

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

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

RINCON VALLEY FIRE DISTRICT
Reporting Ambulance Service

Address: 14550 E. SANDS RANCH RD.
City: VAIL Zip: 85641

Report Fiscal Year

From: July 1, 2013 To: June 30, 2014
Mo. Day Year Mo. Day Year

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

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

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

Authorized Signature: _____

Date: 12/23/14

Print Name and Title: _____

JAYME KAHLE, FIRE CHIEF

Phone: _____

520-647-3760

Mail to:

Department of Health Services
Bureau of Emergency Medical Services
Certificate of Necessity and Rates Section
150 North 18th Avenue, Suite 540
Phoenix, AZ 85007-3248
Telephone: (602) 364-3150
Fax: (602) 364-3567

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AMBULANCE REVENUE AND COST REPORT

FIRE DISTRICT and SMALL RURAL COMPANY

AMBULANCE SERVICE ENTITY:

RINCON VALLEY FIRE DISTRICT

FOR THE PERIOD

FROM: July 1, 2013

TO: June 30, 2014

STATISTICAL SUPPORT DATA

Line No.	<u>DESCRIPTION</u>	(1) SUBSCRIPTION SERVICE TRANSPORTS	*(2) TRANSPORTS UNDER CONTRACT	(3) TRANSPORTS NOT UNDER CONTRACT	(4) TOTALS
1	Number of ALS Billable Transports:			330	330
2	Number of BLS Billable Transports:			158	158
3	Number of Loaded Billable Miles:			10,913	10,913
4	Waiting Time (Hr. & Min.):				
5	Canceled (Non-Billable) Runs:				

AMBULANCE SERVICE ROUTINE OPERATING REVENUE

6	ALS Base Rate Revenue			\$ 417,641
7	BLS Base Rate Revenue			209,463
8	Mileage Charge Revenue			110,603
9	Waiting Charge Revenue			
10	Medical Supplies Charge Revenue			
11	Nurses Charge Revenue			
12	Standby Charge Revenue (Attach Schedule)			
13	TOTAL AMBULANCE SERVICE ROUTINE OPERATING REVENUE		(Post to Page 3, Line 1)	\$ 737,707

SALARY AND WAGE EXPENSE DETAIL

GROSS WAGES:

		** No. of FTE's
14	Management	\$ 78,948 1.0
15	Paramedics and IEMTs	\$ 328,033 8.4
16	Emergency Medical Technician (EMT)	\$ 294,505 8.6
17	Other Personnel	\$ 33,662 0.7
18	Payroll Taxes and Fringe Benefits - All Personnel	\$ 208,969
19	Total Wages, Taxes & Benefits (Sum Lines 14 through 18; Post to Page 3, Line 10)	\$ 944,117 19

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

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

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AMBULANCE REVENUE AND COST REPORT
FIRE DISTRICT and SMALL RURAL COMPANY

AMBULANCE SERVICE ENTITY:

