

**CORONA DE TUCSON FIRE DISTRICT**

**YEAR ENDED JUNE 30, 2016**

CORONA DE TUCSON FIRE DISTRICT

YEAR ENDED JUNE 30, 2016

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BEACHFLEISCHMAN

## Independent Auditors' Report

Governing Board and Management  
Corona de Tucson Fire District  
Vail, Arizona

We have audited the accompanying statement of cash receipts and disbursements and changes in cash and cash equivalents of Corona de Tucson Fire District for the year ended June 30, 2016, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 1. This includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for 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.

### **Auditors' Responsibility**

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

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

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

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective changes in cash basis financial position of Corona de Tucson Fire District for the year ended June 30, 2016 in accordance with the cash basis of accounting described in Note 1.

## Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than U.S. generally accepted accounting principles. Our opinions are not modified with respect to this matter.

## Other Matter

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the statement of cash receipts and disbursements and changes in cash and cash equivalents. The annual report on page 16, which is the responsibility of management, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information 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 it.

## Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 26, 2016, on our consideration of Corona de Tucson Fire 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 Corona de Tucson Fire District's internal control over financial reporting and compliance.

*Beach Fleischman PC*

Tucson, Arizona  
October 26, 2016

**CORONA DE TUCSON FIRE DISTRICT**

**STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS AND CHANGES IN CASH AND CASH EQUIVALENTS**

**YEAR ENDED JUNE 30, 2016**

	<u>General fund</u>	<u>Capital projects</u>	<u>Total governmental funds</u>
Cash receipts:			
Property taxes	\$ 1,440,756	\$ -	\$ 1,440,756
Fire district assistance tax	286,185	-	286,185
Charges for services	188,637	-	188,637
Rental income	1,350	-	1,350
Other	<u>5,166</u>	<u>-</u>	<u>5,166</u>
Total cash receipts	<u>1,922,094</u>	<u>-</u>	<u>1,922,094</u>
Cash disbursements:			
Salaries and wages	1,148,171	-	1,148,171
Employee taxes and benefits	325,060	-	325,060
Managerial expenses	171,038	-	171,038
Communications and IT	46,876	-	46,876
Insurance	26,085	-	26,085
Repairs and maintenance	17,748	-	17,748
Utilities and station expenses	43,400	-	43,400
Vehicles and equipment	84,675	-	84,675
Capital outlay:			
Improvements	-	18,073	18,073
Debt service:			
Principal retirement	119,858	-	119,858
Interest and fiscal charges	<u>71,431</u>	<u>-</u>	<u>71,431</u>
Total cash disbursements	<u>2,054,342</u>	<u>18,073</u>	<u>2,072,415</u>
Receipts over disbursements	<u>(132,248)</u>	<u>(18,073)</u>	<u>(150,321)</u>
Other financing sources:			
Proceeds from sale of equipment	<u>1,350</u>	<u>-</u>	<u>1,350</u>
Total other financing sources	<u>1,350</u>	<u>-</u>	<u>1,350</u>
Net change in cash and cash equivalents	(130,898)	(18,073)	(148,971)
Cash and cash equivalents, beginning of year	<u>320,387</u>	<u>43,420</u>	<u>363,807</u>
Cash and cash equivalents, end of year	<u>\$ 189,489</u>	<u>\$ 25,347</u>	<u>\$ 214,836</u>

See notes to financial statements.

# CORONA DE TUCSON FIRE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

1. Description of organization and summary of significant accounting policies:

Reporting entity:

Corona de Tucson Fire District (the District), established in 1975 pursuant to Arizona Revised Statute Title 48, is a special-purpose local government organized to provide fire protection and other emergency services to residents within the District's boundaries. The District derives the majority of its cash receipts from property tax levies.

The financial reporting entity consists of a primary government and its component units. The District is a primary government because it is a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. Furthermore, there are no component units combined with the District for financial statement presentation purposes and it is not included in any other governmental reporting entity.

Basis of accounting:

The cash basis of accounting is followed by the District. The cash basis of accounting is a comprehensive basis of accounting other than U.S. generally accepted accounting principles. Revenue is recorded in the period cash is received. Amounts received and held by Pima County, Arizona (the County) for the benefit of the District are reflected as revenue when received by the County; consequently, the financial statements do not reflect accounts receivable, including billings for fire protection agreements and property taxes. Expenditures are recorded in the period they are paid; consequently, the financial statements do not reflect expenditures paid in advance of services provided or goods received, prepaid assets or inventory, and do not reflect expenditures incurred but not yet paid, accounts payable, accrued payroll and accrued employee benefits.

