

**ARIVACA FIRE DISTRICT  
FINANCIAL STATEMENTS**

**June 30, 2019**

**Saunders Company, Ltd.  
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# ARIVACA FIRE DISTRICT

## FINANCIAL STATEMENTS

JUNE 30, 2019

### TABLE OF CONTENTS

	<u>PAGE</u>	<u>EXHIBIT</u>
TABLE OF CONTENTS	1	
INDEPENDENT ACCOUNTANT 'S REVIEW REPORT	5	
MANAGEMENT'S DISCUSSION AND ANALYSIS	9	
BASIC FINANCIAL STATEMENTS:	19	
Government -Wide Financial Statements		
Statement of Net Position	20	A
Statement of Activities	21	B
Fund Financial Statements		
Balance Sheet - Governmental Funds	22	C
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	23	D
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position	24	E
Reconciliation of the Statement of Revenues, Expenditures And Changes in Fund Balances - Governmental Funds To the Statement of Activities	25	F
Statement of Net Position - Fiduciary Funds	26	G
Statement of Changes in Fiduciary Net Position	27	H
Notes to the Financial Statements	28	

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# ARIVACA FIRE DISTRICT

## FINANCIAL STATEMENTS

JUNE 30, 2019

REQUIRED SUPPLEMENTARY INFORMATION	45	
Budgetary Comparison Schedule-General Fund	46	I
Notes to the Required Supplementary Information	47	
OTHER SUPPLEMENTARY INFORMATION	49	
Arizona Annual Report Information	51	
COMPLIANCE with ARIZONA REVISED STATUTE 48-805.02 (F)	53	
INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH STATE OF ARIZONA REGULATORY REQUIREMENTS	55	

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# SAUNDERS COMPANY, LTD

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

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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

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## INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Governing Board  
Arivaca Fire District  
Arivaca, Arizona

### **Report on the Financial Statements**

We have reviewed the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Arivaca Fire District, Arivaca, Arizona, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

### **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.

### **Accountant's Responsibility**

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA and Government Auditing Standards issued by the Comptroller General of the United States as they relate to Review Engagements. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

### **Accountant's Conclusion**

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that 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. Such information is the responsibility of management. We have not audited, reviewed or compiled the required supplementary information, and, accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on it.

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**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. Such information was not audited, reviewed, or compiled by us, and we do not express an opinion or provide any assurance on it.

Saunders Company, Ltd.

Glendale, Arizona  
December 16, 2019

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# Arivaca Fire District

## Management's Discussion and Analysis of Basic Financial Statements June 30, 2019

The following discussion and analysis of the Arivaca Fire District (the district's) financial performance presents management's overview of the District's financial activities for the year ended June 30, 2019. 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 Arivaca Fire District provides Fire, Medical and Paramedic services to homes, property and persons residing within the District Boundaries, as well as services to locations and persons outside the District thru mutual aid agreements and contracts.

### **Results of Operations**

The Arivaca Fire District responded to 249 requests in the 2018-2019 Fiscal year.

#### § 210 EMS calls

- We transported 83 (these were billable runs)
- Transferred care on 32
- Went out by helicopter 22
- EMS Refusals – Non transport – 56
- Code Arrest – 2
- EMS cancelled before we arrived at the scene – 15

#### § Smoke Checks – 1

#### § Structure Fire – 3

#### § Wildland – 6

#### § Illegal Burn – 4

- § Vehicle Fire - 3
- § Welfare Check/Assist – 7
- § Haz Mat – 1
- § No Patient - 8
- § Alarm going off – 1
- § Cancelled – 4
- § Burned Call – 1 (Dispatch assigned 1<sup>st</sup> call of 2019 Number 001 however this was last call of 2018 and therefore they burned the call.)

The Arivaca Fire District continued to provide 24 hour a day, 7 days per week Advance Life Support/ Basic Life Support level response.

