

**AMBULANCE REVENUE and COST REPORT
FIRE DISTRICT and SMALL RURAL COMPANY**

**Arizona Department of Health Services
Annual Ambulance Financial Report**

**Sunsites-Pearce Fire District
Reporting Ambulance Service**

Address: PO Box 507 / 105 Tracy Rd

City: Pearce Zip: 85625

Report Fiscal Year

From: July 1, 2014 To: June 30, 2015
Mo. Day Year Mo. Day Year

I hereby verify that I have directed the preparation of the enclosed annual report in accordance with the reporting requirements of the State of Arizona.

I have read this report and hereby verify that the information provided is true and correct to the best of my knowledge.

This report has been prepared using the accrual basis of accounting.

Authorized Signature: Lillian Reed Date: 12-21-15

Print Name and Title: LILLIAN REED, Admin SECRETARY

Phone: 520-826-3645

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AMBULANCE REVENUE AND COST REPORT

FIRE DISTRICT and SMALL RURAL COMPANY

AMBULANCE SERVICE ENTITY: Sunsites-Pearce Fire District

FOR THE PERIOD FROM: July 1, 2014 TO: June 30, 2015

STATISTICAL SUPPORT DATA

Line No.	DESCRIPTION	(1) SUBSCRIPTION SERVICE TRANSPORTS	*(2) TRANSPORTS UNDER CONTRACT	(3) TRANSPORTS NOT UNDER CONTRACT	(4) TOTALS
1	Number of ALS Billable Transports:	<u>223</u>			<u>223</u>
2	Number of BLS Billable Transports:	<u>15</u>			<u>15</u>
3	Number of Loaded Billable Miles:	<u>6,823.4</u>			<u>6,823.4</u>
4	Waiting Time (Hr. & Min.):				
5	Canceled (Non-Billable) Runs:				

AMBULANCE SERVICE ROUTINE OPERATING REVENUE

6	ALS Base Rate Revenue				\$ <u>203,597</u>
7	BLS Base Rate Revenue				<u>13,657</u>
8	Mileage Charge Revenue				<u>124,595</u>
9	Waiting Charge Revenue				
10	Medical Supplies Charge Revenue				
11	Nurses Charge Revenue				
12	Standby Charge Revenue (Attach Schedule)				
13	TOTAL AMBULANCE SERVICE ROUTINE OPERATING REVENUE			(Post to Page 3, Line 1)	\$ <u>341,849</u>

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SALARY AND WAGE EXPENSE DETAIL

GROSS WAGES:		** No. of FTE's
14	Management	\$ <u>71,251</u> <u>2.0</u>
15	Paramedics and IEMTs	\$ <u>71,356</u> <u>2.3</u>
16	Emergency Medical Technician (EMT)	\$ <u>219,975</u> <u>7.4</u>
17	Other Personnel	\$ _____
18	Payroll Taxes and Fringe Benefits - All Personnel	\$ _____
19	Total Wages, Taxes & Benefits (Sum Lines 14 through 18; Post to Page 3, Line 10)	\$ <u>362,582</u> <u>12</u>

* This column reports only those runs where a contracted discount rate was applied.

** Full-time equivalents (F.T.E.) is the sum of all hours for which employees wages were paid during the year divided by 2080.

AMBULANCE REVENUE AND COST REPORT
FIRE DISTRICT and SMALL RURAL COMPANY

AMBULANCE SERVICE ENTITY:

Sunsites-Pearce Fire District

FOR THE PERIOD

FROM:

July 1, 2014

TO:

June 30, 2015

SCHEDULE OF REVENUES AND EXPENSES

Line No.	<u>DESCRIPTION</u>		
Operating Revenues:			
1	Total Ambulance Service Operating Revenue	(From: Page 2, Line 13)	\$ 341,849
<u>Settlement Amounts:</u>			
2	AHCCCS		34,235
3	Medicare		92,261
4	Subscription Service		
5	Contractual		
6	Other		8,039
7	Total	(Sum of Lines 2 through 6)	134,535
8	Total Operating Revenue	(Line 1 minus Line 7)	\$ 207,314
Operating Expenses:			
9	Bad Debt		\$ 22,924
10	Total Salaries, Wages, and Employee-Related Expenses	(From: Page 2, Line 19)	362,582
11	Professional Services		21,515
12	Travel and Entertainment		2,675
13	Other General Administrative		20,640
14	Depreciation		
15	Rent / Leasing		
16	Building / Station		3,222
17	Vehicle Expense		33,261
18	Other Operating Expense		5,878
19	Cost of Medical Supplies Charged to Patients		13,009
20	Interest		
21	Subscription Service Sales Expense		
22	Total Operating Expense	(Sum of Lines 9 through 21)	485,706
23	Total Operating Income or (Loss)	(Line 8 minus Line 22)	\$ (278,392)
24	Subscription Contract Sales		
25	Other Operating Revenue		
26	Local Supportive Funding		484,628
27	Other Non-Operating Income (Attach Schedule)		
28	Other Non-Operating Expense (Attach Schedule)		
29	NET INCOME or (LOSS) Before Income Taxes	(Sum of Lines 23 through 27, minus Line 28)	\$ 206,236
Provision for Income Taxes:			
30	Federal Income Tax		
31	State Income Tax		
32	Total Income Tax	(Line 30, plus Line 31)	
33	Ambulance Service Net Income (Loss)	(Line 29, minus Line 32)	<u>206,236</u>

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AMBULANCE REVENUE AND COST REPORT

FIRE DISTRICT and SMALL RURAL COMPANY

AMBULANCE SERVICE ENTITY: Sunsites-Pearce Fire District

FOR THE PERIOD FROM: July 1, 2014 TO: June 30, 2015

BALANCE SHEET

Current audited financial statements may be submitted in lieu of these pages.
See Audited Financials attached.

ASSETS

CURRENT ASSETS

1	Cash	\$ _____		
2	Accounts Receivable	_____		
3	Less: Allowance for Doubtful Accounts	_____		
4	Inventory	_____		
5	Prepaid Expe	_____		
6	Other Current Assets	_____		
7	TOTAL CURRENT ASSETS			\$ _____

9	PROPERTY & EQUIPMENT			
10	Less: Accumulated Depreciation			_____

11 OTHER NON CURRENT ASSETS _____

12 **TOTAL ASSETS** **\$ _____**

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LIABILITIES & EQUITY

CURRENT LIABILITIES

13	Accounts Payable	\$ _____		
14	Current Portion of Notes Payable	_____		
15	Current Portion of Long-Term Debt	_____		
16	Deferred Subscription Income	_____		
17	Accrued Expenses and Other	_____		
18	_____	_____		
19	_____	_____		
20	TOTAL CURRENT LIABILITIES			\$ _____

21	NOTES PAYABLE			
22	LONG-TERM DEBT, OTHER	_____		
23	TOTAL LONG-TERM DEBT			_____

EQUITY & OTHER CREDITS

Paid-In Capital:

24	Common Stock			
25	Paid-In Capital in Excess of Par Value	_____		
26	Contributed Capital	_____		
27	Retained Earnings	_____		
28	_____	-		
29	_____	-		
30	Fund Balance	-		
31	TOTAL EQUITY			_____

32 **TOTAL LIABILITIES & EQUITY** **\$ _____**

AMBULANCE REVENUE AND COST REPORT

AMBULANCE SERVICE ENTITY:

Sunsites-Pearce Fire District

FOR THE PERIOD

FROM: July 1, 2014

TO: June 30, 2015

STATEMENT OF CASH FLOWS

Current audited financial statements may be submitted in lieu of these pages.

