

Sedona Fire District
Basic Financial Statements

Year ended June 30, 2014

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Independent Auditor's Report

Board of Directors
Sedona Fire District
Sedona, Arizona

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Sedona Fire District (the District), as of and for the year ended June 30, 2014, 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.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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, each major fund, and the aggregate remaining fund information of Sedona Fire District as of June 30, 2014, 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 Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 10, the budgetary comparison information on pages 29 through 30, and the schedule of agent retirement plan's funding progress on page 31, 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 U.S. generally accepted auditing standards, 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.

Compliance with Title 48, Chapter 5, Article 1 Applicable to Debt and Warrant Issuance Limitations

In connection with our audit, nothing came to our attention that caused us to believe that the District failed to comply with the provisions of Title 48, Chapter 5, Article 1 limiting the amount of certain debt and warrants that can be issued by the District, insofar as such compliance relates 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 Title 48, Chapter 5, Article 1, insofar as they relate to accounting matters.

The communication related to compliance with the provisions of Title 48, Chapter 5, Article 1 referred to in the preceding paragraph is intended solely for the information and use of members of the Arizona State Legislature, the Board of Directors, management, and other responsible parties within the District and is not intended to be and should not be used by anyone other than these specified parties.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2014, on our consideration of Sedona Fire District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Sedona Fire District's internal control over financial reporting and compliance

Walker & Armstrong LLP

Phoenix, Arizona
December 23, 2014

**Sedona Fire District
Management's Discussion and Analysis
June 30, 2014**

As management of Sedona Fire District (the "District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2014. We encourage readers to consider the information presented here in conjunction with District's financial statements, which begin on page 11.

Financial Highlights

- The assets of the District exceeded its liabilities at the close of the most recent fiscal year by \$13,039,231. Of this amount, \$9,845,373 is invested in capital assets, net of related debt, and \$3,193,858 is unrestricted.
- During the year, the District's total net position decreased by \$417,285.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$4,199,637, a decrease of \$3,068,203 from prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$2,455,975 or 18.9 percent of the 2014 fiscal year's total budgeted operating expenditures.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements which are comprised of three components: (1) government-wide financial statements, (2) fund financial statements and (3) notes to the basic financial statements. This report also contains required supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes, uncollected non-district fire revenues, earned but unused vacation leave).

Management's Discussion and Analysis – Continued

Government-wide Financial Statements - Continued

The government-wide financial statements can be found on pages 11-12 of this report.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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 government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains five (5) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the capital projects fund, and the special projects fund, which are considered to be major funds. Financial information from the other two non-major governmental funds is aggregated and displayed in a single column titled other governmental funds.

The District adopts an annual appropriated budget for its general fund. Budgetary comparison statements have been provided for this fund to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 13-14 of this report.

Management's Discussion and Analysis – Continued

Government-wide Financial Statements - Continued

Notes to Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 16-28 of this report.

Other Information

A budgetary comparison schedule for the general fund is presented immediately following the notes to the financial statements. This schedule can be found on pages 29 and 30 of this report.

In addition, funding information related to the District's participation in an agent retirement plan can be found on page 31 of this report.

Government-wide Financial Analysis

As noted previously, net position may serve over time as a useful indicator of a government's financial position. In the case of Sedona Fire District, assets exceeded liabilities by \$13,039,231 at the close of the most recent fiscal year.

The largest portion of the District's net position (76 percent) reflects its investment in capital assets (e.g., land and improvements, construction in progress, buildings and improvements, machinery, vehicles, and furniture and equipment); less any related debt still outstanding used to acquire those assets. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although, the District's investment in its 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.

The following page contains a comparative analysis between the current and the prior fiscal year for the government-wide statements.

Management's Discussion and Analysis – Continued

Government-wide Financial Analysis - Continued

Condensed Statement of Net Position

	<u>Governmental Activities</u>	
	<u>2014</u>	<u>2013</u>
Current and other assets	\$ 5,144,553	\$ 7,982,450
Capital assets	12,180,896	9,948,727
Total assets	<u>17,325,449</u>	<u>17,931,177</u>
Current and other liabilities	972,506	763,821
Long term liabilities outstanding	3,313,712	3,710,840
Total liabilities	<u>4,286,218</u>	<u>4,474,661</u>
Net position:		
Net investment in capital assets	9,845,373	7,463,341
Unrestricted	3,193,858	5,993,175
Total net position	<u>\$ 13,039,231</u>	<u>\$ 13,456,516</u>

During 2014, current assets decreased by \$2,837,897 while capital assets increased by \$2,232,169 primarily because of expenditures of capital lease proceeds previously held in escrow used for the construction of Station 6.

The unrestricted net position of \$3,193,858 may be used to meet the District's ongoing obligations to citizens and creditors. At the end of the current fiscal year, the District is able to report a positive balance in all categories of net position.

Governmental Activities

Governmental activities net position decreased by \$417,285. Key elements of this decrease are reported on the following page.