The Arivaca Fire District has a CON (Certificate of Necessity) which allows us to transport patients to hospitals. Billing on our transports for fiscal year 2018-2019 totaled \$73,971.18.

The Arivaca Fire District did participate in Wildland Fires at the beginning of the fiscal year. Monies received for Wildland fires was \$12,229.34.

The Arivaca Fire District started a Pension and Relief Board in January of 2015. The first monies received were in July and deposited in October, 2015 to American Southwest Credit Union. As per the minutes from the Arivaca Fire District Pension and Relief Board being dated January 21, 2018 and being advised by the State Forester’s Office, the fund could be maintained as a Relief Fund only. As of June 30, 2018, the balance of that account was \$4,764.97. These funds are from the Arizona Fire Insurance Premium Tax Fund and therefore no cost to the District. In June, 2019 we received a check in the amount of \$1,122.04 and with interest the balance as of June 30, 2019 was 5,891.81.

The Arivaca Fire District submitted and received a grant from Arizona Department of Forestry and Fire Management for Wildland gear and clothing. This was a 50/50 grant. Items purchased totaled \$4,114.30 and the grant reimbursement was \$2,057.15.

The Arivaca Fire District also offers subscriptions for fire service to residents outside the district however within our service area. Last fiscal year the district received \$10,493.31 in subscriptions.

The Arivaca Fire District also relies on donations. Private donations last fiscal year totaled \$22,761.49.

## **Financial Highlights**

- § District investment in capital assets decreased by \$15,206 or 20.86%.
- § The District's net position increased \$33,731 or 20.65% from the previous fiscal year.
- § Total revenues decreased \$69,630 or 20.15% over the previous fiscal year.
- § At the end of the current fiscal year, unrestricted Net Position for Governmental Activities was \$197,063.

## **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, 2019**

	BALANCE <u>06/30/18</u>	BALANCE <u>06/30/19</u>
Net Investment in Capital Assets	\$ 72,881	\$ 57,675
Unrestricted (Deficit)	<u>90,451</u>	<u>139,388</u>
Total Net Position	<u>\$ 163,332</u>	<u>\$ 197,063</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 Arivaca Fire District, assets exceeded liabilities by \$197,063 at the close of the most recent fiscal year.

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

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

**Condensed Statement of Net Position**

	<b>Governmental Activities</b>	
	<u>2018</u>	<u>2019</u>
Assets		
Current and other assets	\$ 200,451	\$ 239,388
Capital assets	<u>72,881</u>	<u>57,675</u>
Total assets	273,332	297,063
Current and other liabilities		
Current and other liabilities	110,000	100,000
Long-term liabilities	<u>0</u>	<u>0</u>
Total liabilities	110,000	100,000
Net position:		
Net investment in capital assets	72,881	57,675
Unrestricted (Deficit)	<u>90,451</u>	<u>139,388</u>
Total net position	<u>\$ 163,332</u>	<u>\$ 197,063</u>

The unrestricted net position of \$139,388 is available to meet the District's ongoing obligations to citizens and creditors.

## Governmental Activities

Governmental Activities net position increased by \$33,731. Key elements of this increase are reported below:

### Condensed Statement of Activities

	Governmental Activities	
	2018	2019
<b>Expenditures</b>		
Fire Protection and emergency services	\$ 266,348	\$ 240,650
Total Expenditures	<u>266,348</u>	<u>240,650</u>
<b>Program Revenues</b>		
Fees for services	\$ 144,607	\$ 82,927
Capital grants	<u>15,074</u>	<u>2,257</u>
Total program revenues	<u>180,515</u>	<u>85,184</u>
Net Program Expenditures	85,833	155,466
<b>General revenues :</b>		
Property taxes	130,348	110,798
Fire district assistance tax	23,914	24,891
Interest	573	1,234
Other income	<u>49,895</u>	<u>52,274</u>
Total General Revenues	<u>204,730</u>	<u>189,197</u>
Change in net position	98,063	33,731
Net position, beginning	<u>65,269</u>	<u>163,332</u>
Net position, ending	<u>\$ 163,332</u>	<u>\$ 197,063</u>