RINCON VALLEY FIRE DISTRICT

FOR THE PERIOD

FROM: July 1, 2013

TO: June 30, 2014

SCHEDULE OF REVENUES AND EXPENSES

Line No.	<u>DESCRIPTION</u>		
Operating Revenues:			
1	Total Ambulance Service Operating Revenue	(From: Page 2, Line 13)	\$ <u>737,707</u>
<u>Settlement Amounts:</u>			
2	AHCCCS		<u>29,773</u>
3	Medicare		<u>232,610</u>
4	Subscription Service		<u> </u>
5	Contractual		<u> </u>
6	Other		<u>59,454</u>
7	Total	(Sum of Lines 2 through 6)	<u>321,837</u>
8	Total Operating Revenue	(Line 1 minus Line 7)	\$ <u>415,870</u>
Operating Expenses:			
9	Bad Debt		\$ <u>49,949</u>
10	Total Salaries, Wages, and Employee-Related Expenses	(From: Page 2, Line 19)	<u>944,117</u>
11	Professional Services		<u>41,109</u>
12	Travel and Entertainment		<u> </u>
13	Other General Administrative		<u>23,496</u>
14	Depreciation		<u>24,576</u>
15	Rent / Leasing		<u> </u>
16	Building / Station		<u>14,431</u>
17	Vehicle Expense		<u>26,808</u>
18	Other Operating Expense		<u>39,335</u>
19	Cost of Medical Supplies Charged to Patients		<u> </u>
20	Interest		<u>76,760</u>
21	Subscription Service Sales Expense		<u> </u>
22	Total Operating Expense	(Sum of Lines 9 through 21)	<u>1,240,581</u>
23	Total Operating Income or (Loss)	(Line 8 minus Line 22)	\$ <u>(824,711)</u>
24	Subscription Contract Sales		<u> </u>
25	Other Operating Revenue		<u> </u>
26	Local Supportive Funding		<u>824,711</u>
27	Other Non-Operating Income (Attach Schedule)		<u> </u>
28	Other Non-Operating Expense (Attach Schedule)		<u> </u>
29	NET INCOME or (LOSS) Before Income Taxes	(Sum of Lines 23 through 27, minus Line 28)	\$ <u> </u>
Provision for Income Taxes:			
30	Federal Income Tax		<u>n/a</u>
31	State Income Tax		<u>n/a</u>
32	Total Income Tax	(Line 30, plus Line 31)	<u>n/a</u>
33	Ambulance Service Net Income (Loss)	(Line 29, minus Line 32)	<u> </u>

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AMBULANCE REVENUE AND COST REPORT

FIRE DISTRICT and SMALL RURAL COMPANY

AMBULANCE SERVICE ENTITY: Rincon Valley Fire District

FOR THE PERIOD FROM: July 1, 2013 TO: June 30, 2014

BALANCE SHEET

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

ASSETS

CURRENT ASSETS

1	Cash	\$ _____	
2	Accounts Receivable	_____	
3	Less: Allowance for Doubtful Accounts	_____	
4	Inventory	_____	
5	Prepaid Exper	_____	
6	Other Current Assets	_____	
7	TOTAL CURRENT ASSETS		\$ _____
9	PROPERTY & EQUIPMENT		
10	Less: Accumulated Depreciation		
11	OTHER NON CURRENT ASSETS		
12	TOTAL ASSETS		\$ _____

LIABILITIES & EQUITY

CURRENT LIABILITIES

13	Accounts Payable	\$ _____	
14	Current Portion of Notes Payable	_____	
15	Current Portion of Long-Term Debt	_____	
16	Deferred Subscription Income	_____	
17	Accrued Expenses and Other	_____	
18	_____	_____	
19	_____	_____	
20	TOTAL CURRENT LIABILITIES		\$ _____
21	NOTES PAYABLE		
22	LONG-TERM DEBT, OTHER		
23	TOTAL LONG-TERM DEBT		_____

EQUITY & OTHER CREDITS

Paid-In Capital:

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

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AMBULANCE REVENUE AND COST REPORT

AMBULANCE SERVICE ENTITY:

Rincon Valley Fire District

FOR THE PERIOD

FROM: July 1, 2013

TO: June 30, 2014

STATEMENT OF CASH FLOWS

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

OPERATING ACTIVITIES:

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

INVESTING ACTIVITIES:

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

FINANCING ACTIVITIES:

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

SUPPLEMENTAL DISCLOSURES:

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

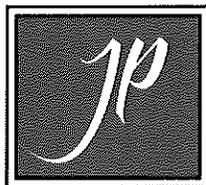
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RINCON VALLEY FIRE DISTRICT

**AUDITED ANNUAL REPORT,
GOVERNMENT AUDITING STANDARDS REPORTS AND SCHEDULES
Year ended June 30, 2014**



JENNIFER J. PHILLIPS, CPA, PLLC
CERTIFIED PUBLIC ACCOUNTANT

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RINCON VALLEY FIRE DISTRICT
AUDITED ANNUAL REPORT, GOVERNMENT AUDITING
STANDARDS REPORTS AND SCHEDULES
Year ended June 30, 2014

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CERTIFIED PUBLIC ACCOUNTANT

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Rincon Valley Fire District
Vail, Arizona

I have audited the accompanying Annual Report – Part D of Rincon Valley Fire District for the year ended June 30, 2014, 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. This includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to error or fraud.

