

ARIVACA FIRE DISTRICT
FINANCIAL STATEMENTS
June 30, 2018

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**ARIVACA FIRE DISTRICT
ARIVACA, ARIZONA
FINANCIAL STATEMENTS
JUNE 30, 2018**

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SAUNDERS COMPANY, LTD

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Arizona Society of Certified Public Accountants	AICPA Government Audit Quality Center	Arizona Association of Certified Fraud Examiners

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, 2018, 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 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 26, 2018

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Arivaca Fire District

Management's Discussion and Analysis of Basic Financial Statements June 30, 2018

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, 2018 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 237 requests in the 2017-2018 Fiscal year.

- § 197 EMS calls
- § We transported 106 (these were billable runs), transferred care on 21: and 15 went out via helicopter
- § EMS Refusals – Non transport – 43
- § Code Arrest – 1
- § EMS cancelled before we arrived at the scene – 17
- § Smoke Checks – 6
- § Structure Fire – 1
- § Wildland – 7
- § Brush Fire In District - 5
- § Illegal Burn – 1

- § Vehicle Fire - 2
- § Welfare Check/Assist – 8
- § Haz Mat – 1
- § No Patient - 2
- § Alarm going off – 1
- § Cancelled - 17

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 did participate in Wildland Fires at the beginning of the fiscal year. Monies received for Wildland fires was \$22,062.

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 \$3,622. These funds are from the Arizona Fire Insurance Premium Tax Fund and therefore no cost to the District. In July, 2018 we received a check in the amount of \$1,141 which now gives a balance of \$4,764 as of July 9, 2018.

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 \$9,992 and the grant reimbursement was \$4,996.

The Arivaca Fire District also submitted and received a grant from the Green Valley Country Fair White Elephant, Inc. in the amount of \$8,900. This grant was to purchase a power gurney for the ambulance. The gurney was purchased and placed in service in January of 2018.

The Arivaca Fire District submitted and received a grant from Walmart in the amount of \$1,000. This grant is being utilized for 911 emergency green numbers to be placed on properties within the district. The district posted the notice saying we would be able to provide the numbers for 40 properties within the district boundaries. In July, we ordered a total of 41 911 emergency green numbers.

Financial Highlights

- § District investment in capital assets decreased by \$29,490 or 28.81%.
- § The District's net position increased \$102,107 or 266.77% from the previous fiscal year.
- § Total revenues increased \$72,883 or 26.39% over the previous fiscal year.
- § At the end of the current fiscal year, unrestricted net position for the Governmental Activities was \$90,451.

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, 2018

	BALANCE 06/30/17	BALANCE 06/30/18
Invested in Capital Assets, Net of related Debt Unrestricted (Deficit)	\$ 119,093 <u>(57,868)</u>	\$ 72,881 <u>90,451</u>
Total Net Position	\$ 61,225	\$ 163,332

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 \$163,332 at the close of the most recent fiscal year.

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

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

Condensed Statement of Net Position

	Governmental Activities	
	<u>2017</u>	<u>2018</u>
Assets		
Current and other assets	\$ 82,898	\$ 200,451
Capital assets	102,371	72,881
Total assets	<u>185,269</u>	<u>273,332</u>
Current and other liabilities		
Current and other liabilities	0	0
Long-term liabilities	120,000	110,000
Total liabilities	<u>120,000</u>	<u>110,000</u>
Net position:		
Net investment in capital assets	102,371	72,881
Unrestricted (Deficit)	<u>(37,102)</u>	<u>90,451</u>
Total net position	<u>\$ 65,269</u>	<u>\$ 163,332</u>

The unrestricted net position of \$90,451 is available to meet the District's ongoing obligations to citizens and creditors.

Governmental Activities

Governmental Activities net position increased by \$98,063. Key elements of this increase are reported below:

Condensed Statement of Activities

	Governmental Activities	
	2017	2018
Revenues:		
Program revenue:		
Charges for services	\$ 63,138	\$ 144,607
Capital grants	17,500	15,074
Total program revenues	<u>80,638</u>	<u>180,515</u>
General revenues:		
Property taxes	109,850	130,348
Fire district assistance tax	23,481	23,914
Interest	181	573
Other income	61,388	49,895
Total general revenues	<u>194,900</u>	<u>204,730</u>
Total revenues	275,538	385,245
Expenses:		
Fire protection and emergency services	<u>271,494</u>	<u>266,348</u>
Total expenses	<u>271,494</u>	<u>266,348</u>
Change in net position	4,044	98,063
Net position, beginning	<u>61,225</u>	<u>65,269</u>
Net position, ending	<u>\$ 65,269</u>	<u>\$ 163,332</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 - \$22,062
- § Grant Income - \$4,996 from Arizona Department of Forestry and Fire Management
- § \$8,900 from Green Valley Country Fair White Elephant, Inc.
- § \$1,000 from Walmart
- § Cash donations from the AFD Auxiliary - \$4,107
- § Material Items donated to the district by the AFD auxiliary amounted to \$3,232 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 - \$11,388
- § EMS billing - \$90,705
- § Donations - \$5,974
- § Vehicle Fires - \$3,000
- § Miscellaneous Income - \$4,700 (from burn permits, Trico Grant for July 4th parade, Trico Capital Fund, CPR classes, refund from workman's comp, etc.)