See Audited Financials Attached

OPERATING ACTIVITIES:

1	Net (loss) Income	\$ _____	
<i>Adjustments to Reconcile Net Income to Net Cash</i>			
<i>Provided by Operating Activities:</i> Note: a increase in these accounts improves cash flow			
2	Depreciation Expense	_____	
3	Deferred Income Tax	_____	
4	Loss (gain) on Disposal of Property & Equipment	_____	
<i>(Increase) Decrease in:</i> Note: a decrease in these accounts improves cash flow			
5	Accounts Receivable	_____	
6	Inventories	_____	
7	Prepaid Expenses	_____	
<i>Increase (Decrease) in:</i> Note: a increase in these accounts improves cash flow			
8	Accounts Payable	_____	
9	Accrued Expenses	_____	
10	Deferred Subscription Income	_____	
11	NET CASH PROVIDED (Used) BY OPERATING ACTIVITIES	\$ _____	

INVESTING ACTIVITIES:

12	Purchases of Property & Equipment	_____	
13	Proceeds from Disposal of Property & Equipment	_____	
14	Purchases of Investments	_____	
15	Proceeds from Disposal of Investments	_____	
16	Loans Made	_____	
17	Collections on Loans	_____	
18	Other	_____	
19	NET CASH PROVIDED (Used) BY INVESTING ACTIVITIES	_____	

FINANCING ACTIVITIES:

<i>New Borrowings:</i>			
20	Long-Term	_____	
21	Short-Term	_____	
<i>Debt Reduction:</i>			
22	Long-Term	_____	
23	Short-Term	_____	
24	Capital Contributions	_____	
25	Dividends Paid	\$ _____	
26	NET CASH PROVIDED (Used) BY FINANCING ACTIVITIES	_____	
27	NET INCREASE (Decrease) IN CASH	_____	
28	CASH AT BEGINNING OF YEAR	_____	
29	CASH AT END OF YEAR	_____	

SUPPLEMENTAL DISCLOSURES:

<i>Non-cash Investing and Financing Transactions:</i>			
30	_____	_____	
31	_____	_____	
32	_____	_____	
33	Interest Paid (Net of Amounts Capitalized)	_____	
34	Income Taxes Paid	\$ _____	

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SUNSITES-PEARCE FIRE DISTRICT

FINANCIAL STATEMENTS

June 30, 2015

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**SUNSITES-PEARCE FIRE DISTRICT
PEARCE, ARIZONA
FINANCIAL STATEMENTS
JUNE 30, 2015**

TABLE OF CONTENTS

	<u>PAGE</u>	<u>EXHIBIT</u>
TABLE OF CONTENTS	2	
INDEPENDENT AUDITOR’S REPORT	4	
CERTIFICATION OF COMPLIANCE WITH 48-05.02	7	
MANAGEMENT’S DISCUSSION AND ANALYSIS	8	
BASIC FINANCIAL STATEMENTS	13	
Government-Wide Financial Statements		
Statement of Net Position	14	A
Statement of Activities	15	B
Fund Financial Statements		
Balance Sheet – Governmental Funds	16	C
Statement of Revenues, Expenditures and Changes in Fund Balances-Governmental Funds	17	D
Reconciliation of the Balance Sheet -Governmental Funds to the Statement Of Net Position	18	E
Reconciliation of the Statement of Revenues, Expenditures And Changes in Fund Balances-Governmental Funds To The Statement of Activities	19	F
Statement of Net Position-Fiduciary Funds	20	G
Statement of Changes in Fiduciary Net Position	21	H
Notes to the Financial Statements	22	

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**SUNSITES-PEARCE FIRE DISTRICT
PEARCE, ARIZONA
FINANCIAL STATEMENTS
JUNE 30, 2015**

TABLE OF CONTENTS
(Continued)

	<u>PAGE</u>	<u>EXHIBIT</u>
REQUIRED SUPPLEMENTARY INFORMATION	39	
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual (GAAP Basis) General Fund	40	I
Notes to the Required Supplementary Information	41	
OTHER SUPPLEMENTARY INFORMATION	47	
Arizona Annual Report Information	48	
GOVERNMENT AUDIT STANDARDS SECTION	49	
Report on Internal Control Over Financial Reporting and On Compliance and Other Matters, Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards.</i>	50	

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INDEPENDENT AUDITORS REPORT

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Members of the Board
Sunsites-Pearce Fire District
Pearce, Arizona

We have audited the accompanying statements of the governmental activities, each major fund, and the aggregate remaining fund information of Sunsites-Pearce Fire District, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statement as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statement referred to above presents fairly, in all material aspects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining

fund information of the Sunsites-Pearce Fire District as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Adoption of a new Accounting Standard-GASB 68 Accounting and Financial Reporting for Pensions, as amended by GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the Management's Discussion and Analysis on pages 8 through 12, Budgetary Comparison Schedules on pages 40 through 41, Schedule of the District's Proportionate Share of the Net Pension Liability Share of the Net Pension Liability-Cost Sharing Plans on pages 32 through 36 and Schedule of Changes in the District's Net Pension Liability (Asset) and Related Ratios on page 42. Such information, although not a part of the basic financial statements, is required by the Government Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, along with any combining or individual non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining or individual non-major fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2015, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance.

That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Sunsites-Pearce Fire District's internal control over financial control and compliance.

MG Patience, CPA
1326 W Hwy 92 #12
Bisbee, Arizona 85603

December 17, 2015

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December 17, 2015

Members of the Board
Sunsites-Pearce Fire District
Pearce, Arizona

I certify to the following:

- A. The District has not incurred any debt or liability in excess of taxes levied and available funds (except as provided in ARS 48-805(2); 48-806 and 48-807).
- B. The District complies with ARS 48-805.02

Sincerely,

Monika Patience, CPA
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Sunsites-Pearce Fire District
Management's Discussion and Analysis of
Basic Financial Statements

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June 30, 2015

The following discussion and analysis of the Sunsites-Pearce Fire District (the district's) financial performance presents management's overview of the District's financial activities for the year ended June 30, 2015. 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 Sunsites-Pearce Fire District is an All Hazards agency, providing Fire, Ambulance, Paramedic, Rescue, and Hazardous Material Response services to homes, property, and persons residing or traveling through the Fire District boundaries as well as to locations and persons outside the District through mutual aid agreements, Subscription Agreements, and other contracts.

The Fire District promotes and encourages safety through public education, fire prevention, fire code enforcement, and community involvement.

Results of Operations

Calls

During the calendar year 2015, January 2015 through November 2015 the Sunsites-Pearce Fire District responded to 521 calls for service. These calls included 130 responses to reports of fire, and 391 responses to medical and other emergencies. This compares to 93 and 394 respectively for the same period last year.

Major Donations and Community involvement and New Services

In September The District received a major donation from the Howard G Buffet Foundation in the form of a Fire Safety House and Fire, Communication and Protective Equipment. This unit will allow the District to expand its fire prevention program with area schools and education centers for seniors about home safety.

The Fire District used numerous opportunities to promote fire safety, general safety, and community enrichment through a variety of programs, including public tours of fire apparatus and stations, public meetings, fire hazard reduction and cleanup, and other organized and spontaneous events.

A new service will be provided by the District, thanks to Northern Cochise Community Hospital (NCCH). NCCH donated a fully equipped wheelchair van for non-emergency transportation. The District is working on a fee schedule for this service, using existing personnel.

Training

The District also committed to increasing educational opportunities for employees. Increased medical skill levels, specialized training, and other training opportunities are frequently presented to district employees.

Personnel

In addition to fulltime staffing, the fire district employs approximately 16 Reserve Firefighters to ensure adequate staffing. These Reserves supplement fulltime staffing during the daytime, backfill for fulltime personnel during periods of absence, such as illness or vacations, and respond to large scale emergencies.

Administration

On the June 16th regular meeting, the board, all in favor, voted to promote the current interim Fire Chief to Fire Chief.

