

SUNSITES-PEARCE FIRE DISTRICT

FINANCIAL STATEMENTS

June 30, 2016

Monika Patience

MG Patience, CPA

Certified Public Accountant

1326 W Highway 92 #12

Bisbee, AZ 85603

Fax 480-248-2776

Phone 520-432-3530

mgpatience@qwestoffice.net

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MG Patience, CPA

*Certified Public Accountants
1326 West Highway 92 #12
Bisbee, Arizona 85603*

Phone 520-432-3530

Fax 480-248-2776

Email mgpatience@qwestoffice.net

INDEPENDENT AUDITORS REPORT

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

We have audited the accompanying Financial Statements of the governmental activities, of each major fund, and the aggregate remaining fund information of Sunsites-Pearce Fire District, as of and for the year ended June 30, 2016, 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, 2016, 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.

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, and net pension liability, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the 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.

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 November 29, 2016, 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

November 29, 2016

MG Patience, CPA

*Certified Public Accountants
1326 West Highway 92 #12
Bisbee, Arizona 85603*

Phone 520-432-3530

Fax 480-248-2776

Email mgpatience@qwestoffice.net

Independent accountant 's report on compliance with ARS 48-05.02

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

We have examined management's assertion that the Sunsites-Pearce Fire District has compiled with Arizona Revised Statutes (ARS) 48-805.02(F) for the year ended June 30, 2016. The statute requires the District to comply with ARS 48-805(B)2, 48-806 and 48-807. These requirements relate to debt and liabilities incurred by the District. The District's management is responsible for the assertion and compliance with the provisions of these statutes. Our responsibility is to express an opinion on the assertion based on our examination.

Our examination as conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the District's compliance with the statutes referred to above and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In connection with our examination, nothing came to our attention that caused us to believe that the District's assertion of compliance with these statutes was inaccurate or that the District failed to comply with the provisions of ARS sections 48-805(B)(2), 48-806, 48-807 and 48-805.02(F) as required, insofar as it relates to accounting matters. However, our examination was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures. Other matters may have come to our attention regarding the District's noncompliance with the above referenced conditions of the statute, insofar as they relate to accounting matters.

This report is intended solely for the information and use of the Members of the Board and management of the District and the State of Arizona. This report is not intended to be and should not be used by anyone other than these specified parties.

MG Patience CPA

MG Patience, CPA

Bisbee, AZ 85603

November 29, 2016

Sunsites-Pearce Fire District

Management's Discussion and Analysis of Basic Financial Statements June 30, 2016

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, 2016. 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 2016, January 2016 through November 2016 the Sunsites-Pearce Fire District responded to 588 calls for service. These calls included 187 responses to reports of fire, and 401 responses to medical and other emergencies. This compares to 130 and 391 respectively for the same period last year.

Logistics

The fire hydrants are privately owned. During the year the District has worked with the owners of the hydrants to test and find out which of the hydrants are in working order, water is also supplied from agreements with using wells owned by farmers in the area and reserve tanks.

Community Service

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.

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 23 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

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

Financial Highlights

Revenues	6/2016	6/2015
Program Revenues:		
Charges for Service	387,624	297,480
Grants and entitlements	80,185	120,884
General Revenues:		
Property Taxes	386,697	401,361
Other Taxes	80,299	83,230
Investment Earnings	407	
Other general Revenues	<u>12,795</u>	<u>19,360</u>
Total Revenues	948,007	922,315
Expenditures		
Program Expenses		
General Government	<u>843,083</u>	<u>886,160</u>
Total Expenses	843,083	886,160
Excess (deficiency)	<u>104,924</u>	<u>36,155</u>
Increase (decrease) in Net Assets	104,924	36,155

The District's total revenues increased by 2.8% 25,692 from the prior year. The main reasons for the increase in revenues were, increased billing from ambulance and wildland fires, and a matching grant from the State of AZ Forestry & Fire

The total cost of all programs and services decreased by 4.31%, (43,077) Main reasons were less repair and less depreciation this year.