General Fund Budgetary Highlights

The District had a budget of \$198,922

The District did exceed the budget on income. The budgeted amount was 198,922. Total income for the year was \$345,646. Major sources of income in addition to all taxes included donations from the AFD Auxiliary, subscriptions, 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 17,305 and the actual amount spent was \$19,964. This was primarily due:

- Cash Flow Loan – paid \$10,000
- Centralized Medical Direction – paid \$4,085

Other expenses that exceed the amounts were:

Item:	Budgeted Amount	Spent	Comment
Billing Fees	\$3,000	\$3,478	Due to increase in EMS income
FF/EMS Equip/Supplies	\$9,350	\$13,198	
Vehicle Repair	\$7,500	\$9,955	

However at the end of the year, the district had a reported income of \$345,636 and reported expenses of \$246,858. This left a carryover in the amount of \$98,778.

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, 2018

	BALANCE <u>06/30/2017</u>	BALANCE <u>06/30/2018</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 Accumulated Depreciation		
Vehicles	403,608	428,025
Buildings	61,717	64,017
Equipment, Fire	<u>72,851</u>	<u>75,624</u>
Less: Total Accumulated Depreciation	<u>538,176</u>	<u>567,666</u>
Depreciable Capital Assets, Net	72,371	42,881
<u>Non-Depreciable Assets</u>		
Land	<u>30,000</u>	<u>30,000</u>
Capital Assets, Net	<u>\$ 102,371</u>	<u>\$ 72,881</u>

Long Term Debt

At the end of the current fiscal year, the District had debt outstanding of \$110,949. All of the debt is backed by the full faith and credit of the District.

Outstanding Debt

	Balance <u>June 30, 2017</u>	Balance <u>June 30, 2018</u>
Note Payable #1	\$ <u>120,000</u>	\$ <u>110,000</u>
Total Note Payable	<u>120,000</u>	<u>110,000</u>
Totals	<u>\$ 120,000</u>	<u>\$ 110,000</u>

Factors Affecting Future Results

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

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

- § Plan to increase Wildland activity.
- § Subscriptions
- § The Fire District is offering CPR classes.
- § The AFD Auxiliary continues to apply for grants and fundraisers. So far this fiscal year they have donated a total of \$3,232.48 for material items and includes (but not limited to) shirts for the crew, station supplies (coffee pot, 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
- § 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.

BASIC FINANCIAL STATEMENTS

**ARIVACA FIRE DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2018**

Exhibit A

**Governmental
Activities**

ASSETS

Cash & Cash Equivalents (Note 3)	\$	109,505
Accounts Receivable		
Ambulance Service Fees (Note 6)		68,082
Property Taxes (Note 7)		22,864
Total Capital Assets, Net (Note 8)		<u>72,881</u>
 Total Assets		 <u>273,332</u>

LIABILITIES

Note Payable - Board Member (Note 13)		
Portion Due Within One Year		<u>110,000</u>
 Total Liabilities		 <u>110,000</u>

NET POSITION

Invested in Capital Assets, Net of related Debt		72,881
Unrestricted (Note 15)		<u>90,451</u>
 Total Net Position	 \$	 <u><u>163,332</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, 2018**

Exhibit B

**Governmental
Activities**

EXPENSES

Public Safety - Fire/EMS Protection			
Personnel Services	\$	135,276	
Materials & Services		101,582	
Depreciation		29,490	
Total Program Expenses			266,348

PROGRAM REVENUES

Operating and Capital Grants			15,074
Charges for Service		144,607	
Total Program Revenues			159,681
Net Program Expense			106,667

GENERAL REVENUES

Property Taxes			130,348
Fire District Assistance		23,914	
Investment Earnings		573	
Miscellaneous		49,895	
Total General Revenues			204,730

Increase in Net Position			98,063
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NET POSITION-BEGINNING OF THE YEAR			65,269
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NET POSITION-END OF THE YEAR			\$ 163,332
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See accountant's review report and accompanying notes to financial statements

