiver, hold harmless and indemnification provisions of this Agreement are for the benefit of AGENCY and shall survive the termination of this Agreement.

13) Termination. Either party may terminate this Agreement by thirty (30) days' written notice of termination delivered to the other party at these addresses:

For AGENCY:

Central Arizona Fire and Medical Authority
8603 E. Eastridge Drive
Prescott Valley, AZ 86314

For Applicant:

In the event of termination of this Agreement after the Applicant has paid the required payment due for that term, AGENCY shall return funds to the Applicant prorated on a per day basis for the period after the date of termination.

In the event Applicant sells the subject property or otherwise disposes of the same, this Agreement will terminate immediately upon notification from the Applicant of same; provided, however, that the indemnification requirements imposed on Applicant under this Agreement for incidents occurring during the term of this Agreement shall survive the termination hereof. Nothing herein shall prevent AGENCY from negotiating a new emergency services Agreement with the new owner of the subject property.

14) Cancellation Due to Conflict. AGENCY may cancel this Agreement pursuant to the mandates of A.R.S. §38-511.

15) Severability. If any provision of this Agreement shall be held to be unconstitutional, invalid, or unenforceable, it shall be deemed severable; however, the remainder of the Agreement shall not be affected and shall remain in full force and effect.

16) Fire Code Compliance. Applicant hereby specifically acknowledges that all operations and activities, as well as new construction, and remodel of structures when applicable, will be in compliance with AGENCY's adopted Fire Code.

The undersigned warrants to AGENCY that the Applicant has the power to enter into this Agreement and that all necessary acts have been taken to enter into this Agreement.

APPLICANT

By _____
Date

CENTRAL ARIZONA FIRE & MEDICAL
AUTHORITY

Board Chair Date

ATTEST:

By _____
Date

Board Clerk Date

Board of Directors
Central Arizona Fire and Medical Authority

We have audited the financial statements of Central Arizona Fire and Medical Authority for the year ended June 30, 2019, and have issued our report thereon dated December 6, 2019. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. Professional standards require that we communicate to you the following information related to our audit.

Our Responsibility under Auditing Standards Generally Accepted in the United States of America

As stated in our engagement letter dated May 10, 2019, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your responsibilities.

Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement.

As part of our audit, we considered the internal control of Central Arizona Fire and Medical Authority. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. Such matters are communicated in the remainder of this letter or have previously been communicated during other phases of the audit. However, the standards do not require us to design procedures specifically to identify such matters.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Central Arizona Fire and Medical Authority are described in Note 1 to the financial statements. No new accounting policies were adopted and application of existing policies was not changed during the year ended June 30, 2019. We noted no transactions entered into by the Central Arizona Fire and Medical Authority during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Significant Audit Findings (Continued)

Qualitative Aspects of Accounting Practices (Continued)

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The following areas involve significant areas of such estimates for which we are prepared to discuss management's estimation process and our procedures for testing the reasonableness of those estimates:

- Allowance for doubtful accounts
- Calculation of pension/OPEB liabilities
- Equity allocation

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Attached is a summary of adjustments made to the financial statements that have been recorded by management. Other than those that are trivial, we did not identify any uncorrected misstatements to the financial statements.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the attached copy of the management representation letter dated December 6, 2019.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the District’s financial statements or a determination of the type of auditors’ opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to Management’s Discussion & Analysis, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the Supplementary Information, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This communication is intended solely for the information and use of Central Arizona Fire and Medical Authority Board and management of Central Arizona Fire and Medical Authority and is not intended to be, and should not be, used by anyone other than these specified parties.

Henry + Horne, LLP

Tempe, Arizona
December 6, 2019

Henry & Horne, LLP
2055 E Warner Rd, Suite 101
Tempe, AZ 85284

This representation letter is provided in connection with your audit(s) of the financial statements of Central Arizona Fire and Medical Authority, which comprise the respective financial position of the governmental activities, and each major fund, as of June 30, 2019, and the respective changes in financial position and, and the related notes to the financial statements, for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of the date this letter is signed, the following representations made to you during your audit.

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated May 10, 2019, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information required by generally accepted accounting principles to be included in the financial reporting entity.
- 3) We acknowledge our responsibility 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.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- 6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
- 7) Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements.
- 8) The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole for each opinion unit. A list of the uncorrected misstatements is attached to the representation letter.
- 9) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- 10) Guarantees, whether written or oral, under which the Fire Authority is contingently liable, if any, have been properly recorded or disclosed.

- 11) We have provided you with:
- a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
 - b) Additional information that you have requested from us for the purpose of the audit.
 - c) Unrestricted access to persons within the Fire Authority from whom you determined it necessary to obtain audit evidence.
 - d) Minutes of the meetings of the Fire Authority or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 12) All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- 13) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 14) We have no knowledge of any fraud or suspected fraud that affects the Fire Authority and involves—
- Management,
 - Employees who have significant roles in internal control, or
 - Others where the fraud could have a material effect on the financial statements.
- 15) We have no knowledge of any allegations of fraud or suspected fraud affecting the Fire Authority's financial statements communicated by employees, former employees, regulators, or others.
- 16) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
- 17) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- 18) We have disclosed to you the identity of the Fire Authority's related parties and all the related party relationships and transactions of which we are aware.
- 19) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 20) We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- 21) The Fire Authority has no plans or intentions that may materially affect the carrying value or classification of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fund balance or net position.
- 22) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts, and legal and contractual provisions for reporting specific activities in separate funds.
- 23) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.

- 24) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
- 25) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
- 26) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
- 27) As part of your audit, you assisted with preparation of the financial statements and related notes. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and related notes.
- 28) The Fire Authority has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 29) The Fire Authority has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 30) The financial statements include all joint ventures with an equity interest, and properly disclose all related organizations.
- 31) The financial statements properly classify all funds and activities in accordance with GASB Statement No. 34 .
- 32) All funds that meet the quantitative criteria in GASBS Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
- 33) Components of net position (net investment in capital assets; restricted; and unrestricted) and classifications of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
- 34) If applicable, investments, derivative instruments, and land and other real estate held by endowments are properly valued.
- 35) Provisions for uncollectible receivables have been properly identified and recorded.
- 36) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
- 37) Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- 38) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
- 39) Special items are appropriately classified and reported.
- 40) Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.

- 41) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.
- 42) We have appropriately disclosed the Fire Authority's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
- 43) We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.
- 44) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
- 45) With respect to the required supplementary information (RSI) as listed in our engagement letter:
 - a) We acknowledge our responsibility for presenting the RSI in accordance with accounting principles generally accepted in the United States of America, and we believe the RSI, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the RSI have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
- 46) We are in agreement with the adjusting journal entries you have proposed and summarized in the accompanying schedule, and they have been posted to the organization's accounts.
- 47) In regards to the nonattest services (including nonattest services to affiliates), we have:
 - a. Assumed all management responsibilities.
 - b. Overseen the services by designating an individual who possesses suitable skill, knowledge, or experience.
 - c. Evaluated the adequacy and results of the services performed.
 - d. Accepted responsibility for the results of the services.
 - e. Retained a copy of the work products prepared by you for our records.

The nonattest services provided by you are:

- a. Preparation of financial statements and related notes and management's discussion and analysis
- b. Posting any standard, adjusting, or correcting journal entries that you have proposed and have been approved by us
- c. Preparing Governmental Accounting Standards Board Statement No 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments, conversion entries



Assistant Chief of Administration

Signature

Title

Client: **0410439 - Central Arizona Fire and Medical Authority**
Engagement: **0410439 - Central Arizona Fire and Medical Authority**
Period Ending: **6/30/2019**
Trial Balance: **05.00 - Trial Balance**
Workpaper: **05.01 - Combined Journal Entries Report - Updated**

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entry				
Adjusting Journal Entry JE # 24		Q101		
Entry for financial statement purposes to move unrestricted CYFD general fund revenues to the debt service fund to be used for debt service payments of Capital Leases. Additionally adjusting fire authority funding requirements between CAFMA and CYFD.				
1.10.3200.0.0.000	CYFD Funding Requirement		56,206.00	
3.10.5991.0.0.000	Transfers Out		56,206.00	
3.40.6000.0.0.000	Bond Debt Service Principal Payment		49,341.00	
3.40.6100.0.0.000	Bond Debt Service Interest Expense		6,865.00	
1.10.6280.4.1.000	Radio/Pager Maintenance			56,206.00
3.10.6700.1.0.000	Fire Authority Funding			56,206.00
3.40.5990.0.0.000	Transfers In			56,206.00
Total			168,618.00	168,618.00
Adjusting Journal Entry JE # 25		S100		
Client entry to correct beginning equity for CYFD Pension & Relief Fund.				
3.90.2100.0.0.000	Due to General Fund		25,000.00	
3.90.3000.0.0.000	Fund Balance - Unrestricted		18,243.00	
3.90.1106.0.0.000	Invest. Fund-Oppenhimer (00855)			43,243.00
Total			43,243.00	43,243.00
Adjusting Journal Entry JE # 26		S100		
Client entry to record interest/dividends on CYFD Volunteer Fire Retirement AssetMark Account.				
3.90.1106.0.0.000	Invest. Fund-Oppenhimer (00855)		13,682.00	
3.90.4100.0.0.000	Interest-Yavapai County			13,682.00
Total			13,682.00	13,682.00
Adjusting Journal Entry JE # 27		V100		
Client entry to correct debt principal payment.				
2.40.6000.0.0.000	Bond Debt Service Principle Payment		15,000.00	
2.40.6000.0.0.000	Bond Debt Service Principle Payment		315,000.00	
2.40.1200.0.0.000	Cash Held with Fiscal Agent			758.00
2.40.1200.0.0.000	Cash Held with Fiscal Agent			315,000.00
2.40.6100.0.0.000	Bond Debt Service Interest Expense			14,242.00
Total			330,000.00	330,000.00
Adjusting Journal Entry JE # 28		D101		
Entry to accrue Wildland Revenue that occurred during FY19, but was recorded to FY20.				
1.10.1325.0.0.000	Accounts Receivable		159,711.00	
1.10.4800.0.0.000	State of AZ/Off-District Fires			159,711.00
Total			159,711.00	159,711.00
Adjusting Journal Entry JE # 29				
Client entry to correct the refunded bond proceeds that was deposited to Central Yavapai instead of Chino Valley.				
2.40.1200.0.0.000	Cash Held with Fiscal Agent		7,395.00	

3.40.4250.0.0.000	Bond Proceeds	81,725.00	
2.40.6100.0.0.000	Bond Debt Service Interest Expense		7,395.00
3.40.1100.0.0.000	Cash / Bond Debt Service		81,725.00
Total		89,120.00	89,120.00

Adjusting Journal Entry JE # 30**D102**

Entry to reclass deferred inflows for tax revenue.

2.10.4000.0.0.000	Real Estate Tax	71,667.00	
2.10.4100.0.0.000	Personal Property Tax	27,412.00	
2.40.4200.0.0.002	Real Estate Tax	7,561.00	
2.40.4205.0.0.000	Personal Tax Revenue	2,978.00	
3.10.4000.0.0.000	Real Estate Tax	157,147.00	
3.10.4100.0.0.000	Personal Property Tax	52,335.00	
3.40.4200.0.0.000	Bond Debt Service Tax Revenue	17,921.00	
2.10.2655.0.0.000	Deferred Compensation (Prop Tax)		99,079.00
2.40.2400.0.0.000	Deferred Revenue - Prop Tax		10,539.00
3.10.2900.0.0.000	Deferred Revenue		209,482.00
3.40.2400.0.0.000	Deferred Revenue - Prop Tax		17,921.00
Total		337,021.00	337,021.00

Adjusting Journal Entry JE # 31**S100**

Client entry to correct equity.