Management's Discussion and Analysis – Continued

Government-Wide Financial Analysis – Continued

Condensed Statement of Activities

	Governmental Activities	
	2014	2013
Revenues:		
Program revenue:		
Charges for services	\$ 3,775,525	\$ 3,542,235
General revenues:		
Property taxes	9,299,936	8,052,016
Fire district assistance tax	325,393	355,532
Investment earnings	18,697	16,323
Other	203,551	103,418
Total revenues	13,623,102	12,069,524
Expenses:		
Public safety – fire protection/ emergency medical services (EMS)	14,040,387	13,913,238
Total expenses	14,040,387	13,913,238
Decrease in net position	(417,285)	(1,843,714)
Net position, beginning	13,456,516	15,300,230
Net position, ending	\$ 13,039,231	\$ 13,456,516

- Overall revenues increased by \$1,553,578 while expenses increased by \$127,149. Property tax revenue increased by \$1,247,920 due to an increase in the mil rate of .39 percent. Other revenues increased primarily from an insurance dividend received of \$49,979 and proceeds from the sale of a vehicle totaling \$43,895.
- Expenses increased by \$127,149 primarily from an increase in salaries and wages of \$324,740 that was offset by a decrease in repairs and maintenance of \$67,704 and professional services of \$138,616.

Management's Discussion and Analysis – Continued

Financial Analysis of the Governmental Funds

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

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$4,199,637, a decrease of \$3,068,203 in comparison with the prior year's balance. The largest component of the decrease is due to capital outlays totaling \$3,197,682 in which the majority was for the construction of Station 6 which was completed during 2014.

Of the total combined governmental fund balance of \$4,199,637, the amount committed by the Board totaled \$1,662,286. The remaining amount is comprised of nonspendable fund balance totaling \$108,551 and unassigned fund balance of \$2,428,800 which is available for future spending.

The general fund is the chief operating fund of the District. At the end of the current fiscal year, spendable fund balance of the general fund was \$2,813,292. As a measure of the general fund's liquidity, it may be useful to compare spendable fund balance to total fund expenditures. Spendable fund balance represents 21.9% of total general fund expenditures of \$12,831,418.

Budgetary Highlights

During the 2014 fiscal year there were no modifications to the originally adopted budget. Total revenues were \$386,769 more than budgeted revenues while total expenditures were \$151,695 less than budgeted expenditures. The positive expenditure variance resulted primarily from an overall effort to reduce operating costs.

Capital Asset and Debt Administration

Capital assets – The District's investment in capital assets as of June 30, 2014, totals \$12,180,896 (net of accumulated depreciation). This investment in capital assets includes construction in progress, land, improvements other than buildings, buildings and improvements, vehicles, furniture and equipment.

Management's Discussion and Analysis – Continued

Capital Asset and Debt Administration - Continued

Outlays for capital assets during 2014 was \$3,197,682 which consisted primarily of construction costs for Station 6.

Additional information on the District's capital assets can be found in Note 5 to the financial statements on page 22.

Long-term liabilities – At the end of the current fiscal year, the District had total debt outstanding of \$3,794,421, which was comprised of various capital lease agreements totaling \$2,335,523 and compensated absences payable of \$1,458,898.

Additional information on the District's long-term debt can be found in Notes 6 and 7 to the financial statements on page 23.

Economic Factors and Next Year's Budgets and Rates

The District expects assessed values to increase by over 4 percent during 2015 while the mil rate levy will increase from 2.02 in 2014 to 2.13 during 2015 to cover budgeted expenditures of \$13,539,663.

Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Sedona Fire District, Finance Division, 2860 Southwest Drive, Sedona, AZ 86336.

**Sedona Fire District
Statement of Net Position
June 30, 2014**

	Governmental Activities
Assets	
Cash and investments	\$ 4,168,752
Receivables:	
Property taxes	230,872
Ambulance billings	383,394
Accounts	252,984
Prepaid items	108,551
Capital assets, not being depreciated	2,219,372
Capital assets, being depreciated, net	9,961,524
Total assets	17,325,449
Liabilities	
Accounts payable	217,102
Accrued payroll and related	274,695
Noncurrent liabilities:	
Due within one year	480,709
Due in more than one year	3,313,712
Total liabilities	4,286,218
Net Position	
Net investment in capital assets	9,845,373
Unrestricted	3,193,858
Total net position	\$ 13,039,231

The accompanying notes are an
integral part of these basic financial statements.

**Sedona Fire District
Statement of Activities
Year Ended June 30, 2014**

	Governmental Activities
Expenses:	
<i>Public safety-fire protection and emergency medical services:</i>	
Salaries and wages	\$ 7,595,876
Employee benefits	3,088,160
Depreciation	958,928
Materials and supplies	797,858
Dispatch fees	583,420
Professional services	313,080
Utilities and communications	210,465
Repairs and maintenance	118,342
Training and related	122,517
Insurance	95,877
Other	84,559
Interest	71,305
	14,040,387
Program revenues:	
Charges for services	3,775,525
Total program revenues	3,775,525
Net program expense	10,264,862
General revenues:	
Taxes:	
Real and personal property taxes	9,299,936
Fire district assistance tax	325,393
Investment earnings	18,697
Other	203,551
Total general revenue	9,847,577
Change in net position	(417,285)
Net position - beginning of year	13,456,516
Net position - end of year	\$ 13,039,231

The accompanying notes are an
integral part of these basic financial statements.