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

The other revenue sources that supported the operations of the District were as follows:

- § Wildland Fires - \$12,229.34
- § Grant Income - \$2,057.15 from Arizona Department of Forestry and Fire Management
- § Cash donations from the AFD Auxiliary - \$5,166.00

- § Material Items donated to the district by the AFD auxiliary amounted to \$6,900.87 and included Uniform Shirts for the crew, school/education classes, medications and various supplies for the station such as paper towels, toilet paper, coffee, and cleaning supplies.
- § Subscriptions - \$10,493.31
- § EMS billing - \$73,971.18
- § Donations - \$22,761.49
- § Miscellaneous Income - \$8,300.99 (from burn permits, Trico Grant for July 4th parade, Trico Capital Fund, refund from workman's comp, etc.)

**General Fund Budgetary Highlights**

The District had a budget of \$202,420.00.

The District did exceed the budget on income. The budgeted amount was \$202,420.00. Total income for the year was \$275,593.65. Major sources of income in addition to all taxes included donations from the AFD Auxiliary, subscriptions, private donations, grant and wildland income.

The District did exceed the budget on expenses. The main expense that was over budget was Administration. The budgeted amount was 17,395.00 and the actual amount spent was \$29,864.62. This was primarily due:

Cash Flow Loan – paid \$20,000.00 (Last years check in the amount of \$10,000 was never cashed and returned to us. We therefore issued a check for \$20,000.00 to replace the check returned and the payment for fiscal year).

Centralized Medical Direction – paid \$4,380.00.

Other expenses that exceed the amounts were:

Item:	Budgeted Amount	Spent	Comment
Billing Fees	\$3,000.00	\$3,352.90	Due to increase in EMS income
Vehicle Repair	\$7,500.00	\$13,796.94	

However, at the end of the year, the district had a reported income of \$275,593.65 and reported expenses of \$241,139.64. This left a carryover in the amount of \$34,454.01.

## **Capital Asset and Debt Administration**

### **Capital Assets**

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

No new vehicles purchased this fiscal year.

### **Capital Assets, Net of Depreciation June 30, 2019**

	<u>BALANCE</u> <u>06/30/2018</u>	<u>BALANCE</u> <u>06/30/2019</u>
<u>Depreciable Assets</u>		
Vehicles	\$ 441,496	\$ 441,496
Buildings	92,000	92,000
Equipment, Fire	<u>77,051</u>	<u>77,051</u>
Total Historical Costs	<u>610,547</u>	<u>610,547</u>
Less Accum Depreciation		
Vehicles	428,025	439,979
Buildings	64,017	66,317
Equipment, Fire	<u>75,624</u>	<u>76,576</u>
Less: Total Accumulated Depreciation	<u>567,666</u>	<u>582,872</u>
Depreciable Capital Assets, Net	42,881	27,675
<u>Non-Depreciable Assets</u>		
Land	<u>30,000</u>	<u>30,000</u>
Capital Assets, Net	<u>\$ 72,881</u>	<u>\$ 57,675</u>

### **Long Term Debt**

At the end of the current fiscal year, the District had no debt. All of the debt is backed by the full faith and credit of the District.

### **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 District is implementing new programs to create previous non-existent revenue streams:

- § Plan to increase Wildland activity.
- § Subscriptions
- § The Fire District will be offering CPR classes.
- § The AFD Auxiliary continues to apply for grants and fundraisers. Last fiscal year they donated a total of \$6,900.87 for material items and includes (but not limited to) shirts for the crew, station supplies (coffee, filters, cleaning supplies), schooling/education and medications.
- § Plans to hire more staff, especially paramedics to provide better coverage
- § Plan to initiate a Community Paramedic/Mobile Integrated Health program in conjunction with area hospitals or to initiate an ET3 Program
- § Plans to secure Grant Funding

### **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 Arivaca Fire District at PO Box 416, Arivaca, Arizona 85601 and phone number 520-398-2003.