2.40.3001.0.0.000	Fund Balance Restr. Capital Reserve	891,948.00	
2.20.3000.0.0.000	Fund Balance - Capital Reserve		891,948.00
Total		891,948.00	891,948.00

Adjusting Journal Entry JE # 32**P100**

Client entry to record deferred SAFER revenue.

1.10.1401.0.0.000	Due from other govts	68,658.00	
1.10.2900.0.0.000	Deferred Revenue Receivable		68,658.00
Total		68,658.00	68,658.00

Adjusting Journal Entry JE # 33

Clien entry to record bond adjustment.

2.40.6610.1.0.000	Misc expense-Admin	81,725.00	
2.40.1200.0.0.000	Cash Held with Fiscal Agent		81,725.00
Total		81,725.00	81,725.00
Total Adjusting Journal Entry		2,183,726.00	2,183,726.00

GASB Journal Entry**GASB Journal Entry JE # 1****M310.01**

GASB 34 Journal Entry to recognize beginning net pension liability (NPL) and related deferrals.

1.00.1621.2.0.000	Deferred Outflows Related to Pensions/OPEB (ASRS)	1,836,104.00	
1.00.1622.2.0.000	Deferred Outflows of Employer Contributions (ASRS)	170,567.00	
1.00.3000.0.0.000	Net Position (Government-Wide)	2,063,878.00	
1.00.2521.2.0.000	Net Pension Liabilities (ASRS)		2,372,537.00
1.00.2523.2.0.000	Deferred Inflows Related to Pensions/OPEB (ASRS)		1,698,012.00
Total		4,070,549.00	4,070,549.00

GASB Journal Entry JE # 2**M310.01**

GASB 34 entry to post the change in NPL, the related deferrals and expenses in the CY.

1.00.2521.2.0.000	Net Pension Liabilities (ASRS)	177,361.00	
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1.00.2523.2.0.000	Deferred Inflows Related to Pensions/OPEB (ASRS)	538,025.00	
1.10.6129.1.0.000	ASRS Retirement/Admin	78,576.00	
1.10.6129.2.0.000	ASRS Retirement/Prevention	20,676.00	
1.10.6129.3.5.000	ASRS Retirement/Training	3,234.00	
1.10.6129.4.1.000	ASRS Retirement/Tech Services	36,080.00	
1.10.6129.4.3.000	ASRS Retirement/Facilities Maintenance	11,304.00	
1.10.6129.4.8.000	ASRS Retirement/Fleet Maint	20,951.00	
1.10.6129.4.9.000	ASRS Retirement/Warehouse	12,132.00	
1.00.1621.2.0.000	Deferred Outflows Related to Pensions/OPEB (ASRS)		698,475.00
1.00.1622.2.0.000	Deferred Outflows of Employer Contributions (ASRS)		199,864.00
Total		898,339.00	898,339.00

GASB Journal Entry JE # 3**M310.01**

GASB 34 entry to reclassify employer pension contributions in CY.

1.00.1622.2.0.000	Deferred Outflows of Employer Contributions (ASRS)	161,605.00	
1.10.6129.1.0.000	ASRS Retirement/Admin		69,407.00
1.10.6129.2.0.000	ASRS Retirement/Prevention		18,264.00
1.10.6129.3.5.000	ASRS Retirement/Training		2,856.00
1.10.6129.4.1.000	ASRS Retirement/Tech Services		31,870.00
1.10.6129.4.3.000	ASRS Retirement/Facilities Maintenance		9,985.00
1.10.6129.4.8.000	ASRS Retirement/Fleet Maint		18,506.00
1.10.6129.4.9.000	ASRS Retirement/Warehouse		10,717.00
Total		161,605.00	161,605.00

GASB Journal Entry JE # 4**M320.01**

GASB 34 entry to post beginning NPL and related deferrals for PSPRS.

1.00.1621.1.0.000	Deferred Outflows Related to Pensions/OPEB (PSPRS)	53,824,361.00	
1.00.1622.1.0.000	Deferred Outflows of Employer Contributions (PSPRS)	2,344,171.00	
1.00.2521.1.0.000	Net Pension Liabilities (PSPRS)		40,132,210.00
1.00.2523.1.0.000	Deferred Inflows Related to Pensions/OPEB (PSPRS)		1,140,549.00
1.00.3000.0.0.000	Net Position (Government-Wide)		14,895,773.00
1.00.2520.1.0.000	Pension Refund Payable (PSPRS)		
Total		56,168,532.00	56,168,532.00

GASB Journal Entry JE # 5**M320.01**

GASB 34 entry to properly state the change in NPL in the CY for PSPRS.

1.00.2523.1.0.000	Deferred Inflows Related to Pensions/OPEB (PSPRS)	886,942.00	
1.10.6130.1.0.000	PSPRS/Admin	319,285.00	
1.10.6130.2.0.000	PSPRS/Prevention	263,053.00	
1.10.6130.3.0.000	PSPRS Operations	11,490,390.00	
1.10.6130.3.5.000	PSPRS/ CARTA	445,011.00	
1.10.6130.4.8.000	PSPRS/ Fleet Maint	232,120.00	
1.00.1621.1.0.000	Deferred Outflows Related to Pensions/OPEB (PSPRS)		8,777,268.00
1.00.1622.1.0.000	Deferred Outflows of Employer Contributions (PSPRS)		2,344,171.00
1.00.2521.1.0.000	Net Pension Liabilities (PSPRS)		2,515,362.00
Total		13,636,801.00	13,636,801.00

GASB Journal Entry JE # 6**M320.01**

GASB 34 entry to reclassify employer PSPRS contributions in the CY to deferred outflows per GASB 68.

1.00.1622.1.0.000	Deferred Outflows of Employer Contributions (PSPRS)	4,019,135.00	
1.10.6130.1.0.000	PSPRS/Admin		63,048.00
1.10.6130.2.0.000	PSPRS/Prevention		61,178.00
1.10.6130.3.0.000	PSPRS Operations		3,746,997.00
1.10.6130.3.5.000	PSPRS/ CARTA		51,196.00

1.10.6130.4.8.000	PSPRS/ Fleet Maint		96,716.00
Total		4,019,135.00	4,019,135.00

GASB Journal Entry JE # 7**M320.02**

GASB 34 entry to post beginning Net OPEB and related deferrals.

1.00.1621.1.0.000	Deferred Outflows Related to Pensions/OPEB (PSPRS)	2,197.00	
1.00.1622.1.0.000	Deferred Outflows of Employer Contributions (PSPRS)	25,747.00	
1.00.3000.0.0.000	Net Position (Government-Wide)	312,420.00	
1.00.2522.1.0.000	Net OPEB (PSPRS)		277,642.00
1.00.2523.1.0.000	Deferred Inflows Related to Pensions/OPEB (PSPRS)		62,722.00
Total		340,364.00	340,364.00

GASB Journal Entry JE # 8**M320.02**

GASB 34 entry to properly state change in Net OPEB in the CY for PSPRS.

1.00.2522.1.0.000	Net OPEB (PSPRS)	60,395.00	
1.10.6130.1.0.000	PSPRS/Admin	832.00	
1.10.6130.2.0.000	PSPRS/Prevention	685.00	
1.10.6130.3.0.000	PSPRS Operations	30,220.00	
1.10.6130.3.5.000	PSPRS/ CARTA	1,159.00	
1.10.6130.4.8.000	PSPRS/ Fleet Maint	605.00	
1.00.1621.1.0.000	Deferred Outflows Related to Pensions/OPEB (PSPRS)		319.00
1.00.1622.1.0.000	Deferred Outflows of Employer Contributions (PSPRS)		25,747.00
1.00.2523.1.0.000	Deferred Inflows Related to Pensions/OPEB (PSPRS)		67,830.00
Total		93,896.00	93,896.00

GASB Journal Entry JE # 9**M320.02**

GASB 34 entry to reclassify employer OPEB contributions in current year for PSPRS.

1.00.1622.1.0.000	Deferred Outflows of Employer Contributions (PSPRS)	41,747.00	
1.10.6130.1.0.000	PSPRS/Admin		655.00
1.10.6130.2.0.000	PSPRS/Prevention		635.00
1.10.6130.3.0.000	PSPRS Operations		38,920.00
1.10.6130.3.5.000	PSPRS/ CARTA		532.00
1.10.6130.4.8.000	PSPRS/ Fleet Maint		1,005.00
Total		41,747.00	41,747.00

GASB Journal Entry JE # 10**Q101**

GASB 34 entry to post beginning debt balances and related deferrals for CVFD.

2.00.1625.0.0.000	CVFD - Deferred Charge on refunding	158,229.00	
2.00.3000.0.0.000	Net Position (Government-Wide)	4,691,771.00	
2.00.2551.0.0.000	Bonds Payable (Long Term)		290,000.00
2.00.2551.0.0.000	Bonds Payable (Long Term)		3,060,000.00
2.00.2551.0.0.000	Bonds Payable (Long Term)		1,500,000.00
Total		4,850,000.00	4,850,000.00

GASB Journal Entry JE # 11**Q101**

GASB 34 entry to record the debt payments for CVFD.

2.00.2551.0.0.000	Bonds Payable (Long Term)	290,000.00	
2.00.2551.0.0.000	Bonds Payable (Long Term)	355,000.00	
2.40.6100.0.0.000	Bond Debt Service Interest Expense	17,581.00	
2.00.1625.0.0.000	CVFD - Deferred Charge on refunding		17,581.00
2.40.6000.0.0.000	Bond Debt Service Principle Payment		645,000.00
Total		662,581.00	662,581.00

GASB Journal Entry JE # 12

GASB 34 entry to reclass long-term debt to short-term debt for CVFD.

2.00.2551.0.0.000	Bonds Payable (Long Term)	335,000.00	
2.00.2552.0.0.000	Bonds Payable (Short Term)		335,000.00
Total		335,000.00	335,000.00

Q101

GASB Journal Entry JE # 13

GASB 34 entry to record beginning debt and related deferrals for CYFD.

3.00.1625.0.0.000	CYFD - Deferred Charge on refunding	199,891.00	
3.00.3000.0.0.000	Net Position (Government-Wide)	8,898,151.00	
3.00.2551.0.0.000	Bonds Payable (Long Term)		5,040,000.00
3.00.2551.0.0.000	Bonds Payable (Long Term)		3,900,000.00
3.00.2561.0.0.000	Capital Leases Payable (Long Term)		158,042.00
3.00.2553.0.0.000	Bond Premium		
Total		9,098,042.00	9,098,042.00

Q101

GASB Journal Entry JE # 14

GASB 34 entry to recognize scheduled debt payments for CYFD.

3.00.2551.0.0.000	Bonds Payable (Long Term)	785,000.00	
3.00.2551.0.0.000	Bonds Payable (Long Term)	335,000.00	
3.00.2561.0.0.000	Capital Leases Payable (Long Term)	49,341.00	
3.40.6100.0.0.000	Bond Debt Service Interest Expense	43,718.00	
3.00.1625.0.0.000	CYFD - Deferred Charge on refunding		43,718.00
3.40.6000.0.0.000	Bond Debt Service Principal Payment		49,341.00
3.40.6000.0.0.000	Bond Debt Service Principal Payment		1,120,000.00
3.00.2551.0.0.000	Bonds Payable (Long Term)		
Total		1,213,059.00	1,213,059.00

Q101

GASB Journal Entry JE # 15

GASB 34 entry to recognize newly issued 2018 refunding bond as a liability and remove old 2008B bonds refunded for CYFD.

