

LAVEEN FIRE DISTRICT
FINANCIAL STATEMENTS
JUNE 30, 2020

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LAVEEN FIRE DISTRICT

FINANCIAL STATEMENTS JUNE 30, 2020

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LAVEEN FIRE DISTRICT

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SAUNDERS COMPANY, LTD

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INDEPENDENT AUDITOR'S REPORT

To the Governing Board
Laveen Fire District
Laveen, Arizona

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Laveen Fire District, Laveen, Arizona, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

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INDEPENDENT AUDITOR'S REPORT

6/30/2020

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Other Matters

Required Supplementary Information

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

Other Legal and Regulatory Requirements

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 13, 2021 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Saunders Company, Ltd.

Glendale, Arizona
February 13, 2021

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Laveen Fire District

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

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

Nature of Operations

The Laveen Fire District provides full service Fire, Ambulance, and ALS/BLS Emergency Medical services to homes, property and persons residing within the District boundaries through a service contract with the City of Phoenix Fire Department.

The Laveen Fire District provides Fire, Ambulance, and Paramedic services to homes, property and persons residing within the District boundaries .

Results of Operations

The Laveen Fire District provides Fire and EMS services to its patrons through a contract with the City of Phoenix Fire Department. Owner initiated annexations of property within the Laveen Fire District boundaries into the City of Phoenix were resulting in a declining service area and tax base. The District negotiated the service contract beginning in fiscal year 2002-2003, in order to continue to provide service to its patrons and still remain within the tax rates limits set by State Statute. The contract continues in force to date.

- § The District's call volume has declined over time as the service area has continued to shrink.
- § The District no longer owns or is responsible for property, apparatus, or equipment.
- § The District's ISO rating has improved from 5/9 to 4/4X. This rating greatly helps the residents of the Fire District in lowering the cost of their Homeowners Insurance policies. Its rating has been reviewed three times since the service contract with the City of Phoenix went into effect in 2002.

Financial Highlights

- § The District's net position decreased \$390 or 0.16% from the previous year.
- § Total revenue decreased \$63,578 or 4.27% over the previous fiscal year.
- § At the end of the current fiscal year, unrestricted net position for the Governmental Activities was \$236,518.

Overview of the Financial Statements

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

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

Government - Wide Financial Statements

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

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

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

Fund Financial Statements

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

Net Position June 30, 2020

Net Position:	<u>June 30, 2019</u>	<u>June 30, 2020</u>
Unrestricted	<u>\$ 236,908</u>	<u>\$ 236,518</u>
Total Net Position	<u>\$ 236,908</u>	<u>\$ 236,518</u>

Government -wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Laveen Fire District, at the close of the most recent fiscal year, total net position was \$ 236,518.

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

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

Condensed Statement of Net Position

	Governmental Activities	
	2019	2020
Assets		
Current and other assets	\$ 236,908	\$ 236,518
Capital assets	<u>0</u>	<u>0</u>
Total assets	236,908	236,518
Current and other liabilities		
Current and other liabilities	<u>0</u>	<u>0</u>
Total liabilities	<u>0</u>	<u>0</u>
Net position:		
Net investment in capital assets	0	0
Unrestricted	<u>236,908</u>	<u>236,518</u>
Total net position	<u>\$ 236,908</u>	<u>\$ 236,518</u>

The unrestricted net position of \$236,518 is available to meet the District's ongoing obligations to citizens and creditors.

Governmental Activities

Most of the revenues for the District were derived from assessed property taxes and Fire District Assistance Tax from the County.

Governmental Activities net position decreased by \$390. Key elements of this decrease are reported below:

Condensed Statement of Activities

	<u>Governmental Activities</u>	
	<u>2019</u>	<u>2020</u>
Expenditures:		
Public Safety:		
City of Phoenix Contract	\$ 1,425,000	\$ 1,425,000
Administration	<u>15,492</u>	<u>16,584</u>
Total Expenditures	<u>1,440,492</u>	<u>1,441,584</u>
Revenues:		
Program revenue:		
Fees for services	<u>\$ 0</u>	<u>\$ 0</u>
Total program revenues	0	0
Net Program Expenditures	1,440,492	1,441,584
General revenues:		
Property taxes	1,237,173	1,195,929
Fire district assistance tax	249,664	238,768
Interest	5,933	6,497
Other income	<u>0</u>	<u>0</u>
Total general revenues	<u>1,492,770</u>	<u>1,441,194</u>
Total revenues	1,492,770	1,441,194
Change in net position	52,278	(390)
Net position, beginning	<u>184,630</u>	<u>236,908</u>
Net position, ending	<u>\$ 236,908</u>	<u>\$ 236,518</u>

General Fund Budgetary Highlights

In the fiscal year 2019-2020, the Laveen Fire District total expenditures budget was \$1,560,000. The revenue budget was the same including 171,502 in carry-over funds. Despite the decrease in property values in the past few years, the District was in much better financial condition than

most government entities enduring the same economic hardships and was able to stay within the budget for the 2019-2020 Fiscal year.