Fund accounting:

The accounts of the District are maintained in accordance with the principles of fund accounting to ensure observance of limitations and restrictions on the resources available. The principles of fund accounting require that resources be classified for accounting and reporting purposes into funds in accordance with the activities or objectives specified for the resources. Each fund is considered a separate accounting entity and its operations are accounted for in a separate set of self-balancing accounts, as follows:

The general fund accounts for all financial resources used to finance District services except those required to be accounted for in another fund.

The capital projects fund accounts for resources to be used for acquiring and constructing major capital facilities and other capital assets.

**CORONA DE TUCSON FIRE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2016**

1. Description of organization and summary of significant accounting policies (continued):

Cash and cash equivalents:

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, cash and investments held by the County Treasurer, and highly liquid investments. Investments and cash and investments held by the County Treasurer are stated at fair value.

Fair value measurements:

Fair value is defined as the price to sell an asset or transfer a liability between market participants in an orderly exchange in the principal or most advantageous market for that asset or liability. Mutual funds are valued at quoted market prices. The fair value for the commingled funds and qualifying alternative investments is determined based on the investment's net asset value as a practical expedient. Considerable judgment is required in interpreting market data used to develop the estimates of fair value. Accordingly, the estimates presented in the financial statements are not necessarily indicative of the amounts that could be realized in a current market exchange. The use of different market assumptions and estimation methodologies may have a material effect on the estimated fair value.

Property tax receipts:

Real and personal property taxes are levied on or before the third Monday in August and become due and payable in two equal installments. The County also levies a fire district assistance tax on taxable property in the County, which is allocated to the various districts. Each District receives fire district assistant tax equal to twenty percent of the District's adopted property tax levy for the year, limited to \$400,000.

The first installment for taxes 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. A lien assessed against real and personal property attaches on the first day of January preceding assessment and levy. All property taxes are billed and collected by Pima County and remitted to the District. Property taxes are reflected as cash receipts in the year they are received.

Fund balance:

In the fund financial statements, fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources. The classifications are as follows:

- Nonspendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
- Restricted – includes fund balance amounts that are constrained for specific purposes, which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.



**CORONA DE TUCSON FIRE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2016**

1. Description of organization and summary of significant accounting policies (continued):

Fund balance (continued):

- Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority, the Governing Board.
- Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance may be assigned by the Governing Board or District officials delegated the authority by the Governing Board.
- Unassigned – includes positive fund balance within the general fund, which has not been classified within the above mentioned categories, and negative fund balances in other governmental funds.

The District applies restricted resources first when disbursements are incurred for purposes for which either restricted or unrestricted (committed, assigned and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

The following is a breakdown of the District's cash basis fund balance at June 30, 2016:

Unassigned	\$ 189,489
Committed for capital projects	<u>25,347</u>
	<u>\$ 214,836</u>

Budgetary information:

The District is required, under Arizona Revised Statutes, to adopt a budget each fiscal year and to submit it to the County Treasurer and the County Board of Supervisors no later than the first day of August each year; under statute only the General Fund must legally adopt an annual budget.



**CORONA DE TUCSON FIRE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2016**

2. Cash and investments:

Cash and investments consist of the following:

Deposits:		\$ 200,235
Operating accounts		
Investments:		<u>14,603</u>
Pima County Treasurer investment pool		<u>\$ 214,838</u>

The Arizona Revised Statutes authorize the District to invest public monies in the State or County Treasurer's investment pool; interest-bearing savings accounts, certificates of deposit and repurchase agreements in eligible depositories; bonds or other obligations of the United States government that are guaranteed as to principal and interest by the United States government; and bonds of the State of Arizona's counties, cities, towns, school districts and special districts as specified by statute.

Deposits:

Custodial credit risk - Custodial credit risk is the risk that in the event of bank failure, the District's deposits may not be returned. The Arizona Revised Statutes require collateral for demand deposits, certificates of deposit and repurchase agreements at 101 percent of all deposits not covered by federal depository insurance.

At year end, deposits with financial institutions have a carrying value of \$200,245 and a bank balance of \$211,588. The difference represents deposits in transit, outstanding checks, and other reconciling items at June 30, 2016.

Investments:

Currently, monies levied by the District are invested with the Pima County Treasurer's Office and included in the Local Government Investment Pool (LGIP). The District's investment in the County's LGIP represents a proportionate interest in the pool's portfolio; however, the District's portion is not identified with specific investments. The investments are unrated. Disbursements are made by warrants to the District's operating account.