In November 2014, 3 new board members Took Oath of Office. This changed the board from being run by an appointed administrator to a member governing board.

Plans are in progress for annexation of an area referred to as the Cochise Stronghold. An impact statement has been prepared and a public hearing was called for October 12, 2015

In the upcoming Fiscal Year, the Fire District will be researching possible Grant Opportunities to upgrade equipment and fire gear to ensure a high standard of safety for the residents of the Fire District.

Financial Highlights

- District investment in capital assets increased by \$129,811, or 14.8%.
- The District’s net assets increased \$54,088, or 29.6% from the previous year.
- The District’s net position decreased \$13,161 or 5% from the previous fiscal year. This was due to new accounting statement presentation (GASB68), which requires the net pension liabilities to be reported on the face of the report. The net pension Liability for ASRS listed on the report is 42,750 and for PSPRS 34,242., amounts taken from the actuarial reports as of 6/30/2014 These liabilities were previously not reported on the financial report, only referred to in the footnotes to the financial statements.

	RECEIVED		Governmental <u>Activities</u>
	DEC 24 2015		
Revenues	BEMSTS-CON & RATES	<u>6/2015</u>	<u>6/2014</u>
Program Revenues:			
Charges for Service		297,480	348,896
Grants and entitlements		120,884	5,880
General Revenues:			
Property Taxes		401,361	368,061
Other Taxes		83,230	77,361
Other general Revenues		<u>19,360</u>	<u>7,427</u>

Total Revenues	922,315	807,624
Expenditures		
Program Expenses		
General Government	<u>939,878</u>	<u>856,845</u>
Total Expenses	939,878	856,845
Excess (deficiency)	<u>(17,562)</u>	<u>(49,221)</u>
Increase (decrease) in Net Assets	(17,562)	(49,221)

The District's total revenues increased by 14.2 % (114,691) from the prior year. The main reasons for the increase in revenues were, a donation for \$99,872 from the Howard G Buffet Foundation and increase in property taxes.

The total cost of all programs and services increased by 8.4%, (\$72,080)

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 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

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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, 2015

	Balance <u>June 30, 2015</u>	Balance <u>June 30, 2014</u>
Invested in capital assets net of related debt	236,838	182,750
Unrestricted net assets	16,815	84,664
Total net before prior period adjustment position	<u>253,653</u>	<u>266,814</u>
Prior period adjustment due to GASB 68 and net pension liability		(50,771)
Net Position	253,653	215,823

Governmental Activities

Most of the revenues for the District were derived from assessed property taxes and Fire District Assistance Tax from the county. The District also received a significant amount of income from billing for Wildland Fire Assignments, as well as Fire Subscription Agreements.

Capital Asset and Debt Administration

In order to provide the best possible service, the Sunsites-Pearce Fire District spends a portion of the budget on fixed asset acquisition and capital projects. For the fiscal year ended June 30, 2015, the District had acquired the following assets:

Chevrolet Malibu Sedan	6,444	RECEIVED DEC 24 2015 BEMSTS-CON & RATES
Command Center with Equipment	89,867	
Wheel Chair Van	<u>15,000</u>	
\$	111,311	

Capital Assets, Net of Depreciation June 30, 2015

	BALANCE <u>JUNE 30, 2014</u>	BALANCE <u>JUNE 30, 2015</u>
<u>Depreciable Assets</u>		
Vehicles	\$ 362,516	\$ 429,339
Buildings	196,683	196,683
Equipment, Fire	<u>320,359</u>	<u>352,347</u>
Total Historical Costs	<u>\$ 879,558</u>	<u>\$ 978,369</u>
Less Accumulated Depreciation		
Vehicles	\$ 321,575	\$ 338,471

Buildings	114,054	119,716
Equipment, Fire	<u>292,180</u>	<u>314,343</u>
Less: Total Accumulated Depreciation	\$ 727,809	\$ 772,530
Net Capital Assets	<u>151,749</u>	<u>205,839</u>
<u>Non-Depreciable Assets</u>		
Land	\$ <u>31,000</u>	\$ <u>31,000</u>
Total Net Assets	\$ <u>182,749</u>	\$ <u>236,839</u>

Long-Term Debt

At the end of the current fiscal year, the District had debt outstanding of \$88,390. All of the debt is backed by the full faith and credit of the District.

The fire hydrants are privately owned. Clear Springs, the owner of the hydrants, only has enough to repair two hydrants per year. The districts has enough water in the holding tanks to cover for initial emergencies

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.

Despite declining property valuations, the Fire District was able to create a budget further responsive to the changing needs and expectations of the community.

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 Sunsites-Pearce Fire District at PO Box 507, Pearce AZ 85625, or in person at 105 Tracy Road, Pearce Arizona.

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BASIC
FINANCIAL STATEMENTS

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**SUNSITE-PEARCE FIRE DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2015¹**

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Exhibit A
Governmental
Activities

ASSETS

Cash & Cash Equivalents (Note 3)	\$ 48,884
Receivables:	
Ambulance Service Fees, Net Allowance For Doubtful Accounts (Note 5)	\$ 39,323
Wildland (Note 5)	29,563
Property Taxes (Note 6)	165,877
Prepaid Expenses	7,611
Total Capital Assets (Note 7)	<u>236,838</u>
Total Assets	<u>\$ 528,096</u>
Deferred Outflows of Resources	
Deferred outflows related to pensions	<u>46,228</u>
Total deferred outflows of resources	<u>\$ 46,228</u>

LIABILITIES

Accounts Payable	\$ 4,512
Payroll Taxes Payable	9,497
Wages Payable	25,606
Net Pension Liability (Note 10)	76,992
Deferred Revenue (Note 6)	165,877
Compensated Absences (Note 9)	
Portion due within one year	6,188
Portion due after one year	<u>11,398</u>
Total Liabilities	<u>\$ 300,069</u>
Deferred inflows of Resources	<u>29,796</u>
Deferred inflows related to pensions	<u>\$ 29,796</u>

NET POSITION

Net Invested in Capital Assets	\$ 236,838
Unrestricted Net Assets (Note 13)	<u>16,815</u>
Total Net Position	<u>\$ 253,653</u>

¹ The Notes to the Financial Statements are an integral part of this Statement.

**SUNSITES-PEARCE FIRE DISTRICT
STATEMENT OF ACTIVITES
FOR THE YEAR ENDED JUNE 30, 2015²**

Exhibit B

**Governmental
Activities**

EXPENSES

Public Safety – Fire/EMS Protection	
Personnel Services	\$ 550,832
Pension Expense	38,938
Materials & Services	239,169
Depreciation	<u>57,221</u>
Total Program Expenses	886,160

PROGRAM REVENUES

Operating and Capital Grants	\$ 120,884
Charges for Services	<u>297,480</u>
Total Program Revenues	<u>418,364</u>
Net Program Expense	\$ <u>456,472</u>

GENERAL REVENUES

Property Taxes	\$ 401,361
Fire District Assistance	83,230
Investment Earnings	306
Miscellaneous	<u>19,055</u>
Total General Revenues	\$ <u>503,951</u>

Change in net Position	36,155
Net position as restated July 1, 2014	<u>215,823</u>
Net Position June 30, 2015	\$ <u>251,978</u>

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² The Notes to the Financial Statements are an integral part of this Statement.