The Laveen Fire District has contracted with the City of Phoenix Fire Department to provide fire and EMS service for the District. This contract has been in effect for since 2002. The contract has allowed the District to provide a high level of fire and EMS service as well as provide a variety of complimentary services that the District could not have provided on its own.

Through this contract, the District has been able to provide service and maintain control on budgetary issues. From fiscal year 2002-2003 through fiscal year 2019-2020, the District's annual budget has increased, due to the dramatic increase in property assessed valuation. The District's assessed valuation during this period grew, even though its actual tax base was diminishing. The District was able to decrease the property tax rate significantly during this period. As property values started to fall during the recession, the District was able to maintain the tax rate due to the contract with the City of Phoenix.

Capital Asset and Debt Administration

Capital Assets

The District does not need to purchase any new fixed assets as the service contract with the City of Phoenix maintains all fixed assets used in the District. The District has no Capital Assets.

Non-Current Liabilities

At the end of the current fiscal year, the District did not have any Non-Current Liabilities .

Factors Affecting Future Results

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

The continuing trend of owner-initiated annexations of property from the District into the City of Phoenix will eventually have a negative impact on the assessed valuation of the District. The service contract with the City of Phoenix Fire Department was designed to allow the District to continue to serve its patrons into the future despite a potential decline in tax revenue. The service contract was designed to continue in force for as long as it continues to serve the needs of both parties.

Contacting the District

This financial report is designed to provide an overview of the District's finances for anyone with an interest in the government's finances. Any questions regarding this report or requests for additional information may be directed to the Laveen Fire District at 4718 W. Dobbins, Laveen, Arizona.

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BASIC FINANCIAL STATEMENTS

**LAVEEN FIRE DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2020**

Exhibit A

**Governmental
Activities**

ASSETS

Cash & Cash Equivalents	\$ 148,566
Receivables:	
Property Taxes	<u>87,952</u>
Total Assets	<u>236,518</u>

LIABILITIES

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

NET POSITION

Unrestricted	<u>236,518</u>
Total Net Position	<u><u>\$ 236,518</u></u>

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

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

Exhibit B

**Governmental
Activities**

EXPENDITURES

Public Safety :

City of Phoenix Contract

\$ 1,425,000

Administration

16,584

Total Program Expenditures

1,441,584

PROGRAM REVENUES

Fees for Service

-

Total Program Revenues

-

Net Program Expenditures

1,441,584

GENERAL REVENUES

Property Taxes

1,195,929

Fire District Assistance

238,768

Investment Earnings

6,497

Total General Revenues

1,441,194

Increase (Decrease) in Net Position

(390)

NET POSITION-BEGINNING OF THE YEAR

236,908

NET POSITION-END OF THE YEAR

\$ 236,518

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

LAVEEN FIRE DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2020

Exhibit C

General

ASSETS

Cash and Cash Equivalents	\$ 148,566
Receivables:	
Property Taxes	<u>87,952</u>
 Total Assets	 <u><u>\$ 236,518</u></u>

LIABILITIES

Accounts Payable	<u>\$ -</u>
 Total Liabilities	 <u>-</u>

DEFERRED INFLOW OF RESOURCES

Unavailable Revenues	
Deferred Property Taxes	<u>66,235</u>
 Total Liabilities and Inflow of Resources	 <u>66,235</u>

FUND BALANCES

Unassigned	<u>170,283</u>
 Total Fund Balances	 <u>170,283</u>
 Total Liabilities, Deferred Inflow of Resources & Fund Balances	 <u><u>\$ 236,518</u></u>

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

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

Exhibit D

	<u>General</u>
REVENUES	
Property Taxes	\$ 1,179,464
Fire District Assistance Tax	238,768
Interest	<u>6,497</u>
Total Revenues	<u>1,424,729</u>
EXPENDITURES	
Current:	
City of Phoenix Contract	1,425,000
Administration	<u>16,584</u>
Total Expenditures	<u>1,441,584</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(16,855)</u>
Net Change in Fund Balances	(16,855)
Fund Balances-Beginning of Year	<u>187,138</u>
Fund Balances-End of Year	<u><u>\$ 170,283</u></u>

