

**MOUNTAIN VISTA FIRE DISTRICT**

**YEAR ENDED JUNE 30, 2017**

# **MOUNTAIN VISTA FIRE DISTRICT**

**YEAR ENDED JUNE 30, 2017**

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**Independent Auditors' Report**

Governing Board and Management  
Mountain Vista Fire District  
Tucson, Arizona

We have audited the accompanying financial statements of the governmental activities and each major fund of Mountain Vista Fire District as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

**Auditors' Responsibility**

Our responsibility is to express opinions on these financial statements 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 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 financial position of the governmental activities and each major fund of Mountain Vista Fire District as of June 30, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matter

### *Required Supplementary Information*

Auditing standards generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. 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.

*Beach Fleishman PC*

Tucson, Arizona  
January 16, 2018



# **MANAGEMENT'S DISCUSSION AND ANALYSIS**

## **FISCAL YEAR ENDED JUNE 30, 2017**

### **INTRODUCTION**

The Management of the Mountain Vista Fire District (District) presents these financial statements with a narrative overview and analysis of financial activities for the fiscal year ended June 30, 2017. We encourage readers to consider the information presented here in conjunction with the accompanying basic financial statements and the accompanying notes to those statements in their understanding of the District's financial position.

### **FINANCIAL HIGHLIGHTS FOR THE YEAR**

1. The total assets and deferred outflows of the Mountain Vista Fire District were \$11,434,338 at the close of the fiscal year. The total assets and deferred outflows exceeded liabilities by \$4,983,439. Of this amount \$2,649,430 (unrestricted net position) may be used to meet ongoing obligations of the District to citizens and creditors.
2. The District realized a \$315,311 decrease in fund balances during the fiscal year. The decrease is attributed to investment in equipment and increasing the level of service provided to the community which resulted in higher personnel costs.
3. The District realized a decrease in its net position of \$53,142 or 1.1%.
4. At the end of the current fiscal year, unassigned fund balance for the General Fund was \$1,365,147 which was a decrease of \$66,397 from the prior year.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the basic financial statements of the District. These 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.

#### **Government-Wide Financial Statements.**

The *Government-wide financial statements* present the financial picture of the District from the economic measurement resources focus using the accrual basis of accounting. These statements include all assets of the District (including capital assets) as well as all liabilities (including long-term debt). They are intended to provide a broad overview in a manner similar to a private sector business. Additionally, certain eliminations have occurred as prescribed by Statement No. 34 in regards to interfund activity, payables and receivables.

**Statement of Net Position** - The *Statement of Net Position (page 10)* presents information of all the assets and liabilities of the District, with the difference between the two being reported as *Net Position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

**Statement of Activities** - The *Statement of Activities (page 11)* presents information showing how the net position of the District 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 (e.g., uncollected taxes and earned but unused vacation leave).

## Fund Financial Statements

The Fund Financial Statements provide detailed information about the most significant funds not the District as a whole. Some funds are required to be established by State law and by bond covenants. However, management establishes other funds to help it control and manage resources for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. All the funds of the District are considered governmental funds.

**Governmental Funds.** Governmental Funds are used to account for essentially the same functions reported as governmental activities in the Government-wide financial statements. All of the basic services of the District are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short term view of the operations and basic services provided to residents. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance programs of the District. Because the focus of governmental funds is narrower than that of the Government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the Government-wide financial statements. By doing so, readers may better understand the long-term impact of the near-term financing decisions of the District. The reconciliation of differences between the governmental fund financial statements and the government-wide financial statements is explained in a section following each governmental fund financial statement.

The District adopts an annual appropriated budget for the General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with the budget.

**Notes to the Financial Statements.** The Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the Government-wide and Governmental fund financial statements.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the financial position of a government entity. In the case of the Mountain Vista Fire District, assets and deferred outflows exceeded liabilities by \$4,983,439 at the close of the 2017 fiscal year.

The largest portion of net position of the District \$2,649,430 reflects its unrestricted net position which may be used to meet ongoing obligations of the District to citizens and creditors.

The remaining balance \$2,334,009 of investment in capital assets (e.g. land, buildings, vehicles, and equipment), less any debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to residents; consequently, the assets are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

At the end of Fiscal Year 2017, the District is able to report positive balances in both categories of net position.