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## **BASIC FINANCIAL STATEMENTS**

**ARIVACA FIRE DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2019**

Exhibit A

**Governmental  
Activities**

**ASSETS**

Cash & Cash Equivalents	\$	155,406
Accounts Receivable		
Ambulance Service Fees		63,726
Property Taxes		20,256
Total Capital Assets, Net		<u>57,675</u>
 Total Assets		 <u>297,063</u>

**LIABILITIES**

Current Liabilities		
Note Payable		
Portion Due Within One Year		<u>100,000</u>
 Total Liabilities		 <u>100,000</u>

**NET POSITION**

Net Investment in Capital Assets		57,675
Unrestricted		<u>139,388</u>
 <b>Total Net Position</b>	 \$	 <u><u>197,063</u></u>

-See accountant's review report and accompanying notes to financial statements-

**ARIVACA FIRE DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2019**

Exhibit B

**Governmental  
Activities**

**EXPENDITURES**

Public Safety - Fire/EMS Protection		
Public Safety	\$	207,956
Administration		17,488
Depreciation		<u>15,206</u>
Total Program Expenditures		<u>240,650</u>

**PROGRAM REVENUES**

Operating and Capital Grants		2,257
Fees for Service		<u>82,927</u>
Total Program Revenues		<u>85,184</u>
Net Program Expenditures		<u>155,466</u>

**GENERAL REVENUES**

Property Taxes		110,798
Fire District Assistance		24,891
Investment Earnings		1,234
Miscellaneous		<u>52,274</u>
Total General Revenues		<u>189,197</u>

Increase in Net Position		33,731
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<b>NET POSITION-BEGINNING OF THE YEAR</b>		<u>163,332</u>
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<b>NET POSITION-END OF THE YEAR</b>	<b>\$</b>	<u><u>197,063</u></u>
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See accountant's review report and accompanying notes to financial statements

**ARIVACA FIRE DISTRICT  
BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2019**

Exhibit C

General

**ASSETS**

Cash and Cash Equivalents	\$	155,406
Accounts Receivable		
Ambulance Service Fees		63,726
Property Taxes		<u>20,256</u>
 Total Assets	 \$	 <u><u>239,388</u></u>

**LIABILITIES**

Other Liabilities	\$	<u>-</u>
 Total Liabilities		 <u>-</u>

**DEFERRED INFLOW OF RESOURCES**

Unavailable Revenues		
Deferred Taxes		<u>17,150</u>
 Total Liabilities and Inflow of Resources		 <u>17,150</u>

**FUND BALANCES**

Assigned		123,832
Unassigned		<u>98,406</u>
 Total Fund Balances		 <u>222,238</u>
 Total Liabilities, Deferred Inflow of Resources & Fund Balances	 \$	 <u><u>239,388</u></u>

See accountant's review report and accompanying notes to financial statements

**ARIVACA FIRE DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED  
JUNE 30, 2019**

Exhibit D

	<b>General</b>
<b>REVENUE</b>	
Property Taxes	\$ 112,423
Fire District Assistance Tax	24,891
Fees for Service	82,927
Interest	1,234
Operating and Capital Grants	2,257
Miscellaneous	52,274
Total Revenues	276,006
<b>EXPENDITURES</b>	
Current:	
Public Safety	207,956
Administration	17,488
Debt Service	
Principal	10,000
Interest	
Total Expenditures	235,444
Excess (Deficiency) of Revenues over Expenditures	40,562
Net Change in Fund Balances	40,562
<b>Fund Balances-Beginning of Year</b>	181,676
<b>Fund Balances-End of Year</b>	\$ 222,238

See accountant's review report and accompanying notes to financial statements

**ARIVACA FIRE DISTRICT  
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2019**

Exhibit E

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

Fund Balances - Total Governmental Funds (Exhibit C)	\$	222,238
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Amounts reported for governmental activities in the statement of net position are different because:

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

Governmental Capital Assets	640,547	
Less: Accumulated Depreciation	<u>(582,872)</u>	
		57,675

Non Current liabilities are not due and payable in the current period and therefore are not reported in the funds		(100,000)
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Deferred Inflows of Resources Related to Deferred Taxes		<u>17,150</u>
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Net Position of Governmental Activities (Exhibit A)	\$	<u><u>197,063</u></u>
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**ARIVACA 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, 2019**

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)	\$	40,562

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital outlay in the current period.		(15,206)
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Net Change in Deferred Outflows and Inflows of Resources		18,216
--	--	--------

The issuance of Non Current Liabilities (e.g. bonds, leases, leave) provides current financial resources to Governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.		(9,841)
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Change in Net Position of Governmental Activities (Exhibit B)	\$	<u><u>33,731</u></u>
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See accountant's review report and accompanying notes to financial statements

**ARIVACA FIRE DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2019**

Exhibit G

**Volunteer  
Pension  
Fund**  

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**ASSETS**

Cash & Cash Equivalents	\$ 5,892
	<hr/>
Total Assets	5,892
	<hr/>

**LIABILITIES**

Payroll Taxes	-0-
	<hr/>
Total Liabilities	-0-
	<hr/>

**NET POSITION**

Held in trust for pension and other purposes	\$ 5,892
	<hr/> <hr/>

-See accountant's review report and accompanying notes to financial statements-

**ARIVACA FIRE DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2019**

Exhibit H

	<b><u>Volunteer Pension Fund</u></b>
<b>ADDITIONS</b>	
Other	
State Fire Marshal	\$ 2,264
Total Other Contributions	<u>2,264</u>
Investment Earnings:	
Interest & Dividends	<u>5</u>
Total Investment Earnings	5
Less Investment Expense	<u>-</u>
Net Investment Earnings	<u>5</u>
Total Additions	<u>2,269</u>
<b>DEDUCTIONS</b>	
Distributions	<u>-</u>
Total Deductions	<u>-</u>
Change in Net Position	2,269
<b>Net Position - Beginning</b>	<u>3,623</u>
<b>Net Position- Ending</b>	<u><u>\$ 5,892</u></u>

-See accountant's review report and accompanying notes to financial statements-

**ARIVACA FIRE DISTRICT**  
**ARIVACA, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**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 a fire chief and his staff.

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

**Introduction**

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

**Basic Financial Statements**

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

## **Government -wide Statements**

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

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

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

## **Governmental funds**

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

The District reports the following major governmental funds:

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

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

## **Financial Statements Amounts**

### **Cash & Cash Equivalents**

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

### **Prepaid Items**

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

### **Capital Assets**

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

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

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

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

### **Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of 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 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 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 or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

### **Compensated Absences**

Accumulated unpaid vacation and leave time is normally accrued when incurred. The anticipated current portion of employee leave is accrued in the governmental fund, while the long term portion is recorded only in the long term group of accounts.

### **Long-Term Obligations**

In the government-wide financial statements, long term debt and other long term 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/Fund Equity**

### **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 Assets 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**

Beginning with fiscal year ended June 30, 2010, the District implemented 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 nonspendable 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 1<sup>st</sup> 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 County Treasurer, accounts for monies from property taxes, grants, contributions and donations. The 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 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 County Treasurer are part of an investment pool operated by the County Treasurer. The County treasurer invests the cash in a pool under policy guidelines established by the 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 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 County Treasurer's Investment Pool approximates the value of the participant's shares in the pool.