**ARIVACA FIRE DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2018**

Exhibit C

General

ASSETS

Cash and Cash Equivalents (Note 3)	\$ 109,505	
Accounts Receivable		
Ambulance Service Fees, (Note 6)	68,082	
Property Taxes (Note 7)	22,864	
	<hr/>	
Total Assets	\$ 200,451	<hr/> <hr/>

LIABILITIES

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

DEFERRED INFLOW OF RESOURCES

Deferred Property Tax Revenue	18,775	
	<hr/>	
Total Liabilities and Inflow of Resources	18,775	<hr/>

FUND BALANCES

Unassigned (Note 15)	181,676	
	<hr/>	
Total Fund Balances	181,676	<hr/>
	<hr/>	
Total Liabilities, Deferred Inflow of Resources & Fund Balances	\$ 200,451	<hr/> <hr/>

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, 2018**

Exhibit D

	General
REVENUE	
Property Taxes	\$ 111,573
Fire District Assistance Tax	23,914
Fees for Service	144,607
Interest	573
Grants	15,074
Miscellaneous	49,895
Total Revenues	345,636
EXPENDITURES	
Current:	
Public Safety	223,198
Administration	13,660
Debt Service	
Principal	10,000
Interest	
Total Expenditures	246,858
Excess (Deficiency) of Revenues over Expenditures	98,778
Net Change in Fund Balances	98,778
Fund Balances-Beginning of Year	82,898
Fund Balances-End of Year	\$ 181,676

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, 2018**

Exhibit E

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

Fund Balances - Total Governmental Funds (Exhibit C)	\$	181,676
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
<p>Capital Assets used in governmental activities are not financial resources and, therefore are not reported in the other funds.</p>		
Governmental Capital Assets		640,547
Less: Accumulated Depreciation		<u>(567,666)</u>
		72,881
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds		(110,000)
Deferred Inflows of Resources		<u>18,775</u>
Net Position of Governmental Activities (Exhibit A)	<u>\$</u>	<u><u>163,332</u></u>

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

**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, 2018**

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)	\$	98,778
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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.		(29,490)
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Net Change in Deferred Outflows and Inflows of Resources		18,775
--	--	--------

The issuance of long-term debt (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.		10,000
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Change in Net Position of Governmental Activities (Exhibit B)	\$	<u>98,063</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, 2018**

Exhibit G

**Volunteer
Pension
Fund**

ASSETS

Cash & Cash Equivalents	\$ 3,623
	<hr/>
Total Assets	3,623
	<hr/>

LIABILITIES

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

NET POSITION

Held in trust for pension and other purposes	\$ 3,623
	<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, 2018**

Exhibit H

	<u>Volunteer Pension Fund</u>
ADDITIONS	
Other	
State Fire Marshal	\$ <u> </u>
Total Other Contributions	<u> -</u>
Investment Earnings:	
Interest & Dividends	<u> 2</u>
Total Investment Earnings	2
Less Investment Expense	<u> -</u>
Net Investment Earnings	<u> 2</u>
Total Additions	<u> 2</u>
DEDUCTIONS	
Distributions	<u> -</u>
Total Deductions	<u> -</u>
Change in Net Position	2
Net Position - Beginning	<u> 3,621</u>
Net Position- Ending	<u> \$ 3,623</u>

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

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ARIVACA FIRE DISTRICT
ARIVACA, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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:

- λ 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.
- λ Unrestricted – this balance is the amount of equity which is not included in the Restricted fund balance and the Investments in Capital Assets balances.
- λ Investment in Capital Assets, Net of Related Debt – 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:

- λ Nonspendable fund balance—amounts that are not in a nonspendable form (such as inventory) or are required to be maintained intact.
- λ 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.
- λ 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.
- λ 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.
- λ 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 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 risk category (defined below) cannot be determined, as the District does not own identifiable securities, but only as a shareholder in a County Investment 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, 2018:

DEPOSITORY ACCOUNTS:

	<u>General Fund</u>	<u>Fiduciary Fund</u>	<u>Total</u>
Insured Deposits (FDIC)	\$ 111,586	\$ 3,623	\$ 115,209
Uninsured &Uncollateralized	<u>9,282</u>	<u>0</u>	<u>9,282</u>
Total Deposits	120,902	3,623	124,525
In Transit Items	<u>(11,397)</u>	<u>0</u>	<u>(11,397)</u>
Total Depository Accounts	109,471	3,623	113,094

NON DEPOSITORY ACCOUNTS

Cash on Hand	<u>34</u>	<u>0</u>	<u>34</u>
Total Non Depository Accounts	<u>34</u>	<u>0</u>	<u>34</u>
Total Cash & Cash Equivalents	<u>\$ 109,505</u>	<u>\$ 3,623</u>	<u>\$ 113,128</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.