The following table reflects the condensed Statement of Net Position:

**Mountain Vista Fire District**  
**Condensed Statement of Net Position**  
As of June 30, 2017

	Governmental Activities		Increase/ Decrease
	2017	2016	
Cash and Investments	\$ 2,711,334	\$ 2,950,587	\$ (239,253)
Other Assets	189,566	188,897	669
Capital Assets	8,279,905	8,686,368	(406,463)
Deferred Outflows	253,533	-	253,533
Total Assets	11,434,338	11,825,852	(391,514)
Other Liabilities	282,154	207,830	74,324
Long Term Liabilities	6,168,745	6,581,441	(412,696)
Total Liabilities	6,450,899	6,789,271	(338,372)
Net Investment in Capital Assets	2,334,009	2,226,983	107,026
Unrestricted	2,649,430	2,809,598	(160,168)
Total Net Position	\$ 4,983,439	\$ 5,036,581	\$ (53,142)

## Governmental Activities

The Net Position of the District from governmental activities decreased from \$5,036,581 to \$4,983,439 a change of 1.1%. The following table reflects the Condensed Statement of Activities:

**Mountain Vista Fire District**  
**Condensed Statement of Activities**  
For the Year Ended June 30, 2017

	Governmental Activities		Increase/ Decrease
	2017	2016	
Program Revenues			
Charge for Svcs	\$ 16,151	\$ 1,013	\$ 15,138
Capital grants and contributions	-	27,686	(27,686)
General Revenues			
Property Taxes	5,680,556	5,090,777	589,779
Fire District Assistance Tax	400,361	392,438	7,923
Investment Earnings/Other	28,077	18,648	9,429
Total Revenues	6,125,145	5,530,562	15,138
Expenses			
Public Safety	6,178,287	5,655,790	522,497
Total Expenses	6,178,287	5,655,790	522,497
Decrease in Net Position	(53,142)	(125,228)	(507,359)
Beginning Net Position	5,036,581	5,161,809	507,359
Ending Net Position	\$ 4,983,439	\$ 5,036,581	\$ (53,142)

## DISTRICT FUNDS FINANCIAL ANALYSIS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with fund related legal requirements.

As of June 30, 2017, the governmental funds of the District reported combined fund balances of \$2,514,258, which is a decrease of \$315,311 compared to the prior period.

**General Fund.** The General Fund accounts for all the resources retained by the District not accounted for in any other fund.

**Capital Fund.** The Capital Fund accounts for all values associated with fixed assets and financing obligations for the payment for those assets.

The following statement provides the detail of the District fund balances:

**Mountain Vista Fire District**  
**Governmental Funds – Fund Balances**  
As of June 30, 2017

Major Funds	Fiscal Year June 30, 2017		Fiscal Year June 30, 2016	
	Amount	%	Amount	%
General	\$ 1,400,347	55.70%	\$ 1,440,246	50.90%
Capital	1,113,911	44.30%	1,389,323	49.10%
Total Fund Balance	\$ 2,514,258	100.00%	\$ 2,829,569	100.00%

## BUDGETARY HIGHLIGHTS

There were some variances of note for the fiscal year.

- Revenues were under budget by \$37,909 due to lower than projected income from Property Taxes.
- Expenses were over budget by \$86,193 this was mainly due higher than projected personnel costs related to the need to increase staffing to meet the operational demands.

**Mountain Vista Fire District**  
**Condensed Budget to Actual**  
As of June 30, 2017

	General Fund		
	Budget	Actual	Variance with budget
Total Revenues	\$ 6,154,410	\$ 6,116,501	\$ (37,909)
Total Expenses	6,154,410	6,240,603	86,193
Revenue over (under) expenditures	-	(124,102)	(124,102)
Total Other Financing Sources	-	84,203	84,203
Net Change in Fund Balance	\$ -	\$ (39,899)	\$ (39,899)

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

As of June 30, 2017, the investment in capital assets for governmental activities amounts to \$8,279,905 (net of accumulated depreciation). This investment in capital assets includes land, and improvements, buildings and improvements, vehicles, furniture and equipment. The total decrease in capital assets for the current fiscal year was (\$ 406,463) or (4.7%).

Mountain Vista Fire District Capital Assets as of June 30, 2017 (net of depreciation)			
	2017	2016	Increase/ (Decrease)
Land and Buildings	\$ 8,024,137	\$ 8,024,137	\$ -
Equipment	834,566	712,740	121,826
Vehicles	2,080,152	2,080,152	-
Accumulated Depreciation	(2,658,950)	(2,130,661)	(528,289)
Net Capital Assets	\$ 8,279,905	\$ 8,686,368	\$ (406,463)

### Long Term Debt

At the end of the current fiscal year, the District had total debt outstanding of \$6,168,745. The entire amount of the debt is backed by the full faith and credit of the District.

The following table shows the District's Outstanding Debt:

Mountain Vista Fire District Outstanding Debt As of June 30, 2017			
	2017	2016	Increase/ (Decrease)
Compensated absences	\$ 186,524	\$ 185,003	\$ 1,521
Capital leases	5,760,391	6,118,952	(358,561)
Long-term debt	185,505	277,486	(91,981)
Claims and judgment payable	36,325	-	36,325
Net Noncurrent Liabilities	\$ 6,168,745	\$ 6,581,441	\$ (412,696)

Additional information can be found in the notes to the Financial Statements that follow.