- The District's net assets decreased \$37,110, or 15.6% from the previous year.(all depreciation)
- The District's net position increased \$101,967 or 45% from the previous fiscal year. This was due to increased revenue from ambulance and Wildland services

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 a 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

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, 2016

	<u>Balance</u> <u>June 30, 2016</u>	<u>Balance</u> <u>June 30, 2015</u>
Invested in capital assets net of related debt	199,730	236,838
Unrestricted net assets	<u>126,710</u>	<u>16,815</u>
Total net before prior period adjustment position	326,440	253,653
Prior period adjustment due to GASB 68 and net pension liability		(29,181)
Net Position	<u>326,440</u>	<u>224,472</u>

Governmental Activities

Most of the revenues for the District were derived from charges for service, ambulance billing and wildland Fire assignments assessed, property taxes and Fire District Assistance Tax from the county.

Capital Assets, Net of Depreciation June 30, 2016

	BALANCE JUNE 30, 2015	BALANCE JUNE 30, 2016
<u>Depreciable Assets</u>		
Vehicles	429,339	429,339
Buildings	196,683	196,683
Equipment, Fire	<u>352,347</u>	<u>352,347</u>
Total Historical Costs	<u>978,369</u>	<u>978,369</u>
Less Accumulated Depreciation		
Vehicles	338,471	362,238
Buildings	119,716	125,378
Equipment, Fire	<u>314,343</u>	<u>322,023</u>
Less: Total Accumulated Depreciation	<u>772,530</u>	<u>809,640</u>
Net Capital Assets	<u>205,839</u>	<u>168,729</u>
<u>Non-Depreciable Assets</u>		
Land	<u>31,000</u>	<u>31,100</u>
Total Net Assets	<u>236,839</u>	<u>199,728</u>

Long-Term Debt

At the end of the current fiscal year, the District had debt outstanding of \$45,396. All of the debt is backed by the full faith and credit of the District.

Factors Affecting Future Results

The district is working on a loan application for a new vehicles , to service increased demand for ambulance and wildland services

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 generate revenue from other sources to meet the demands 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.

BASIC FINANCIAL STATEMENTS

SUNSITES-PEARCE FIRE DISTRICT
STATEMENT OF NET POSITION JUNE 30, 2016¹
 Exhibit A - Governmental Activities

Exhibit A
 Governmental Activities

<u>ASSETS</u>	
Cash & Cash Equivalents (Note 3)	\$113,721
RECEIVABLES	
Ambulance Service Fees, Net Allowance For Doubtful Accounts (Note 5)	74,242
Grant Receivable	25,033
Out of District Receivable (Note 5)	35,287
Property Taxes (Note 6)	188,733
Prepaid expenses	7,610
Total Capital Assets (Note 7)	199,730
Total Assets	<u>644,962</u>
<u>DEFERRED OUTFLOW OF RESOURCES</u>	
Deferred outflows related to pensions (Notes 14 &15)	<u>28,616</u>
<u>LIABILITIES</u>	
Accounts Payable	11,455
Payroll Taxes Payable	9,733
Wages Payable	13,224
Net Pension Liability (Notes 14&15)	37,049
Deferred Revenue (Note 6)	188,733
Compensated Absences (Note 9)	
Portion due within one year	5,505
Portion due after one year	<u>8,347</u>
Total Liabilities	274,046
<u>DEFERRED INFLOW OF RESOURCES</u>	
Deferred inflows related to pensions (Notes 14 & 15)	72,487
<u>NET POSITION</u>	
Net Invested in Capital Assets	199,730
Unrestricted Net Assets (Note 10)	<u>126,810</u>
Total Net Position	326,440

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

SUNSITE-PEARCE FIRE DISTRICT**STATEMENT OF ACTIVITIES**

Exhibit B Governmental Activities - Expenses and Revenues 6/30/2016

Exhibit B
Governmental Activities

EXPENSES		
Public Safety – Fire/EMS Protection		\$546,353
Personnel Services		32,544
Pension Expense		226,666
Materials & Services		37,110
Depreciation		<u>410</u>
Interest		843,083
	Total Program Expenses	
 PROGRAM REVENUES		
Operating and Capital Grants		80,185
Charges for Services		387,624
Total Program Revenues		<u>467,809</u>
Net Program Expense		375,274
 GENERAL REVENUES		
Property Taxes		386,697
Fire District Assistance		80,299
Investment Earnings		407
Miscellaneous		<u>12,795</u>
	Total General Revenues	480,198
Change in net Position		106,924
Net position as restated July 1, 2015		<u>224,473</u>
Net Position June 30 2016		329,400

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

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SUNSITES-PEARCE FIRE DISTRICT
BALANCE SHEET – GOVERNMENTAL FUNDS
 Exhibit C - Assets and Liabilities 6/30/2016