The District does not invest in any identifiable securities. District investments are limited to open-end mutual funds.

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.

<u>Custodial Credit Risk For:</u>	<u>Rating</u>	<u>Rating Agency</u>	<u>Amount</u>
County Treasurer Pool	Unrated	Not Applicable	\$9,282

Credit Risk 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 in 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.

The District normally invests only in FDIC insured bank accounts, accounts collateralized above FDIC insurance limits in commercial banks, the County Treasurer's investment pool, and open-end mutual stock funds of commercial brokerage firms.

No ratings were available for any of the District's investments and those investments are considered unrated.

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.

The District invests only in FDIC banking institutions, mutual funds and government investment pools. The District does not have a policy relating to concentration of credit 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.

Interest rate risk factors and information are not available for the mutual fund investments of the District.

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 \$69,512 with an allowance for bad debt of \$1,430 at June 30, 2018. This gave a net of \$68,082, which was expected to be collectable, before contractual write-offs.

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>06/30/2017</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE</u> <u>06/30/2018</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	403,608	24,417	0	428,025
Buildings	61,717	2,300	0	64,017
Equipment, Fire	<u>72,851</u>	<u>2,773</u>	<u>0</u>	<u>75,624</u>
Less: Total Accumulated Depreciation	<u>538,176</u>	<u>29,490</u>	<u>0</u>	<u>567,666</u>
Depreciable Capital Assets, Net	72,371	(29,490)	0	42,881
<u>Non-Depreciable Assets</u>				
Land	<u>30,000</u>	<u>0</u>	<u>0</u>	<u>30,000</u>
Capital Assets, Net	<u>\$ 102,371</u>	<u>\$ (29,490)</u>	<u>\$ 0</u>	<u>\$ 72,881</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>
Governmental Deferred Inflows	
Deferred Property Tax	\$ 16,210
Total Governmental Activities	<u>\$ 16,210</u>

NOTE 10 - CONTINGENT LIABILITIES

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

NOTE 11 – SHORT-TERM INDEBTEDNESS

The District utilizes a credit line with a limit of \$65,000. As of June 30, 2018, the balance outstanding was approximately \$0 and \$65,000 was available. The interest rate, at year end, was approximately .58% of the Wells Fargo Base Rate.

Changes in Short-Term Indebtedness:

	Balance <u>June 30, 2017</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2018</u>
Line of Credit	\$ 0	\$ 0	\$ 0	\$ 0
Totals	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

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, 2018 was \$949.

NOTE 13 – LONG-TERM INDEBTEDNES S

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 PAYABLE: The District entered into an unsecured agreement with a board member for temporary funding. The District has received various payments from the former board member with no set repayment plan.

Changes in Long-Term Indebtedness:

	<u>Balance</u> <u>June 30, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2018</u>
Note Payable #1	<u>\$ 120,000</u>	<u>\$ 0</u>	<u>\$ 10,000</u>	<u>\$ 110,000</u>
Totals	<u>\$ 120,000</u>	<u>\$ 0</u>	<u>\$ 10,000</u>	<u>\$ 110,000</u>

NOTE 14 - FUTURE MINIMUM LEASE/PURCHASE OBLIGATIONS

The future minimum lease/purchase obligations and the net present value of these minimum lease/purchase payments as of June 30, 2018, were as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ <u>110,000</u>	\$ <u>0</u>	\$ <u>110,000</u>
Total Obligation	110,000	\$ <u>0</u>	\$ <u>110,000</u>
Less amount due within 1 year	<u>110,000</u>		
Amount due after 1 year	\$ <u>0</u>		

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 :

Invested in Capital Assets, Net of Related Debt	\$ 72,881
Unrestricted	<u>90,451</u>
Total Net Position	<u>\$ 163,332</u>

Governmental Fund Balances :

Unassigned Fund Balance	<u>\$ 181,676</u>
Total Fund Balance	<u>\$ 181,676</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 either a five year budget override or 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 an outside consulting firm who prepares a separate annual report. This report is available through Innes & Associates, 4302 East Ray Road, Suite 117, Phoenix, Arizona, 85044

NOTE 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.