## **ECONOMIC FACTORS AND FY2018 BUDGET/TAX RATE**

Although property values have begun to stabilize, operating costs have continued to rise. The District has continued to pursue every feasible method of reducing operational costs while providing the highest level of service to the community.

For fiscal year 2018 the District increased its tax rate to \$2.35. This was necessary to increase staffing levels to meet the demands of the community and provide safety to the employees of the District. On July 20, 2017, the board voted to consolidate the District's operations with the Golder Ranch Fire District. The consolidated Fire District will be positioned to better serve the communities collectively; thereby improving the delivery of fire, emergency medical and associated services.

## **FINANCIAL CONTACT**

The financial statements of the District are designed to present users (citizens, taxpayers, customers, investors and creditors) with a general overview of the finances of the District and to demonstrate accountability. If you have questions regarding the report or need additional financial information, please contact the Finance Director of the District at 1175 West Magee Road, Tucson, Arizona 85704 or (520) 575-4087.

**Basic Financial Statements**



**MOUNTAIN VISTA FIRE DISTRICT**

**STATEMENT OF NET POSITION**

**JUNE 30, 2017**

	<u>Governmental activities</u>
Assets:	
Cash and investments	\$ 2,711,334
Property tax receivables	154,366
Prepaid expenses	35,200
Land	972,000
Other capital assets, net of accumulated depreciation	<u>7,307,905</u>
Total assets	<u>11,180,805</u>
Deferred outflows of resources:	
Deferred outflows related to pensions	<u>253,533</u>
Total deferred outflows of resources	<u>253,533</u>
Liabilities:	
Accounts payable	95,153
Accrued payroll and related benefits	127,048
Accrued interest	59,953
Noncurrent liabilities:	
Due within one year	639,981
Due in more than one year	<u>5,528,764</u>
Total liabilities	<u>6,450,899</u>
Commitments and contingencies	
Net position:	
Net investment in capital assets	2,334,009
Unrestricted	<u>2,649,430</u>
Total net position	<u>\$ 4,983,439</u>

**MOUNTAIN VISTA FIRE DISTRICT**

**STATEMENT OF ACTIVITIES**

**YEAR ENDED JUNE 30, 2017**

	<u>Governmental activities</u>
Expenses:	
Public safety:	
Communications	\$ 255,706
Depreciation	528,289
Insurance	35,942
Managerial	153,222
Other	23,986
Payroll taxes and employee benefits	801,014
Professional services	88,841
Repairs and maintenance	38,444
Salaries and wages	3,567,674
Training and related	125,278
Utilities and station expenses	91,775
Vehicles and equipment	296,963
Interest	<u>171,153</u>
Total expenses	<u>6,178,287</u>
Program revenues:	
Charges for services	<u>16,151</u>
Total program revenues	<u>16,151</u>
Net program expenses	<u>6,162,136</u>
General revenues:	
Property taxes	5,680,556
Fire district assistance tax	400,361
Investment earnings	12,854
Other	<u>15,223</u>
Total general revenues	<u>6,108,994</u>
Change in net position	(53,142)
Net position, beginning of year	<u>5,036,581</u>
Net position, end of year	<u><u>\$ 4,983,439</u></u>

See notes to financial statements.

**MOUNTAIN VISTA FIRE DISTRICT**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**

**JUNE 30, 2017**

	General	Capital projects	Total governmental funds
Assets:			
Cash and investments	\$ 1,864,504	\$ 846,830	\$ 2,711,334
Property tax receivables	154,366	-	154,366
Prepaid expenses	35,200	-	35,200
Due from other funds	<u>-</u>	<u>267,081</u>	<u>267,081</u>
Total assets	<u><u>\$ 2,054,070</u></u>	<u><u>\$ 1,113,911</u></u>	<u><u>\$ 3,167,981</u></u>
Liabilities:			
Accounts payable	\$ 95,153	\$ -	\$ 95,153
Accrued payroll and related benefits	127,048	-	127,048
Accrued interest	59,953	-	59,953
Due to other funds	<u>267,081</u>	<u>-</u>	<u>267,081</u>
Total liabilities	<u>549,235</u>	<u>-</u>	<u>549,235</u>
Deferred inflows of resources:			
Unavailable revenue	<u>104,488</u>	<u>-</u>	<u>104,488</u>
Commitments and contingencies			
Fund balances:			
Nonspendable:			
Prepaid expenses	35,200	-	35,200
Committed to:			
Capital projects	-	1,113,911	1,113,911
Unassigned	<u>1,365,147</u>	<u>-</u>	<u>1,365,147</u>
Total fund balances	<u>1,400,347</u>	<u>1,113,911</u>	<u>2,514,258</u>
Total liabilities, deferred inflows of resources and fund balances	<u><u>\$ 2,054,070</u></u>	<u><u>\$ 1,113,911</u></u>	<u><u>\$ 3,167,981</u></u>

