

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

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

**Black Canyon Fire District dba Black Canyon Fire Dept
Reporting Ambulance Service**

Address: P O Box 967

City: Black Canyon City, AZ Zip: 85324

Report Fiscal Year

From: July 1, 2012 To: June 30, 2013
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: 12/20/13

Print Name and Title: Thomas A. Birch, Fire Chief

Phone: (623)374-5512

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: Black Canyon Fire District

FOR THE PERIOD FROM: July 1, 2012 TO: June 30, 2013

STATISTICAL SUPPORT DATA

Line No.	DESCRIPTION	(1) SUBSCRIPTION SERVICE TRANSPORTS	*(2) TRANSPORTS UNDER CONTRACT	(3) TRANSPORTS NOT UNDER CONTRACT	(4) TOTALS
1	Number of ALS Billable Transports:			362	362
2	Number of BLS Billable Transports:			62	62
3	Number of Loaded Billable Miles:			12,562	12,562
4	Waiting Time (Hr. & Min.):				-
5	Canceled (Non-Billable) Runs:				146

AMBULANCE SERVICE ROUTINE OPERATING REVENUE

6	ALS Base Rate Revenue				\$ 363,648
7	BLS Base Rate Revenue				63,576
8	Mileage Charge Revenue				169,509
9	Waiting Charge Revenue				-
10	Medical Supplies Charge Revenue				18,989
11	Nurses Charge Revenue				-
12	Standby Charge Revenue (Attach Schedule)				-
13	TOTAL AMBULANCE SERVICE ROUTINE OPERATING REVENUE			(Post to Page 3, Line 1)	\$ 615,721

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SALARY AND WAGE EXPENSE DETAIL

GROSS WAGES:				** No. of FTE's
14	Management		\$ 52,500	1.0
15	Paramedics and IEMTs		\$ 127,914	4.5
16	Emergency Medical Technician (EMT)		\$ 117,530	5.9
17	Other Personnel		\$ 23,580	0.8
18	Payroll Taxes and Fringe Benefits - All Personnel		\$ 88,443	
19	Total Wages, Taxes & Benefits	(Sum Lines 14 through 18; Post to Page 3, Line 10)	\$ 409,967	

* 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.

AMBULANCE REVENUE AND COST REPORT
FIRE DISTRICT and SMALL RURAL COMPANY

AMBULANCE SERVICE ENTITY:

Black Canyon Fire District

FOR THE PERIOD

FROM:

July 1, 2012

TO:

June 30, 2013

SCHEDULE OF REVENUES AND EXPENSES

Line No.	<u>DESCRIPTION</u>		
Operating Revenues:			
1	Total Ambulance Service Operating Revenue	(From: Page 2, Line 13)	\$ 615,721
<u>Settlement Amounts:</u>			
2	AHCCCS		40,658
3	Medicare		115,923
4	Subscription Service		-
5	Contractual		-
6	Other District Subsidy..... Tricare VA		63,414
7	Total	(Sum of Lines 2 through 6)	219,995
8	Total Operating Revenue	(Line 1 minus Line 7)	\$ 395,726
Operating Expenses:			
9	Bad Debt		\$ 55,546
10	Total Salaries, Wages, and Employee-Related Expenses	(From: Page 2, Line 19)	402,967
11	Professional Services		42,882
12	Travel and Entertainment		-
13	Other General Administrative		39,664
14	Depreciation		-
15	Rent / Leasing		-
16	Building / Station		19,991
17	Vehicle Expense		32,278
18	Other Operating Expense		22,234
19	Cost of Medical Supplies Charged to Patients		10,104
20	Interest		-
21	Subscription Service Sales Expense		-
22	Total Operating Expense	(Sum of Lines 9 through 21)	625,666
23	Total Operating Income or (Loss)	(Line 8 minus Line 22)	\$ (229,940)
24	Subscription Contract Sales		-
25	Other Operating Revenue		-
26	Local Supportive Funding		229,940
27	Other Non-Operating Income (Attach Schedule)		-
28	Other Non-Operating Expense (Attach Schedule)		-
29	NET INCOME or (LOSS) Before Income Taxes	(Sum of Lines 23 through 27, minus Line 28)	\$ 0.00
Provision for Income Taxes:			
30	Federal Income Tax		-
31	State Income Tax		-
32	Total Income Tax	(Line 30, plus Line 31)	-
33	Ambulance Service Net Income (Loss)	(Line 29, minus Line 32)	\$0.00