**Sedona Fire District
Balance Sheets -
Governmental Funds
June 30, 2014**

	<u>Major Funds</u>			<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
	<u>General</u>	<u>Capital Projects</u>	<u>Special Projects</u>		
Assets:					
Cash and investments	\$ 2,880,448	\$ 1,288,304	\$ -	\$ -	\$ 4,168,752
Receivables (net of allowance for uncollectibles):					
Property taxes	230,872	-	-	-	230,872
Ambulance billings	383,394	-	-	-	383,394
Accounts	123,958	-	-	129,026	252,984
Due from other funds	72,262	-	19,749	-	92,011
Prepaid items	108,551	-	-	-	108,551
Total assets	<u>\$ 3,799,485</u>	<u>\$ 1,288,304</u>	<u>\$ 19,749</u>	<u>\$ 129,026</u>	<u>\$ 5,236,564</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances					
Liabilities:					
Accounts payable	\$ 213,057	\$ -	\$ 701	\$ 3,344	\$ 217,102
Due to other funds	-	-	-	92,011	92,011
Accrued payroll and related	238,641	-	19,048	17,006	274,695
Total liabilities	451,698	-	19,749	112,361	583,808
Deferred inflows of resources:					
Unearned revenues	425,944	-	-	27,175	453,119
Total deferred inflows of resources	425,944	-	-	27,175	453,119
Fund balances:					
Nonspendable - prepaid items	108,551	-	-	-	108,551
Committed	357,317	1,288,304	-	16,665	1,662,286
Unassigned	2,455,975	-	-	(27,175)	2,428,800
Total fund balances (deficit)	2,921,843	1,288,304	-	(10,510)	4,199,637
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 3,799,485</u>	<u>\$ 1,288,304</u>	<u>\$ 19,749</u>	<u>\$ 129,026</u>	<u>\$ 5,236,564</u>

Reconciliation of fund balances of governmental funds to total net position:

Total fund balances	\$ 4,199,637
Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund financial statements	12,180,896
Some receivables are not available to pay for current-period expenditures and, therefore, are deferred in the fund financial statements	453,119
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the fund financial statements	<u>(3,794,421)</u>
Net position of governmental activities	<u>\$ 13,039,231</u>

The accompanying notes are an
integral part of these basic financial statements.

Sedona Fire District
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2014

	<u>Major Funds</u>			<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
	<u>General</u>	<u>Capital Projects</u>	<u>Special Projects</u>		
Revenues:					
<i>Taxes:</i>					
Property taxes	\$ 9,351,954	\$ -	\$ -	\$ -	\$ 9,351,954
Fire district assistance tax	325,393	-	-	-	325,393
Ambulance fees	1,562,808	-	-	-	1,562,808
Dispatch fees and other projects	161,826	-	1,154,745	28,188	1,344,759
Non-district fire revenues	118,891	-	-	375,998	494,889
Rent	167,581	-	-	-	167,581
Investment earnings	10,996	7,700	-	-	18,696
Other	207,038	-	-	3,098	210,136
Total revenues	11,906,487	7,700	1,154,745	407,284	13,476,216
Expenditures:					
<i>Public safety-fire protection and emergency medical services:</i>					
<i>Current:</i>					
Salaries and wages	6,666,282	-	746,100	298,909	7,711,291
Employee benefits	2,709,800	-	303,338	75,022	3,088,160
Materials and supplies	688,728	-	104,523	4,607	797,858
Dispatch fees	583,420	-	-	-	583,420
Professional services	257,260	-	55,820	-	313,080
Utilities and communications	191,432	-	19,033	-	210,465
Repairs and maintenance	116,921	-	1,205	216	118,342
Training and related	82,621	-	3,952	35,944	122,517
Insurance	95,877	-	-	-	95,877
Other	70,445	-	11,016	3,098	84,559
Capital outlay	947,464	2,250,218	-	-	3,197,682
<i>Debt service:</i>					
Principal	349,863	-	-	-	349,863
Interest	71,305	-	-	-	71,305
Total expenditures	12,831,418	2,250,218	1,244,987	417,796	16,744,419
Excess of revenues over (under) expenditures	(924,931)	(2,242,518)	(90,242)	(10,512)	(3,268,203)
Other financing sources (uses):					
Proceeds from capital lease	200,000	-	-	-	200,000
Transfers in	425,026	-	-	-	425,026
Transfers out	-	(425,026)	-	-	(425,026)
Total other financing sources (uses)	625,026	(425,026)	-	-	200,000
Net change in fund balances	(299,905)	(2,667,544)	(90,242)	(10,512)	(3,068,203)
Fund balances, beginning of year	3,221,748	3,955,848	90,242	2	7,267,840
Fund balances, end of year	<u>\$ 2,921,843</u>	<u>\$ 1,288,304</u>	<u>\$ -</u>	<u>\$ (10,510)</u>	<u>\$ 4,199,637</u>

The accompanying notes are an
integral part of these basic financial statements.