**SUNSITES-PEARCE FIRE DISTRICT
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2015³**

Exhibit C

General

ASSETS

Cash & Cash Equivalents (Note 3)	\$	48,884
Prepaid Expenses		7,611
Receivables:		
Ambulance Service Fees, Net Allowance		
For Doubtful Accounts (Note 5)		39,323
Wildland (Note 5)		165,877
Property Taxes (Note 5)		29,563
Total Assets	\$	<u>291,258</u>

LIABILITIES

Accounts Payable		4,512
Payroll Taxes and Wages Payable		35,103
Compensated Absences (Note 9)		6,188
Deferred Revenue (Note 6)	\$	<u>165,877</u>
Total Liabilities	\$	<u>211,680</u>

FUND BALANCES

Assigned Payroll (Note 9)		11,398
Net Pension Liability		
PSRS		34,242
ASRS		42,750
Deferrals		(25,628)
Unassigned		<u>16,815</u>
Total Fund Balance (Note10)		<u>79,578</u>
Total Liabilities and Fund Balances	\$	<u>291,258</u>

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³ The Notes to the Financial Statements are an integral part of this Statement.

**SUNSITES-PEARCE FIRE DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015⁴**

Exhibit D

General

REVENUE

Property Taxes	\$	401,361
Fire District Assistance Tax		83,230
Fees for Service		297,480
Interest		306
Grants and Donations		120,884
Miscellaneous		<u>19,055</u>
Total Revenues		<u>922,316</u>

EXPENDITURES

Current:		
Public Safety		754,615
Administration		73,741
Interest		211
Capital Outlay		<u>111,311</u>
Total Expenditures		<u>939,878</u>

Excess (Deficiency) of Revenues over Expenditures		<u>(17,562)</u>
Net Change in Fund Balance		(17,562)
Adjustment Carryforward		3,360
Fund Balance-Beginning of Year		<u>93,780</u>
Fund Balance-End of Year	\$	<u>79,578</u>

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⁴ The Notes to the Financial Statements are an integral part of this Statement.

**SUNSITES-PEARCE FIRE DISTRICT
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2015⁵**

Exhibit E

Fund Balance: Total Governmental Funds (Exhibit C)		\$79,578
<p>Amounts reported for Governmental Activities in the Statement of Net Position are different because:</p>		
Capital Assets used in Governmental activities are not Financial resources and , therefore, are not Governmental Capital Assets	1,009,369	
Less: Accumulated Depreciation	(772,531)	236,838
Deferred outflows and inflows of resources related to pensions are applicable to future periods		25,628
Long-Term Liabilities, such as Net Pension Liabilities		
PSPRS	(34,242)	
ASRS	(42,750)	(76,992)
and accrued Paid Time Off (PTO)		(11,398)
are not due and payable in the current period and, therefore, are not reported as a liability in the funds		
Net Position of Governmental Activities		<u>\$253,653</u>

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⁵ The Notes to the Financial Statements are an integral part of this Statement.

**SUNSITES-PEARCE 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, 2015⁶**

Exhibit F

**Reconciliation in the change in fund balance-Total Governmental Funds
To the change in Net Position of Governmental Activities:**

Net Change in Fund Balances – Total Government Funds Exhibit D)	\$(17,562)
Amounts reported for Governmental Activities in the Statements of Activities are different because:	

Pension Contributions are reported as expenditures in the Governmental funds when made. However, they are reported As deferred outflows of resources in the Statement of Net Position. Pension expense, is reported in the Statement of Activities

Pension contributions	38,565
Pension Expense	(38,938)

Governmental funds report capital outlays as expenditures in the Statement of Activities	111,311
These costs are allocated over their useful lives as depreciation expense in the statement of Net Position	(57,221)

Change in Net Position of Governmental Activities (Exhibit B)	<u>\$ 36,155</u>
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⁶ The Notes to the Financial Statements are an integral part of this Statement.

**SUNSITES-PEARCE FIRE DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
JUNE 30, 2015⁷**

Exhibit G

**Volunteer
Pension Fund**

ASSETS

Cash & Cash Equivalents		\$ 75,909
Total Assets		<u>75,909</u>

LIABILITIES

Accounts Payable		\$ 0
Total Liabilities		<u>0</u>

NET POSITION

Held in trust for pension And other purposes		\$ <u>75,909</u>
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⁷ The Notes to the Financial Statements are an integral part of this Statement.

**SUNSITES-PEARCE FIRE DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE YEAR ENDED JUNE 30, 2015⁸**

Exhibit H

**Volunteer
Pension Fund**

ADDITIONS

Other:		
	Public Safety Personnel	273
	Total Other Contributions	<u>273</u>
	Investment Earnings	
	Interest & Dividends	2,569
	Net Decrease in the Fair value of investments	<u>(818)</u>
	Total Investment Earnings	<u>1,750</u>
Total Additions		<u>\$ 2,024</u>

DEDUCTIONS

Fees		6
Net Position – Beginning		<u>\$ 73,891</u>
Net Position – Ending		<u><u>\$ 75,909</u></u>

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⁸ The Notes to the Financial Statements are an integral part of this Statement.

**SUNSITES-PEARCE FIRE DISTRICT
PEARCE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Sunsites-Pearce Fire District (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 the 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, 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.

Description of Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report the information on all of the non-fiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements.

Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other non-exchange transactions, are reported separately from *business-type activities*, which rely, to a significant extent, on fees and charges to external customers for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable. Sunsites-Pearce Fire District does not have any *business-type activities* or *component units*.

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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 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 assets and a statement of changes in fiduciary net positions. 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.

Private – sector standards of accounting and financial reporting issued prior to December 1, 1989 are generally followed in both the government –wide and proprietary fund financial standards to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of the following subsequent private – sector guidance for their business – type activities and enterprise funds, subject to the same limitation. The District has elected not to follow subsequent private – sector guidance.

Basic Financial Statements

The accounting policies for the District conform to the accounting principles generally accepted in The United States of America (GAAP) as applicable to governmental units. The Governmental Accounting

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

Government-Wide Statements

The Government-wide financial statements (i.e., the Statement of Net Position and the Statement of Changes in Net Position) report information on all of the non-fiduciary 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 *Debt Service Fund* is used to account for the proceeds of tax revenues received from a voter approved bond issue for capital improvements to the District. The fund is administered and held by the County Treasurer. The proceeds of the fund may only be used to repay the bond issue.

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24

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Financial Statement Amounts

Cash & Cash Equivalents

All savings, checking, and money market accounts with an original maturity of less than 60 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.

Deferred Revenue

Deferred revenue (in the fund financial statements) represents property taxes earned during the year but not collected in time to be available to finance the current year's operation.

Capital Assets

Capital Assets, which include property, plant, and equipment, are reported in the applicable government 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 \$2500 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 and Inflows of Resources

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

Pensions

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

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CHANGE IN ACCOUNTING PRINCIPLE

Net position as of July 1, 2014, has been restated as follows for the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*

Net Position as previously reported at June 30, 2014	\$266,814
Prior period adjustment—implementation of GASB 68:	
Net pension asset (measurement date as of June 30, 2013)	(28,937)
Net pension liability (measurement date as of June 30, 2013)	(67,850)
Deferred outflows- contributions made during fiscal year	45,796
Total prior period adjustment	(50,991)
Net position as restated, July 1, 2014	<u>\$215,823</u>

LONG –TERM LIABILITIES

The following schedule detail the District’s long-term liability and obligation activity for the year ended June 30, 2015

Governmental activities	Balance July 1, 2014	Additions	Reductions	Balance June 30, 2015
Net Pension liabilities				
PSPRS		34,242		34,242
ASRS		42,750		42,750
Compensation absences payable	9,715	1,683		11,398
Total governmental activities				
Long-term liabilities	<u>9,715</u>	<u>78,675</u>		<u>88,390</u>

General Obligation Bonds

The District does not currently have any general obligations bonds.

Operating Leases

The District does not currently have any operating leases.

Capital Leases

The District does not currently have any capital leases.