**Black Canyon Fire District
Financial Statements
June 30, 2013**

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Black Canyon Fire District
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CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Governing Board of the
Black Canyon Fire District
Black Canyon City, Arizona

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards* the financial statements of Black Canyon Fire District (the District), as of and for the year ended June 30, 2013, and the related notes to the financial statements, as listed in the table of contents, which collectively comprise the District's basic financial statements and have issued our report dated December 12, 2013, wherein we noted that the District uses a special purpose framework other than generally accepted accounting principles.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of Arizona Revised Statutes, Title 48 § 251.A(1), as described in Note 1, to meet the requirements of the state of Arizona. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the Comptroller General of the United States' *Government Auditing Standards*. 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.

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Phone: (602) 903-3720 | Fax: (602) 535-3905 | www.apcpa.net

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash-basis balance sheet of the general and capital projects funds of the District as of June 30, 2013, and the respective revenues collected, expenditures paid and changes in fund balances of the District as of June 30, 2013, in accordance with the financial reporting provisions of Arizona Revised Statutes Title 48 § 251.A(1) described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. As described in Note 1 to the financial statements are prepared by Black Canyon Fire District on the basis of the financial reporting provisions of Arizona Revised Statutes, Title 48 § 251.A(1), which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the State of Arizona. Our opinions are not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2013 on our consideration of the 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 the 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 assessing the results of our audit.

Restriction on Use

This report is intended solely for the information and use of the Governing Board, Management, Yavapai County and the State of Arizona and is not intended to be, and should not be, used by anyone other than these specified parties.

Accounting Professionals, LLC

Phoenix, Arizona
December 12, 2013

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**Black Canyon Fire District
BALANCE SHEET - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
June 30, 2013**

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and investments	\$ 389,890	\$ 723,293	\$ 1,113,183
Total assets	<u>\$ 389,890</u>	<u>\$ 723,293</u>	<u>\$ 1,113,183</u>
 LIABILITIES AND FUND BALANCES			
Liabilities:			
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:			
Committed	-	723,293	723,293
Unassigned	<u>389,890</u>	<u>-</u>	<u>389,890</u>
Total fund balances	<u>389,890</u>	<u>723,293</u>	<u>1,113,183</u>
Total liabilities and fund balances	<u>\$ 389,890</u>	<u>\$ 723,293</u>	<u>\$ 1,113,183</u>

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The accompanying notes are an integral part of this financial statement.

Black Canyon Fire District
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
Year Ended June 30, 2013

	General Fund	Capital Projects Fund	Total Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
REVENUES			
Property taxes	\$ 530,135	\$ 412	\$ 530,547
Fire district assistance taxes	86,478	-	86,478
Intergovernmental	32,740	-	32,740
Charges for services	353,690	-	353,690
Other revenue	820	-	820
Contributions	6,503	-	6,503
Interest income	1,161	2,050	3,211
	<u>1,011,527</u>	<u>2,462</u>	<u>1,013,989</u>
Total revenues			
EXPENDITURES			
Current:			
Public safety, fire protection:			
Emergency services	679,590	-	679,590
Administrative and support services	299,613	-	299,613
Debt service:			
Principal	17,525	-	17,525
Interest	33,654	-	33,654
Capital outlay	43,945	-	43,945
	<u>1,074,327</u>	<u>-</u>	<u>1,074,327</u>
Total expenditures			
Excess (deficiency) of revenues over (under) expenditures	<u>(62,800)</u>	<u>2,462</u>	<u>(60,338)</u>
OTHER FINANCING SOURCES/(USES)			
Transfers in	-	-	-
Transfers out	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources and uses			
Net changes in fund balances	(62,800)	2,462	(60,338)
Fund balances – beginning	<u>452,690</u>	<u>720,831</u>	<u>1,173,521</u>
Fund balances – ending	<u>\$ 389,890</u>	<u>\$ 723,293</u>	<u>\$ 1,113,183</u>

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The accompanying notes are an integral part of this financial statement.