Auditor's responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the report is free of 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 auditor's judgment, including the assessment of 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion the financial statements referred to above present fairly, in a material respects, the Annual Report Part D required by the State of Arizona for the year ended June 30, 2014 on the basis of accounting described in Note 2.

Basis of Accounting

I draw attention to Note 2 to the financial statements, which describes the basis of accounting. The financial statements are presented on the cash basis of accounting prescribed by the State of Arizona, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to comply with the requirements of the State of Arizona. My opinion is not modified with respect to that matter.

Other matters

The State of Arizona requires that Parts A, B and C in the accompanying Annual Report be presented for purposes of additional information and are a requirement of the Annual Report. I have applied certain limited procedures to this 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 my inquiries, Part D of the Annual Report, and other knowledge I obtained during my audit of Part D of the Annual Report. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated August 22, 2014, on my consideration of the District's internal control over financial reporting and on my 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 my 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* and should be considered in considering the District's internal control over financial reporting and compliance.

Restriction on Use

This report is intended solely for the information and use of management, the Board of Directors, others within the Rincon Valley 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.

Jennifer J. Phillips, CPA, PLLC

JENNIFER J. PHILLIPS, CPA, PLLC

August 22, 2014

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RINCON VALLEY FIRE DISTRICT
ANNUAL REPORT
Year ended June 30, 2014

STREET OR P.O. BOX: 14550 East Sands Ranch Road
CITY: Vail, Arizona 85641
BUSINESS TELEPHONE: (520) 647-3760

Completed by: Laura Bucklin
Title: Administrative Division Chief

PART A - Governing Board Members and Officers of the District:

Name	Title	Occupation	Business Telephone
Kirsten Schlenker	Chairperson	Chairperson	(520) 647-3760
Paul Obert	Clerk of the Board	Clerk of the Board	(520) 647-3760
Desi Toler	Member	Member	(520) 647-3760

PART B - Schedule of District Governing Board Regular Meetings:

Date	Time	Location of Meeting	Location of Public Notices
07/10/13	6:00PM	STATION #2	ST. 1&2/RVFD Website
08/14/13	6:00PM	STATION #2	ST. 1&2/RVFD Website
09/11/13	6:00PM	STATION #2	ST. 1&2/RVFD Website
10/09/13	6:00PM	STATION #2	ST. 1&2/RVFD Website
11/13/13	6:00PM	STATION #2	ST. 1&2/RVFD Website
12/11/13	6:00PM	STATION #2	ST. 1&2/RVFD Website
01/08/14	6:30PM	STATION #2	ST. 1&2/RVFD Website
02/12/14	6:00PM	STATION #2	ST. 1&2/RVFD Website
03/12/14	6:00PM	STATION #2	ST. 1&2/RVFD Website
04/09/14	6:00PM	STATION #2	ST. 1&2/RVFD Website
05/14/14	6:00PM	STATION #2	ST. 1&2/RVFD Website
06/11/14	6:00PM	STATION #2	ST. 1&2/RVFD Website

See Accompanying Notes.