Financial institutions accepting governmental monies in the State of Arizona are required to collateralize at 102% all government deposits which exceed the FDIC insurance limit. The current FDIC limit is \$250,000 for the total of all interest bearing accounts and \$250,000 for the total of all demand deposit accounts. The collateralization is required to be separately identifiable securities and be held by a third party financial institution or trust agency. ARS (Title 35) requires this to be monitored by the 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, 2019:

DEPOSITORY ACCOUNTS:

	<u>General Fund</u>	<u>Fiduciary Fund</u>	<u>Total</u>
Insured Deposits (FDIC)	\$ 139,770	\$ 5,892	\$ 145,662
County Treasurer Investment Pool	<u>18,792</u>	<u>0</u>	<u>18,792</u>
Total Deposits	158,562	5,892	164,454
In Transit Items	<u>(3,398)</u>	<u>0</u>	<u>(3,398)</u>
Total Depository Accounts	155,164	5,892	161,056

NON DEPOSITORY ACCOUNTS

Cash on Hand	<u>242</u>	<u>0</u>	<u>242</u>
Total Non Depository Accounts	<u>242</u>	<u>0</u>	<u>242</u>
Total Cash & Cash Equivalents	<u>\$ 155,406</u>	<u>\$ 5,892</u>	<u>\$ 161,298</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:

County Treasurer Investment Pool	\$ <u>18,792</u>
Total	\$ <u>18,792</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 Pima County Treasurer’s Investment Pool (PCTIP) are external investment pools with no regulatory oversight. The PCTIP is not required to register (and is not registered) with the Securities and Exchange Commission. As of June 30, 2019, the PCTIP 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 Pima County Treasurer invests the cash in a pool under policy guidelines established by the Pima 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 County Treasurer's Investment Pool (PCTIP) is included in the Comprehensive Annual Report of the County. The fair value of each participant's position in the PCTIP 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.

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

#### **NOTE 5 - INVENTORIES**

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

#### **NOTE 6 - RECEIVABLES**

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

Ambulance Service receivables were \$63,726 with an allowance for bad debt of \$0 at June 30, 2019. This gave a net of \$63,726, which was expected to be collectable, before contractual write-offs. The allowance for bad debt is the amount over 180 days in the accounts receivable aging report as of June 30, 2019.

**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 arise.

**NOTE 8 - CAPITAL ASSETS**

Capital asset activity for the year ended.

	<u>BALANCE</u> <u>06/30/2018</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE</u> <u>06/30/2019</u>
<u>Depreciable Assets</u>				
Vehicles	\$ 441,496	\$ 0	\$ 0	\$ 441,496
Buildings	92,000	0	0	92,000
Equipment, Fire	<u>77,051</u>	<u>0</u>	<u>0</u>	<u>77,051</u>
Total Historical Costs	<u>610,547</u>	<u>0</u>	<u>0</u>	<u>610,547</u>
Less Accum Depreciation				
Vehicles	428,025	11,954	0	439,979
Buildings	64,017	2,300	0	66,317
Equipment, Fire	<u>75,624</u>	<u>952</u>	<u>0</u>	<u>76,576</u>
Less: Total Accumulated Depreciation	<u>567,666</u>	<u>15,206</u>	<u>0</u>	<u>582,872</u>
Depreciable Capital Assets, Net	42,881	(15,206)	0	27,675
<u>Non-Depreciable Assets</u>				
Land	<u>30,000</u>	<u>0</u>	<u>0</u>	<u>30,000</u>
Capital Assets, Net	<u>\$ 72,881</u>	<u>\$ (15,206)</u>	<u>\$ 0</u>	<u>\$ 57,675</u>

**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 Tax	\$ 17,150
Total Governmental Activities	<u>\$ 17,150</u>

**NOTE 10 - CONTINGENT LIABILITIES**

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

**NOTE 12 – ACCUMULATED COMPENSATED ABSENCES**

Accumulated unpaid paid time off is accrued when incurred. The long term portion of such amounts would be accrued in the governmental fund (using the Government Wide basis of accounting). The District Governing Board voted in the 2015-2016 fiscal year to discontinue any form of compensated absences. Effective July 1, 2017, ARS 23-371 to 23-375, relating to sick leave, went into effect. Sick Pay at June 30, 2019 was \$1,108.