**Black Canyon Fire District
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2013**

	<u>Firefighters' Relief and Pension Fund</u>
ASSETS	
Cash	\$ 27,594
Total Assets	<u>\$ 27,594</u>
NET POSITION	
Net position held in trust for pension benefits	<u>27,594</u>
Total Liabilities and Net Position	<u>\$ 27,594</u>

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The accompanying notes are an integral part of this financial statement.

Black Canyon Fire District
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
Year Ended June 30, 2013

	<u>Firefighters' Relief and Pension Fund</u>
ADDITIONS	
Premium tax	\$ 162
Investment earnings	<u>145</u>
Total additions	<u>307</u>
Change in net position	307
Net position - beginning	<u>27,287</u>
Net position - ending	<u>\$ 27,594</u>

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Black Canyon Fire District
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Nature of Operations and Financial Reporting Entity

The District, established pursuant to Arizona Revised Statute Title 48, is a special purpose local government that is governed by an elected governing body, a legally separate entity, and is fiscally independent of other state and local governments. The District has no discrete or blended component units.

B. Fund Accounting

The accounts of the District are organized on the basis of fund accounting, each of which is considered a separate reporting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues and expenditures. Resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent. The District reports the following major governmental funds:

General Fund – This fund is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Capital Projects Fund – This fund is used to account for funds received and expended for the construction of buildings and improvements as well as for the acquisition of apparatus and major equipment for use by the District.

The District also reports a Fiduciary Fund for the *Firefighters' Relief and Pension Fund*.

C. Modified Cash Basis of Accounting

As required under Arizona Revised Statutes, Title 48 § 251.A(1), the District has prepared these financial statements in a manner sufficient to report beginning and ending fund balances and all revenues and expenditures for the year ending June 30, 2013. The Balance Sheet and Statement of Revenues, Expenses and Changes in Fund Balance is presented on the modified cash basis of accounting which is a comprehensive basis other than accounting principles generally accepted in the United States. The modified cash basis of accounting recognizes revenues when cash is received and expenditures when cash is spent.

The major departure from accounting principles generally accepted in the United States is that there are generally no accruals made using the modified cash basis of accounting. Specifically, there were no accruals made for accounts receivable, accounts payable and amounts either due from or due to other governmental entities. However, accruals were made for payroll related liabilities in which the district acts as a fiduciary. Furthermore, these financial statements do not include government-wide financial statements which are required by accounting principles generally accepted in the United States. Additionally, the District has also elected not to present Management's Discussion and Analysis or the Budgetary Comparison Schedules that accounting principles generally accepted in the United States have determined are necessary to supplement, although not required to be part of, the basic financial statements.

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Black Canyon Fire District
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

D. Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Arizona Revised Statutes authorize special districts to invest public monies in the County or Arizona State Treasurer's local government investment pool, interest bearing savings accounts, certificates of deposit and in accounts of any savings and loan associations insured by an agency of the government of the United States, up to the amount of such insurance or pledged collateral. All investments are stated at fair value based on market prices. For additional information regarding cash and cash equivalents see Financial Note 2 Cash and Investments.

E. Payroll withholdings held in trust

Liabilities are reported for amounts withheld from employees salaries and wages, held in trust by the District. As the District has expensed all amounts related to salaries and wages payable, the District holds these monies as a fiduciary until they are remitted to the appropriate third parties.

F. Fund Equity

In the fund financial statements, governmental funds report fund balance as nonspendable, restricted, committed, assigned or unassigned based primarily on the extent to which the District is bound to honor constraints on how specific amounts can be spent.

Nonspendable fund balance - amounts that cannot be spent because they are either (a) not spendable in form or (b) legally or contractually required to be maintained intact.

Restricted fund balance - amounts with constraints placed on their use that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance - amounts that can only be used for specific purposes determined by formal action of the District's decision making authority (the governing Board) and that remain binding unless removed in the same manner. The underlying action that imposed the limitation needs to occur no later than the close of the reporting period since the Board establishes, modifies or rescinds fund balance commitments and assignments by passage of a resolution.

