
CORONA DE TUCSON FIRE DISTRICT

INDEPENDENT AUDITOR'S REPORT
AND ANNUAL REPORT

FOR THE YEAR ENDED JUNE 30, 2014



CORONA DE TUCSON FIRE DISTRICT

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Corona De Tucson Fire District
Corona de Tucson, Arizona

We have audited the accompanying Annual Report – Part D – Schedule of Revenue, Expenditures, and Changes in Fund Balances – Cash Basis of the Corona De Tucson Fire District, for the year ended June 30, 2014, and the related notes to the report.

Management's Responsibility for the Schedule

Management is responsible for the preparation and fair presentation of the aforementioned Annual Report – Part D – Schedule of Revenue, Expenditures, and Changes in Fund Balances – Cash Basis presented on the basis of accounting, described in Note 1, prescribed by the State of Arizona, i.e., cash basis. 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the schedule based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the schedule is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the schedule, 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 schedule 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 schedule.

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

(continued)

Opinion

In our opinion, the financial statements referred to above presents fairly, in all material respects, the revenues, expenditures, and changes in net position of Corona De Tucson Fire District for the year ended June 30,2014, in accordance with the basis of accounting as described in Note 1.

Basis of Accounting

We draw attention to Note 1 to the financial statements, which describe the basis of accounting. The financial statements are prepared on the basis of fund accounting on the cash basis, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Other Matter

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Corona De Tucson Fire District's basic financial statements. The non-accounting information, Part A – Governing Board Members and Officers of the District, Part B – Schedule of District Governing Board Regular Meetings, and Part C – Legal Description of Boundary Changes Occurring During Fiscal Year 2013-2014 sections which are the responsibility of management are presented for purposes of additional analysis and are not a required part of the basic financial statements. This 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 them.

Regier C. & Monroe, L.L.P.

January 21, 2015
Tucson, Arizona

PIMA COUNTY, ARIZONA
CORONA DE TUCSON FIRE DISTRICT
ANNUAL REPORT
Year Ended June 30, 2014

STREET OR P.O. BOX: 99 E. Tallahassee Drive
CITY: Corona de Tucson, AZ 85641-2310
BUSINESS TELEPHONE: (520) 762-5007

Completed by: Glenda Holm

Title: Treasurer

PART A – GOVERNING BOARD MEMBERS AND OFFICERS OF THE DISTRICT

<u>Name</u>	<u>Occupation</u>	<u>Business Telephone</u>
Ellie L. Abraham	Clerk	(520) 762-5007
Joyce Anderson	Retired	(520) 762-5007
Barbara Blanchard	Retired	(520) 762-5007
Edward Buster	Retired	(520) 762-5007
Robert Suhocki	Retired	(520) 762-5007
Sandra Whitehouse	Chairperson (Resigned 6/27/14)	(520) 762-5007
Glenda Holm	Treasurer	(520) 762-5007
Bruce Whitehouse	Retired	(520) 762-5007
Andy Watson	Chief	(520) 762-5007
Frank Mehay	Deputy Chief	(520) 762-5007
Clay Almand	Captain	(520) 762-5007
David Surridge	Captain	(520) 762-5007
Todd Cupell	Captain	(520) 762-5007

PIMA COUNTY, ARIZONA
CORONA DE TUCSON FIRE DISTRICT
ANNUAL REPORT
Year Ended June 30, 2014

PART B – SCHEDULE OF DISTRICT GOVERNING BOARD REGULAR MEETINGS

<u>Date</u>	<u>Time</u>	<u>Location of Meeting</u>	<u>Location of Public Notices</u>
07/16/13	7:00 PM	99 E. Tallahassee Drive	*
08/20/13	7:00 PM	99 E. Tallahassee Drive	*
09/17/13	7:00 PM	99 E. Tallahassee Drive	*
10/15/13	7:00 PM	99 E. Tallahassee Drive	*
11/19/13	7:00 PM	99 E. Tallahassee Drive	*
12/17/13	7:00 PM	99 E. Tallahassee Drive	*
12/23/13	7:00 PM	99 E. Tallahassee Drive	*
01/15/14	7:00 PM	99 E. Tallahassee Drive	*
02/18/14	7:00 PM	99 E. Tallahassee Drive	*
03/18/14	7:00 PM	99 E. Tallahassee Drive	*
04/15/14	7:00 PM	99 E. Tallahassee Drive	*
05/20/14	7:00 PM	99 E. Tallahassee Drive	*
06/06/14	7:00 PM	99 E. Tallahassee Drive	*
06/27/14	7:00 PM	99 E. Tallahassee Drive	*