The District does not have a formal investment policy with respect to credit risk, custodial credit risk, concentration of credit risk, interest rate risk or foreign currency risk for investments. However, the Arizona Revised Statutes have the following requirements:

**CORONA DE TUCSON FIRE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2016**

2. Cash and investments (continued):

Investments (continued):

Credit risk -

- Commercial paper must be of prime quality and be rated within the top two ratings by a nationally recognized rating agency.
- Corporate bonds, debentures and notes must be rated A or better by at least two nationally recognized rating agencies at the time of purchase.
- Fixed income securities must carry one of the two highest ratings by Moody's Investors Service and Standard and Poor's rating service. If only one of the above-mentioned services rates the security, it must carry the highest rating of that service.

Custodial credit risk - the District's investment in the County Treasurer's investment pool represents a proportionate interest in the pool's portfolio; however, the District's portion is not identified with specific investments and is not subject to custodial credit risk.

Concentration of credit risk - The Arizona Revised Statutes do not include any requirements for concentration of credit risk.

Interest rate risk - Interest rate risk is the risk that changes in interest rates will adversely affect an investment's fair value. The Arizona Revised Statutes require that public monies invested in securities and deposits have a maximum maturity of 5 years. Investments in repurchase agreements must have a maximum maturity of 180 days.

Foreign currency risk - The Arizona Revised Statutes do not allow foreign investments.

3. Fair value:

The District measures and categorizes its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines establish a three-tier hierarchy of inputs to valuation techniques used to measure fair value, as follows:

Level 1 - Inputs are unadjusted quoted prices for identical assets or liabilities in active markets that the District has the ability to access.

Level 2 - Inputs, other than quoted market prices included within Level 1, are observable, either directly or indirectly.

Level 3 - Inputs are unobservable and significant to the fair value measurement.

**CORONA DE TUCSON FIRE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2016**

3. Fair value (continued):

Other investments at fair value - Investments for which fair value is measured at net asset value per share (or its equivalent). Due to the inherent uncertainty of these estimates, these values may differ materially from the values that would have been used had a ready market for these investments existed.

At June 30, 2016, the fair value of investments measured on a recurring basis is as follows:

	Fair value	Other investments at fair value	Level 1	Level 2	Level 3
External investment pools:					
Pima County Treasurer	\$ 14,603	\$ 14,603	\$ -	\$ -	\$ -

The fair value of a participant's portion in the Pima County Treasurer's investment pool approximates the value of that participant's pool shares and the participant's shares are not identified with specific investments. The investment pool is not registered with the Securities and Exchange Commission as an investment company and there is no regulatory oversight of its operations. There are no unfunded commitments or redemption restrictions related to these investments.

The Pima County Treasurer's investment pool invests primarily in the State Treasurer's Local Government Investment Pools, municipal bonds, corporate bonds, commercial paper, and money market mutual funds.

4. Interfund transfers:

Interfund transfers are used to transfer funds from the general fund to the capital projects fund for current or future capital purchases.

5. 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 natural disasters. The District carries commercial insurance for all such risks of loss, including workers' compensation and employees' health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**CORONA DE TUCSON FIRE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2016**

6. Lease purchase agreements:

The District, has a lease purchase agreement with Zions First National Bank to acquire real property. The lease requires semi-annual payments of \$79,000 including interest ranging from 4.84% to 5.38% through December 2026. The lease is divided into consecutive twelve-month terms and renews annually unless a termination clause is exercised. The District is required to make a payment totaling any remaining unpaid principal payments under the lease if it is terminated early.

The future minimum lease payments under the capital leases and the net present value of these minimum lease payments as of June 30, 2016 were as follows:

Year ending <u>June 30,</u>	
2017	\$ 158,000
2018	158,000
2019	158,000
2020	158,000
2021	158,000
2022- 2026	<u>790,000</u>
Total minimum lease payments	1,580,000
Less amount representing interest	<u>364,308</u>
Net present value of minimum lease payments	1,215,692
Less current portion	<u>96,296</u>
	<u><u>\$ 1,119,396</u></u>

7. Commitments:

Intergovernmental agreements:

The District is party to a variety of intergovernmental agreements entered into in the ordinary course of business pursuant to which it may be obligated to provide services outside of its geographic boundaries and/or receive assistance from other parties. As part of these agreements, the District is obligated to indemnify other parties for certain liabilities that arise out of, or relate to, the subject matter of the agreements.

8. Concentrations:

The District generally receives approximately 90% of its cash receipts from property taxes. A change in land value due to downturn in the housing market or poor economic conditions could have a significant impact on the District.

**CORONA DE TUCSON FIRE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2016**

9. Public Safety Personnel Retirement System (PSPRS):

Plan description:

PSPRS is an agent multiple-employer defined benefit pension plan that covers public safety personnel who are regularly assigned hazardous duty as employees of the State of Arizona or one of its political subdivisions. PSPRS, acting as a common investment and administrative agent, is governed by a seven-member board and the participating local boards according to the provisions of Arizona Revised Statutes Title 38, Chapter 5, Article 4.