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RINCON VALLEY FIRE DISTRICT
 ANNUAL REPORT - continued
 Year ended June 30, 2014

PART D - Schedule of cash receipts and disbursements

Basis of Accounting: Cash

	<u>General fund</u>	<u>Capital projects fund</u>	<u>Debt service fund</u>	<u>Total all funds</u>
Operating cash receipts:				
Property taxes	\$ 3,018,710	\$ -	\$ 526,542	\$ 3,545,252
Charges for services	452,643	-	-	452,643
Grant revenue	37,000	-	-	37,000
Interest and dividends	6,039	883	1,456	8,378
Rent revenue - Note 4	11,000	-	-	11,000
Other revenue	10,560	-	-	10,560
Total cash receipts	<u>3,535,952</u>	<u>883</u>	<u>527,998</u>	<u>4,064,833</u>
Operating cash disbursements:				
Salaries and wages	2,193,504	-	-	2,193,504
Employee related expenses	686,948	-	-	686,948
Administration	26,471	-	-	26,471
Professional services	62,032	-	-	62,032
Utilities	85,059	-	-	85,059
Insurance	39,657	-	-	39,657
Repairs and maintenance	189,825	-	-	189,825
Capital outlay:				
Land improvements	4,260	-	-	4,260
Machinery and equipment	23,818	64,067	-	87,885
Debt service:				
Principal retirement	-	-	345,000	345,000
Interest and fiscal charges	-	-	232,606	232,606
Miscellaneous	5,072	-	-	5,072
Total cash disbursements	<u>3,316,646</u>	<u>64,067</u>	<u>577,606</u>	<u>3,958,319</u>
Change in cash before other financing sources (uses)	219,306	(63,184)	(49,608)	106,514
Other financing sources:				
Proceeds from sale of assets	1,005	25,693	-	26,698
Total other financing sources	<u>1,005</u>	<u>25,693</u>	<u>-</u>	<u>26,698</u>
Change in cash	220,311	(37,491)	(49,608)	133,212
Cash at beginning of year	<u>1,483,070</u>	<u>226,037</u>	<u>111,188</u>	<u>1,820,295</u>
Cash at end of year	<u>\$ 1,703,381</u>	<u>\$ 188,546</u>	<u>\$ 61,580</u>	<u>\$ 1,953,507</u>

See Accompanying Notes.

RINCON VALLEY FIRE DISTRICT
NOTES TO ANNUAL REPORT
June 30, 2014

NOTE 1 – Description of organization

Rincon Valley Fire District (the District) was formed in 1985 by residents of the southeast metropolitan Tucson area to ensure that the community receives consistent, high-quality emergency services at a reasonable cost. Since its inception, the District has provided increasingly higher levels of fire protection and emergency medical services to a rapidly growing population. The District is organized under the State of Arizona and derives the majority of its revenue from property tax levies.

NOTE 2 – Summary of significant accounting policies

Arizona Revised Statutes (A.R.S.) require special districts to prepare Annual Reports on prescribed forms. Pursuant to laws 1992, Chapter 248, A.R.S. Section 49-253, Part D of the Annual Report must be audited. The significant accounting policies of the District are described below.

Reporting entity

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 Annual Report – Part D of the District has been prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. Under the cash basis of accounting, revenue is recorded in the period received and expenses are recorded in the period disbursed. Amounts received and held by Pima County (the County) for the benefit of the District are reflected as revenue when received by the County.

Use of estimates

The preparation of the Annual Report – Part D in conformity with the cash basis of accounting requires management to make estimates and assumptions that affect the disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

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:

General fund - The general fund accounts for all resources used to finance District services except those required to be accounted for in other fund types.

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

Debt service fund - The debt service fund accounts for resources accumulated to pay principal and interest on the District's bonds payable.

RINCON VALLEY FIRE DISTRICT
NOTES TO ANNUAL REPORT – continued
June 30, 2014

NOTE 2 – Summary of significant accounting policies – continued

Cash and cash equivalents

The District considers all cash and highly liquid investments with an original maturity of three months or less to be cash equivalents. Investments maintained in the Pima County Investment Pool are carried at cost, which approximates fair value, and can be liquidated as needed.

The District maintains its cash in deposit accounts which may exceed federally insured limits. However, The District does not believe it is exposed to any significant credit risk. The District had no uninsured/uncollateralized cash at June 30, 2014.