**REQUIRED SUPPLEMENTARY
INFORMATION**

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**ARIVACA FIRE DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED
JUNE 30, 2018**

Exhibit I

	Budgeted Amounts		Actual	Variance with Final
	Original	Final		Budget Positive (Negative)
Revenues:				
Property Taxes	\$ 133,822	\$ 133,822	\$ 111,573	\$ (22,249)
Fire District Assistance	-	-	23,914	23,914
Fees for Service	55,000	55,000	144,607	89,607
Interest	-	-	573	573
Grants	-	-	15,074	15,074
Miscellaneous	10,100	10,100	49,895	39,795
Total Revenues	198,922	198,922	345,636	146,714
Expenditures:				
Current:				
Public Safety	181,617	181,617	223,198	(41,581)
Administration	17,305	17,305	13,660	3,645
Capital Outlay	-	-	10,000	(10,000)
Total Expenditures	198,922	198,922	246,858	(47,936)
Excess (Deficiency) of Revenues over Expenditures	-	-	98,778	98,778
Net Change in Fund Balances	-	-	98,778	98,778
Fund Balances at Beginning of Year	-	-	82,898	82,898
Fund Balances at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 181,676</u>	<u>\$ 181,676</u>

See Accompanying Notes To The Budgetary Comparison Schedule

**ARIVACA FIRE DISTRICT
NOTES TO BUDGETARY COMPARISON SCHEDULE
FISCAL YEAR ENDED JUNE 30, 2018**

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.

OTHER SUPPLEMENTARY INFORMATION

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**ARIVACA FIRE DISTRICT
ANNUAL REPORT INFORMATION
FISCAL YEAR ENDED JUNE 30, 2018**

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 18, 2017	7:00 pm	Fire Station, 16091 Universal Ranch Rd, Arivaca, AZ
August 22, 2017	7:00 pm	Fire Station, 16091 Universal Ranch Rd, Arivaca, AZ
Sept 19, 2017	7:00 pm	Fire Station, 16091 Universal Ranch Rd, Arivaca, AZ
October 17, 2017	7:00 pm	Fire Station, 16091 Universal Ranch Rd, Arivaca, AZ
Nov 21, 2017	7:00 pm	Fire Station, 16091 Universal Ranch Rd, Arivaca, AZ
December 18, 2017	7:00 pm	Fire Station, 16091 Universal Ranch Rd, Arivaca, AZ
January 16, 2018	7:00 pm	Fire Station, 16091 Universal Ranch Rd, Arivaca, AZ
February 20, 2018	7:00 pm	Fire Station, 16091 Universal Ranch Rd, Arivaca, AZ
March 21, 2018	7:00 pm	Fire Station, 16091 Universal Ranch Rd, Arivaca, AZ
April 24, 2018	7:00 pm	Fire Station, 16091 Universal Ranch Rd, Arivaca, AZ
May 18, 2018	7:00 pm	Fire Station, 16091 Universal Ranch Rd, Arivaca, AZ
June 19, 2018	7:00 pm	Fire Station, 16091 Universal Ranch Rd, Arivaca, AZ

BOARD MEMBERS:

<u>Name</u>	<u>Business Phone Number</u>	<u>Position</u>
William Clauss	520-398-2003	Treasurer
Terry Tompkins	520-398-2003	Clerk
Kathleen Wishnick	520-398-2003	Chairperson
Sena Lusby	520-398-2003	Member
Owen Gene 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, CFF, CGFM, CGMA, PI.
TRICIA E. SAUNDERS, PI.**

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Member: American Institute of Certified Public Accountants	Arizona Association of Licensed Private Investigators	International Association of Certified Fraud Examiners
Arizona Society of Certified Public Accountants	AICPA Government Audit Quality Center	Arizona Association of Certified Fraud Examiners

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

To the Governing Board
Arivaca Fire District
Arivaca, Arizona

We have reviewed the basic financial statements of the Arivaca Fire District (the District) for the year ended June 30, 2018, and have issued our report thereon dated December 26, 2018. We have also performed the procedures enumerated below, as agreed to by the management of the District on the District's compliance with Arizona Revised Statutes (ARS) and the Arizona State Constitution including, but not limited to, Title 48 Chapter 5, Article 1. The sufficiency of those procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representations regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

We performed the following additional procedures:

1. Inquire of District management regarding management's opinion of the District's compliance with ARS 48-805.02 (F).
2. Compare information contained in our review procedures with compliance in relation to ARS 48-805.02 (F).
3. Compare the District's budget for the following fiscal year with compliance to ARS 48-805.02 (F).

The management of the District is responsible for the District's compliance with all requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our review and the enumerated additional procedures: accordingly, we make 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 review or report disclosed any information contrary to the certification made as prescribed by subsection D, paragraph 1 of section 48-805.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an audit, the objective of which would be the expression of an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

In our opinion, the Arivaca Fire District complied, in all material respects, with the requirements identified above for the year ended June 30, 2018.

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 26, 2018

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