Exhibit C

ASSETS	
Cash & Cash Equivalents (Note 3)	113,721
Prepaid Expenses	7,611
Receivables:	
Ambulance Service Fees, Net of Allowance for doubtful account Out of District (Note 5)	74,242
Property Taxes	35,287
Grant Receivable	188,733
	<u>25,033</u>
Total Assets	444,627
LIABILITIES	
Accounts Payable	11,455
Payroll Taxes	9,733
Wages Payable	13,225
Compensated Absences (Note 9)	5,505
Deferred Revenue (Note 6)	<u>188,733</u>
Total Liabilities	228,650
FUND BALANCES	
Assigned Payroll (Note 9)	8,347
Net Pension Liability	37,049
Deferrals	43,772
Unassigned	<u>126,710</u>
Total Fund Balance (Note10)	215,878
Total Liabilities and Fund Balances	444,528

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

SUNSHINE-PEARCE FIRE DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUNDS 6/30/2016

Exhibit D

	REVENUE	Exhibit D
Property Taxes		386,697
Fire District Assistance Tax		80,299
Fees for Service		387,624
Interest		407
Grants and Donations		80,185
Miscellaneous		<u>12,795</u>
	Total Revenues	948,007
	EXPENDITURES	
Current:		
Public Safety		733,847
Administration		81,404
Interest		410
Capital Outlay		<u>0</u>
	Total Expenditures	815,662
Excess (Deficiency) of Revenues over Expenditures		132,345
Net Change in Fund Balance)		132,345
Adjustment Carry forward		3,360
Fund Balance-Beginning of Year		<u>79,578</u>
Fund Balance-End of Year		215,283

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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 6/30/2016

Exhibit E

		Exhibit E
Fund Balance: Total Governmental Funds (Exhibit C)		215,283
<i>Amounts reported for Governmental Activities in the Statement of Net Position are different because: Capital Assets used in Governmental activities are not Financial resources and, therefore, are not Governmental Capital Assets</i>		
Governmental Capital Assets	1,009,369	
Less: Accumulated Depreciation	(809,640)	199,730
Deferred outflows and inflows of resources related to pension are applicable to future periods		(43,772)
Long-Term Liabilities, such as Net Pension Liabilities		
	PSPRS (32,980)	
	ASRS (4,069)	(37,049)
<i>Accrued Paid Time Off (PTO) are not due and payable in the current period and, therefore are not reported as a liability in the funds</i>		(8,347)
Net Position of Governmental Activities		<u>\$325,843</u>

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

SUNSIDES-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, 2016⁶

Exhibit F

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

	Exhibit F
Net Change in Fund Balances–Total Government Funds Exhibit D)	132,345
<i>Amounts reported for Governmental Activities in the Statements of Activities are different because:</i>	
<i>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</i>	
Pension contributions	41,097
Pension Expense	(32,544)
Governmental funds report capital outlays as expenditures in the Statement of Activities	0
These costs are allocated over their useful lives as depreciation expense in the statement of Net Position	(37,110)
Change in Net Position of Governmental Activities (Exhibit B)	<u>103,788</u>

⁶ The Notes to the Financial Statements are an integral part of this Statement.

SUNSITE-PEARCE FIRE DISTRICT**STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUND JUNE 30, 2016**

Exhibit G

Exhibit G

	<u>Volunteer Pension Fund</u>
ASSETS	
Cash & Cash Equivalents	79,550
Total Assets	79,550
LIABILITIES	
Accounts Payable	0
Total Liabilities	0
NET POSITION	
Held in trust for pension And other purposes	79,550

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⁷ The Notes to the Financial Statements are an integral part of this Statement

SUNSIDES-PEARCE FIRE DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FIDUCIARY FUND FOR THE YEAR
ENDED JUNE 30, 2016^a

Exhibit H

Exhibit H
Volunteer
Pension Fund

ADDITIONS

Other:	
Public Safety Personnel	<u>218</u>
Total Other Contributions	218

Investment Earnings	3,299
Interest & Dividends	<u>154</u>
Net Increase in the Fair value of investments	3,453
Total Investment Earnings	3,671
Total Additions	3,671

DEDUCTIONS

Fees	30
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Net Position – Beginning	75,909
Net Position – Ending	79,550

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

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016

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*.

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

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 inter-fund 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.

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.