**NOTE 12 – CURRENT LIABILITIES**

Accounts Payable are liabilities considered due and payable in 60 days or less. Short Term debt are those liabilities payable within one year or less, which are not considered as Accounts Payable.

**NOTE PAYABLE:** The District entered into an unsecured agreement with a former board member for temporary funding. The District had various loans from the former board member with no set repayment plan and at not interest. This was a related party note at the time of the loans.

Changes in Short-Term Indebtedness:

	<u>Balance</u> <u>June 30, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2019</u>
Note Payable	\$ 110,000	\$ 0	\$ 10,000	\$ 100,000
Totals	<u>\$ 110,000</u>	<u>\$ 0</u>	<u>\$ 10,000</u>	<u>\$ 100,000</u>

**NOTE 13 – COMMITMENTS**

The District does not maintain a line of credit.

**NOTE 14 – NONCURRENT LIABILITIES**

In the government -wide financial statements, long term debt and other long term 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 has a lease to use the Fire Station. The amount of the lease is \$1.00 per year for a term of 99 years. The lease is with the Community Center of Arivaca.

**Capital Leases**

The District does not currently have any capital leases.

**NOTE 15 – 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 :

Net Investment in Capital Assets	\$ 57,675
Unrestricted	<u>139,388</u>
Total Net Position	<u>\$ 197,063</u>

Governmental Fund Balances :

Assigned Fund Balance	
Capital	\$ 110,004
Wildland	<u>13,828</u>
Total Assigned Fund Balance	123,832
Unassigned Fund Balance	<u>98,406</u>
Total Fund Balance	<u>\$ 222,238</u>

## **NOTE 16 - 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 17 – PENSION AND RELIEF TRUST FUNDS**

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

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

B. The fire insurance premium tax received by the city, town or district under section 9-952, contributions from the city, town or district, and deductions from the salaries or compensation of firemen may be used to purchase a private pension or benefit program for firemen. Firemen not covered under the public safety personnel retirement system may elect to be covered under the provisions of the alternative pension and benefit program upon filing a request in writing with the city, town or district.

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

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

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

Pursuant to ARS, the District contributes to a pension and relief fund for volunteer firefighters. The funds are administered by a board appointed by the District per State Statute 9-981, under Article 4.

#### **NOTE 18- 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**

**ARIVACA FIRE DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND  
FOR THE YEAR ENDED  
JUNE 30, 2019**

Exhibit I

	Budgeted Amounts		Actual	Variance with Final
	Original	Final		Budget Positive (Negative)
Revenues:				
Property Taxes	\$ 127,320	\$ 127,320	\$ 112,423	\$ (14,897)
Fire District Assistance	-	-	24,891	24,891
Fees for Service	72,500	72,500	82,927	10,427
Interest	-	-	1,234	1,234
Operating and Capital Grants	-	-	2,257	2,257
Miscellaneous	2,600	2,600	52,274	49,674
<b>Total Revenues</b>	<b>202,420</b>	<b>202,420</b>	<b>276,006</b>	<b>73,586</b>
Expenditures:				
Current:				
Public Safety	185,025	185,025	207,956	(22,931)
Administration	17,395	17,395	17,488	(93)
Debt Service	-	-	10,000	(10,000)
<b>Total Expenditures</b>	<b>202,420</b>	<b>202,420</b>	<b>235,444</b>	<b>(33,024)</b>
Excess (Deficiency) of Revenues over Expenditures	-	-	40,562	40,562
Net Change in Fund Balances	-	-	40,562	40,562
Fund Balances at Beginning of Year	-	-	181,676	181,676
Fund Balances at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 222,238</u>	<u>\$ 222,238</u>

See Accompanying Notes To The Budgetary Comparison Schedule

**ARIVACA FIRE DISTRICT  
NOTES TO BUDGETARY COMPARISON SCHEDULE  
FISCAL YEAR ENDED JUNE 30, 2019**

**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 1<sup>st</sup>. The budget is adopted on a basis consistent with generally accepted accounting principles and appropriations lapse at year-end.