**MOUNTAIN VISTA FIRE DISTRICT**

**RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION**

**JUNE 30, 2017**

Total fund balances - governmental funds	\$ 2,514,258
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 reported in the funds.	8,279,905
Some receivables are not available to pay for current period expenditures and, therefore, are reported as deferred inflows in the funds.	104,488
Noncurrent liabilities are not due and payable in the current period and, therefore, are not reported in the funds:	
Accrued compensated absences	(186,524)
Capital lease payable	(5,760,391)
Long-term debt	(185,505)
Claims and judgment payable	(36,325)
Deferred outflows and inflows of resources related to pensions are applicable to future reporting periods and, therefore, are not reported in the funds:	
Deferred outflows of resources related to pensions	<u>253,533</u>
Net position of governmental activities	<u>\$ 4,983,439</u>

# MOUNTAIN VISTA FIRE DISTRICT

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2017

	General	Capital projects	Total governmental funds
Revenues:			
Property taxes	\$ 5,678,153	\$ -	\$ 5,678,153
Fire district assistance tax	400,361	-	400,361
Charges for services	16,151	-	16,151
Investment earnings	7,126	5,728	12,854
Other	<u>14,710</u>	<u>513</u>	<u>15,223</u>
Total revenues	<u>6,116,501</u>	<u>6,241</u>	<u>6,122,742</u>
Expenditures:			
Public safety:			
Emergency operations	4,728,416	-	4,728,416
Administration	881,919	189	882,108
Capital outlay:			
Fire equipment	8,573	197,261	205,834
Debt service:			
Principal	450,542	-	450,542
Interest	<u>171,153</u>	<u>-</u>	<u>171,153</u>
Total expenditures	<u>6,240,603</u>	<u>197,450</u>	<u>6,438,053</u>
Revenues under expenditures	(124,102)	(191,209)	(315,311)
Other financing sources (uses):			
Transfers in (out)	<u>84,203</u>	<u>(84,203)</u>	<u>-</u>
Total other financing sources (uses)	<u>84,203</u>	<u>(84,203)</u>	<u>-</u>
Net change in fund balances	(39,899)	(275,412)	(315,311)
Fund balances, beginning of year	<u>1,440,246</u>	<u>1,389,323</u>	<u>2,829,569</u>
Fund balances, end of year	<u>\$ 1,400,347</u>	<u>\$ 1,113,911</u>	<u>\$ 2,514,258</u>

**MOUNTAIN VISTA FIRE DISTRICT**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

**YEAR ENDED JUNE 30, 2017**

Net change in fund balances - governmental funds	\$ (315,311)
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:	
Capital outlay	121,826
Depreciation expense	(528,289)
Certain revenues relating to property taxes in the statement of activities that does not provide current financial resources are not reported as revenues in the funds.	
	2,403
District 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 because the reported net pension liability is measured a year before the District's report date. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the statement of activities.	
Pension contributions	253,533
Certain expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:	
Increase in compensated absences	(1,521)
Increase in claims and judgment expense	(36,325)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces noncurrent liabilities in the statement of net position. In the current year, the amount consists of:	
Principal paid	<u>450,542</u>
Change in net position of governmental activities	<u>\$ (53,142)</u>

**MOUNTAIN VISTA FIRE DISTRICT**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**JUNE 30, 2017**

	<u>Firefighters' Relief and Pension Fund</u>
Assets:	
Cash and investments	\$ <u>225,386</u>
Total assets	<u>225,386</u>
Net position:	
Held in trust for pension benefits	<u>\$ 225,386</u>

**MOUNTAIN VISTA FIRE DISTRICT**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**YEAR ENDED JUNE 30, 2017**

	<u>Firefighters' Relief and Pension Fund</u>
Additions:	
Investment income	\$ <u>26</u>
Total additions	<u>26</u>
Deductions:	
Pension expense	<u>378,654</u>
Total deductions	<u>378,654</u>
Change in net position	(378,628)
Net position, beginning of year	<u>604,014</u>
Net position, end of year	<u><u>\$ 225,386</u></u>



## **MOUNTAIN VISTA FIRE DISTRICT**

### **NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2017**

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

The accounting policies of Mountain Vista Fire District (the District) conform to accounting principles generally accepted in the United States of America applicable to governmental units as promulgated by the Governmental Accounting Standards Board (GASB).