Sedona Fire District
Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Year Ended June 30, 2014

Net change in fund balances - total governmental funds \$ (3,068,203)

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 assets is allocated over their estimated useful lives and reported as depreciation expense.

In the current period, these amounts are:

Capital outlay	3,197,682
Depreciation expense	(958,928)

In the statement of activities, only the gain/loss on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources.

Gain on disposal of capital assets	(6,585)
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Property tax revenues and certain charges for services reported in the Statement of Activities that do not provide current financial resources and therefore, are not reported as revenues in the governmental funds.

153,467

Compensated absence 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.

115,419

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. In the current year, activity related to debt consisted of principal paid.

Capital lease proceeds	(200,000)
Principal repayments	349,863

Change in net assets of governmental activities	\$ (417,285)
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The accompanying notes are an integral part of these basic financial statements.

Sedona Fire District
Notes to Financial Statements
June 30, 2014

Note 1 – Summary of Significant Accounting Policies

The accounting policies of Sedona Fire District (the “District”) conform to generally accepted accounting principles applicable to governmental units adopted by the Governmental Accounting Standards Board (GASB).

For the year ended June 30, 2014, the District implemented the provisions of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. GASB Statement No. 65 reclassifies certain items that were previously reported as assets and liabilities as deferred outflows of resources and deferred inflows of resources and recognizes certain other items that were previously reported as assets and liabilities as revenues and expenses.

A. Reporting Entity

The District provides fire protection and emergency medical services to citizens living within the Sedona, Village of Oak Creek and Oak Creek Canyon, Arizona area. The District is a special-purpose government governed by a separately elected governing body and is legally separate and fiscally independent of other state or local governments. Furthermore, there are no component units combined with the District for financial statement presentation purposes, nor is the District combined with another reporting entity.

B. Basis of Presentation

The basic financial statements include both government-wide statements and fund financial statements. The government-wide 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.

Government-wide statements – These 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;
- Operating grants and contributions, and
- Capital grants and contributions

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

Notes to Financial Statements – Continued

Note 1 – Summary of Significant Accounting Policies - Continued

Generally, the effect of interfund activity has been eliminated from the government-wide financial statements to minimize the double counting of internal activities. However, charges for interfund services provided and used are not eliminated if the prices approximate their external exchange values.

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. All remaining governmental funds are aggregated and reported as nonmajor funds.

The District reports the following major governmental funds:

- The *general* fund is the District’s primary operating fund which accounts for all financial resources except those required to be accounted for in another fund.
- The *capital projects* fund is used to account for activities related to the acquisition or construction of significant capital assets.
- The *special projects* fund is used to account for the activity associated with dispatch fees and other government contract fees.

C. Basis of Accounting

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 they are levied. Grants and contracts revenue is recognized when all eligibility requirements have been met.

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.

Taxes, leases, and investment income 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.

Notes to Financial Statements – Continued

Note 1 – Summary of Significant Accounting Policies - Continued

Fund balance classifications - Fund balances of the governmental funds are reported separately within classifications based on a hierarchy of the constraints placed on the use of those resources. The classifications are based on the relative strength of the constraints that control how the specific amounts can be spent. The classifications are nonspendable, restricted, and unrestricted (which includes committed, assigned, and unassigned fund balance classifications).

The nonspendable fund balance classification includes amounts that cannot be expended because they are either not in spendable form, such as prepaid items, or are legally or contractually required to be maintained intact. Restricted fund balances are those that have externally imposed restrictions on their usage by creditors, such as through debt covenants, grantors, contributors, or laws and regulations.

The unrestricted fund balance category is comprised of committed, assigned, and unassigned resources. Committed fund balances are self-imposed limitations approved by the District's Board of Directors, which is the highest level of decision-making authority within the District. The constraints placed on committed fund balances can only be removed or changed by the Board.

Assigned fund balances are resources constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed.

The unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not reported in the other classifications. Also, deficits in fund balances of the other governmental funds are reported as unassigned. When an expenditure is incurred that can be paid from either restricted or unrestricted fund balances, it's the District's policy to use restricted fund balance first. For the disbursement of unrestricted fund balances, it is the District's policy to use committed amounts first, followed by assigned amounts, and lastly unassigned amounts.

Cash and investments – Nonparticipating interest-earning investment contracts are stated at cost. Money market investments and participating interest-earning investment contracts with a remaining maturity of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value.

Investment earnings are composed of interest and net changes in the fair value of applicable investments.

Prepaid Items – Prepaid items are accounted for using the purchase method in the governmental fund financial statements. Using this method, expenditures are reported at the time of purchase and unexpended amounts at year-end are reported on the balance sheet as a prepaid item for informational purposes only and are offset by a fund balance reserve to indicate that they do not constitute "available spendable resources."

Notes to Financial Statements – Continued

Note 1 – Summary of Significant Accounting Policies - Continued

In the government-wide financial statements, prepaid purchases are recorded as assets when the goods or services are purchased and expensed over the period consumed.