3.00.2551.0.0.000	Bonds Payable (Long Term)		
3.00.2551.0.0.000	Bonds Payable (Long Term)		
3.00.2553.0.0.000	Bond Premium		
3.40.4021.0.0.000	Refunding bonds issued		
3.40.6100.0.0.000	Bond Debt Service Interest Expense		
3.40.6141.0.0.000	Payments to refunding bond escrow agent		
Total		0.00	0.00

Q101

GASB Journal Entry JE # 16

GASB 34 entry to reclassify long term debt to short term debt for CYFD.

3.00.2551.0.0.000	Bonds Payable (Long Term)	1,155,000.00	
3.00.2561.0.0.000	Capital Leases Payable (Long Term)	52,662.00	
3.00.2552.0.0.000	Bonds Payable (Short Term)		1,155,000.00
3.00.2562.0.0.000	Capital Leases Payable (Short Term)		52,662.00
Total		1,207,662.00	1,207,662.00

Q101

GASB Journal Entry JE # 17

GASB entry to post BOY capital assets.

1.00.1501.0.0.000	Land	1,289,788.00	
1.00.1502.0.0.000	Buildings & Improvements	19,000,008.00	
1.00.1503.0.0.000	Furniture & Equipment	6,223,835.00	
1.00.1504.0.0.000	Vehicles	11,753,704.00	
1.00.1508.0.0.000	Construction in Progress	1,562,723.00	
3.00.1501.0.0.000	Land	2,002,670.00	

I101

3.00.1502.0.0.000	Buildings & Improvements	5,131,663.00	
1.00.1591.0.0.000	A/D - Buildings & Improvments		5,311,076.00
1.00.1592.0.0.000	A/D - Furniture & Equipment		4,343,640.00
1.00.1593.0.0.000	A/D - Vehicles		7,408,292.00
1.00.3000.0.0.000	Net Position (Government-Wide)		22,767,050.00
3.00.1591.0.0.000	A/D - Buildings & Improvements		824,722.00
3.00.3000.0.0.000	Net Position (Government-Wide)		6,309,611.00
Total		46,964,391.00	46,964,391.00

GASB Journal Entry JE # 18

I101

GASB entry to allocate assets purchased by CVFD, capitalized by CVFD, then transferred as a capital asset to CAFMA through the special items as a capital asset in CAFMA.

1.00.1500.0.0.000	Amounts Provided for General Fixed Assets	195,200.00	
1.00.1504.0.0.000	Vehicles	380,387.00	
1.00.1508.0.0.000	Construction in Progress	193,515.00	
2.00.1500.0.0.000	Amounts Provided for General Fixed Assets	195,200.00	
1.00.1508.0.0.000	Construction in Progress		378,702.00
1.10.3101.0.0.000	CVFD JPA Asset Transfer		195,200.00
2.00.1500.0.0.000	Amounts Provided for General Fixed Assets		195,200.00
2.40.7720.3.0.000	Capital Outlay-Building - OPS		193,515.00
2.40.7730.3.0.000	Capital OutLay-Vehicles/OPS		1,685.00
Total		964,302.00	964,302.00

GASB Journal Entry JE # 19

I101

GASB entry to post additions to CAFMA after recognizing CVFD and CYFD assets transferred over.

1.00.1501.0.0.000	Land	124,514.00	
1.00.1502.0.0.000	Buildings & Improvements	63,799.00	
1.00.1503.0.0.000	Furniture & Equipment	399,632.00	
1.00.1503.0.0.000	Furniture & Equipment	76,233.00	
1.00.1504.0.0.000	Vehicles	1,103,058.00	
1.00.1508.0.0.000	Construction in Progress	27,853.00	
1.00.1508.0.0.000	Construction in Progress		1,112,741.00
1.10.7730.3.0.000	Capital Outlay/Vehicles/OPS		70,608.00
1.10.7740.3.0.000	Capital Outlay/ Equip/ OPS		312,197.00
1.10.7740.3.0.000	Capital Outlay/ Equip/ OPS		76,233.00
1.10.7740.4.3.000	Capital Outlay/ Equip/ Facilities		28,986.00
1.10.7750.4.1.000	Capital Outlay - Comm/IT		194,324.00
Total		1,795,089.00	1,795,089.00

GASB Journal Entry JE # 20

I101

GASB entry to recognize depreciation expense.

1.00.1593.0.0.000	A/D - Vehicles	1,369,992.00	
1.00.5000.0.0.000	Gain/Loss on disposal of assets	7,616.00	
1.10.7900.0.0.000	Depreciation Expense	1,554,192.00	
3.10.7900.0.0.000	Depreciation Expense	102,633.00	
1.00.1504.0.0.000	Vehicles		1,377,608.00
1.00.1591.0.0.000	A/D - Buildings & Improvments		527,553.00
1.00.1592.0.0.000	A/D - Furniture & Equipment		378,379.00
1.00.1593.0.0.000	A/D - Vehicles		648,260.00
3.00.1591.0.0.000	A/D - Buildings & Improvements		102,633.00
Total		3,034,433.00	3,034,433.00

GASB Journal Entry JE # 21

P100

To post beginning deferred revenues.

2.10.2655.0.0.000	Deferred Compensation (Prop Tax)	82,492.00	
2.40.2400.0.0.000	Deferred Revenue - Prop Tax	9,351.00	
3.10.2900.0.0.000	Deferred Revenue	174,075.00	
3.40.2400.0.0.000	Deferred Revenue - Prop Tax	14,879.00	
2.10.3000.0.0.000	Fund Balance		82,492.00
2.20.3000.0.0.000	Fund Balance - Capital Reserve		9,351.00
3.10.3000.0.0.000	Fund Balance		174,075.00
3.40.3000.0.0.000	Retained Earnings		14,879.00
Total		280,797.00	280,797.00

GASB Journal Entry JE # 22**P100**

Change in deferred revenue.

1.10.2900.0.0.000	Deferred Revenue Receivable	68,658.00	
2.10.2655.0.0.000	Deferred Compensation (Prop Tax)	16,587.00	
2.40.2400.0.0.000	Deferred Revenue - Prop Tax	1,188.00	
3.10.2900.0.0.000	Deferred Revenue	35,407.00	
3.40.2400.0.0.000	Deferred Revenue - Prop Tax	3,042.00	
1.10.5430.5.0.005	Grant-FEMA-PPE		68,658.00
2.10.4000.0.0.000	Real Estate Tax		16,587.00
2.40.4200.0.0.002	Real Estate Tax		1,188.00
3.10.4000.0.0.000	Real Estate Tax		35,407.00
3.40.4200.0.0.000	Bond Debt Service Tax Revenue		3,042.00
Total		124,882.00	124,882.00

GASB Journal Entry JE # 23**Q100**

To post Compensated Absences

1.00.2511.0.0.000	Compensated Absences (Long Term)	1,119,148.00	
1.00.3000.0.0.000	Net Position (Government-Wide)	1,837,563.00	
1.10.6100.1.0.000	Salaries/Admin	185,592.00	
1.00.2511.0.0.000	Compensated Absences (Long Term)		1,837,563.00
1.00.2511.0.0.000	Compensated Absences (Long Term)		185,592.00
1.00.2512.0.0.000	Compensated Absences (Short Term)		1,119,148.00
Total		3,142,303.00	3,142,303.00

Total GASB Journal Entry**153,103,509.00****153,103,509.00****Total All Journal Entries****155,287,235.00****155,287,235.00**



CENTRAL ARIZONA FIRE AND MEDICAL AUTHORITY
FINANCIAL STATEMENTS

Year Ended June 30, 2019

CENTRAL ARIZONA FIRE AND MEDICAL AUTHORITY
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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Central Arizona Fire and Medical Authority, Arizona

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Central Arizona Fire and Medical Authority as of June 30, 2019, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Central Arizona Fire and Medical Authority's basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information as listed in the table of contents is the responsibility of management and is derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 financial information listed as supplementary information in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2019 on our consideration of Central Arizona Fire and Medical 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Central Arizona Fire and Medical Authority's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Henry + Horne, LLP". The signature is written in a cursive, flowing style.

Tempe, Arizona
December 6, 2019

BOARD OF DIRECTORS

Julie Petit, Chair

Darlene Packard, Clerk

Jeff Wasowicz, Member

Dave Dobbs, Member

Matt Zurcher, Member

SENIOR STAFF

Scott Freitag, Fire Chief

David Tharp, Assistant Chief of Administration

Jeff Polacek, Assistant Chief of Operations

Scott Bliss, Assistant Chief of Planning and Logistics

**Central Arizona Fire and Medical Authority
Management's Discussion and Analysis
June 30, 2019**

As management of Central Arizona Fire and 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, 2019. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements.

Financial Highlights

- The assets and deferred outflow of resources of the Authority exceeded its liabilities and deferred inflow of resources at the close of the most recent fiscal year by \$36,727,455. Of this amount, \$22,082,790 is invested in capital assets, and \$14,644,665 is unrestricted.
- As of the close of the current fiscal year, the Authority's governmental funds reported combined ending fund balances of \$12,823,513.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$4,776,261 or 19.5% of the 2019 fiscal year's total budgeted operating expenditures.
- Total revenue received in the General Fund was \$2,110,209 more than the final budget and expenditures were \$2,150,048 less than the final budget.

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 basic financial statements. This report also contains required supplementary information in addition to the basic financial statements themselves.

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 consolidates all governmental funds of the Authority.

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

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 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 two (2) individual governmental funds: the General Fund, and the Capital Reserve Fund. Information is presented separately in the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balances for each fund, each 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).

The Authority adopts an annual appropriated budget to levy taxes and 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 page 49.

The basic governmental fund financial statements can be found as listed in the Table of Contents.

Notes to Basic 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 basic financial statements can be found as listed in the Table of Contents.

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 page 49 of this report.

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 Central Arizona Fire and Medical Authority, assets exceeded liabilities by \$36,727,455 at the close of the 2019 fiscal year.

Of the Authority's net position, \$22,082,790 reflects its investment in capital assets (e.g., land, buildings and improvements, apparatus, operations equipment, communications and administrative equipment); less any related debt still outstanding used to acquire those assets. The remaining net position of \$14,644,665 is unrestricted.

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

Condensed Statement of Net Position

	Governmental Activities	
	2019	2018
Assets:		
Cash and cash equivalents	\$ 13,578,303	\$ 11,665,734
Other assets	577,490	690,420
Capital assets, net	22,082,790	22,767,050
Total assets	<u>36,238,583</u>	<u>35,123,204</u>
Deferred outflows of resources	<u>50,379,790</u>	<u>58,203,147</u>
Liabilities:		
Accrued expenses	1,263,622	1,166,654
Long-term obligations	47,083,150	44,619,952
Total liabilities	<u>48,346,772</u>	<u>45,786,606</u>
Deferred inflows of resources	<u>1,544,146</u>	<u>2,901,283</u>
Net position:		
Net investment in capital assets	22,082,790	22,767,050
Unrestricted	14,644,665	21,871,412
Total net position	<u>\$ 36,727,455</u>	<u>\$ 44,638,462</u>

For more detailed information see page 13 for the Statement of Net Position.