Assigned fund balance - amounts that are constrained by the District' *intent* to be used for specific purposes. The intent can be established at either the highest level of decision making, or an official designated for that purpose.

Unassigned fund balance - the residual classification for the District's General Fund that includes amounts not contained in other classifications.

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Black Canyon Fire District
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

G. Budgetary accounting

The District is required, under Arizona Revised Statutes, to adopt a budget each fiscal year and to submit it to the county board of supervisors no later than the first day of August each year. The adopted budget is on the modified accrual basis of accounting, which is a legally acceptable basis for budgetary purposes.

All annual appropriations lapse at fiscal year end. The District is subject to expenditure limitations under Arizona Revised Statutes. This law does not permit the District to incur unsecured debt in excess of property taxes levied and to be collected plus available and unencumbered cash. The limitation is applied to the total of the combined funds.

NOTE 2 – CASH AND INVESTMENTS

Arizona Revised Statutes authorize special districts to invest public monies in the Arizona State Treasurer's local government investment pool, interest bearing savings accounts, certificates of deposit and in accounts of any savings and loan associations insured by an agency of the government of the United States, up to the amount of such insurance or pledged collateral. The District has no investment policy that would further limit its investment choices.

A. District's Cash and Cash Equivalents Deposits

Arizona Revised Statutes (ARS) require all monies levied by the District to be collected and held by the County Treasurer's Office and included in the County's Local Government Investment Pool (LGIP). Monies received by the District as part of services, contributions or proceeds from the issuance of long-term debt can be deposited with the LGIP or with local financial institutions.

Deposits. As of June 30, 2013, the District's carrying amount of deposits with the County Treasurer's LGIP was \$1,092,599, and \$27,122 for the fiduciary fund. Demand and time deposits with local financial institutions totaled \$20,584. The Federal Deposit Insurance Corporation (FDIC) protects the District against loss on the first \$250,000 of demand deposits and \$250,000 of time deposits located within the state. Any remaining balance is to be covered by collateral held by the pledging financial institution's trust department in the District's name. As of June 30, 2013, none of the District's bank balance was exposed to custodial credit risk as the entire bank balance was covered by the FDIC.

Interest Rate Risk. *Interest rate risk is the risk that changes in interest rate will adversely affect the fair value of an investment. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.*

Credit Risk. State law limits deposits and investments to the Arizona State Treasurer's Local Government Investment Pool (LGIP); interest bearing savings accounts, and certificates of deposit which have a maturity date of not more than one year and in accounts of any savings and loan associations insured by an agency of the government of the United States, up to the amount of such insurance or pledged collateral.

Custodial Credit Risk. *Deposits.* In the case of demand and time deposits, there is the risk that in the event of a bank failure, the District's deposits may not be returned. Statutes require collateral for demand deposits, certificates of deposit, and repurchase agreements at 101 percent of all deposits not covered by federal depository insurance.

Black Canyon Fire District
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

NOTE 3 – TRANSFERS AND COMMITMENTS OF FUND BALANCE

The District has adopted a policy whereby it will transfer budgeted and/or unused appropriations to the capital projects fund to provide for planned future acquisitions of apparatus, vehicles, buildings and improvements. Such transfers are not restricted by statute and can be transferred back to the general fund upon board approved changes to the District's policies. The District did not have any such transfers for the year ended June 30, 2013.

NOTE 4 – EMPLOYEE RETIREMENT SYSTEMS AND POST EMPLOYMENT PLANS

The District contributes to multiple plans as described below. Benefits for non-public safety personnel are established based on contributions to the plan. For public safety personnel, state statute regulates retirement, death, long-term disability, and survivor insurance premium benefits.

A. Volunteer Firefighter's Relief and Pension Fund

The District is in the process of terminating its pension fund for volunteer firefighters, which is a single employer fund that administered the District's and employees' defined contributions. There were no employee or employer contributions for the year ended June 30, 2013. As of June 30, 2013, the pension fund's only investment was cash held by the Yavapai County Treasurer's office.