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

**LAVEEN FIRE DISTRICT
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2020**

Exhibit E

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

Fund Balances - Total Governmental Funds (Exhibit C)	\$ 170,283
Deferred Inflows of Resources	
Related to Deferred Property Taxes	<u>66,235</u>
Net Position of Governmental Activities (Exhibit A)	<u><u>\$ 236,518</u></u>

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

**LAVEEN FIRE DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED
JUNE 30, 2020**

Exhibit F

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

Net Change in Fund Balances - Total Governmental Funds (Exhibit D)	\$ (16,855)
Net Changes to Deferred Outflows or Inflows of Resources	<u>(16,465)</u>
Change in Net Position of Governmental Activities (Exhibit B)	<u><u>\$ (390)</u></u>

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

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LAVEEN FIRE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

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

Introduction

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

Basic Financial Statements

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

Government -wide Statements

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

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

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

Governmental funds

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

The District reports the following major governmental funds:

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

Financial Statements Amounts

Cash & Cash Equivalents

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

Prepaid Items

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

Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$5,000 and an estimated useful life of more than two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the estimated fair market value at the date of donation.

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

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

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

Deferred Outflows/Inflows of Resources

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

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

Non-Current Liabilities

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

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

Net Position

Net Position on Government Wide Financial Statements – Exhibit A

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

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

Fund Balances on Government Fund Financial Statements – Exhibit C

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

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

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

Accounting Estimates

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

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

A fire district shall prepare an annual budget that contains detailed estimated expenditures for each fiscal year and that clearly shows salaries payable to

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

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

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

NOTE 3 - DEPOSITS, INVESTMENT RISK & CASH MANAGEMENT

Deposits and Investments

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

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

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

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

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

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

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

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

DEPOSITORY ACCOUNTS:

	General <u>Fund</u>
Maricopa County Treasurer Investment Pool	\$ <u>503,617</u>
Total Deposits	503,617
In Transit Items	<u>(355,051)</u>
Total Cash & Cash Equivalents	<u>\$ 148,566</u>

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

These fair value measurement reporting levels are:

Level 1 - Quoted prices in active markets for identical assets.

Level 2 - Significant other observable inputs.

Level 3 - Significant unobservable inputs.

Investments by fair value level: Level Two

External investment pools measured at fair value:

Maricopa County Treasurer Investment Pool	<u>\$ 503,617</u>
Total	<u>\$ 503,617</u>

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

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

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

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

Statutes authorize the District to invest in obligations of the U.S. Treasury and federal agency securities, along with certain public obligations such as bonds or other obligations of any state of the United States of America or of any agency, instrumentality, or local governmental unit of any such state of which the District

invests, that are rated in the highest rating category of nationally recognized statistical rating organizations.

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

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

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

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

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

NOTE 4 – RISK MANAGEMENT

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

NOTE 5 - INVENTORIES

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

NOTE 6 - RECEIVABLES

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

NOTE 7 – PROPERTY TAX REVENUE RECEIVABLE

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

NOTE 8 - CAPITAL ASSETS

At fiscal year end, the District had no Capital assets.

NOTE 9 - DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

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

	Governmental <u>Activities</u>
Unavailable Revenues	
Deferred Property Taxes	\$ 66,235
Total Governmental Activities	<u>\$ 66,235</u>

NOTE 10 – CURRENT LIABILITIES

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

Current Liabilities are those liabilities payable within one year or less which are not considered as Accounts Payable.

At this time, the District does not have any current liabilities.

NOTE 11- COMMITMENTS

The District does not have a line of credit to cover its day to day operations.

NOTE 12 – NON-CURRENT LIABILITIES

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

General Obligation Bonds

The District does not currently have any general obligation bonds.

Operating Leases

The District does not currently have any operating leases.

Capital Leases

The District does not currently have any capital leases.