**Reporting entity:**

The District, established in 2008 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 in northwestern Pima County.

In accordance with the 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.

**Government-wide and fund financial statements:**

The basic financial statements include both government-wide financial statements and fund financial statements. The government-wide financial statements focus on the District as a whole, while the fund financial statements focus on major funds. Each presentation provides valuable information that can be analyzed and compared between years and between entities to enhance the usefulness of the information.

The government-wide financial statements include a statement of net position and a statement of activities. These statements report the financial activities of the overall government.

A statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include:

- charges to customers for services provided
- grants and contributions

Revenues that are not classified as program revenues, including all taxes and internally dedicated resources, are reported as general revenues.

Fund financial statements provide information about the District's funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

**MOUNTAIN VISTA FIRE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2017**

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

Measurement focus, basis of accounting and financial statement presentation:

The government-wide financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Property taxes are recognized as revenue in the year for which they are levied.

Governmental funds in the fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments and compensated absences, which are recognized as expenditures to the extent they are due and payable. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital lease agreements are reported as other financing sources.

Real and personal property taxes are levied 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. 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. In the governmental fund financial statements, property taxes are reflected as revenues in the fiscal period for which they were levied, provided they are due, or past due and receivable within the current period, and collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period (60 days). Otherwise, they are reported as deferred inflows of resources.

Leases and investment earnings associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The District reports the following major governmental funds:

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

The capital projects fund is used to account for financial resources that are restricted, committed or assigned for the acquisition or construction of major capital assets.

**MOUNTAIN VISTA FIRE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2017**

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

Measurement focus, basis of accounting and financial statement presentation (continued):

Fiduciary funds are used to account for resources held for the benefit of parties outside of the District. The Mountain Vista Fire District Volunteer Firefighter's Relief and Pension Fund is reported as a fiduciary fund. Fiduciary funds are presented on the accrual basis of accounting and have been excluded from the government-wide financial statements because the resources of this fund are not available to support the District's own programs.

Estimates:

The preparation of the basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the basic financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and investments:

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 are stated at fair value.

Investment earnings are comprised primarily of interest earnings only.

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.

Receivables, unearned revenue and deferred inflows of resources:

All accounts and property tax receivables are shown net of any allowance for uncollectible accounts. Property taxes receivable for the governmental fund types, which have been remitted within 60 days subsequent to year-end, are considered measurable and available and recognized as revenues. All other property taxes are offset by unavailable revenues and, accordingly, have not been recorded as revenue. Real and personal property taxes are levied upon all taxable property within the District and become liens against the property on the first day of January preceding assessment and levy.

**MOUNTAIN VISTA FIRE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2017**

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

Prepaid expenses:

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses in both the government-wide and fund financial statements.

Capital assets:

Capital assets, which include land, buildings and improvements, fire equipment and vehicles, are reported in the government-wide financial statements. Capital assets are defined as assets with an initial, individual cost of \$1,500 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost. Donated capital assets are recorded at 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 assets lives are not capitalized.

Major outlays for capital assets are capitalized as projects are constructed.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Land	Not depreciated
Buildings and improvements	40 years
Fire equipment	3 - 10 years
Vehicles	5 - 10 years

Compensated absences:

It is the District's policy to permit employees to accumulate earned but unused paid time off. A liability is reported for paid time off that the District will pay upon termination or retirement. None of the liability for compensated absences is expected to be liquidated with expendable available financial resources. Accordingly, compensated absences are accrued as a liability only in the government-wide financial statements.

Long-term obligations:

In the government-wide financial statements, long-term debt and other long-term obligations are reported as noncurrent liabilities in the statement of net position.

In the fund financial statements, proceeds from debt issued are reported as other financing sources and principal and interest payments are recognized as expenditures in the statement of revenues, expenditures and changes in fund balances.

## **MOUNTAIN VISTA FIRE DISTRICT**

### **NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**YEAR ENDED JUNE 30, 2017**

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

**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
- 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 expenditures 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.

**Net position:**

Net position represents the difference between assets, liabilities and deferred outflows/inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

**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. The adopted budget is on the modified accrual basis of accounting, which is a legally allowable basis for budgetary purposes. All annual appropriations lapse at fiscal year-end.

**MOUNTAIN VISTA FIRE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2017**

2. Cash and investments:

Cash and investments consist of the following:

Deposits:	
Cash on hand	\$ 200
Cash and money market accounts	<u>562,096</u>
	<u>562,296</u>
Investments:	
Pima County Treasurer investment pool	1,677,416
Certificates of deposit	<u>471,622</u>
	<u>2,149,038</u>
	<u>\$ 2,711,334</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 June 30, 2017, none of the District's deposits were uninsured and uncollateralized.