Receivables – Receivables outstanding at year-end consist of property tax totaling \$230,872, \$252,984 for fire suppression and other similar services, and \$383,394 in emergency medical services. Management periodically evaluates the collectability of receivables based on their age and collection efforts and an allowance is established for estimated uncollectible accounts. Uncollectible accounts are written off after all efforts for collection have been exhausted. As of June 30, 2014, the allowance for uncollectible accounts was \$46,516.

Capital assets – Capital assets are reported in the government-wide financial statements at actual cost or estimated historical cost if historical records are not available. Donated capital assets are reported at estimated fair value when received. Capital assets are assets with an initial, individual cost of \$5,000 or more and an estimated useful life exceeding one year.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

Capital assets are depreciated using the straight line method as follows:

<u>Capital asset class</u>	<u>Estimated useful life</u>
Land	Non-depreciable
Buildings and improvements	20 to 50 years
Vehicles, furniture and equipment	5 to 20 years

Compensated absences – The District allows employees to accumulate earned but unused paid time off. A liability is reported for paid time off that is payable upon termination or retirement. Accordingly, compensated absences are accrued as a liability only in the government-wide financial statements.

Deferred outflows/inflows of resources – The statement of net position and balance sheet include separate sections, as appropriate, for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position that applies to future periods that will be recognized as an expense or expenditure in future periods. Deferred inflows of resources represent an acquisition of net position or fund balance that applies to future periods and will be recognized as revenue in future periods.

Estimates – The preparation of the basic financial statements in conformity with U.S. generally accepted accounting principles 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 tax calendar reporting period. Actual results may differ from those estimates.

Notes to Financial Statements – Continued

Note 1 – Summary of Significant Accounting Policies - Continued

Property tax calendar - The District levies real and personal property taxes 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 against real and personal property assessed attaches on the first day of January preceding assessment and levy thereof.

Note 2 – Stabilization Arrangements

The District established a reserve by resolution that is maintained in the general fund. The reserved balance is equivalent to 15% of the following fiscal year's budgeted general fund expenditures. Any changes to the reserve must be approved by the Board of Directors. The reserved fund balance is intended to be used as fiscal stabilization to offset operating revenue shortfalls due to economic downturns, and to serve as operating capital (cash flow) to pay expenses between July 1 and mid October when first half taxes (primary District revenue source) are received to avoid excessive borrowing and paying interest on borrowed money in order to pay ongoing expenses. Any fund balance over and above this operational requirement may be used to fund one-time supplemental funding, capital improvement projects, or retirement of debt service and will be transferred to the Capital Projects Fund. As of June 30, 2014, the general fund committed fund balance was \$357,317, which will be transferred to the capital projects fund in 2015.

Note 3 – Cash and Investments

Arizona Revised Statutes authorize the District to invest public monies in the State or County Treasurer's investment pools; 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 counties, cities, towns, school districts, and special districts as specified by statute.

The District utilizes Yavapai County as its repository for cash and allows their pool to invest those funds; accordingly, the District does not have its own formal investment policy with respect to credit risk, custodial credit risk, concentration of credit risk, interest rate risk, or foreign currency risk for investments.

Cash on Hand and Deposits – At June 30, 2014, total cash on hand was \$310. The carrying amount of the total cash in bank was \$545,759 and the bank balance was \$633,309, of which \$6,551 was uninsured and uncollateralized.

Notes to Financial Statements – Continued

Note 3 – Cash and Investments - Continued

Investments – The District’s investments at June 30, 2014, were as follows:

Investment Type	Amount
Yavapai County Treasurer’s investment pool	\$ 3,601,046
Coconino County Treasurer’s investment pool	21,637
	\$ 3,622,683

Yavapai and Coconino County Treasurers’ investment pools are not registered with the Securities and Exchange Commission and there is no regulatory oversight of their operations. However, the majority of Yavapai County’s investment pool is invested in the State of Arizona’s local government investment pool which is regulated by the State Board of Investment. The pools’ structure does not provide for shares, and the counties have not provided or obtained any legally binding guarantees to support the value of the participants' investments.

Credit risk - At June 30, 2014, all of the District's investments were invested in the Yavapai and Coconino County investment pools which are not rated by rating agencies.

Custodial credit risk – For an investment, custodial credit risk is the risk that, in the event of the counterparty’s failure, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. External investment pools are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

Interest rate risk – At June 30, 2014, the District’s investments can be withdrawn from the pools at will and therefore, are not subject to a significant amount of interest rate risk.

Foreign currency risk – The District does not have a formal investment policy with respect to foreign currency risk because state statutes do not allow foreign investments.

Note 4 – Interfund Receivables, Payables and Transfers

The following summarizes interfund receivables and payables at year-end:

Receivable Fund	Payable Fund	Amount
Special Projects	General	\$ 19,749
General	Other Governmental	72,262
		\$ 92,011

Interfund balances resulted from cash being pooled in the general fund on behalf of other funds. The Interfund transfer \$425,026 between the capital projects fund and the general fund were made to supplement the general fund’s budget.