*Corona De Tucson Fire Station
99 E. Tallahassee Drive

**PART C – LEGAL DESCRIPTION OF BOUNDARY CHANGES OCCURRING DURING
FISCAL YEAR 2013-2014**

None

**PIMA COUNTY, ARIZONA
CORONA DE TUCSON FIRE DISTRICT
ANNUAL REPORT**

For the Year Ended June 30, 2014

**PART D – SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – CASH BASIS**

BASIS OF ACCOUNTING: CASH

	General Fund	Capital Projects Fund
REVENUES		
Tax levy	\$ 1,447,630	\$ -
Charges for services	88,458	-
Interest and dividends	36	256
Rents	1,800	-
Miscellaneous	510	-
Total revenues	1,538,434	256
EXPENDITURES		
Salaries and wages	1,016,037	-
Employee benefits	294,844	-
Administration	6,398	-
Professional services	7,734	-
Utilities and communications	32,296	-
Insurance	32,755	-
Repairs and maintenance	50,828	-
Supplies	73,881	-

(continued)

The Notes to Financial Statements are an integral part of these statements

**PIMA COUNTY, ARIZONA
CORONA DE TUCSON FIRE DISTRICT
ANNUAL REPORT (CONTINUED)**

For the Year Ended June 30, 2014

**PART D – SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – CASH BASIS (CONTINUED)**

	<u>General Fund</u>	<u>Capital Projects Fund</u>
EXPENDITURES (CONTINUED)		
Training	2,262	-
Capital outlay	31,676	-
Debt service		
Principal retirement	110,072	-
Interest	81,226	-
	<u>1,740,009</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(201,575)	256
BEGINNING FUND BALANCE – JUNE 30, 2013	<u>464,379</u>	<u>43,164</u>
ENDING FUND BALANCE – JUNE 30, 2014	<u>\$ 262,804</u>	<u>\$ 43,420</u>

The Notes to Financial Statements are an integral part of these statements

PIMA COUNTY, ARIZONA
CORONA DE TUCSON FIRE DISTRICT
NOTES TO ANNUAL REPORT
June 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Arizona Revised Statutes ("A.R.S.") requires special districts to prepare Annual Reports on prescribed forms. Pursuant to Laws 1992, Chapter 248, A.R.S. Section 48-253, Part D – Schedule of Revenues, Expenditures, and Changes in Fund Balances – Cash Basis of the Annual Report must be audited for districts with annual budgets in excess of \$500,000. The more significant accounting policies of Corona De Tucson Fire District (the "District") are described below.

Nature of Operations

The District was organized pursuant to Title 48, A.R.S. The District provides fire protection and rescue services for residents of Corona de Tucson and the surrounding area. The District receives revenue primarily from property taxes.

Financial Reporting Entity

In accordance with GASB Statement No. 14, 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. Consequently, the District's Annual Report includes only the funds of those organizational entities for which its elected governing board is financially accountable.

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 generally accepted accounting principles. Revenue is recorded in the period received. Amounts received and held by the Pima County, Arizona (the "County") for the benefit of the District are reflected as revenue when received by the County; consequently, the Annual Report does not reflect accounts receivable including billings for emergency medical services and property taxes. Expenditures are recorded in the period they are paid; consequently, the Annual Report does not reflect expenditures paid in advance of services provided or goods received, prepaid assets and inventory, and does not reflect expenditures incurred but not yet paid, accounts payable, accrued payroll and employee benefits.

(continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

General Fund

The General Fund accounts for all resources used to finance the District services except those required to be accounted for in other funds.

Capital Fund

The Capital Fund accounts for the proceeds received on the bond issue and the subsequent payment of approved capital expenditures.