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Net Position/Fund Equity

Net Position on Government-Wide Financial Statements – Schedule A

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

- 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.
- Unrestricted Fund Balance – amounts in this fund balance area is the balance of equity which is not included in the Restricted Fund Balance and the Investments in Net Position balances.
- Investment in Capital Assets, Net of Related Debt – This consists of capital assets, net of accumulated depreciation and reduces 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 Governmental Fund Financial Statements – Schedule 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:

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

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Budgetary Information

During the last quarter of the fiscal year, the ensuing years operating budget, including proposed expenditures and the means of financing them, is compiled by the Fire Chief. A public hearing is held on the budget subsequent to the publication of the proposed budget. Once the proposed budget is prepared it must be published in a newspaper of general circulation in the County in which the District is located, at least twenty days prior to a budget hearing. Notice of the hearing must also be posted in at least three public locations in the District and posted to the District website at least twenty days prior to the hearing, provided the District maintains a website. Copies of the proposed budget must also be provided upon written request. Once the budget hearing is held, the District Board approves the budget. After approval by the District Board, the budget is then sent to the County Board of Supervisors, no later than August 1st of each year as required by ARS 48-807(e).

Budgets are adopted by the District on a basis consistent with ARS 48-807. This basis allows the District Board or Fire Chief to alter the budget within the total expenditure allocation as needed during the year. The District management generally cannot exceed the total expenditure budget. Encumbrance accounting is not employed by the District. All appropriations lapse at year-end.

NOTE 3 – CASH, DEPOSITS, INVESTMENTS, AND RISK MANAGEMENT

Cash Deposits, and Investments

The District's cash and cash equivalents include Cash on Hand, Deposits, and Investments.

Arizona Revised Statutes authorize special districts to invest public funds in the Arizona State Treasurer's local government investment pool, interest bearing savings accounts, certificates of deposit and in accounts of any savings and loan associations insured by an agency of the government of the United States, up to the amount of such insurance, or pledged collateral.

All investments are stated at fair value, based on market prices. The District does not have its own formal investment policy with respect to credit risk, custodial credit risk, concentration of credit risk, interest rate risk, or foreign currency risk for investments.

Cash on Hand and Deposits – At June 30, 2015, total cash on hand was \$151.

The carrying amount of the total cash in bank was \$33,997. All of the bank balance was FDIC insured

Investments – At June 30, 2014, the carrying amount in the Trust Fund, invested in Edward Jones was \$75,909. The carrying balance in bank accounts invested in the County Treasurer's Pool was \$14,458.

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. The District also conducts regular driver's license checks on all employees authorized to operate District vehicles.

Custodial risk of deposit and investment accounts is the risk that in the event of a failure, the District's deposits may not be returned to it. The District does not have a policy for custodial risk, concentration of risk, concentration of credit risk, interest rate risk, or foreign currency risk for deposits or investments.

NOTE 4 – INVENTORIES

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

NOTE 5 – 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 receivables gross of \$50,780 and with an allowance for bad debt of \$11,457 for a net of \$39,323 at June 30, 2015. Wildland receivables were \$29,563. This gave a net of \$68,886.

NOTE 6 – DEFERRED REVENUES

Deferred Taxes Receivable arises when property taxes are levied but not currently collected. The collectable portion (taxes levied less estimated uncollectible) are recorded as deferred revenue in the period when an enforceable legal claim to the assets arises.

NOTE 7 - CAPITAL ASSETS

Capital Asset activity for the year ended June 30, 2015.

	Balance			Balance
Depreciable Assets	6/30/2014	Additions	Deletions	6/30/2015
Vehicles	362,516	79,323	12,500	429,339
Buildings	196,683	31,988		196,683
Equipment, Fire	879,558			352,347
Total Historical Costs	879,558	1,113,111	12,500	978,369

Less Accumulated Depreciation				
Vehicles	321,575	29,396	12,500	338,471
Buildings	114,054	5,662		119,716
Equipment, Fire	292,180	22,163		314,343
Less: Total Accumulated Depreciation	<u>727,809</u>	<u>57,221</u>	<u>12,500</u>	<u>772,530</u>
Depreciable Capital Assets Net	<u>151,749</u>	<u>(54,090)</u>	<u>12,500</u>	<u>205,839</u>
Non-Depreciable Assets				
Land	31,000			
Capital Assets, Net	<u>182,750</u>	<u>(54,090)</u>	<u>12,500</u>	<u>236,839</u>

NOTE 8 – SHORT –TERM INDEBTEDNESS

The District utilizes a credit line with a limit of \$97,000. As of June 30, 2015, the balance outstanding was approximately \$0 and \$97,000 was available. The District routinely pays the balance in full when funds are available.

NOTE 9 – ACCUMULATED COMPENSATED ABSENCES

Accumulated unpaid vacation and leave time is accrued when incurred. The current portion of such amounts has been accrued in the governmental fund (using the modified accrual basis of accounting).

The District has a combination of vacation time and sick leave which the District calls Paid Time Off (PTO). The District’s accrued PTO on June 30, 2015 was \$17,586.

NOTE 10 – 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 fund balance 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 amount 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 any official or body to which the District Board delegates the authority.

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

Fund Balance

Restricted Fund Balance			
Assigned Payroll (PTO)		11,398	
Assigned Net pension Liability	76,992		
Less: deferred inflows and outflows	-25,628	51,364	
Unassigned Fund Balance		16,852	
Total Fund Balance		79,578	

NOTE 11 – 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 may also 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 12 – DEFERRED COMPENSATION PLAN

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code (IRC) Section 457. This plan, available to all District employees, permits employees to defer a portion of their current salary until future years. Assets held in IRC Section 457 plans are generally subject to claims of creditors.

It is the District’s position that it has no liability for investment losses under the plan but has the duty of due care that would be required of an ordinary prudent investor. The District believes it is unlikely that it will use the assets to satisfy the claims of general creditors in the future.

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NOTE 13 – EMPLOYEE RETIREMENT SYSTEMS

(See Also, The Required Supplemental Information)

The District contributes to multiple plans as described below. Benefits for non-public safety personnel are established based on contributions to the plan. For public safety personnel, state statute regulates retirement, death, long-term disability, and survivor premium benefits.

Plan Descriptions

Benefits are established by state statute and the plans generally provide retirement, long-term disability, and health insurance premium benefits, including death and survivor benefits. The retirement benefits are generally paid at a percentage, based on years of service, of the retirees’ annual compensation. Long-term disability benefits vary by circumstance, but generally pay a percentage of the employee’s monthly compensation. Health insurance premium benefits are generally paid as a fixed dollar amount per month, towards the retiree’s healthcare insurance premiums, in amounts based on whether the benefit is not for the retiree or for the retiree and his or her dependents.

Arizona State Retirement System

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

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

ASRS	Retirement initial membership date:	Retirement initial membership date:
	Before July 1, 2011	On or after July 1, 2011
Years of Service and age required to receive benefit	Sum of years and age equals 80 10 years age 62 5 years age 50*	30 years age 55 25 years age 60 10 years age 62
Final average salary is based on	Highest 36 consecutive months of last 120 months	Highest 60 consecutive months Of last 120 months
Benefit percent per	2.1% to 2.3%	2.1% to 2.3%

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Year of service		
-----------------	--	--

*With actuarially reduced benefits

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

Pension Liability-At June 30, 2015, the District reported a liability of \$42,750 for its proportionate share of the ASRS' net position liability. The net pension liability was measured as of June 30, 2014. The total pension liability used to calculate the net pension liability as determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2013, to the measurement date of June 30, 2014. The District's proportion of the net pension liability was based on the District's actual contributions to the plan relative to the total of all participating employer's contributions for the year ended June 30, 2014. The District's proportion measured as of June 30, 2014 was 0.000289 percent, which was an (increase/decrease) of 24% from its proportion measured as of June 30, 2013.

Pension Expense and Deferred Outflows/Inflows of Resources- for the year ended June 30, 2015 the District recognized pension expense for ASRS of \$11,715. At June 30, 2015, the district reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources.