B. Public Safety Personnel Retirement System

Plan Description: The *Public Safety Personnel Retirement System* (PSPRS) is an agent multiple-employer defined benefit pension plan that covers public safety personnel who are regularly assigned hazardous duty as employees of the State of Arizona or one of its political subdivisions. The PSPRS, acting as a common investment and administrative agent, is governed by a five member board, known as the Fund Manager, and 162 local boards, according to the provisions of ARS Title 38, Chapter 5, Article 4. Reports may be obtained by writing or calling: Public Safety Personnel Retirement System, 3010 E. Camelback Road #200, Phoenix, Arizona 85016, (602) 255-5575.

Funding Policy: For the year ended June 30, 2013, PSPRS members were required by statute to contribute 9.55% of their annual covered compensation, and the District was required to contribute at the actuarially determined rate of 11.93%.

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Black Canyon Fire District
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

Annual Pension Cost: For the year ended June 30, 2013, the District's annual pension cost of \$44,752 for PSPRS was equal to the District's required and actual contributions. The District's actuarial assumptions for PSPRS for the year ended June 30, 2013, which is based on the most recent available actuarial valuation, and related information follow:

Contribution rates	
Plan members	9.55 %
District	11.93 %
Actuarial cost method	Projected Unit Credit
Investment rate of return	7.85 %
Projected salary increases *	4.5 % - 8.5 %
Payroll growth	4.5%
Amortization method	Level percent-of-pay closed
Remaining amortization period	23 years for under, 20 years for overfunded
Asset valuation method	7-year smoothed market 80%/120% market

Three year trend information for PSPRS: The information for the agent plan was obtained from the three most recent actuarial valuations.

Year ended June 30,	APC	Percentage of APC Contributed	Net pension Obligation
2013	\$ 48,428	100%	\$ -
2012	38,540	100%	-
2011	35,757	100%	-

Funding progress (excluding health insurance subsidy): The information for the analysis of funding progress was obtained from the three most recent actuarial valuations.

Valuation date June 30,	Actuarial Value of Plan Assets	Actuarial Accrued Liability	Funding Liability (Excess)	Funded Ratio	Annual Covered Payroll	Unfunded Liability as Percentage of Covered Payroll
2013	\$ 730,939	\$ 607,262	\$ (123,677)	120 %	\$ 356,606	- %
2012	611,594	549,988	(61,606)	111 %	391,704	(16) %
2011	459,901	465,293	5,392	99 %	395,013	1 %

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**Black Canyon Fire District
NOTES TO FINANCIAL STATEMENTS
June 30, 2013**

Funding progress (post-retirement health insurance subsidy only): The information for the analysis of funding progress was obtained from the three most recent actuarial valuations.

Valuation date June 30,	Actuarial Value of Plan Assets	Actuarial Accrued Liability	Funding Liability (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as % of Covered Payroll
2013	\$ -	\$ 26,501	\$ 26,501	- %	\$ 356,606	7 %
2012	-	24,082	\$ 24,082	- %	391,704	6 %
2011	-	21,675	21,675	- %	395,013	5 %

In accordance with GASB 45, assets within the PSPRS plan are not segregated to fund the post-retirement health insurance subsidy. Accordingly, these benefits may not be considered pre-funded. These liabilities are based on the same assumptions and actuarial costs methods as indicated for the plan. The District's health insurance subsidy payment reported for the fiscal year ending June 30, 2013 was \$0.

C. Arizona State Retirement System

Plan Description: The *Arizona State Retirement System (ASRS)* administers a cost-sharing multiple-employer defined benefit pension plan that covers general employees of the District. The ASRS is governed by the Arizona State Retirement System Board according to the provisions of ARS Title 28, Chapter 5, Article 2.

Funding Policy: For the year ended June 30, 2013, active ASRS members and the District were each required by statute to contribute at the actuarially determined rate of 11.14 percent (10.9 percent retirement and 0.24 percent long-term disability) of the members' annual covered payroll. The District's contributions to ASRS for the years ended June 30, 2013, 2012 and 2011 were \$9,634, \$9,692, and \$8,785, respectively, which were equal to the required contributions for the year.