NOTE 13 – NET POSITION/FUND BALANCE

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

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

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

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

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

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

Net Position :

Unrestricted	\$ <u>236,518</u>
Total Net Position	\$ <u>236,518</u>

Governmental Fund Balances :

Unassigned Fund Balances	\$ <u>170,283</u>
Total Fund Balance	\$ <u>170,283</u>

NOTE 14 - PROPERTY TAXES

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

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

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

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

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

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

NOTE 15- SUBSEQUENT EVENTS

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

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REQUIRED SUPPLEMENTARY
INFORMATION

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

Exhibit G

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Taxes	\$ 1,162,998	\$ 1,162,998	\$ 1,179,464	\$ 16,466
Fire District Assistance	223,500	223,500	238,768	15,268
Interest	2,000	2,000	6,497	4,497
Total Revenues	1,388,498	1,388,498	1,424,729	36,231
Expenditures:				
Current:				
Public Safety:				
City of Phoenix Contract	1,425,000	1,425,000	1,425,000	-
Administration	45,000	45,000	16,584	28,416
Miscellaneous	90,000	90,000	-	90,000
Total Expenditures	1,560,000	1,560,000	1,441,584	118,416
Excess (Deficiency) of Revenues over Expenditures	(171,502)	(171,502)	(16,855)	154,647
Net Change in Fund Balances	(171,502)	(171,502)	(16,855)	154,647
Fund Balances at Beginning of Year	171,502	171,502	187,138	15,636
Fund Balances at End of Year	\$ 0	\$ 0	\$ 170,283	\$ 170,283

See Accompanying Notes To The Budgetary Comparison Schedule

LAVEEN FIRE DISTRICT
NOTES TO BUDGETARY COMPARISON SCHEDULE
FISCAL YEAR ENDED JUNE 30, 2020

NOTE 1 – BUDGETARY REQUIREMENTS AND BASIS OF ACCOUNTING

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

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OTHER SUPPLEMENTARY INFORMATION

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

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

REGULAR FIRE BOARD MEETINGS:

MEETING DATES	TIME	LOCATION
7/23/2019	7:00 PM	4718 W. DOBBINS, LAVEEN, AZ
8/27/2019	7:00 PM	4718 W. DOBBINS, LAVEEN, AZ
9/24/2019	7:00 PM	4718 W. DOBBINS, LAVEEN, AZ
10/22/2019	7:00 PM	4718 W. DOBBINS, LAVEEN, AZ
11/26/2019	7:00 PM	4718 W. DOBBINS, LAVEEN, AZ
12/17/2019	7:00 PM	4718 W. DOBBINS, LAVEEN, AZ
1/28/2020	7:00 PM	4718 W. DOBBINS, LAVEEN, AZ
2/25/2020	7:00 PM	4718 W. DOBBINS, LAVEEN, AZ
3/24/2020	7:00 PM	4718 W. DOBBINS, LAVEEN, AZ
4/28/2020	7:00 PM	4718 W. DOBBINS, LAVEEN, AZ
5/26/2020	7:00 PM	4718 W. DOBBINS, LAVEEN, AZ
6/23/2020	7:00 PM	4718 W. DOBBINS, LAVEEN, AZ

BOARD MEMBERS:

NAME	PHONE	POSITION
DAN AGAZZI	602-237-2083	CHAIRMAN
ANDRE JENKINS	602-237-2083	TREASURER
FERN WARD	602-237-2083	MEMBER
KATHY WALLACE	602-237-2083	CLERK
GARELL JORDAN	602-237-2083	MEMBER

LOCATION OF POSTING NOTICES:

LAVEEN FIRE DISTRICT OFFICE	4718 W. DOBBINS RD. LAVEEN AZ
LAVEEN POST OFFICE	9300 S. 51ST AVENUE, LAVEEN AZ
TUMBLEWEED STORE	6601 S 51ST AVENUE, LAVEEN AZ
WEB SITE	LAVEENFIREDISTRICT.ORG

LEGAL DESCRIPTION OF BOUNDARY CHANGES: NONE

LAVEEN FIRE DISTRICT
GOVERNMENT AUDIT STANDARDS SECTION
JUNE 30, 2020

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SAUNDERS COMPANY, LTD

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

CERTIFIED PUBLIC ACCOUNTANT
CERTIFIED FRAUD EXAMINER
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Arizona Association of Licensed Private Investigators

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

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

To the Governing Board
Laveen Fire District
Laveen, 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 the Laveen Fire District, Laveen, Arizona, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 13, 2021.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

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Purpose of this Report

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

Saunders Company, Ltd.

Glendale, Arizona
February 13, 2021

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SAUNDERS COMPANY, LTD

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

CERTIFIED PUBLIC ACCOUNTANT
CERTIFIED FRAUD EXAMINER
CERTIFIED GOVERNMENT FINANCIAL MANAGER
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Arizona Society of Certified Public Accountants

Arizona Association of Licensed Private Investigators

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

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

To the Governing Board
Laveen Fire District
Laveen, Arizona

Report on Compliance

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

Management's Responsibility

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

Auditor's Responsibility

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

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

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

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

Opinion

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

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

Saunders Company, Ltd.

Glendale, Arizona
February 5, 2020

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