Notes to Financial Statements – Continued

Note 5 – Capital Assets

Capital asset activity for the year ended June 30, 2014 was as follows:

	<u>Balance, June 30, 2013</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance, June 30, 2014</u>
Capital assets not being depreciated:				
Land and improvements	\$ 2,054,579	\$ -	\$ -	\$ 2,054,579
Construction in progress	398,501	164,793	(398,501)	164,793
Total capital assets not being depreciated	2,453,080	164,793	(398,501)	2,219,372
Capital assets being depreciated:				
Buildings and improvements	5,856,926	2,638,173	-	8,495,099
Furniture and equipment	4,760,454	323,733	(14,594)	5,069,593
Vehicles	5,270,176	469,484	(369,537)	5,370,123
Total capital assets being depreciated	15,887,556	3,431,390	(384,131)	18,934,815
Less: accumulated depreciation for:				
Buildings and improvements	(2,275,209)	(171,000)	-	(2,446,209)
Furniture and equipment	(2,979,064)	(444,492)	8,009	(3,415,547)
Vehicles	(3,137,636)	(343,436)	369,537	(3,111,535)
Total accumulated depreciation	(8,391,909)	(958,928)	377,546	(8,973,291)
Total capital assets being depreciated, net	7,495,647	2,472,462	(6,585)	9,961,524
Total capital assets, net	<u>\$ 9,948,727</u>	<u>\$ 2,637,255</u>	<u>\$ (405,086)</u>	<u>\$ 12,180,896</u>

Notes to Financial Statements – Continued

Note 6 – Changes in Long-Term Liabilities

A summary of the changes in long-term liabilities for the year ended June 30, 2014 follows:

	Balance			Balance	Due Within
	July 1, 2013	Additions	Reductions	June 30, 2014	1 Year
Compensated absences	\$ 1,574,317	\$ -	\$ 115,419	\$ 1,458,898	\$ 140,101
Obligations under capital leases	2,485,386	200,000	349,863	2,335,523	340,608
Total	<u>\$ 4,059,703</u>	<u>\$ 200,000</u>	<u>\$ 465,282</u>	<u>\$ 3,794,421</u>	<u>\$ 480,709</u>

Note 7 – Capital Leases

The District has acquired facilities and equipment under the provisions of various long-term lease agreements classified as capital leases. At June 30, 2014, the assets acquired through capital leases are as follows:

Facilities and equipment	\$ 3,184,519
Less: accumulated depreciation	<u>(52,083)</u>
Carrying value	<u>\$ 3,132,436</u>

The future minimum lease payments under the capital leases, together with the present value of the net minimum lease payments as of June 30, 2014 were as follows:

Year ended June 30,	
2015	\$ 403,296
2016	374,340
2017	287,472
2018	266,376
2019	259,344
2020-2024	<u>1,037,376</u>
Total minimum lease payments	2,628,204
Less: amount representing Interest	<u>(292,681)</u>
Present value of minimum lease payments	<u>\$ 2,335,523</u>

Notes to Financial Statements – Continued

Note 8 – 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.

Note 9 – Line of Credit

The District has an available line of credit totaling \$2,500,000 with the Yavapai County Treasurer which is secured by the District's property taxes. At June 30, 2014, the outstanding balance on this line was \$0. During the fiscal year ended 2014, the District did not utilize the line of credit.

Note 10 – Retirement Plans

Retirement Plan – Public Safety Personnel Retirement System (PSPRS)

Plan Description – The *Public Safety Personnel Retirement System* (PSPRS) administers an agent multiple-employer defined benefit pension plan and an agent multiple-employer defined benefit health insurance premium plan that covers public safety personnel who are regularly assigned hazardous duty as employees of the State of Arizona or participating political subdivisions. The PSPRS, 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 A.R.S. Title 38, Chapter 5, Article 4.

Benefits are established by state statute and 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 required supplementary information. A report may be obtained by writing the plan at 3010 East Camelback Road, Suite 200, Phoenix, AZ 85016 or by calling (602) 255-5575.

Funding Policy – The Arizona State Legislature establishes and may amend active plan members' and the District's contribution rates.

Notes to Financial Statements – Continued

Note 10 – Retirement Plans - Continued

For the year ended June 30, 2014, active PSPRS members were required by statute to contribute 10.35% of the members' annual covered payroll, and the District was required to contribute 19.97%, the aggregate of which is the actuarially required amount. The health insurance premium portion of the contribution rate was actuarially set at .97% of covered payroll.

Actuarial methods and assumptions – The contribution requirements for the year ended June 30, 2014, were established by the June 30, 2012 actuarial valuations, and those actuarial valuations were based on the following actuarial methods and assumptions.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of future events. Amounts determined regarding the funded status of the plan and the annual required contributions are subject to continual revision as actual results are compared to past expectation and new estimates are made. The required schedule of funding progress presented as required supplementary information provides multiyear trend information that show whether the actuarial value of the plan's assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Projections of benefits are based on 1) the plan as understood by the District and plan's members and include the types of benefits in force at the valuation date, and 2) the pattern of sharing benefit costs between the District and plan's members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The significant actuarial methods and assumptions used to establish the fiscal year 2014 contribution requirements, are as follows:

Actuarial valuation date	June 30, 2012
Actuarial cost method	Entry Age Normal
Amortization method	Level percent-of-pay closed
Remaining amortization period	24 years for underfunded 20 years for overfunded
Asset valuation method	7-year smoothed market 80%/120% market
Actuarial assumptions:	
Investment rate of return	8.00%
Projected salary increases	5.0% - 9.0%
Payroll growth	5.0%
Cost of living adjustments	None

Notes to Financial Statements – Continued

Note 10 – Retirement Plans – Continued

Annual Pension Cost – The District’s pension cost pursuant to the PSPRS plan for the year ended June 30, 2014, and related information follows:

	<u>Pension</u>	<u>OPEB</u>
Annual pension/ Other Post Employment Benefit (OPEB) cost	\$ 1,023,945	\$ 52,275
Contributions made	\$ 1,023,945	\$ 52,275

Trend Information – Annual pension cost information for the current and 2 preceding years follows for the agent plan.

<u>Plan</u>	<u>Annual Pension</u>	<u>Percentage of Annual Cost Contributed</u>	<u>Net Pension/OPEB Obligation</u>
2014			
Pension	\$ 1,023,945	100%	\$ -
Health insurance	52,275	100%	-
2013			
Pension	1,042,530	100%	-
Health insurance	52,659	100%	-
2012			
Pension	908,014	100%	-
Health insurance	54,433	100%	-

Funded Status – The funded status of the PSPRS plan as of the most recent valuation date, June 30, 2014, along with the actual assumptions and methods used in those valuations follow:

	<u>Pension</u>	<u>Health Insurance</u>
Actuarial accrued liability (a)	\$ 27,960,111	\$ 641,587
Actuarial value of plan assets (b)	17,382,599	403,388
Unfunded actuarial accrued liability (funding excess) (a) – (b)	10,577,512	238,199
Funded ratio (b)/(a)	62.20%	62.87%
Covered payroll (c)	5,694,541	5,694,541
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll ((a) – (b))/(c)	185.8%	4.18%

Notes to Financial Statements – Continued

Note 10 – Retirement Plans – Continued

The actuarial methods and assumptions for the most recent valuation date follows:

Actuarial valuation date	June 30, 2014
Actuarial cost method	Entry age normal
Amortization method	Level percent-of-pay closed
Remaining amortization period	22 years for unfunded actuarial accrued liability, 20 years for excess
Asset valuation method	7 year smoothed market value 80%/120% market
Actuarial assumptions:	
Investment rate of return	7.85%
Projected salary increases	4.0% - 8.0%
Payroll growth	4.0%
Permanent Benefit Increases	Members retired on or before July 1, 2011: 2% compounded on average. Members retired on or after August 1, 2011: 0.5% compounded on average. Since all current retirees receive the same dollar increase amount, approximation techniques were used to develop the assumed PBI for each member.

Retirement Plan – Defined Contribution Plan

The District sponsors a defined contribution plan established in accordance with Internal Revenue Code Section 401(a). The entry date for each plan is the first day of employment. The District contributes fifteen percent of the employee's compensation to the individual's account and vesting of employer contributions occurs immediately upon enrollment. Eligible employees are those not considered public safety employees.

During 2014, the District contributed \$273,832 to the plan. The Plan's terms do not provide for contributions by District employees.

Note 11 – Other Governmental Funds Deficit Fund Balance

The Other Governmental Funds had a deficit fund balance as of June 30, 2014 resulting from the Non-District Fire Fund. During 2014, this fund received donations for wildland fire training totaling \$16,665 which is committed until fall 2014 when the training will occur. In addition, the Non-District Fire Fund incurred deferred inflows of resources of \$27,175. The net effect amounted to a deficit of \$10,510.

Notes to Financial Statements – Continued

Note 12 – Subsequent Events

On July 1, 2014, the Board of Directors approved a change to the reserve policy described in Note 2 to the financial statements from requiring that the general fund maintain an undesignated fund balance of 15% of the following year's budget to requiring an undesignated fund balance of \$2,000,000. Any excess fund balance may be transferred to the capital projects fund and used for one-time supplemental funding, capital improvement projects, or retirement of debt service. To the extent that reserves are expended, the District will attempt to increase general fund revenues and/or decrease expenditures as necessary to prevent continued use of these funds.

Sedona Fire District
Required Supplementary Information - Budgetary Comparison Schedule - General Fund
Year Ended June 30, 2014