Use of Estimates

The preparation of financial statements in conformity with the basis of accounting prescribed by the State of Arizona requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of support, revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Budgetary Data

The general statutes of Arizona require that the District adopt an annual budget for the General Fund.

Donated Goods

Donated goods are recorded at their fair market value. During the year ended June 30, 2014, the District, as a participant in the Pima County Wireless Integrated Network program, received from Pima County twenty-one new hand held radios and associated supportive communication equipment valued at \$126,342. Under the cash basis of accounting these donated goods are not recognized in the financial statements.

(continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Other Matters

Financial instruments that potentially subject the funds concentrations of credit risk consist principally of cash. The funds place cash with creditworthy, high-quality financial institutions.

Property Tax Revenues

Property taxes are recognized as revenues in the year they are received.

The County levies real and personal property taxes on or before the third Monday in August, which become due and payable in two equal installments. The first installment is due on the first 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.

However, a lien against real and personal property assessed attaches on the first day of January preceding assessment and levy thereof.

2. DEPOSITS/CASH

State statutes require that deposits with financial institutions be insured by the Federal Deposit Insurance Corporation. Deposits in excess of the insured amount shall be collateralized by approved securities.

As of June 30, 2014, the District had cash in excess of collateralized amounts of approximately \$179,000. Management considers this to be ordinary business practice within the industry.

3. CONCENTRATIONS

The District generally receives approximately 90% of its revenue from property taxes. A change in land value due to downturn in the housing market or poor economic conditions could cause a severe impact-loss.

(continued)

4. COMMITMENTS

Lease Commitments

The District has a 10-year financing lease for its Rosenbauer Pumper Truck with principal and interest of \$33,299 per year, which expires December 1, 2015. The assets and liabilities under the financing lease will not be reported, as the District's Annual Report is reported on cash basis. Rent expense for June 30, 2014 has been recorded at its cost of \$33,299 in debt service interest and debt service principal.

The following presents future minimum lease payments as of June 30:

2015	\$ 33,299
2016	<u>33,299</u>
Subtotal	66,598
Less interest	<u>(4,849)</u>
Present value of minimum lease payments	<u>\$ 61,749</u>

The District has a 15-year financing lease for the construction of the District's new fire house with principal and interest of \$79,000 each June and December, which expires December 15, 2026. The assets and liabilities under the financing lease will not be reported, as the District's financial statements are reported on cash basis. Rent expense for June 30, 2014 has been recorded at its cost of \$157,999 in debt service interest and debt service principal.

The following presents future minimum lease payments as of June 30:

2015	\$ 158,000
2016	158,000
2017	158,000
2018	158,000
2019	158,000
2020 and thereafter	<u>1,106,000</u>
Subtotal	1,896,000
Less interest	<u>(512,400)</u>
Present value of minimum lease payments	<u>\$ 1,383,600</u>

(continued)

4. COMMITMENTS (continued)

Service Agreement Commitments

In conjunction with the donated radios and communication equipment from the Pima County Wireless Integrated Network ("PCWIN") program, the District has a subscriber agreement that runs from April of 2014 to December of 2022. The subscriber fees are assessed on a per radio basis and are designed to cover the operating and maintenance expenses of PCWIN. Of the figures detailed below, all those beyond 2015 are from an estimated budget provided by PCWIN.

The following presents future minimum and estimated subscriber payments as of June 30:

2015	\$ 11,532
2016	13,392
2017	13,392
2018	13,392
2019	13,392
2020 and thereafter	<u>46,872</u>
Total	<u>\$ 111,972</u>

Also in conjunction with PCWIN program, the District has a one year service agreement that expires on March 15, 2015. The service agreement fees are billed pro rata monthly. As of June 30, 2014, the remaining total outstanding obligation on this agreement is \$1,680.

5. INCOME TAX

As a primary governmental unit, no income tax reporting is required by the District.

6. RETIREMENT PLAN

The District provides retirement benefits to its employees through a multi-employer state Public Safety Personnel Retirement System covering all full-time employees from the first day hired. The District contributes 16.5 percent of gross wages. Contributions to the plan during the year ended June 30, 2014 aggregated \$143,474.

7. SUBSEQUENT EVENTS

Subsequent events were evaluated through January 21, 2015, which is the date the financial statements were available to be issued.