	Deferred Outflows of resources	Deferred Inflows of Resources
Differences between expected and actual Experience	2,173	
Net difference between projected and actual earnings on pension plan investments	0	7,476
Change in proportion and differences between District contributions and proportionate share of contributions	5,632	
District contributions subsequent to the measurement Date	<u>390</u>	
Total	9,190	7,476

The \$390 reported as deferred outflows of resources related to ASRS pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction in pension liability in the year ending June 30, 2016. Other amounts reported as deferred outflows and inflows or resources related to ASRS pension will be recognized in pension expense as follows:

Year ending June 30	
2015	1959
2016	1959
2017	(720)

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2018 (1869)
2019 0

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

ASRS

Actuarial valuation date June 30, 2013
 Actuarial roll forward date June 30, 2014
 Actuarial cost method Entry Age normal
 Investment rate of return 8%
 Projected Salary Increase 3-6.75%
 Inflation 3%
 Permanent benefit increase Included
 Mortality rate 1994 GAM Scale BB

Note 14

Sensitivity of the County’s proportionate share of the ASRS net pension liability to changes in the discount rate – The following table presents the County’s proportionate share of the net pension liability calculated using the discount rate of 8 percent, as well as what the County’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7 percent) or 1 percentage point higher (9 percent) than the current rate:

ASRS	1% Decrease (7%)	Current Discount Rate (8%)	1% Increase (9%)
County’s proportionate share of the net pension liability	38,511	42,750	54,033

Funding Policy:

For the year ended June 30, 2015, active ASRS members were required by state statute to contribute at the actuarially determined rate of 11.60% (11.48% retirement and 0.12% long-term disability) and the District also 11.60% (10.89% retirement 0.59% health insurance premium benefit and 0.12% long-term disability) of the members’ annual covered payroll.

The plan issues a publicly available financial report that includes its financial statements and required supplementary information.

ASRS
3300 N Central Ave Suite 200
Phoenix, Arizona 85067-3910
(602)204-2000 or 1-800-621-3778

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The District maintains a **Volunteer Fire Pension Fund** as allowed by APS 9-951. This plan is administered by the District and overseen by an appointed pension board according to the state statute. The plan is reviewed by the Arizona State Fire Marshall's office.

The Public Safety Personnel Retirement System (PSPRS) administers an agent multiple-employer defined benefit pension plan and an agent multiple-employer defined health insurance premium plan that covers public safety personnel who are regularly assigned hazardous duty as employees of the State of Arizona or participating political subdivisions. The PSPRS, acting as a common investment and administration agent, is governed by a five-member board known as The Fund Manager, and the participating local boards according to the provisions of A. R. S. Title 38, Chapter 5, Article 4.

Funding Policy: For the year ended June 30, 2015, PSPRS members were required by statute to contribute 11.05% of their annual covered compensation, and the District was required to contribute at the actuarially determined rate of 12.27%.

The plan issues a publicly available financial report that includes its financial statements and required supplementary information.

Public Safety Personnel Retirement System
 3010 E Camelback Road
 Phoenix, AZ 85016-4416
 (602) 255-5575

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

RETIREMENT and DISABILITY	Initial membership date: Before January 1, 2012	Initial membership date: On or after January 1, 2012
Years of service and age required to receive benefit	20 years and any age 15 years age 62	25 years age 52.5
Final average salary is based on Benefit percent	Highest 36 consecutive months of last 20 years	Highest 60 consecutive months of last 20 years
Normal Retirement	50% less 2.0% for each year of credited service less than 20 years OR plus 2.0% to 2.5% for each year of credited service over 20 years, not to exceed 80%	2.5% per year of credited service, not to exceed 80%
Accidental Disability Retirement	50% or normal retirement, whichever is greater	50% or normal retirement, whichever is greater
Catastrophic Disability Retirement	90% for the first 60 months then reduced to either 62.5% or normal retirement, whichever is greater	90% for the first 60 months then reduced to either 62.5% or normal retirement, whichever is greater
Ordinary Disability Retirement	Normal retirement calculated with actual years of credited service or 20 years of credited service, whichever is greater, multiplied by years of credited	Normal retirement calculated with actual years of credited service or 20 years of credited service, whichever is greater, multiplied by years of credited

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	service(not to exceed 20 years) divided by 20	service(not to exceed 20 years) divided by 20
Survivor Benefits Retired Members	80% to 100% of retired member's pension benefit	80% to 100% of retired member's pension benefit
Survivor Benefits Active Members	80% to 100% of accidental disability retirement benefit or 100% of average monthly compensation if death was the result of injuries received on the job	80% to 100% of accidental disability retirement benefit or 100% of average monthly compensation if death was the result of injuries received on the job

**NOTES TO SCHEDULE OF CONTRIBUTIONS
SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS
USED IN THE CALCULATION OF THE 2015 CONTRIBUTION REQUIREMENT RATE
PSPRS Contribution Requirements**

Notes:	Actuarially determined contribution rates are calculated as of June 30 each year,
	which are 12 months prior to the beginning of the fiscal year in which contributions are reported

Methods and Assumptions Used to Determine Fiscal Year 2014 contribution Rates:

Actuarial Cost Method	
Amortization Method	
Remaining Amortization Period as of the 2013 actuarial valuation	23 Years: for unfunded actuarial accrued liability, 20 years for excess
Asset valuation method	7-Year smoothed market:20% corridor
Actuarial Assumptions:	
Investment rate of return	In the 2013 actuarial valuation, the investment rate of return was decreased from 8% to 7.85%
Projected salary increases	In the 2013 actuarial valuation, projected salary increases were decreased from 5.0%-9% to 4.5%-8.5% for PSPRS
Wage growth	In the 2013 actuarial valuation, wage growth was decreased from 5% To 4.5% for PSPRS
Retirement age	Experience based table of rates that is specific to the type of eligibility Condition. Last updated for the 2012 valuation pursuant to an experience Study of the period July 1, 2006 – June 30, 2011
Mortality	RP-2000 mortality table (adjusted by 105% for both males and females)

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SENSITIVITY OF NET PENSION LIABILITY (ASSET) TO THE SINGLE DISCOUNT RATE ASSUMPTION

Regarding the sensitivity of the net pension liability (asset) TO CHANGES IN THE Single Discount Rate, the following presents the plan's net pension liability (asset), calculated using a Single Discount Rate of 7.85%, as well as what the plan's net pension liability (asset) would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher

	1%Decrease 6.85%	Current Single Discount Rate Assumption 7.85%	1% Increase 8.85%
Total Pension Liability	635,448	533,714	451,997
Plan Fiduciary Net Position	499,472	499,472	499,472
Net pension Liability	135,976	34,242	(47,475)

DEFERRED OUTFLOWS AND DEFERRED INFLOWS OF RESOURCES BY SOURCE TO BE RECOGNIZED IN FUTURE PENSION EXPENSES

	Deferred Outflows <u>of Resources</u>	Deferred Inflows <u>of Resources</u>
Difference between expected and actual experience	0	4,183
Changes in assumptions	8,054	
Net difference between projected and actual earnings		
On pension plan investments		<u>18,137</u>
Total	8,054	22,320

**PENSION EXPENSE/(INCOME) UNDER GASB STATEMENT NO. 68
MEASUREMENT DATE JUNE 30, 2014
REPORTING DATE JUNE 30, 2015**

A. Expense/(Income) PSPRS	
1. Service Cost	\$ 1,573
2. Interest on the Total Pension Liability	37,142
3. Current-Period Benefit Changes	(1,416)
4. Employee Contributions (made negative for addition here)	(32,332)

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5. Projected Earnings on Plan Investments (made negative for addition here)	(31,241)
6. Other Changes in Plan Fiduciary Net Position*	1
7. Recognition of Outflow (Inflow) of Resources due to Liabilities	420
8. Recognition of Outflow (Inflow) of Resources due to Assets	(4,534)
9. Total Pension Expense/(Income) 6/30/2014	\$19,613
10. Total Pension expense PSPRS 6/30/2015:	
Increase in Net Pension Liability from 6/13 to 6/14	4,903
Deferred inflows of resources carried forward from 6/30/14	<u>22,320</u>
	<u>27,223</u>

In accordance with GASB 45, assets within the PSPRS plan are not segregated to fund the post-retirement health insurance subsidy. Accordingly, these benefits may not be considered pre-funded. These liabilities are based on the same assumptions and actuarial cost methods as indicated for the plan. The District did not report a health insurance subsidy payment for the fiscal year ending June 30, 2015.