The Authority's investment in capital assets (e.g. land, buildings, machinery and equipment), was 60.1% of the net position in 2019, less any debt used to acquire those assets that is still outstanding. The Authority uses these capital assets to provide fire services to citizens; consequently, these assets are not available for future spending. Although the Authority's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

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

Condensed Statement of Changes in Net Position		
	Governmental Activities	
	2019	2018
Revenues:		
Program revenue:		
Charges for services	\$ 2,094,291	\$ 2,067,945
General revenues:		
Funding from Fire District participants	21,152,614	19,619,899
Other	586,352	448,300
Interest earnings	151,175	102,831
Total revenues	<u>23,984,432</u>	<u>22,238,975</u>
Expenses:		
Public safety	<u>32,090,639</u>	<u>27,827,225</u>
Total expenses	<u>32,090,639</u>	<u>27,827,225</u>
Special items:		
Assets transfer from Fire Districts	<u>195,200</u>	<u>891,948</u>
Total special items	<u>195,200</u>	<u>891,948</u>
Gain (loss) on sale of fixed assets	<u>-</u>	<u>-</u>
(Decrease) Increase in net position	<u>(7,911,007)</u>	<u>(4,696,302)</u>
Net position, beginning	<u>44,638,462</u>	<u>49,334,764</u>
Net position, ending	<u>\$ 36,727,455</u>	<u>\$ 44,638,462</u>

For more detailed information see the Statement of Activities on page 14 of this report.

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 fiscal year.

At the end of the current fiscal year, the Authority's governmental funds reported combined ending fund balances of \$12,823,513. Of the total combined fund balance, \$8,047,252 (62.75%) is committed to capital projects. Unassigned fund balance of \$4,776,261 is available for spending at the Authority's discretion.

The **General Fund** accounts for all of the financial resources of the Authority, which are not accounted for in any other fund. At the end of the current fiscal year, spendable fund balance of the general fund was \$4,776,261. 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 21.43% of total general fund expenditures of \$22,289,377.

The **Capital Reserve Fund** accounts for reserves set aside for significant capital purchases anticipated to be made in future years. It is funded through budgeted transfers from other funds and is available as fund liquidity for Authority expenditures.

Budgetary Highlights

During fiscal year 2019 there were no modifications to the General Fund's originally adopted budget. Total actual revenues were \$2,110,209 greater than budgeted revenues while total actual expenditures were \$2,150,048 lesser than budgeted expenditures. The revenue and expenditure variances were attributed to greater than anticipated collections and cost for intergovernmental support services (wildland firefighting) and incomplete capital purchases (SCBA).

Capital Asset and Debt Administration

Capital assets – The Authority's investment in capital assets as of June 30, 2019, totals \$22,082,790 (net accumulated depreciation). These assets include land, buildings and improvements, apparatus, operations equipment, communications and administrative equipment.

Major capital asset transactions during the year include the following:

- During 2019 the Authority made capital purchases for vehicles (Type I Engines) and equipment in the amount of \$1,483,445.

For more detailed information, see page 27 in the notes to the financial statements.

Long-term Debt – At the end of the current fiscal year, the Authority had total outstanding debt of \$47,083,150. All of the debt as follows is backed by the full faith and credit of the Authority.

- Net Pension Liabilities - \$45,059,995
- Compensated Absences - \$2,023,155

Additional information regarding long-term debt of the Authority can be found in the notes to the financial statements on page 38.

Economic Factors and Next Year's Budgets and Rates

While the Authority is subject to general economic conditions such as increases or declines in property tax value for the participating districts, increases in costs of personnel, goods or services, or diminishing types of non-levy revenues that vary with economic conditions, the overall financial support of the Authority is contingent upon the stability of the Central Yavapai and Chino Valley Fire Districts.

Property assessments in the Chino Valley area have increased only slightly over the past year. Property assessments in the Central Yavapai Fire District area have increased largely due to the new property growth in the Prescott Valley community. The Districts have been able to budget through minimal tax levy increases and assessed value increases for the past two years, beginning in fiscal year 2019, property values are forecasted to increase by 4-5% annually, with new growth expected to add to the Net Assessed Value. Therefore, the Districts will be forced to look at all expenses, including personnel expenses and capital replacement, and make decisions based on the new values with a conservative outlook on revenue projections. This overall restriction in the participating District funding has a direct impact in the financial planning and implementation of the Authority.

Legislation also plays a major role in the development of budgets. With the legislative restrictions of a maximum tax rate of \$3.25, restrictive budget capacity increase of 8% per year (cumulative allowance), and Proposition 117 restriction of assessing property based on the Limited Property Value (LPV) from Full Cash Value (FCV) Assessments - the future trend will not sustain significant M&O budget increases. However, ongoing pension liability increases, and contributions will force further budget and expenditure restrictions. Ultimately, without ongoing new construction growth or ever-expanding District boundaries, the Authority will be limited and directly impacted by the system of limited revenue and increasing expenses (due to service demands and personnel costs) that face its participating organizations.

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. If you have any questions about this report or need additional financial information, please contact the Authority's administrative office at 8603 E. Eastridge Drive, Prescott Valley 86314, call (928) 772-771, or visit the Authority's website at www.cazfire.org.

BASIC FINANCIAL STATEMENTS

CENTRAL ARIZONA FIRE AND MEDICAL AUTHORITY
STATEMENT OF NET POSITION
June 30, 2019

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 13,578,303
Receivables:	
Service contracts	15,367
Wildland	159,711
Other receivables	5,507
Due from other governments	396,905
Capital assets, not being depreciated	1,706,950
Capital assets, being depreciated, net	<u>20,375,840</u>
Total assets	<u>36,238,583</u>
 DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions and OPEB	<u>50,379,790</u>
 LIABILITIES	
Accounts payable	214,604
Accrued payroll and related liabilities	1,049,018
Due within one year	
Compensated absences	1,119,148
Due in more than one year	
Compensated absences	904,007
Net pension liability	44,842,748
Net OPEB liability	<u>217,247</u>
Total liabilities	<u>48,346,772</u>
 DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions and OPEB	<u>1,544,146</u>
 NET POSITION	
Net investment in capital assets	22,082,790
Unrestricted	<u>14,644,665</u>
Total net position	<u><u>\$ 36,727,455</u></u>

CENTRAL ARIZONA FIRE AND MEDICAL AUTHORITY
STATEMENT OF ACTIVITIES
Year Ended June 30, 2019

	<u>Governmental Activities</u>
EXPENSES	
Public safety-fire protection	
Salaries and wages	\$ 11,986,247
Employee benefits	
Employee pension and related benefits	13,351,204
Other employee benefits	2,011,860
Administrative and support services	770,685
Communications	608,243
Station utilities and maintenance	569,809
Fleet fuel and maintenance	448,078
Protective equipment and uniforms	280,611
Outside services	220,303
Training and prevention	172,586
Emergency medical supplies	116,821
Depreciation	<u>1,554,192</u>
Total program expenses	32,090,639
PROGRAM REVENUES	
Charges for services	2,025,633
Operating grants	<u>68,658</u>
Total Program revenues	<u>2,094,291</u>
Net program expense	29,996,348
GENERAL REVENUES	
Funding requirement from:	
Central Yavapai Fire District	16,826,287
Chino Valley Fire District	4,326,327
Other	468,393
Interest earnings	151,175
Gain (loss) on sale of capital assets	<u>117,959</u>
Total general revenue	21,890,141
SPECIAL ITEMS	
Asset transfer from:	
Chino Valley Fire District	<u>195,200</u>
Total special items	<u>195,200</u>
CHANGE IN NET POSITION	(7,911,007)
NET POSITION BEGINNING OF YEAR	<u>44,638,462</u>
NET POSITION END OF YEAR	<u><u>\$ 36,727,455</u></u>

See accompanying notes.

CENTRAL ARIZONA FIRE AND MEDICAL AUTHORITY
BALANCE SHEET – GOVERNMENTAL FUNDS
June 30, 2019

	Major Funds		Total Governmental Funds
	General	Capital Reserve	
ASSETS			
Cash and cash equivalents	\$ 5,531,051	\$ 8,047,252	\$ 13,578,303
Receivables			
Service contracts	15,367	-	15,367
Wildland	159,711	-	159,711
Other	5,507	-	5,507
Due from other governments	396,905	-	396,905
 Total assets	 6,108,541	 8,047,252	 14,155,793
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	214,604	-	214,604
Accrued payroll and related	1,049,018	-	1,049,018
 Total liabilities	 1,263,622	 -	 1,263,622
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - grants	68,658	-	68,658
 Total Deferred Inflows of Resources	 68,658	 -	 68,658
FUND BALANCES			
Committed	-	8,047,252	8,047,252
Unassigned	4,776,261	-	4,776,261
 Total fund balances	 4,776,261	 8,047,252	 12,823,513
 Total liabilities, deferred inflows and fund balances	 \$ 6,108,541	 \$ 8,047,252	 \$ 14,155,793

CENTRAL ARIZONA FIRE AND MEDICAL AUTHORITY
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
June 30, 2019

Fund balances - total governmental funds balance sheet		\$ 12,823,513
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets are not current financial resources in governmental funds, but are reported in the Statement of Net Position at their net depreciable value.		22,082,790
Change in deferred revenues		68,658
Pension/OPEB contributions subsequent to the measurement date, assumption changes, and differences between expected actual experience are not available resources, and therefore, are not reported in the funds.		48,835,644
Some liabilities are not due and payable in the current period and therefore are not reported as governmental fund liabilities. These liabilities consist of the following:		
Compensated absences	(2,023,155)	
Net pension/OPEB liability	<u>(45,059,995)</u>	<u>(47,083,150)</u>
Net position of governmental activities - statement of net position		<u><u>\$ 36,727,455</u></u>

CENTRAL ARIZONA FIRE AND MEDICAL AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2019

	Major Funds		Total Governmental Funds
	General	Capital Reserve	
REVENUES			
Funding contribution from			
Central Yavapai Fire District	\$ 16,826,287	\$ -	\$ 16,826,287
Chino Valley Fire District	4,326,327	-	4,326,327
Charges for services	2,025,633	-	2,025,633
Interest earnings	54,905	96,270	151,175
Contracts and other	593,968	-	593,968
Total revenues	<u>23,827,120</u>	<u>96,270</u>	<u>23,923,390</u>
EXPENDITURES			
Public safety - fire protection			
Fire Protection and emergency services	19,127,280	-	19,127,280
Administrative and support services	2,532,771	-	2,532,771
Capital outlay	629,326	-	629,326
Total expenditures	<u>22,289,377</u>	<u>-</u>	<u>22,289,377</u>
Excess (deficiency) of revenues over expenditures	<u>1,537,743</u>	<u>96,270</u>	<u>1,634,013</u>
Other financing sources (uses):			
Transfers in	-	330,032	330,032
Transfers out	(330,032)	-	(330,032)
Total other financings sources (uses)	<u>(330,032)</u>	<u>330,032</u>	<u>-</u>
Net change in fund balances	1,207,711	426,302	1,634,013
Fund balances - beginning of year	<u>3,568,550</u>	<u>7,620,950</u>	<u>11,189,500</u>
Fund balances - end of year	<u>\$ 4,776,261</u>	<u>\$ 8,047,252</u>	<u>\$ 12,823,513</u>

See accompanying notes.