At year-end, deposits with financial institutions have a carrying value of \$562,296 and a bank balance of \$648,877. The difference represents deposits in transit, outstanding checks, and other reconciling items at June 30, 2017.

Investments:

At June 30, 2017, the District's investments consisted of \$471,622 invested in negotiable certificates of deposit and \$1,677,416 invested in the Pima County Treasurer's Investment Pool. The negotiable certificates of deposit have interest rates ranging from 1.14% - 2.31%, and maturities between July 2017 and October 2020.

**MOUNTAIN VISTA FIRE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2017**

2. Cash and investments (continued):

Investments (continued):

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 pool is unrated. Participation in the pool is involuntary. The fair value of the District's investments are discussed in note 3.

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.

Credit risk - The Arizona Revised Statutes have the following requirements for 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 and that the public operating fund monies invested in securities and deposits have a maximum maturity of 3 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.



**MOUNTAIN VISTA FIRE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**YEAR ENDED JUNE 30, 2017**

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.

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, 2017, 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 pool:					
Pima County Treasurer	\$ 1,677,416	\$ 1,677,416	\$ -	\$ -	\$ -
Fixed income securities:					
Certificates of deposit	<u>471,622</u>	<u>-</u>	<u>471,622</u>	<u>-</u>	<u>-</u>
	<u>\$ 2,149,038</u>	<u>\$ 1,677,416</u>	<u>\$ 471,622</u>	<u>\$ -</u>	<u>\$ -</u>

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 Pool, corporate bonds, US Treasury notes, and agency bonds.

The fair value of the District's certificates of deposit are valued at the closing price reported on the active market on which the individual securities are traded.



**MOUNTAIN VISTA FIRE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2017**

4. Interfund transfers:

Interfund transfers are used to fund payments on capital lease obligations and fund certain related items in the general fund. Any interfund borrowings will be repaid within one year.

5. Capital assets:

Capital asset activity for the year ended June 30, 2017 was as follows:

	Beginning balance	Increases	Decreases	Ending balance
Capital assets, not depreciated:				
Land	\$ 972,000	\$ -	\$ -	\$ 972,000
Total capital assets, not depreciated	<u>972,000</u>	<u>-</u>	<u>-</u>	<u>972,000</u>
Capital assets, depreciated:				
Buildings and improvements	7,052,137	-	-	7,052,137
Fire equipment	712,740	121,826	-	834,566
Vehicles	<u>2,080,152</u>	<u>-</u>	<u>-</u>	<u>2,080,152</u>
Total capital assets, depreciated	<u>9,845,029</u>	<u>121,826</u>	<u>-</u>	<u>9,966,855</u>
Less accumulated depreciation for:				
Buildings and improvements	(843,772)	(177,829)	-	(1,021,601)
Fire equipment	(276,278)	(114,593)	-	(390,871)
Vehicles	<u>(1,010,611)</u>	<u>(235,867)</u>	<u>-</u>	<u>(1,246,478)</u>
Total accumulated depreciation	<u>(2,130,661)</u>	<u>(528,289)</u>	<u>-</u>	<u>(2,658,950)</u>
Total capital assets, depreciated, net	<u>7,714,368</u>	<u>(406,463)</u>	<u>-</u>	<u>7,307,905</u>
Total capital assets, net	<u>\$ 8,686,368</u>	<u>\$ (406,463)</u>	<u>\$ -</u>	<u>\$ 8,279,905</u>

6. Long-term debt:

During 2014, the District entered into a long-term debt agreement with Compass Bank for the purchase of vehicles. This loan is payable in monthly installments of \$8,360 including interest at 3.5% through May 2019 and is collateralized by the vehicles.

**MOUNTAIN VISTA FIRE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2017**

6. Long-term debt (continued):

Future principal and interest payments are as follows:

Year ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 95,273	\$ 5,047	\$ 100,320
2019	<u>90,232</u>	<u>1,611</u>	<u>91,843</u>
	<u>\$ 185,505</u>	<u>\$ 6,658</u>	<u>\$ 192,163</u>

7. Capital leases:

The assets acquired through capital leases are as follows:

Land	\$ 972,000
Buildings	<u>7,043,418</u>
	8,015,418
Less accumulated depreciation	<u>1,018,115</u>
	<u>\$ 6,997,303</u>

The future minimum lease payments under the capital leases and the net present value of these minimum lease payments as of June 30, 2017 were as follows:

Year ending <u>June 30,</u>	
2018	\$ 524,367
2019	524,367
2020	524,367
2021	524,367
2022	519,597
2023 - 2027	2,597,987
2028 - 2032	<u>1,701,818</u>
Total minimum lease payments	6,916,870
Less amount representing interest	<u>1,156,479</u>
Net present value of minimum lease payments	5,760,391
Less current portion	<u>368,490</u>
	<u>\$ 5,391,901</u>

**MOUNTAIN VISTA FIRE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2017**

8. Changes in noncurrent liabilities:

A summary of the changes in noncurrent liabilities for the year ended June 30, 2017 was as follows:

	Beginning balance	Additions	Reductions	Ending balance	Due within one year
Compensated absences	\$ 185,003	\$ 404,484	\$ (402,963)	\$ 186,524	\$ 139,893
Capital leases	6,118,952	-	(358,561)	5,760,391	368,490
Long-term debt	277,486	-	(91,981)	185,505	95,273
Claims and judgment payable	-	36,325	-	36,325	36,325
	<u>\$ 6,581,441</u>	<u>\$ 440,809</u>	<u>\$ (853,505)</u>	<u>\$ 6,168,745</u>	<u>\$ 639,981</u>

9. 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.

10. Commitments and contingencies:

Claims and judgment payable:

During 2017, as a result of the Parker v. Public Safety Personnel Retirement System plan (PSPRS or the Plan) lawsuit, the courts found that recent increases in employee contribution rates for members hired prior to July 2011 were unconstitutional. Therefore, those members of the Plan are entitled to refunds of the excess employee contributions, plus interest. The District is required to provide the refunds to the employees, as IRS regulations prevent PSPRS from issuing the refunds from the Plan's trusts. The excess employee contributions to be refunded to the employees totaled \$36,325, which the District paid to employees in July 2017. Therefore, at June 30, 2017, the District recorded a claims and judgment payable of \$36,325.

No expenditure was recorded in the governmental funds at June 30, 2017 as the amounts were not due and payable as of that date. The District expects to recover the full amount of excess contribution paid, and interest, through credits provided by the Plan that will offset future employer contributions to the Plan. The credits are expected to be fully utilized during the fiscal year ending June 30, 2018.

**MOUNTAIN VISTA FIRE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**YEAR ENDED JUNE 30, 2017**

**10. Commitments and contingencies (continued):**

**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.

**Legal proceedings:**

From time to time, the District may be party to certain pending or threatened lawsuits arising out of or incident to the ordinary course of business for which it carries general liability and other insurance coverages. In the opinion of management and based upon consultation with legal counsel, resolution of any pending or threatened lawsuits will not have a material adverse effect on the District's financial statements.

**11. Deferred compensation plan:**

The District sponsors the Mountain Vista Fire District 457(b) deferred compensation plan for eligible employees. The Plan requires employees to make pretax deferral contributions of 4% of their wages. The District is required to contribute 8% of each participant's wages to participating employees' accounts. During the year ended June 30, 2017, contributions to the plan by the District totaled \$90,834.

**12. Public Safety Personnel Retirement System (PSPRS):**

In May 2016, the District's Board approved participation in PSPRS. 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. The PSPRS, acting as a common investment and administrative agent, is governed by a nine-member board and the participating local boards according to the provisions of Arizona Revised Statutes Title 38, Chapter 5, Article 4. The PSPRS issues 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).

The District entered PSPRS and began contributing to the plan on July 1, 2016; however, employees were given an entrance date into the plan of July 1, 2014. An actuary calculated that as of July 1, 2016 the District would have an accrued liability of \$378,654 related to the earlier entrance date given to employees. The District paid \$378,654 to PSPRS during the year.

**MOUNTAIN VISTA FIRE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**YEAR ENDED JUNE 30, 2017**

12. Public Safety Personnel Retirement System (PSPRS) (continued):

Benefits provided - The PSPRS provides 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:

	Initial membership date:	
	Before January 1, 2012	On or after January 1, 2012
Years of service and age required to receive benefit	20 years, any age 15 years, age 62	25 years, age 52.5
Final average salary is based on	Highest 36 consecutive months of last 20 years	Highest 60 consecutive months of last 20 years
Benefit percent per year of service:		
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	
Catastrophic disability retirement	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 service (not to exceed 20 years) divided by 20	
Survivor benefit:		
Retired members	80% to 100% of retired member's pension benefit	
Active member	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	

## **MOUNTAIN VISTA FIRE DISTRICT**

### **NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

#### **YEAR ENDED JUNE 30, 2017**

**12. Public Safety Personnel Retirement System (PSPRS) (continued):**

Retirement and survivor benefits are subject to automatic cost-of-living adjustments based on excess investment earning. PSPRS also provides temporary disability benefits of 50% of the member's compensation for up to 12 months.