**NOTE 2 - OVER-EXPENDITURE OF BUDGET LINE ITEMS**

The District over-spent several line items. These items were Public Safety in the amount of \$22,931, Administration in the amount of \$ 93. In addition, the District made a payment in the amount of \$10,000 towards their Debt Service causing a negative variance in this line item. The legal compliance of budgeting for Special Districts in Arizona is at the fund level. The District did not overspend its budget at the fund level.

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## **OTHER SUPPLEMENTARY INFORMATION**

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**ARIVACA FIRE DISTRICT  
ANNUAL REPORT INFORMATION  
FISCAL YEAR ENDED JUNE 30, 2019**

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

**REGULAR FIRE BOARD MEETINGS:**

<u>Date</u>	<u>Time</u>	<u>Location</u>
July 17, 2018	2:02 pm	Fire Station, 16091 Universal Ranch Rd, Arivaca, AZ
August 22, 2018	2:04 pm	Fire Station, 16091 Universal Ranch Rd, Arivaca, AZ
Sept 18, 2018	2:04 pm	Fire Station, 16091 Universal Ranch Rd, Arivaca, AZ
October 16, 2018	2:01 pm	Fire Station, 16091 Universal Ranch Rd, Arivaca, AZ
Nov 16, 2018	10:00 am	Fire Station, 16091 Universal Ranch Rd, Arivaca, AZ
December 14, 2018	3:00 pm	Fire Station, 16091 Universal Ranch Rd, Arivaca, AZ
January 18, 2019	9:01 am	Fire Station, 16091 Universal Ranch Rd, Arivaca, AZ
February 22, 2019	9:04 am	Fire Station, 16091 Universal Ranch Rd, Arivaca, AZ
March 15, 2019	12:00 pm	Fire Station, 16091 Universal Ranch Rd, Arivaca, AZ
April 12, 2019	9:00 am	Fire Station, 16091 Universal Ranch Rd, Arivaca, AZ
May 17, 2019	9:00 am	Fire Station, 16091 Universal Ranch Rd, Arivaca, AZ
June 21, 2019	9:00 am	Fire Station, 16091 Universal Ranch Rd, Arivaca, AZ

**BOARD MEMBERS:**

<u>Name</u>	<u>Business Phone Number</u>	<u>Position</u>
Mark Wiley	520-398-2003	Treasurer
Tangye Beckham	520-398-2003	Clerk
Shannon Bloom	520-398-2003	Chairperson
Beth Lusby	520-398-2003	Member
Justin Gibson	520-398-2003	Member

**LOCATION OF POSTING OF MEETING NOTICES (all meetings):**

Arivaca Post Office	Arivaca, AZ
Arivaca Fire District	Arivaca, AZ
Website	

**LEGAL DESCRIPTION OF BOUNDARY CHANGES:**

NONE

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**COMPLIANCE with ARIZONA REVISED STATUTE 48-805.02 (F)**

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

To the Governing Board  
Arivaca Fire District  
Arivaca, Arizona

### Report on Compliance

We have reviewed the Arivaca 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 December 16, 2019. Our review also 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.

### Accountant's Responsibility

Our responsibility is to express a conclusion on compliance with those requirements based on our review; 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 report disclosed any information contrary to the certification made as prescribed by subsection D, paragraph 1 of section 48-805.

We conducted our review in accordance with the Statements on Standards for Accounting & Review Services issued by the AICPA and *Government Auditing Standards*, as applied to review services, issued by the Comptroller General of the United States. Those standards require that we plan and perform the review to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. A review 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 review provides a reasonable basis for our conclusion. Our review does not provide a legal determination of the District's compliance with those requirements.

### Accountant's Conclusion

Based on our review, we are not aware of any modification that should be made to the Districts' assertions regarding Arizona Revised Statutes Title 48-805 in order for the assertions to be fairly stated 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  
December 16, 2019

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