Property tax revenues

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

The County levies real 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.

The County also levies various personal property taxes during the year, which are due the second Monday of the month following receipt of the tax notice and become delinquent 30 days thereafter. However, a lien against real and personal property assessed attaches on the first day of January preceding assessment and levy thereof.

NOTE 3 – Cash and cash equivalents

Cash and cash equivalents consist of the following at June 30, 2014:

Pima County Treasurer investment pool	\$ 1,786,577
Operating accounts	<u>166,930</u>
	<u>\$ 1,953,507</u>

The Arizona Revised Statutes authorizes 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; bond 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 counties, cities, towns, school districts and special districts as specified by statute.

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. No oversight is provided for Pima County's investment pool, nor does the structure of the pool provide for shares. 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:

RINCON VALLEY FIRE DISTRICT
NOTES TO ANNUAL REPORT – continued
June 30, 2014

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NOTE 3 – Cash and cash equivalents – continued

Credit risk

With respect to credit risk:

- Commercial Paper must be rated P1 by Moody's Investors Service or A1 or better by Standard and Poor's rating service.
- Corporate bonds, debentures and notes must be rated A or better by Moody's Investors Service or Standard and Poor's rating service.
- Fixed income securities must carry one or 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

Custodial credit risk is the risk that in the event of a 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% of all deposits not covered by federal depository insurance.

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 five years and that the public operating fund monies invested in securities and deposits have a maximum maturity of three 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.

NOTE 4 – Commitments and contingencies

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 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 of, or relate to, the subject matter of these agreements.

The District has an annual agreement with Drexel Heights Fire District to purchase dispatch services. The District incurred costs of \$35,332 under this agreement during the year ended June 30, 2014. This agreement has been renewed through June 30, 2015 and can be canceled by either party with 30 days written notice.

During the year ended June 30, 2013, the District entered into a joint-use agreement with Pima County for modifications to an existing communications tower on the grounds of one of the District's fire stations. Rent received under this agreement by the District during the year ended June 30, 2014 was \$11,000.

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RINCON VALLEY FIRE DISTRICT
NOTES TO ANNUAL REPORT – continued
June 30, 2014

NOTE 4 – Commitments and contingencies – continued

Future rents to be received by the District through the year 2035 for the co-location at the site are as follows:

Year ending June 30, 2015	\$	12,300
2016		12,600
2017		12,600
2018		12,600
2019		12,600
Thereafter		<u>214,837</u>
	\$	<u>277,537</u>

NOTE 5 – Concentration of revenue

For the year ended June 30, 2014, approximately 87% of the District's cash receipts were received from tax assessments. The operations of the District are subject to the administrative directives and rules and regulations of Pima County. Such directives, rules and regulations are subject to change by an act of the County. Such changes may occur with little notice or inadequate funding to pay for the related costs, including the administrative burden to comply with the change.

NOTE 6 – Public Safety Personnel Retirement System

Plan description

The District requires all fire suppression personnel to be members of the Arizona Public Safety Personnel Retirement System (APSPRS). APSPRS 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 APSPRS, acting as a common investment and administrative agent, is governed by a five-member board, known as the Fund Manager, 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 report that includes its financial statements and requirement supplementary information. A report may be obtained by writing the plan at 3010 East Camelback Road, Suite 200, Phoenix, AZ 85016.

Funding policy

Members of APSPRS are required by statute to contribute 7.65% of covered compensation. The District contributes at an actuarially determined rate of 13.28% of covered compensation. The contribution requirements are established and can be amended by the APSPRS Board of Trustees.

Annual pension cost

The District's 2014 annual pension cost was \$238,985, 100% contributed. The required contribution was determined as part of the June 30, 2013 actuarial valuation using the entry-age normal method. Actuarial assumptions include (a) 7.85% investment rate of return, (b) projected salary increases from 4.5%-8.5% per year and (c) payroll growth of 4.5%. The actuarial value of APSPRS assets was determined using a seven year smoothed market value approach.