Post-Employment Benefits: The government provides certain health care and insurance benefits for recently separated employees as required by the Federal Law under COBRA. Any cost of health care and insurance benefits would be short-term and recognized as an expenditure as claims are paid. The District currently has no such claims.

NOTE 18 – SUBSEQUENT EVENTS

At the October 30, 2015 special meeting, Chairman Robert Fino explained the process of holding a public hearing on the “District Boundary Change Impact Statement and Proposed Annexation Process for the Sunsites-Pearce Fire District.” The special meeting was reconvened on November 9, 2015 and was tabled to get clarification from the attorney where we can or cannot place our notices, to the regular meeting on November 17, 2015. At the November 17, regular meeting following discussion Chairman Fino moved to table the proposed annexation process for 3 months, motion carried.

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38

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REQUIRED SUPPLEMENTARY INFORMATION

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**SUNSTITES-PEARCE FIRE DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL (GAAP BASIS)
GENERAL FUND**

FOR THE YEAR ENDED JUNE 30, 2015

Exhibit I

	Budgeted Amounts			Variance with final
Revenue:	Original	Final	Actual	Budget
Property Taxes	413,456	413,456	401,361	(12,095)
Fire District Assistance	80,000	80,000	83,230	3,230
Fees for Service	331,000	331,000	297,480	(33,520)
Grant Revenue	250,000	250,000	120,884	(129,116)
Interest			306	306
Miscellaneous	21,680	21,680	19,055	(2,625)
Total Revenue:	1,096,136	1,096,136	922,316	(173,820)
Expenditures:				
Public Safety	574,800	574,800	578,445	3,645
Administration	144,036	144,036	74,163	(69,873)
Operations	120,000	120,000	164,795	44,795
Capital Outlay	250,000	250,000	111,311	(145,689)
Interest	300	300	211	(89)
				0
Total Expenditures:	1,096,136	1,096,136	928,925	(187,211)
Excess (Deficiency) of Revenue over Expenditures			(17,562)	(17,562)
Net Change in Fund Balances			(17,562)	(17,562)
Fund Balances at Beginning Of Year			93,780	93,780
Fund Balances at End of Year			76,218	76,218

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1. BUDGETARY BASIS OF PRESENTATION

The budget included in these financial statements represents the original budget and amendments approved by the Board of Directors. The budgetary basis is the modified accrual basis of accounting with encumbrances included as actual. Accordingly, for the purpose of comparing budgeted expenditures to actual amounts, prior and current year encumbrances have been integrated with the amounts shown on the *Statement of Revenues, Expenditures and Changes in Fund Balances*.

Various reclassifications have been made to the actual amounts to conform to classifications included in the budget approved by the Board of Directors.

The legal level of budgetary control attributed to the Board of Directors is considered at the objective or natural classification level, presented as subtotals in the schedule of budget to actual (e.g., total revenue, total salaries and benefits, total services and supplies, etc.).

2. DETERMINATION OF THE TOTAL PSPRS PENSION LIABILITY

The total pension liability shown in this subsection is also shown as of the last date of the pension plan’s fiscal year, June 30, 2015.

The single discount rate of 7.85% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.85%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contribution will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Schedule of Proportionate Share of the Net Pension Liability ASRS

Reporting Fiscal Year 6/2015
(Measurement Date):

	2015 (2014)	2014 through 2006
Districts proportion of the net pension liability		Information
Proportionate share of net pension liability	\$42,750	Not available
Covered employee payroll	\$3,398	
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	1,258%	
Plan fiduciary net position as a percentage of the total pension liability	69.49%	

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**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
CURRENT PERIOD
MEASUREMENT DATE JUNE 30, 2014
REPORTING DATE JUNE 30, 2015**

PSPRS	
Total Pension liability:	
Service Cost	51,573
Interest on total pension liability	37,142
Changes of benefit terms	(1,416)
Differences between expected and actual experience in the measurement of the pension liability	(4,637)
Changes of assumptions or other inputs	8,928
Benefit payments, including refunds of employee contributions	(10,483)
Net change in total pension liability	81,107
Total pension liability - beginning	452,607
Total pension liability - ending	533,714
Plan fiduciary net position	
Contributions – employer	44,441
Contributions – employee	31,241
Net investment income	55,003
Benefit payments, including refunds of employee contributions	(10,483)
Other changes	— (1)
Net change in fiduciary net position	120,201
Plan fiduciary net position - beginning	379,271
Plan fiduciary net position - ending	499,472
Net pension liability – ending	<u>34,242</u>
Plan fiduciary net position as a percentage of total pension liability	93.58%
Covered valuation payroll	302,613
Net pension liability as percentage of covered payroll	11.32%

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**MULTIYEAR SCHEDULE OF PSPRS CONTRIBUTIONS
Last 10 Years**

Comparison of actual employer contributions to the actuarially determined contributions based on the plan's funding policy.

Year Ended June 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution As a % of Current Valuation Payroll
2014	44,441	44,441	0	302,613	14.69%

**SCHEDULE OF FUNDING PROGRESS
(EXCLUDING HEALTH INSURANCE SUBSIDY BEGINNING JUNE 30, 2008)**

Year Ended June 30	Actuarial value of assets (a)	Actuarial accrued liability (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a)/(b)	Covered Payroll ©	UAAL as a percent of Covered Payroll ((b)-(a))/(c)	AAL as a percent of Covered Payroll (b)/(c)
2006	0	0	0	0.0	0	0.0%	0.0%
2007	0	0	0	0.0	0	0.0%	0.0%
2008	0	0	0	0.0	0	0.0%	0.0%
2009	0	0	0	0.0	0	0.0%	0.0%
2010	0	0	0	0.0	0	0.0%	0.0%
2011	0	0	0	0.0	0	0.0%	0.0%
2012	338,310	367,294	28,984	92.1%	231,374	12.5%	158.7%
2013	423,268	452,607	28,984	93.5%	276,843	10.6%	163.5%
2014	506,495	533,714	27,219	94.9%	302,612	9.0%	176.4%
2015	588,725	608,258	19,533	96.8%	309,681	6.3%	196.4%

Results before 2009 were calculated by the prior actuary.

**GASB STATEMENT NO. 27 SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS**

Fiscal Year Ended June 30	Annual Required Contribution
2008	0
2009	0
2010	0
2011	0 (est.)
2012	0 (est.)
2013	0 (est.)
2014	34,769 (est.)
2015	34,616 (est.)
2016*	39,833 (est.)