CENTRAL ARIZONA FIRE AND MEDICAL AUTHORITY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2019

Net change in fund balances - total governmental funds \$ 1,634,013

Amounts reported for governmental activities in the Statement
of Activities are different because:

Revenues in the Statement of Activities that do not provide current
financial resources are not reported as revenues in the funds. 68,658

Capital outlays are reported in governmental funds as
However, in the Statement of Activities, the cost of those
assets is allocated over their estimated useful lives and
reported as depreciation expense.

Capital expenditures	\$ 682,348	
Depreciation expense	<u>(1,554,192)</u>	(871,844)

Governmental funds report the gross proceeds from the sale of
assets as revenue. However, in the statement of activities, the
gain (loss) on the sale of capital assets is reported net of its net
book value. (7,616)

Special items from Chino Valley Fire District
Assets transferred 195,200

Pension and OPEB contributions are reported as expenditures
in the governmental funds when made. However, they are
reported as deferred outflows of resources in the Statement of Net
Position because the reported net pension and net OPEB liability
is measured a year before the Authority's report date. Pension
and OPEB expense, which is the change in the net pension or net
OPEB liability adjusted for changes in deferred outflows and
inflows of resources related to pensions and OPEB, is reported in
the Statement of Activities. (8,743,826)

Some 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. This amount
represents the change in accrued compensated absences. (185,592)

Change in net position of governmental activities \$ (7,911,007)

CENTRAL ARIZONA FIRE AND MEDICAL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and procedures of the Central Arizona Fire and Medical Authority conform to accounting principles generally accepted in the United States of America (GAAP) as applied to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the Authority's accounting policies are described below.

A. Reporting Entity

The Central Arizona Fire and Medical Authority (the Authority) was organized as a joint powers authority by Central Yavapai Fire District and Chino Valley Fire District pursuant to the provisions of Chapter 5 of Title 48 of the Arizona Revised Statutes – Separate legal entities: joint exercise of powers, which sets forth the legal framework for a joint powers authority. The Authority provides fire protection, emergency medical services, and public education programs for areas in and around the communities of Prescott and Chino Valley. The Authority is governed by an appointed five member board of directors, appointed from the elected members of the member districts, which appoints the chairman. The day to day operations are supervised by a fire chief and his staff. The Authority does not have any component units, meaning entities for which the Authority is considered to be financially accountable.

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The basic, but not only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The Authority does not currently have any potential component units.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. Governmental activities, which normally are supported by member contributions, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support. Likewise, when applicable, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

CENTRAL ARIZONA FIRE AND MEDICAL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes, state shared revenues, investment income and other items not included among program revenues are reported as general revenues.

C. Measurement Focus, Basis of Accounting and Basis of Presentation

Government-Wide Financial Statements – The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Member contributions are recognized in the period they are billed. Grants and similar items are recognized as revenues as soon as eligibility requirements imposed by the grantor or provider have been met. The exception is any interfund activity between governmental and business type activities, such as transfers.

Fund Financial Statements – Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Authority considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds.

Member contributions, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column.

CENTRAL ARIZONA FIRE AND MEDICAL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Authority reports the following major governmental funds:

General Fund – This fund is the Authority’s primary operating fund. It accounts for all financial resources of the Authority, except those required to be accounted for in other funds.

Capital Project Fund – This fund is used to account for funds received and expended for the construction of buildings and improvements as well as for the acquisition of apparatus and major equipment for use by the Authority.

D. Budgeting and Budgetary Control

The Authority Board formally adopts an annual budget for all operating funds which is submitted to the county treasurer and county board of supervisors. The budgets are adopted by the Authority on a basis consistent with ARS 48-807. This basis allows the Authority Board or Fire Chief to alter the budget within the total expenditure allocation as needed during the year. The Authority management generally cannot exceed the total expenditure budget.

Annual budgets are adopted on a basis consistent with GAAP for all governmental funds. Budgeted amounts are as originally adopted, or as amended by the Board.

Budgetary Process: State law requires that on or before the third Monday in July of each fiscal year, the Board must adopt a tentative budget. Once this tentative budget has been adopted, the expenditures may not be increased upon final adoption, however, they may be decreased.

Final Budget Adoption: State law specifies that at least seven days prior to the day the property tax levy is adopted, the Board must adopt the final budget for the fiscal year. The date in State law for adoption of the tax levy is on or before the third Monday in August. The adopted budget then becomes the amount proposed for expenditure in the upcoming fiscal year. The adoption of the final budget may take place through a simple motion approved by the Board.

Budget amendments are required to increase expenditure budgets. Expenditures may not legally exceed budgeted appropriations at the local activity level.

E. Cash and Cash Equivalents

Cash represents amounts in demand deposits and amounts held in trust by financial institutions. The funds held in trust are available to the Authority upon demand. Cash equivalents are defined as short-term (original maturities of three months or less), highly liquid investments that are 1) readily convertible to known amounts of cash and 2) so near maturity that they present insignificant risk of changes in value because of changes in interest rates.

CENTRAL ARIZONA FIRE AND MEDICAL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Inventory and Prepaid Items

The costs of governmental fund-type inventories are recorded as expenditures when purchased rather than when consumed. Also, the Authority's inventory of materials and supplies is deemed to be immaterial; thus, no provision for inventory has been made in these financial statements.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as an expenditure when consumed rather than when purchased.

G. Capital Assets

Capital assets, which include land, buildings and related improvements, equipment, vehicles, furniture and construction in progress, are reported in the government-wide financial statements. In accordance with GASB 34, the Authority has opted not to retroactively report infrastructure assets. Capital assets are defined by the Authority as assets with an initial individual cost of \$5,000 or more and an estimated useful life equal to or exceeding two years. Interest incurred during the construction phase of capital assets for governmental activities is included as part of the capitalized value of the assets constructed. Major outlays for capital assets and improvements are capitalized as projects are completed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Estimated useful lives for capital assets were determined based upon lives commonly used by other Arizona governmental agencies and various industry standards. Capital assets of the Authority are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	35 - 40
Vehicles and equipment	3 - 25

CENTRAL ARIZONA FIRE AND MEDICAL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Fund Balances – Governmental Funds

Fund Balances

Fund balances of the governmental funds are reported separately within classifications based on a hierarchy of the constraints placed on those resources. The classifications are based on the relative strength of the constraints that control how the specific amounts can be spent. The following classifications describe the relative strength of the spending constraints:

Nonspendable – Amounts that cannot be spent either because they are in Nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – Amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – Amounts that can be used only for specific purposes determined by a formal action of the Authority Board. The Board is the highest level of decision-making authority for the Authority. Commitments may be established, modified, or rescinded only through resolutions approved by the Authority Board.

Assigned – Amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the Authority's adopted policy, only the Board or any official or body to which the Authority Board delegates authority may assign amounts for specific purposes.

Unassigned – All other spendable amounts.

The Authority would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

CENTRAL ARIZONA FIRE AND MEDICAL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Compensated Absences

The Authority's employee vacation and sick leave policies provide for granting vacation and sick leave with pay. Sick leave and vacation benefits accrue at the employee's current rate of pay. The current and long-term liabilities for accumulated vacation and sick leave are reported on the government-wide financial statements. Hours earned in excess of the annual allowable accumulations are paid out on the final paycheck of the fiscal year when approved by the Board. Any sick leave accrued amounts are paid at the maximum rate of sixty percent upon retirement and no payment upon resignation or termination. Accrued vacation is paid at one hundred percent, regardless of the nature of departure. A liability for these amounts is reported in government funds only if they have matured, for example, as a result of employee leave, resignation and retirements. Resources from the General Fund are generally used to liquidate the governmental funds liabilities for compensated absences.

J. Interfund Activity

Flows of cash from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers between governmental funds are eliminated in the Statement of Activities. Interfund transfers in the fund statements are reported as other financing sources/uses in governmental funds.

K. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

L. Deferred Outflows/Inflows of Resources

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

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

CENTRAL ARIZONA FIRE AND MEDICAL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Postemployment Benefits

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

N. Proprietary Funds Operating and Non-operating Revenues and Expenses

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of proprietary funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

O. Funding requirement contributions

Amounts reported as funding requirement contributions include contributions of funds from the member districts for public safety and administrative services provided to the member districts. In addition, for the year ended June 30, 2019 the transfer of the member districts' assets and liabilities are included as current year special items. See the supplementary schedules for more information.

NOTE 2 DEPOSITS AND INVESTMENTS

Deposits

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, an entity will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party.

At June 30, 2019, the carrying amount of the Authority's deposits totaled \$13,578,303 and the amount on deposit with the Yavapai County Treasurer's Office was \$13,723,045. These deposits are covered by Federal Depository Insurance or collateralized by securities, as required by law.

CENTRAL ARIZONA FIRE AND MEDICAL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 2 DEPOSITS AND INVESTMENTS (Continued)

Investments

The Authority's policy allows for the investment of funds in time certificates of deposit with federally insured depositories, investment in the county treasurer's pool, and other investments as allowed by state statutes. Eligible Arizona depositories as defined by state statutes are any commercial bank or savings and loan association with its principal place of business in the State of Arizona, which are insured by the federal deposit insurance corporation, or any other insuring instrumentality of the United States. The Authority had no investments as of June 30, 2019.

The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Authority had no assets measured at fair value as of June 30, 2019.

Interest rate risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Authority's policy for managing its exposure to fair value loss arising from increasing interest rates is to comply with the state statutes which define allowable investments.

Credit risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Authority's policy for reducing exposure to credit risk is to comply with the state statutes which define allowable investments.

CENTRAL ARIZONA FIRE AND MEDICAL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 3 CAPITAL ASSETS

A summary of changes in capital assets for governmental activities is as follows:

Governmental Activities:	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land and land improvements	\$ 1,289,788	\$ 124,514	\$ -	\$ 1,414,302
Construction in progress	1,562,723	223,053	(1,493,128)	292,648
Total capital assets not being depreciated	2,852,511	347,567	(1,493,128)	1,706,950
Capital assets, being depreciated:				
Buildings and improvements	19,000,008	63,799	-	19,063,807
Vehicles	11,753,704	1,483,445	(1,377,608)	11,859,541
Furniture and equipment	6,223,835	475,865	-	6,699,700
Total capital assets being depreciated	36,977,547	2,023,109	(1,377,608)	37,623,048
Less accumulated depreciation for:				
Buildings and improvements	(5,311,076)	(527,553)	-	(5,838,629)
Vehicles	(7,408,292)	(648,260)	1,369,992	(6,686,560)
Furniture and equipment	(4,343,640)	(378,379)	-	(4,722,019)
Total accumulated depreciation	(17,063,008)	(1,554,192) *	1,369,992	(17,247,208)
Total capital assets, being depreciated, net	19,914,539	468,917	(7,616)	20,375,840
Governmental activities capital assets, net	<u>\$ 22,767,050</u>	<u>\$ 816,484</u>	<u>\$ (1,500,744)</u>	<u>\$ 22,082,790</u>

* Depreciation expense of \$1,554,192 was charged to the public safety function of the Authority.

NOTE 4 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

The Authority contributes to the plans described below. The plans are component units of the State of Arizona.

At June 30, 2019, the Authority reported the following aggregate amounts related to pensions for all plans to which it contributes:

Statement of Net Position and Statement of Activities	Governmental Activities Total
Net Pension Liabilities	\$ 44,842,748
Net OPEB Liabilities	217,247
Deferred outflow of resources	50,379,790
Deferred inflow of resources	1,544,146
Pension expense	12,932,812
OPEB expense	33,222

CENTRAL ARIZONA FIRE AND MEDICAL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 4 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

The Authority reported \$4,231,449 of contributions as expenditures in the governmental funds related to all plans to which it contributes.