Contributions and annual OPEB cost - 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, 2017, active PSPRS members with an initial membership date on or before July 19, 2011 were required to contribute 11.65% for the period July 2016 through March 2017, and 7.65% for the period April 2017 through June 2017. PSPRS members with an initial membership date after July 19, 2011 were required to contribute 11.65% throughout the entire year. The District was required to contribute 10.45%.

The District's contributions to the pension plan for the year ended June 30, 2017, were \$253,533, which included the required contributions for the health insurance premium benefit. During fiscal year 2017, the District paid for the PSPRS pension and OPEB contributions from the general fund. The District reported \$253,533 of pension contributions as expenditures in the governmental funds.

Pension expense and deferred outflows/inflows of resources - For the year ended June 30, 2017, the District recognized no pension expense for PSPRS in the statement of activities, and instead recorded the contributions subsequent to the measurement date as deferred outflows of resources on the statement of net position. These deferred outflows will be recognized as a reduction of the net pension liability in the year ending June 30, 2018.

Pension liability/asset - the District entered the plan on July 1, 2016. The District uses a measurement date one year prior to the fiscal yearend, and as a result of the difference between the measurement date and the fiscal yearend, there is no net pension liability/asset calculated as of June 30, 2017, because the District was not in the plan at the measurement date of June 30, 2016. No actuarial report based on the requirements of GASB 68 has been prepared for the District, as the plan engages an actuary to perform those calculations for a measurement date one year prior to the fiscal yearend.

**MOUNTAIN VISTA FIRE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**YEAR ENDED JUNE 30, 2017**

**13. Volunteer Firefighter's Relief and Pension Fund:**

Pursuant to Arizona Revised Statutes, the District contributes to a pension fund for volunteer firefighters. The relief and pension fund is a single employer fund that administers the District's and employees' defined contributions. The District has no active volunteer firefighters and only received contributions from the State Fire Marshal to fund retirement systems for both volunteer and full-time fire fighters.

**14. Subsequent event:**

On July 20, 2017, the Mountain Vista Fire District consolidated with Golder Ranch Fire District. This consolidation resulted in the full operational absorption of the Mountain Vista Fire District into Golder Ranch Fire District. Upon resolution to accept the consolidation, the Mountain Vista Fire District Board of Directors was dissolved. The Golder Ranch Fire District assumed all assets, liabilities and contractual obligations of the Mountain Vista Fire District.

## **Required Supplementary Information**



# MOUNTAIN VISTA FIRE DISTRICT

## SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL - GENERAL FUND

YEAR ENDED JUNE 30, 2017

	Budgeted amounts			Variance with
	Original	Final	Actual	final budget
Revenues:				
Property taxes	\$ 5,724,753	\$ 5,724,753	\$ 5,678,153	\$ (46,600)
Fire district assistance tax	400,000	400,000	400,361	361
Charges for services	20,000	20,000	16,151	(3,849)
Investment earnings	6,000	6,000	7,126	1,126
Other	3,657	3,657	14,710	11,053
Total revenues	6,154,410	6,154,410	6,116,501	(37,909)
Expenditures:				
Public safety:				
Emergency operations	4,614,794	4,614,794	4,728,416	113,622
Administration	1,016,219	1,016,219	881,919	(134,300)
Capital outlay	-	-	8,573	8,573
Debt service:				
Principal	376,052	376,052	450,542	74,490
Interest	147,345	147,345	171,153	23,808
Total expenditures	6,154,410	6,154,410	6,240,603	86,193
Revenues under expenditures	-	-	(124,102)	(124,102)
Other financing sources:				
Transfers in	-	-	84,203	84,203
Total other financing sources	-	-	84,203	84,203
Net change in fund balance	-	-	(39,899)	(39,899)
Fund balance, beginning of year	-	-	1,440,246	1,440,246
Fund balance, end of year	\$	\$	\$ 1,400,347	\$ 1,400,347

### NOTE TO BUDGETARY COMPARISON SCHEDULE

#### 1. Budgetary basis of accounting:

The District prepares its annual budget on the modified accrual basis of accounting. A budgetary comparison schedule for the general fund is included as required supplementary information to provide meaningful comparison of actual results to budget on a budget basis.

## **Other Report**

**Independent Auditors' Report**

Governing Board and Management  
Mountain Vista Fire District  
Tucson, Arizona

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the governmental activities and each major fund of Mountain Vista Fire District, as of and for the year ended June 30, 2017, and the related notes to the financial statements, and have issued our report thereon dated January 16, 2018.

In connection with our audit, nothing contrary came to our attention that caused us to believe that Mountain Vista 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 Mountain Vista Fire District and the State of Arizona and is not intended to be and should not be used by anyone other than these specified parties.

*BeachFleischman PC*

Tucson, Arizona  
January 16, 2018