*This is the estimated Annual Required Contribution before the phase-in plan

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Beginning with the 2011 fiscal year, this schedule shows the estimated annual required contribution (calculated based on the recommended contribution rate and the projected payroll for the fiscal year) Actual amounts reported in the employer's financial statements may be different, due to differences between the projected payroll and the actual payroll during the fiscal year

**ANNUAL REQUIRED CONTRIBUTION
(PSPRS)**

Valuation Date June 30	Fiscal Year Ended June 30	Normal Cost (a)	Actuarial Accrued Liability (b)	Total (a+b)	Dollar Amount
2006	2008	0.00%	0.00%	0.00%	\$0
2007	2009	0.00	0.00	0.00	0
2008	2010	0.00	0.00	0.00	0
2009	2011	0.00	0.00	0.00	0
2010	2012	0.00	0.00	0.00	0
2011	2013	0.00	0.00	0.00	0
2012	2014	0.60	0.54	1.14	2,908
2013	2015	0.40	0.42	0.82	2,479
2014	2016	0.47	0.50	0.97	3,175
2015	2017	0.46	0.28	0.74	2,479

Fiscal year prior to 2011 were provided by the prior actuary
Health insurance subsidy payment reported FY2015: \$0

GASB STATEMENT NO. 45 SUPPLEMENTARY INFORMATION

The following information is presented concerning the post-retirement health insurance subsidy. The liabilities and computed contribution for the post-retirement health insurance subsidy were based on the same assumptions and actuarial cost methods as indicated for GASB Statement No. 27.

SCHEDULE OF FUNDING PROGRESS

Valuation Date June 30	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll ©	UAAL as a % of Covered Payroll ((b-a)/c)
2006	0	0	0	0.00%	0	0.00%
2007	0	0	0	0.00%	0	0.00%
2008	0	0	0	0.00%	0	0.00%
2009	0	0	0	0.00%	0	0.00%
2010	0	0	0	0.00%	0	0.00%
2011	0	0	0	0.00%	0	0.00%
2012	0	22,128	22,128	0.00%	231,374	9.56%
2013	0	20,886	20,886	0.00%	276,843	7.54%
2014	0	24,151	24,151	0.00%	302,612	7.98%
2015	13,777	28,067	14,290	49.09	309,681	4.61%

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Executive Summary

Actuarial valuation date	June 30, 2014	
Measurement Date of the Net Pension Liability	June 30, 2014	
Employer's Fiscal year Ending Date (Reporting Date)	June 30, 2015	
Membership		
Number of		
-Retirees and beneficiaries		0
-Inactive, Non-retired Members		2
-Active Members		6
-Total		8
Covered Payroll		302,613
Net Pension Liability		
Total Pension Liability		533,714
Plan Fiduciary Net Position		<u>499,472</u>
Net Pension Liability		34,242
Plan Fiduciary net position as a percentage Of Total Pension Liability		95.38%
Net pension Liability as a Percentage Of Covered Payroll		11.32%
Development of the Single Discount Rate as of June 30, 2014		
Long-Term Expected Rate of Investment Return		7.85%
Long-Term Municipal bond rate		4.29%
Last year ending June 30 in the 2015 to 2114 projection period for which projected benefits are fully funded		2114
Resulting Single Discount Rate based on the above development		7.85%
Single Discount Rate calculated using June 2013 Measurement date		7.85%
Total Pension Expense		19,613

**PENSION EXPENSE/(INCOME) UNDER GASB STATEMENT NO. 68
MEASUREMENT DATE JUNE 30, 2014
REPORTING DATE JUNE 30, 2015**

A. Expense/(Income) PSPRS		
1. Service Cost		\$ 1,573
2..Interest on the Total Pension Liability		37,142
3. Current-Period Benefit Changes		(1,416)
4. Employee Contributions (made negative for addition here)		(32,332)
5. Projected Earnings on Plan Investments (made negative for addition here)		(31,241)

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6. Other Changes in Plan Fiduciary Net Position*	1
7. Recognition of Outflow (Inflow) of Resources due to Liabilities	420
8. Recognition of Outflow (Inflow) of Resources due to Assets	(4,534)
9. Total Pension Expense/(Income) 6/30/2014	\$19,613
10. Total Pension expense PSPRS 6/30/2015:	
Increase in Net Pension Liability from 6/13 to 6/14	4,903
Deferred inflows of resources carried forward from 6/30/14	<u>22,320</u>
	<u>27,223</u>

In accordance with GASB 45, assets within the PSPRS plan are not segregated to fund the post-retirement health insurance subsidy. Accordingly, these benefits may not be considered pre-funded. These liabilities are based on the same assumptions and actuarial cost methods as indicated for the plan. The District did not report a health insurance subsidy payment for the fiscal year ending June 30, 2014.

The District maintains a Volunteer Fire Pension Fund as allowed by APS 9-951. This plan is administered by the District and overseen by an appointed pension board according to the state statute. The plan is reviewed by the Arizona State Fire Marshall's office.

Post-Employment Benefits: The government provides certain health care and insurance benefits for recently separated employees as required by the Federal Law under COBRA. Any cost of health care and insurance benefits would be short-term and recognized as an expenditure as claims are paid. The District currently has no such claims.

Annual Pension Cost: For the year ended June 30 2014, the District's recorded pension cost of \$46,323 for PSPRS was equal to the District's required and actual contributions after adjustment for amounts received by PSPRS from the State Fire Marshall's Office. The District's actuarial assumptions for the pension of fire personnel for the year ended June 30, 2013, and the most recent available actuarial valuation, and related information follow.

Funding Policy: For the year ended June 30, 2015, PSPRS members were required by statute to contribute 11.05% of their annual covered compensation, and the District was required to contribute at the actuarially determined rate of 12.27%.

Public Safety Personnel Retirement System
3010 E Camelback Road
Phoenix, AZ 85016-4416
(602) 255-5575

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OTHER SUPPLEMENTARY INFORMATION

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**SUNSIDES-PEARCE FIRE DISTRICT
ANNUAL REPORT INFORMATION
FISCAL YEAR ENDED JUNE 30, 2015**

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

REGULAR FIRE BOARD MEETINGS:

<u>Date</u>	<u>Time</u>	<u>Location</u>
07/29/2014	10:30AM	105 N. Tracy Road, Pearce
08/26/2014	10:30AM	105 N. Tracy Road, Pearce
09/23/2014	10:30AM	105 N. Tracy Road, Pearce
10/21/2014	10:30AM	105 N. Tracy Road, Pearce
11/18/2014	6:00PM	105 N. Tracy Road, Pearce
01/27/2015	6:00PM	105 N. Tracy Road, Pearce
02/24/2015	6:00PM	105 N. Tracy Road, Pearce
03/24/2015	6:00PM	105 N. Tracy Road, Pearce
04/21/2015	6:00PM	105 N. Tracy Road, Pearce
05/19/2015	6:00PM	105 N. Tracy Road, Pearce
06/16/2015	6:00PM	105 N. Tracy Road, Pearce

SPECIAL INFORMATIONAL MEETING

12/1/2014	6:00PM	105 N Tracy Road Pearce
1/13/2015	4.30PM	105 N Tracy Road Pearce
4/10/2015	6:00PM	105 N Tracy Road Pearce
5/13/2015	5:00PM	105 N Tracy Road Pearce

BOARD MEMBERS as of 6/30/2015:

<u>Name</u>	<u>Business Phone Number</u>	<u>Occupation</u>
Robert Fino		Chairman
Joshua A. Steinberg	520-826-3645	Fire Chief
Jason Simmons		Board Member
Brian Allen		Board Member
Joanna Baker		Clerk

LOCATION OF POSTING OF MEETING NOTICES (all meetings):

Sunsites-Pearce Fire Station	105 N Tracy Rd	Pearce, AZ
107 N Frontage Road		Pearce AZ
1036 E Eastland Rd		Cochise

Sunsites-Pearce Fire District website: www.sunsitesfire.org
www.sunsitesfiredept.com

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SUNSITES-PEARCE FIRE DISTRICT

**GOVERNMENT AUDIT STANDARDS SECTION
JUNE 30, 2015**

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

Members of the Board
Sunsites-Pearce Fire District
Pearce, Arizona

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Sunsites-Pearce Fire District, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 17, 2015.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

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Purpose of this Report

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

MG Patience, CPA

Bisbee, AZ
December 17, 2015

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