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RINCON VALLEY FIRE DISTRICT
NOTES TO ANNUAL REPORT – continued
 June 30, 2014

NOTE 6 – Public Safety Personnel Retirement System – continued

Shown below is the preceding three years' pension cost information:

<u>Fiscal year ended</u>	<u>pension cost</u>	<u>contributed</u>	<u>obligation</u>
June 30, 2011	\$ 194,631	100%	\$ -
June 30, 2012	204,471	100%	-
June 30, 2013	273,359	100%	-

The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a level percent option basis. The remaining amortization period at June 30, 2013 was 23 years for unfunded actuarial accrued liability, 20 years for excess.

The schedule of funding progress is shown below (excluding health insurance subsidies):

<u>Actuarial valuation date</u>	<u>Actuarial value of assets (a)</u>	<u>Actuarial accrued liability (AAL) - entry age (b)</u>	<u>Unfunded AAL (UAAL) (b - a)</u>	<u>Funded ratio (a / b)</u>	<u>Covered payroll (c)</u>	<u>UAAL as a percentage of covered payroll ((b - a) / c)</u>
06/30/11	\$ 2,334,360	\$ 2,948,804	\$ 614,444	79.2%	\$ 1,888,386	32.5%
06/30/12	\$ 3,139,153	\$ 3,270,591	\$ 131,438	96.0%	\$ 1,880,134	7.0%
06/30/13	\$ 3,710,622	\$ 3,799,412	\$ 88,790	97.7%	\$ 1,869,095	4.8%

The liabilities and computed contribution for the post-retirement health insurance subsidy are based on the same assumptions and actuarial cost methods as indicated for the pension plan (above).

The schedule of funding progress is shown below for health insurance subsidies:

<u>Actuarial valuation date</u>	<u>Actuarial value of assets (a)</u>	<u>Actuarial accrued liability (AAL) - entry age (b)</u>	<u>Unfunded AAL (UAAL) (b - a)</u>	<u>Funded ratio (a / b)</u>	<u>Covered payroll (c)</u>	<u>UAAL as a percentage of covered payroll ((b - a) / c)</u>
06/30/11	-	117,508	117,508	0.0%	1,888,386	6.2%
06/30/12	-	122,909	122,909	0.0%	1,880,134	6.5%
06/30/13	-	146,767	146,767	0.0%	1,869,095	7.9%

NOTE 7 – Deferred compensation plan

During the year ended June 30, 2013, the District established a 457(b) retirement plan available for all full-time personnel to defer compensation both pre-tax and after tax (Roth). During the year ended June 30, 2014, the Plan was amended to allow for non-elective employer contributions to the Plan for employees who are not eligible to participate in APSPRS. The District made discretionary contributions of \$8,232 to the plan for the year ended June 30, 2014. Employees are immediately vested in employer contributions to the Plan.

NOTE 8 – Subsequent events

Subsequent events have been evaluated through August 22, 2014, which is the date the financial statements were available to be issued.



JENNIFER J. PHILLIPS, CPA, PLLC
CERTIFIED PUBLIC ACCOUNTANT

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**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**

Board of Directors
Rincon Valley Fire District
Vail, Arizona

I have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the Annual Report – Part D of Rincon Valley Fire District for the year then ended, and the related notes to the financial statements, and have issued my report thereon dated August 22, 2014.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered Rincon Valley Fire 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 my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Rincon Valley Fire District's internal control. Accordingly, I do not express an opinion on the effectiveness of Rincon Valley 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 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 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.

My 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 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 my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Rincon Valley Fire District's financial statements are free of material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of my 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

Board of Directors
Rincon Valley Fire District
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Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Jennifer J. Phillips, CPA, PLLC

JENNIFER J. PHILLIPS, CPA, PLLC

August 22, 2014

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RINCON VALLEY FIRE DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
Year ended June 30, 2014

None identified.

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