A. Arizona State Retirement System

Plan Description – Authority employees not covered by the other pension plan described below participate in the Arizona State Retirement System (ASRS). The ASRS administers a cost-sharing multiple-employer defined benefit pension plan, a cost-sharing multiple-employer defined benefit health insurance premium benefit (OPEB) plan, and a cost-sharing multiple-employer defined benefit long-term disability (OPEB) plan. The Arizona State Retirement System Board governs the ASRS according to the provisions of A.R.S. Title 38, Chapter 5, Articles 2 and 2.1. The ASRS issues a publicly available financial report that includes its financial statements and required supplementary information. The report is available on its Web site at www.azasrs.gov. The OPEB plans as it relates to ASRS are immaterial to the department as a whole and are excluded from the financial statements.

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

ASRS	Retirement Initial membership date:	
	Before July 1, 2011	On or after July 1, 2011
Years of service and age required to receive benefit	Sum of years and age equals 80 10 years age 62 5 years age 50* 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 earning. Members with a membership date on or after September 13, 2013, are not eligible for cost-of-living adjustments. Survivor benefits are payable upon a member's death. For retired members, the survivor benefit is determined by the retirement benefit option chosen. For all other members, the beneficiary is entitled to the member's account balance that includes the member's contributions and employer's contributions, plus interest earned.

CENTRAL ARIZONA FIRE AND MEDICAL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 4 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

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

Contributions - In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2019, active ASRS members were required by statute to contribute at the actuarially determined rate of 11.8 percent (11.64 percent for retirement and 0.16 percent for long-term disability) of the members' annual covered payroll, and the Authority was required by statute to contribute at the actuarially determined rate of 11.8 percent (11.18 percent for retirement, 0.46 percent for health insurance premium benefit, and 0.16 percent for long-term disability) of the active members' annual covered payroll. The Authority's contributions to the pension, health insurance premium benefit, and long-term disability plans for the year ended June 30, 2019, were \$161,605, \$8,068, and \$2,508 respectively.

During fiscal year 2019, the Authority paid all ASRS pension and OPEB contributions from the General Fund.

Liability - At June 30, 2019, the Authority reported the following liability for its proportionate share of the ASRS' net pension liability.

ASRS	Net pension liability
Pension	\$ 2,195,176

CENTRAL ARIZONA FIRE AND MEDICAL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 4 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2017, to the measurement date of June 30, 2018. The total liabilities as of June 30, 2018, reflect changes in actuarial assumptions based on the results of an actuarial experience study for the 5-year period ended June 30, 2016, including decreasing the discount rate from 8 percent to 7.5 percent, changing the projected salary increases from 3–6.75 percent to 2.7–7.2 percent, decreasing the inflation rate from 3 percent to 2.3 percent, and changing the mortality rates.

The Authority's proportion of the net pension liability was based on the Authority's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2018. The Authority's proportion measured as of June 30, 2018, and the change from its proportions measured as of June 30, 2017, were:

ASRS	Proportion June 30, 2018	Increase (decrease) from June 30, 2017
Pension	0.015741%	0.000510

The Authority's reported liability at June 30, 2019, decreased by \$177,361 from the Authority's prior year liability of \$2,372,537 because of changes in the ASRS' net pension liability and the Authority's proportionate share of that liability. The ASRS' publicly available financial report provides details on the change in the net pension liability.

Expense - For the year ended June 30, 2019, the Authority recognized the following pension expense.

ASRS	Pension
Pension	\$ 161,605

CENTRAL ARIZONA FIRE AND MEDICAL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 4 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

Deferred Outflows/Inflows of Resources- At June 30, 2019, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

ASRS

	Pension	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 60,475	\$ 12,102
Changes of assumptions or other inputs	58,088	194,633
Net difference between projected and actual earnings on pension plan investments	-	52,789
Changes in proportion and differences between Authority contributions and proportionate share of contributions	1,019,066	900,463
Authority contributions subsequent to the measurement date	199,864	-
Total	<u>\$ 1,337,493</u>	<u>\$ 1,159,987</u>

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

Year ending June 30	Pensions
2020	\$ 100,203
2021	(18,810)
2022	(80,077)
2023	(23,674)
2024	-
Thereafter	-

CENTRAL ARIZONA FIRE AND MEDICAL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 4 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

ASRS	
Actuarial valuation date	June 30, 2017
Actuarial roll forward date	June 20, 2018
Actuarial cost method	Entry age normal
Investment rate of return	7.5%
Projected salary increases	2.7-7.2% for pensions/not applicable for OPEB
Inflation	2.3%
Permanent benefit increase	Included for pensions/not applicable for OPEB
Mortality rates	2017 SRA Scale U-MP for pensions and health insurance premium benefit
Recovery rates	2012 GLDT for long-term disability
Healthcare cost trend rate	Not Applicable

Actuarial assumptions used in the June 30, 2017, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2016.

The long-term expected rate of return on ASRS pension plan investments was determined to be 7.5 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

ASRS		Long-Term
Asset Class	Target Allocation	Expected geometric Real Rate of Return
Equity	50%	5.50%
Fixed Income	30%	3.83%
Real estate	20%	5.85%
Total	100%	

CENTRAL ARIZONA FIRE AND MEDICAL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 4 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

Discount Rate - At June 30, 2018, the discount rate used to measure the ASRS total pension liability was 7.5 percent, which was a decrease of 0.5 from the discount rate used as of June 30, 2017. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board's funding policy, which establishes the contractually required rate under Arizona statute. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of Authority's Proportionate Share of the ASRS Net Liability to Changes in the Discount Rate - The following table presents the Authority's proportionate share of the net pension liability calculated using the discount rate of 8 percent, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7 percent) or 1 percentage point higher (9 percent) than the current rate:

ASRS	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% increase (8.5%)
Authority's proportionate share of the net pension liability	\$ 3,129,274	\$ 2,195,176	\$ 1,414,752

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

B. Public Safety Personnel Retirement System

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

The PSPRS issues a publicly available financial report that include their financial statements and required supplementary information. The reports are available on the PSPRS web site at www.psprs.com.

CENTRAL ARIZONA FIRE AND MEDICAL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 4 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

PSPRS	Initial membership date:	
	Before January 1, 2012	On or after January 1, 2012 and before July 1, 2017
Retirement and Disability		
Years of service and age required to receive benefit	20 years of service, any age 15 years of service, age 62	25 years of service or 15 years of credited service, age 52.5
Final average salary is based on	Highest 36 months of last 20 years	Highest 60 months of last 20 years
Benefit percent		
Normal Retirement	50% less 2.0% for each year of credited service less than 20 years OR plus 2.0% to 2.5% for each year of credited service over 20 years, not to exceed 80%	1.5% to 2.5% per year of credited service, not to exceed 80%
Accidental Disability Retirement	50% or normal retirement, whichever is greater	
Catastrophic Disability Retirement	90% for the first 60 months then reduced to either 62.5% or normal retirement, whichever is greater	
Ordinary Disability Retirement	Normal retirement calculated with actual years of credited service or 20 years of credited service, whichever is greater, multiplied by years of credited service (not to exceed 20 years) divided by 20	
Survivor Benefits		
Retired Members	80% of retired member's pension benefit	
Active Members	80% to 100% of accidental disability retirement benefit or 100% of average monthly compensation if death was the result of injuries received on the job	

CENTRAL ARIZONA FIRE AND MEDICAL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 4 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

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

Employees Covered by Benefit Terms - At June 30, 2019, the following employees were covered by the agent plans' benefit terms:

	PSPRS Firefighter	
	Pension	OPEB
Inactive employees or beneficiaries		
currently receiving benefits	51	51
Inactive employees entitled to		
but not yet receiving benefits	16	10
Active employees	108	108
Total	175	169

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 the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. Employer contribution rates for the year ended June 30, 2019, are indicated below. Rates are a percentage of active members' annual covered payroll.

	Active member		Health insurance
	Pension	Pension	premium benefit
PSPRS Firefighter	7.65% - 11.65%	49.10%	0.51%

CENTRAL ARIZONA FIRE AND MEDICAL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 4 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

In addition, statute required the Authority to contribute at the actuarially determined rate indicated below of annual covered payroll of retired members who worked for the Authority in positions that an employee who contributes to the PSPRS would typically fill.

	<u>Pension</u>	<u>Health insurance premium benefit</u>
PSPRS Firefighter	13.93%	0.20%

The Authority's contributions to the plans for the year ended June 30, 2019, were:

	<u>Pension</u>	<u>Health insurance premium benefit</u>
PSPRS Firefighter	\$ 4,019,135	41,747

During fiscal year 2019, the Authority paid all of the PSPRS pension and OPEB contributions from the General Fund.

Liability - At June 30, 2019, the Authority reported the following assets and liabilities.

	<u>Net pension (asset) liability</u>	<u>Net OPEB (asset) liability</u>
PSPRS Firefighter	42,647,572	217,248

The net assets and net liabilities were measured as of June 30, 2018, and the total liability used to calculate the net asset or liability was determined by an actuarial valuation as of that date.

CENTRAL ARIZONA FIRE AND MEDICAL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 4 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

PSPRS

Actuarial valuation date	June 30, 2018
Actuarial cost method	Entry age normal
Investment rate of return	7.4%
Wage inflation	3.5% for pensions/not applicable for OPEB
Price inflation	2.5% for pensions/not applicable for OPEB
Cost-of-living adjustment	Included for pensions/not applicable for OPEB
Mortality rates	RP-2014 tables using MP-2016 improvement scale with adjustments to match current experience.
Healthcare cost trend rate	Not applicable

Actuarial assumptions used in the June 30, 2018, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2016.

The long-term expected rate of return on PSPRS plan investments was determined to be 7.4 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expenses and inflation) are developed for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

PSPRS Asset Class	Target Allocation	Long-Term Expected Geometric Rate of Return
Short term investments	2.00%	0.25%
Risk Parity	4.00%	5.00%
Fixed income	5.00%	1.25%
Real assets	9.00%	4.52%
GTS	12.00%	3.96%
Real estate	10.00%	3.75%
Private credit	16.00%	6.75%
Private equity	12.00%	5.83%
Non-U.S. equity	14.00%	8.70%
U.S. equity	16.00%	7.60%
Total	100.00%	

CENTRAL ARIZONA FIRE AND MEDICAL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 4 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

Discount Rates – At June 30, 2018, the discount rate used to measure the PSPRS total pension liability was 7.4 percent, which was the same as the discount rate used as of June 30, 2017. The projection of cash flows used to determine the PSPRS discount rates assumed that plan members contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the actuarially determined contribution rate and the member rate. Based on those assumptions, the plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension/OPEB liability.