Benefits are established by state statute and generally provide retirement, death, long-term disability, survivor and health insurance premium benefits.

The plan issues a publicly available financial reports that include their financial statements and required supplementary information. The reports are available on the PSPRS website at [www.psprs.com](http://www.psprs.com).

Funding policy:

State statutes establish the pension contribution requirements for active PSPRS employees. In accordance with state statutes, annual actuarial valuations determine employer contribution requirements for PSPRS pension and health insurance premium benefits. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. Rates are a percentage of active members' annual covered payroll.

For the year ended June 30, 2016, active PSPRS members were required by statute to contribute 11.65% of the members' annual covered payroll and the District was required to contribute 17.48%, the aggregate of which is the actuarially required amount.

Annual pension cost:

The District's pension cost for the PSPRS plan for the year ended June 30, 2016 was \$177,417, all of which was contributed during 2016.

Funded status:

The funded status of the plan as of the most recent valuation date, June 30, 2015 is as follows:

	Pension insurance	Health insurance
Actuarial accrued liability (a)	\$ 3,254,357	\$ 74,218
Actuarial value of assets (b)	\$ 2,322,446	\$ 94,718
Unfunded actuarial accrued liability (a) - (b)	\$ 931,911	\$ (20,500)
Funded ratio (b) / (a)	71.4 %	128 %
Covered payroll (c)	\$ 927,109	\$ 927,109
Unfunded actuarial accrued liability as a percentage of covered payroll $\frac{[(a) - (b)]}{(c)}$	100.5 %	0.00 %



BEACHFLEISCHMAN

**Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards**

Governing Board and Management  
Corona de Tucson Fire District  
Vail, Arizona

We have audited, in accordance with the U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the statement of cash receipts and disbursements and changes in cash and cash equivalents of Corona de Tucson Fire District for the year ended June 30, 2016 and the related notes to the financial statements, and have issued our report thereon dated October 26, 2016.

**Internal Control over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying schedule of findings and responses that we consider to be significant deficiency. [2016-001]



### **Compliance and Other Matters**

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

### **Corona de Tucson Fire District's Response to Findings**

The District's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **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.

*Beach Fleischman PC*

Tucson, Arizona  
October 26, 2016



**CORONA DE TUCSON FIRE DISTRICT**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**YEAR ENDED JUNE 30, 2016**

**FINDINGS RELATED TO FINANCIAL STATEMENTS REPORTED IN ACCORDANCE WITH  
GOVERNMENTAL AUDITING STANDARDS**

**2016-001**

*Criteria:*

The District is responsible for establishing and maintaining a system of internal control and procedures over the cash disbursements process.

*Condition / Context:*

- In our review of disbursements, we noted that purchase orders are often not requested. Purchase orders that are requested are not approved prior to services being purchased.

*Effect:*

Insufficient internal controls over the cash disbursements process could result in unauthorized purchases.

*Cause:*

Limited staff size and available resources.

*Recommendation:*

We recommend the District update its disbursement procedures requiring purchase orders be prepared and submitted for approval prior to purchases being made.

*View of responsible officials and planned corrective actions:*

The District has gone through significant changes in the administration from the Chief down to the District bookkeeper. In early 2016 the District hired an outside accounting firm that specializes in fire district finance. Their first task was to convert the accounting program to QuickBooks and then work on financial policies and procedures. The District and the accounting firm are in the process of developing a comprehensive purchasing policy which includes the requirement of purchase orders for certain transactions.

This is a repeat finding from the prior year.



BEACHFLEISCHMAN

Independent Auditors' Report

Governing Board and Management  
Corona de Tucson Fire District  
Vail, Arizona

We have audited, in accordance with the U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the statement of cash receipts and disbursements and changes in cash and cash equivalents of Corona de Tucson Fire District for the year ended June 30, 2016 and the related notes to the financial statements, and have issued our report thereon dated October 26, 2016.

In connection with our audit, nothing contrary came to our attention that caused us to believe that Corona de Tucson Fire District failed to comply with the provisions of section 48-805.02, subsection G(1), subsection F, and subsection D as required pursuant to section 48-805.02, subsection G of the Arizona Revised Statutes, insofar as they relate to accounting matters. However, our audit 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 Governing Board and management of Corona de Tucson Fire District and the State of Arizona is not intended to be and should not be used by anyone other than these specified parties.

*BeachFleischman PC*

Tucson, Arizona  
October 26, 2016