	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Revenues:			
<i>Taxes:</i>			
Property taxes	\$ 9,325,560	\$ 9,351,954	\$ 26,394
Fire district assistance tax	392,001	325,393	(66,608)
Ambulance fees	1,500,000	1,562,808	62,808
Dispatch fees and other projects	-	161,826	161,826
Non-district fire revenues	55,000	118,891	63,891
Rent	164,157	167,581	3,424
Investment earnings	4,000	10,996	6,996
Other	79,000	207,038	128,038
Total revenues	<u>11,519,718</u>	<u>11,906,487</u>	<u>386,769</u>
Expenditures:			
<i>Department:</i>			
<i>Current:</i>			
Fire Chief	206,847	205,766	1,081
Fire Board	65,500	56,678	8,822
Pension	3,100	1,825	1,275
Community risk management	241,527	239,891	1,636
Fleet	301,945	297,095	4,850
Human resources	149,971	131,386	18,585
Finance	395,391	343,134	52,257
Administration	366,047	361,859	4,188
Ambulance billing	117,660	118,014	(354)
Regional communications center	583,420	583,420	-
Telecommunications	628,021	620,531	7,490
Assistant Chief/operations	152,552	153,160	(608)
Operations, wages and benefits	5,467,627	5,261,218	206,409
Training	174,817	150,635	24,182
Facilities	281,388	228,248	53,140
Construction	150,000	115,463	34,537
Wildland Fire Program	14,817	60,312	(45,495)
Logistics	64,416	65,233	(817)
CISM/wellness	15,690	13,429	2,261
Hazardous materials	3,550	1,692	1,858
Swiftwater rescue	4,600	18,813	(14,213)
Technical rescue	9,145	61,766	(52,621)
Emergency medical service	2,479,890	2,421,616	58,274
Capital outlays and debt service	1,105,192	1,320,234	(215,042)
Total expenditures	<u>12,983,113</u>	<u>12,831,418</u>	<u>151,695</u>
Excess of revenues over (under) expenditures	(1,463,395)	(924,931)	538,464
Other financing sources:			
Proceeds from capital lease	-	200,000	200,000
Transfers in	1,063,395	425,026	(638,369)
Total other financing sources	<u>1,063,395</u>	<u>625,026</u>	<u>(438,369)</u>
Changes in fund balance	(400,000)	(299,905)	100,095
Fund balances, beginning of year	<u>400,000</u>	<u>3,221,748</u>	<u>2,821,748</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ 2,921,843</u>	<u>\$ 2,921,843</u>

The accompanying notes are an
integral part of this schedule.

**Sedona Fire District
Required Supplementary Information
Notes to Budgetary Comparison Schedule
June 30, 2014**

Note 1 – Budgetary Requirements and Basis of Accounting

Arizona Revised Statutes requires certain fire districts to prepare and submit annual budgets to the applicable county board of supervisors and treasurer. The district budget must be prepared in a manner consistent with the annual financial statements. Accordingly, the District’s budget is prepared on a basis of accounting consistent with U.S. generally accepted accounting principles.

The budgetary comparison schedule on page 29 reports budgeted expenditures in excess of revenues of \$1,463,395 which was partially offset by a budgeted transfer in from the capital projects fund.

Note 2 – Expenditures in excess of Appropriations

For the year ended June 30, 2014, expenditures that exceeded final budget amounts at the department level (the legal level of budgetary controls) were as follows:

<u>Department</u>	<u>Excess</u>
Ambulance billing	\$ 354
Assistant Chief/operations	608
Technical rescue	52,621
Capital outlays and debt service	215,042
Wildland Fire Program	45,495
Logistics	817
Swiftwater rescue	14,213

The excesses for the four departments listed above were primarily the result of unexpected expenditures incurred. For the last three departments, the overages resulted from a change in the manner in which overtime costs was recorded between the operations, wages and benefits department and these three departments.

Sedona Fire District
Required Supplementary Information
Schedule of Agent Retirement Plan's Funding Progress
June 30, 2014

Public Safety Personnel Retirement System

Pension:

Actuarial Valuation Date	Value of Plan Assets (a)	Actuarial Accrued Liability (b)	Funding Liability (Excess) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	Unfunded Liability as Percentage of Covered Payroll ([b-a])/c
6/30/2014	\$ 17,382,599	\$ 27,960,111	\$ 10,577,512	62.2%	\$ 5,694,541	185.8%
6/30/2013	16,398,919	24,006,537	7,607,618	68.3%	5,460,156	139.3%
6/30/2012	15,257,756	21,484,766	6,227,010	71.0%	4,888,151	127.4%
6/30/2011	13,511,573	19,913,284	6,401,711	67.9%	5,366,662	119.3%
6/30/2010	12,258,554	17,248,222	4,989,668	71.1%	5,374,223	92.8%
6/30/2009	11,102,846	15,424,792	4,324,946	72.0%	5,724,676	75.5%
6/30/2008	9,655,088	13,784,915	4,129,827	70.0%	5,715,484	72.3%

Health Insurance:

Actuarial Valuation Date	Value of Plan Assets (a)	Actuarial Accrued Liability (b)	Funding Liability (Excess) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	Unfunded Liability as Percentage of Covered Payroll ([b-a])/c
6/30/2014	\$ 403,388	\$ 641,587	\$ 238,199	62.9%	\$ 5,694,541	4.18%
6/30/2013	-	634,686	634,686	0.0%	5,460,156	11.62%
6/30/2012	-	625,182	625,182	0.0%	4,888,151	12.79%
6/30/2011	-	598,037	598,037	0.0%	5,366,662	11.14%
6/30/2010	-	498,662	498,662	0.0%	5,374,223	9.28%
6/30/2009	-	419,533	419,533	0.0%	5,724,676	7.33%
6/30/2008	-	376,783	376,783	0.0%	5,715,484	6.59%