Changes in the Net Pension/OPEB Liability

PSPRS - Firefighter - Pension

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2018	<u>\$ 77,362,708</u>	<u>\$ 37,230,498</u>	<u>\$ 40,132,210</u>
Changes for the year:			
Service Cost	1,863,140	-	1,863,140
Interest on the total liability	5,690,887	-	5,690,887
Differences between expected and actual experience in the measurement of the liability	1,205,974	-	1,205,974
Changes of assumptions or other inputs	-	-	-
Contributions - employer	-	4,202,235	(4,202,235)
Contributions - employee	-	802,166	(802,166)
Net investment income	-	2,579,117	(2,579,117)
Benefit payments, including refunds of employee contributions	(2,780,796)	(2,780,796)	-
Hall/Parker Settlement		(1,298,669)	
Administrative expense	-	(40,654)	40,654
Other changes	-	444	(444)
Net changes	<u>5,979,205</u>	<u>3,463,843</u>	<u>1,216,693</u>
Balances at June 30, 2019	<u><u>\$ 83,341,913</u></u>	<u><u>\$ 40,694,341</u></u>	<u><u>\$ 41,348,903</u></u>

CENTRAL ARIZONA FIRE AND MEDICAL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 4 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

PSPRS - Firefighter - OPEB

	Increase (Decrease)		
	Total	Plan	Net
	OPEB	Fiduciary	OPEB
	Liability	Net	(Asset) Liability
	(a)	(b)	(a) - (b)
Balances at June 30, 2018	\$ 1,567,435	\$ 1,289,793	\$ 277,642
Changes for the year:			
Service Cost	26,764	-	26,764
Interest on the total liability	114,698	-	114,698
Differences between expected and actual experience in the measurement of the liability	(99,695)	-	(99,695)
Contributions - employer	-	15,034	(15,034)
Net investment income	-	88,473	(88,473)
Benefit payments, including refunds of employee contributions	(61,690)	(61,690)	-
Administrative expense	-	1,347	(1,347)
Net changes	(19,923)	43,164	(63,087)
Balances at June 30, 2019	\$ 1,547,512	\$ 1,332,957	\$ 214,555

Sensitivity of the Authority's Net Pension/OPEB (Asset) Liability to Changes in the Discount Rate - The following table presents the Authority's net pension liabilities calculated using the discount rate of 7.4 percent, as well as what the Authority's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.4 percent) or 1 percentage point higher (8.4 percent) than the current rate:

PSPRS - Firefighter - Pension

	1% Decrease (6.40%)	Current Discount Rate (7.40%)	1% increase (8.40%)
Total pension liability	\$ 95,280,185	\$ 83,341,913	\$ 73,654,876
Plan fiduciary net position	40,694,341	40,694,341	40,694,341
Net pension liability	54,585,844	42,647,572	32,960,535

CENTRAL ARIZONA FIRE AND MEDICAL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 4 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

PSPRS - Firefighter - OPEB

	1% Decrease (6.40%)	Current Discount Rate (7.40%)	1% increase (8.40%)
Total OPEB liability	\$ 1,741,230	\$ 1,547,512	\$ 1,386,863
Plan fiduciary net position	1,330,264	1,330,264	1,330,264
Net OPEB liability	410,966	217,248	56,599

Plan Fiduciary Net Position - Detailed information about the plans' fiduciary net position is available in the separately issued PSPRS financial reports.

Expense - For the year ended June 30, 2019, the Authority recognized \$14,607,923 and \$22,789 of PSPRS pension and OPEB expense, respectively.

Deferred Outflows/Inflows of Resources - At June 30, 2019, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions and OPEB from the following sources:

PSPRS - Firefighter - Pension

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 41,411,607	\$ -
Changes of assumptions or other inputs	3,635,486	-
Net difference between projected and actual earnings on pension plan investments	-	253,607
Authority contributions subsequent to the measurement date	4,060,882	-
Total	\$ 49,107,975	\$ 253,607

PSPRS - Firefighter - OPEB

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 319	\$ 14,325
Changes of assumptions or other inputs	-	3,191
Net difference between projected and actual earnings on OPEB plan investments	-	9,153
Authority contributions subsequent to the measurement date	41,747	-
Total	\$ 42,066	\$ 26,669

CENTRAL ARIZONA FIRE AND MEDICAL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 4 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

The amounts reported as deferred outflows of resources related to pensions and OPEB resulting from Authority contributions subsequent to the measurement date will be recognized as an increase in the net asset or a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and OPEB will be recognized as expenses as follows:

Year ending June 30,	PSPRS	
	Pension	OPEB
2020	\$ 9,304,975	\$ (26,350)
2021	9,304,974	(26,350)
2022	9,087,541	(26,351)
2023	9,372,679	(16,157)
2024	7,208,763	(17,197)
Thereafter	514,554	(16,269)

NOTE 5 LONG TERM DEBT

Changes in long-term debt as of June 30, 2019 are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Compensated absences	\$ 1,837,563	\$ 1,119,148	\$ (933,556)	\$ 2,023,155	\$ 1,119,148
Net pension liability	42,504,747	2,338,001	-	44,842,748	-
Net OPEB liability	277,642	-	(60,395)	217,247	-
Governmental activities long-term liabilities	<u>\$ 44,619,952</u>	<u>\$ 3,457,149</u>	<u>\$ (993,951)</u>	<u>\$ 47,083,150</u>	<u>\$ 1,119,148</u>

NOTE 6 INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

As of June 30, 2019, the Authority had no interfund receivables or payables. As the capital expenditures were higher in the current year, there resulted in a net transfer amount of \$330,032 from the General Fund to the Capital Reserve Fund.

NOTE 7 RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets and natural disasters. The Authority has insurance protection and the limit for basic coverage is for \$1,000,000 per occurrence on a claims made basis. No significant reduction in insurance coverage occurred during the year and no settlements exceeded insurance coverage during any of the past three fiscal years.

CENTRAL ARIZONA FIRE AND MEDICAL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 8 INTERGOVERNMENTAL AGREEMENTS

The Authority is party to a variety of inter-governmental agreements 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.

Effective July 1, 2016, Central Yavapai Fire District and Chino Valley Fire District completed a Joint Power Authority agreement (JPA). The JPA agreement 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, excluding certain debt, and services into the new entity, Central Arizona Fire and Medical Authority. Both Central Yavapai Fire District and Chino Valley Fire District will continue to exist as legal entities for the purpose of collecting taxes and bonding authority.

The Authority's net position is proportionately shared by its Member Districts. Net position is allocated based on its Member Districts originally contributed assets and liabilities, and is adjusted annually for contributions received from and cost allocated to those members. The originally contributed assets and liabilities of the members, Central Yavapai Fire District and Chino Valley Fire District are recognized in the beginning net position of the Authority on the effective date of the JPA, July 1, 2016. Expenses are allocated to the Member Districts based on a combination of cost formulas and expenses specifically allocated to each member according to geographic boundaries. The allocation is reviewed annually by the Authority and Member Districts for reasonableness. See the supplementary schedules for more information.

REQUIRED SUPPLEMENTARY INFORMATION

CENTRAL ARIZONA FIRE AND MEDICAL AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE AUTHORITY'S NET PENSION/OPEB LIABILITY
June 30, 2019

ASRS - Pension

	Reporting Fiscal Year (Measurement Date)			
	2019 (2018)	2018 (2017)	2017 (2016)	2016 Through 2009
Proportion of the net pension liability	0.015741%	0.015231%	0.014327%	Information
Proportionate share of the net pension liability	\$ 2,195,176	\$ 2,372,537	\$ 2,313,006	not available
Covered Payroll	1,445,483	1,567,394	1,376,169	
Proportionate share of the net pension liability as a percentage of its covered payroll	152%	151%	168%	
Plan fiduciary net position as a percentage of the total pension liability	73.00%	69.92%	67.06%	

PSPRS - Pension

	Reporting Fiscal Year (Measurement Date)			
	2019 (2018)	2018 (2017)	2017 (2016)	2016 Through 2009
Total Pension Liability				
Service Cost	\$ 1,863,140	\$ 1,822,422	\$ 1,469,569	Information
Interest on the Total Pension Liability	5,690,887	5,080,949	(94,243)	not available
Benefit Changes	-	417,094	4,794,832	
Difference between Expected and Actual Experience	1,205,974	1,908,812	63,590,313	
Assumption Changes	-	2,851,061	2,497,362	
Benefit payments, including refunds of employee contributions	(2,780,796)	(3,104,809)	(3,870,654)	
Net Change in Total Pension Liability	5,979,205	8,975,529	-	
Total Pension Liability - Beginning	77,362,708	68,387,179	68,387,179	
Total Pension Liability - Ending (a)	\$ 83,341,913	\$ 77,362,708	\$ 77,362,708	
Plan Fiduciary Net Position				
Employer Contributions	\$ 4,202,235	\$ 2,758,088	\$ 2,625,336	
Employee Contributions	802,166	1,018,790	1,019,835	
Pension Plan Net Investment Income	2,579,117	3,901,455	188,575	
Benefit payments, including refunds of employee contributions	(2,780,796)	(3,104,809)	(3,870,654)	
Hall / Parker Settlement	(1,298,669)			
Pension Plan Administrative Expense	(40,654)	(34,921)	(28,935)	
Other*	444	425	32,757,313	
Net Change in Plan Fiduciary Net Position	3,463,843	4,539,028	32,691,470	
Plan Fiduciary Net Position - Beginning	37,230,498	32,691,470	-	
Plan Fiduciary Net Position - Ending (b)	\$ 40,694,341	\$ 37,230,498	\$ 32,691,470	
Net Pension Liability/(Asset) - Ending (a) - (b)	\$ 42,647,572	\$ 40,132,210	\$ 40,132,210	
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	48.83%	48.12%	47.80%	
Covered Valuation Payroll**	8,633,642	8,088,869	7850262	
Net Pension Liability as a Percentage of Covered Valuation Payroll	493.97%	496.14%	511.22%	

* Other changes include adjustments for prior year GASB 68 and reserve transfer to/from employer and employee reserves.

** Does not necessarily represent Covered Payroll as defined in GASB Statement No. 82.

See accompanying notes to pension / OPEB plan schedules.

CENTRAL ARIZONA FIRE AND MEDICAL AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE AUTHORITY'S NET PENSION/OPEB LIABILITY
June 30, 2019

PSPRS - OPEB

	Reporting fiscal year (measurement date)		
	2019 (2018)	2018 (2017)	2017 through 2009
Total OPEB Liability			
Service cost	\$ 26,764	\$ 24,267	Information
Interest on the total OPEB Liability	114,698	111,939	not available
Changes of benefit terms	-	5,878	
Differences between expected and actual experience in the measurement of the OPEB liability	(99,695)	2,516	
Changes of assumptions or other inputs	-	(25,144)	
Benefit payments	(61,690)	(64,820)	
Net change in total OPEB liability	(19,923)	54,636	
Total OPEB liability - beginning	1,567,435	1,512,799	
Total OPEB liability - ending(a)	\$ 1,547,512	\$ 1,567,435	
Plan fiduciary net position			
Contributions - employer	\$ 15,034	\$ 849	
Net investment income	88,473	139,666	
Benefit payments	(61,690)	(64,820)	

See accompanying notes to pension / OPEB plan schedules.

CENTRAL ARIZONA FIRE AND MEDICAL AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
June 30, 2019

Arizona Retirement System - Pension	Reporting Fiscal Year (Measurement Date)			2016 through 2009
	2019	2018	2017	
Statutorily required contribution	\$ 161,605	\$ 170,846	\$ 148,351	Information not available
Contributions in relation to the statutorily required contribution	(161,605)	(170,846)	(148,351)	
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
Covered payroll	\$ 1,445,483	\$ 1,567,394	\$ 1,376,169	
Contributions as a percentage of covered payroll	11.18%	10.90%	10.78%	

Public Safety Personnel Retirement System - Pension	Reporting Fiscal Year (Measurement Date)			2016 through 2009
	2019	2018	2017	
Actuarially determined contribution	\$ 4,019,135	\$ 2,344,171	\$ 2,625,336	Information not available
Contributions in relation to the actuarially determined contribution	(4,019,135)	(2,344,171)	(2,625,336)	
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
Covered payroll	\$ 8,185,611	\$ 5,418,796	\$ 7,592,065	
Contributions as a percentage of covered payroll	49.10%	43.26%	34.58%	

Public Safety Personnel Retirement System - OPEB	Reporting Fiscal Year (Measurement Date)			2016 through 2009
	2019	2018	2017	
Actuarially determined contribution	\$ 41,747	\$ 25,468	\$ -	Information not available
Contributions in relation to the actuarially determined contribution	(41,747)	(25,468)	-	
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
Covered payroll	\$ 8,185,611	\$ 5,418,796	\$ 7,592,065	
Contributions as a percentage of covered payroll	0.51%	0.47%	0.00%	

See accompanying notes to pension / OPEB plan schedules.

CENTRAL ARIZONA FIRE AND MEDICAL AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO PENSION/OPEB PLAN SCHEDULES
June 30, 2019

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 2017 actuarial valuation	19 years for underfunded 20 years for overfunded
Asset valuation method	7-year smoothed market value; 80%/120% market corridor
Actuarial assumptions: Investment rate of return	PSPRS members with initial membership date before July 1, 2017: In the 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% for PSPRS. In the 2014 actuarial valuation, projected salary increases were decreased from 4.5%–8.5% to 4.0%–8.0% for PSPRS. In the 2013 actuarial valuation, projected salary increases were decreased from 5.0%–9.0% to 4.5%–8.5% for PSPRS.
Wage growth	In the 2017 actuarial valuation, wage growth was decreased from 4% to 3.5% for PSPRS. In the 2014 actuarial valuation, wage growth was decreased from 4.5% to 4.0% for PSPRS. In the 2013 actuarial valuation, wage growth was decreased from 5.0% to 4.5% for PSPRS.
Retirement age	Experience-based table of rates that is specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period July 1, 2006-June 30, 2011.
Mortality	In the 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)

CENTRAL ARIZONA FIRE AND MEDICAL AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO PENSION/OPEB PLAN SCHEDULES
June 30, 2019

NOTE 2 FACTORS THAT AFFECT TRENDS

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

CENTRAL ARIZONA FIRE AND MEDICAL AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE GENERAL FUND
Year Ended June 30, 2019

	Original and Final Budget	Actual Amounts	Variance with Final Budget- Positive (Negative)
REVENUES			
Taxes:			
CYFD Funding Requirement	\$ 16,792,070	\$ 16,826,287	\$ 34,217
CVFD Funding Requirement	4,227,791	4,326,327	98,536
Charges for services	248,800	2,025,633	1,776,833
Intergovernmental	21,600	-	(21,600)
Interest earnings	21,000	54,905	33,905
Other	405,650	593,968	188,318
Total revenues	<u>21,716,911</u>	<u>23,827,120</u>	<u>2,110,209</u>
EXPENDITURES			
Public safety - fire protection:			
Fire prevention and emergency services	18,681,491	19,127,280	(445,789)
Administrative and support services	2,601,900	2,532,771	69,129
Capital outlay	3,156,034	629,326	2,526,708
Contingency	1,064,167	-	1,064,167
Total expenditures	<u>25,503,592</u>	<u>22,289,377</u>	<u>3,214,215</u>
Excess of revenues over expenditures	(3,786,681)	1,537,743	5,324,424
Other financing sources (uses):			
Transfers in (out)	<u>2,784,434</u>	<u>(330,032)</u>	<u>(3,114,466)</u>
Changes in fund balance	(1,002,247)	1,207,711	5,324,424
Fund balance, beginning of year	<u>3,568,550</u>	<u>3,568,550</u>	<u>-</u>
Fund balance, end of year	<u>\$ 2,566,303</u>	<u>\$ 4,776,261</u>	<u>\$ 5,324,424</u>

SUPPLEMENTARY INFORMATION

CENTRAL ARIZONA FIRE AND MEDICAL AUTHORITY
SCHEDULE OF JOINT VENTURE SPECIAL ITEMS, REVENUE AND COST ALLOCATION
Year Ended June 30, 2019

	Central Yavapai Fire District	Chino Valley Fire District	Central Arizona Fire & Medical Authority
Funding contribution and cost allocation			
Funding contribution	\$ (16,826,287)	\$ (4,326,327)	\$ 21,152,614
Jointly allocated revenues:			
Charges for services	(1,507,622)	(518,011)	2,025,633
Interest earnings	(111,446)	(39,729)	151,175
Operating grants and contributions	(50,615)	(18,043)	68,658
Contracts and other	(425,311)	(43,082)	468,393
Allocation of cost to provide district services:			
Public safety personnel cost:			
Salaries and wages	8,836,261	3,149,986	(11,986,247)
Employee benefits			
Employee pension and related benefits	9,838,331	3,512,873	(13,351,204)
Other employee benefits	1,702,542	606,783	(2,309,325) *
Public safety supplies and services cost:			
Administrative support, supplies and services	634,862	135,823	(770,685)
Operational support, supplies and services			
Communications	463,974	144,269	(608,243)
Station utilities, supplies and maintenance	471,893	97,916	(569,809)
Fleet fuel and maintenance	344,368	103,710	(448,078)
Protective equipment and uniforms	211,917	68,694	(280,611)
Outside services	166,372	53,931	(220,303)
Training and prevention	140,992	31,594	(172,586)
Emergency medical supplies	89,153	27,668	(116,821)
Depreciation	1,176,574	377,618	(1,554,192)
Gain on sale of fixed assets	(48,492)	(69,467)	117,959
Excess of revenues over expenditures	5,107,466	3,296,206	(8,403,672)
Special items transfers:			
Assets transfer in (out):			
Capital assets, net of depreciation	-	(195,200)	195,200
Change in joint venture net position	5,107,466	3,101,006	(8,208,472)
Beginning net position in joint venture	(35,310,357)	(9,625,570)	44,935,927
Ending net position in joint venture	\$ (30,202,891)	\$ (6,524,564)	\$ 36,727,455

*Includes allocation of prior year restatement related to GASB 75 OPEB implementation

REPORT ON INTERNAL CONTROL AND COMPLIANCE

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

To the Board of Directors
Central Arizona Fire and Medical Authority
Chino Valley, Arizona

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Central Arizona Fire and Medical Authority, Arizona, (Authority) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Central Arizona Fire and Medical Authority's basic financial statements and have issued our report thereon dated December 6, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Central Arizona Fire and Medical Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Central Arizona Fire and Medical Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of Central Arizona Fire and Medical Authority's internal control.

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

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

Compliance and Other Matters

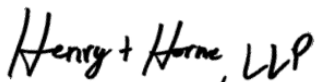
As part of obtaining reasonable assurance about whether Central Arizona Fire and Medical Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Report on Compliance with State of Arizona Regulatory Requirements

In connection with our audit, nothing came to our attention that caused us to believe that Central Arizona Fire and Medical Authority incurred any debt or liability in excess of taxes levied and to be collected and the monies actually available and unencumbered at that time in the Authority's General Fund, except for those liabilities as prescribed in A.R.S. section 48-805, subsection B, paragraph 2 and sections 48-806 and 48-807, or that the Authority failed to comply with A.R.S. section 48-805.02, subsection F. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. This report is supplemental reporting as required by Arizona statutes intended solely for the information and use of management and the members of the Arizona State Legislature and is not intended to be and should not be used by anyone other than these specified parties.

Purpose of this Report

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



Tempe, Arizona
December 6, 2019



2020 – 2021 FISCAL YEAR BUDGET DEVELOPMENT SCHEDULE

December	19	1600 hrs	Establish Budget Schedule/ Capital Replacement Schedule
January	23	1700 hrs	All Base Budget forms submitted to Appropriate Chiefs with written justifications
January	30	1700 hrs	All Base Budget changes to Assistant Chief Admin
February	03	0900 hrs	Senior Staff Discuss Base Budget's
February	20	1700 hrs	PIR's / special requests must be submitted to Assistant Chiefs with written justifications
February	18	0900 hrs	Wage & Benefit Committee Meeting – discuss requests
February	19		Obtain Final Assessed Value from Yavapai County
February	24	1600 hrs	Board Meeting – Discuss Budget Guidelines/ Fiscal Projections
March	02		Senior Staff Discuss Base Budgets and PIR's / special requests
March	03	0900 hrs	Labor/ Management Meeting – wage/ benefit requests
March	17	0900 hrs	Wage & Benefit Committee Meeting – discuss requests
March	24	1600 hrs	Board Meeting – Budget Progress Report
April	8	TBD	Fire Board Special Budget Workshop – Labor Presentation
April	27	1600 hrs	Board Meeting – Present Draft Budget
May	21	1600 hrs	Board Meeting – Approve Tentative Budget
May	26		Publish and Post Tentative Budget (website & 3 public locations)
June	22	1600 hrs	Board Meeting - <u>Public Hearing & Final Budget Adoption</u>
June	25	ASAP	Deliver Budget to Yavapai County (Due August 1 st)
July	01		Beginning of New Budget and Fiscal Year
August	01		Tax Rate Set by Yavapai County Board of Supervisors



Central Arizona Fire and Medical Authority
8603 E. Eastridge Dr.
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Phone: (928) 772-7711
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December 19, 2019

Insert Name
Title
Address

Dear (Insert Name),

Attached is a white paper concerning ambulance response and transport issues in the Prescott region. While the document was prepared and focuses on the issues in this area, the reality is that the problems exist across the state. A 1999 Auditor General's report entitled State of Arizona Office of the Auditor General Performance Audit Department of Health Services, Bureau of Emergency Medical Services, is included as Appendix A. We believe that the report is as relevant today as it was in 1999.

Article 9 relating to ground ambulance transport is being opened for rule changes. The following are the changes for which we are requesting your support. One or more of the below could end up before you as recommended legislative changes.

1. **Response time requirement standards must be updated.** The current Certificates of Necessity (CONs) cover large geographical areas that include multiple Towns, Cities, and Counties. We recommend defining each area by its geographical boundary and assign a recognized designation for the area, e.g. urban, suburban, rural, or frontier. These are nationally recognized designations. Response time requirements should then be assigned based on the area as defined. For example – Define the boundaries of Prescott Valley. Identify the area as suburban. The nationally recognized response time requirement for a suburban area is 8 minutes 59 seconds to the 90th percentile.
2. **The renewal process for CONs needs to be updated.** CONs are renewed every three years as an administrative exercise, however no evaluation is completed to ensure the response standards are still appropriate for the area being covered, e.g. population and community growth are not considered. For example – CON 62 was issued in 1985. The Prescott Basin alone has experienced a 200% growth in population and based on CAFMA data a 1000% increase in call volume. However, no changes have been made in regards to response criteria within CON 62. Require a 3-5 year renewal that includes changes to a CON as appropriate to reflect population growth and increased call volume.
3. **The Director of DHS should determine need based on the CON application.** Currently, a CON application is submitted after which other CON holders in proximity to the new application are notified. If they intervene, all parties go before an administrative



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law judge (ALJ) before the Director makes any determination of need. If the ALJ recommends that the CON be denied, the director can overturn the decision. If the ALJ recommends the CON be approved, the Director can overturn the decision. The Director can decide in either case to uphold the ALJ's recommendation. This is cost prohibitive, and prevents competition as spelled out in the 1999 report. It is recommended that the Director determine need. Once the Director has made a decision, a party can appeal through DHS. If the appeal is denied, they then have the ability to seek court action.

Thank you in advance for your support as this process moves forward. Should you have any questions, I can be contacted at [REDACTED].

Respectfully,

Scott A Freitag
Fire Chief