The plan issues a publicly available financial report that includes its financial statements and required supplementary information. Reports may be obtained by writing or calling: Arizona State Retirement System, 3300 N. Central Avenue, Phoenix, Arizona 85012, (602) 240-2000.

NOTE 5 – COMMITMENTS AND CONTINGENCIES

A. Inter-governmental agreements and indemnifications

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

B. Risk management

The District is contingently liable for claims and judgments resulting from lawsuits incidental to normal operations. In the opinion of the District's management, adverse decisions that might result, to the extent not covered by insurance, would not have a material effect on the financial statements. No provision has been made in the financial statements for possible losses of this nature.

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Black Canyon Fire District

**INDEPENDENT AUDITOR'S 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**

June 30, 2013

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Black Canyon Fire District
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and on Compliance and Other Matters Based on an Audit of Financial
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ACCOUNTING PROFESSIONALS, LLC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S 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*

To the Board of Directors of
Black Canyon Fire District
Black Canyon City, Arizona

We have audited, in accordance with the 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 financial statements of Black Canyon Fire District (the District), which comprise the Balance Sheet as of June 30, 2013, and the related Statement of Revenues, Expenditures and Changes in Fund Balances for the year then ended, and the related notes to financial statements, and have issued our report thereon dated December 12, 2013, wherein we noted that the District uses a special purpose framework other than generally accepted accounting principles.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit, we considered Black Canyon 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 an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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 organization's financial statements, will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention to those charged with governance.

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Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we 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 Black Canyon Fire District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

PURPOSE OF THIS REPORT

This report is intended solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion of the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Accounting Professionals, LLC

Phoenix, Arizona
December 12, 2013

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Black Canyon Fire District
INDEPENDENT AUDITOR'S COMMUNICATION TO
THOSE CHARGED WITH GOVERNANCE

June 30, 2013

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**Black Canyon Fire District
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ACCOUNTING PROFESSIONALS, LLC
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S COMMUNICATION TO
THOSE CHARGED WITH GOVERNANCE**

To the Board of Directors of
Black Canyon Fire District
Black Canyon City, Arizona

We have audited the basic financial statements of Black Canyon Fire District (the District) as of and for the year ended June 30, 2013, and have issued our report thereon dated December 12, 2013, wherein we noted the District uses a special purpose framework other than generally accepted accounting principles. Professional standards require that we advise you of the following matters relating to our audit.

OUR RESPONSIBILITIES UNDER GENERALLY ACCEPTED AUDITING STANDARDS

As communicated in our engagement letter dated May 17, 2013, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in conformity with the reporting requirements as prescribed by the State of Arizona, and when applicable, *Government Auditing Standards*. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, as part of our audit, we considered the internal control of the District solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you. Any communication of significant matters is included in the report described in the following paragraph.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2013 on our consideration of the District's internal control over financial reporting and on our tests of compliance and other matters.

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OTHER INFORMATION IN DOCUMENTS CONTAINING AUDITED FINANCIAL STATEMENTS

Pursuant to professional standards, our responsibility as auditors for other information in documents containing the District's audited financial statements does not extend beyond the financial information identified in the audit report, and we are not required to perform any procedures to corroborate such other information. However, as we are not aware of any other documents containing the District's audited financial statements, we have not performed any additional procedures in accordance with such standards.

Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

PLANNED SCOPE AND TIMING OF THE AUDIT

We conducted our audit consistent with the planned scope and timing we previously communicated to you in our engagement letter.

COMPLIANCE WITH ALL ETHICS REQUIREMENTS REGARDING INDEPENDENCE

The engagement team, others in our firm, as appropriate, our firm and any related firms have completed with all relevant ethical requirements regarding independence. As part of our nonattest services related to preparing the financial statements, management was responsible for validating the completeness and accuracy of the financial statements, and all entries to present the financial statements using a special purpose framework other than generally accepted accounting principles. Management performed their responsibility accordingly and approved the financial statements on December 12, 2013.

QUALITATIVE ASPECTS OF THE ENTITY'S SIGNIFICANT ACCOUNTING PRACTICES

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the District is included in Note 1 to the financial statements. There have been no changes in significant accounting policies or their application during the year ended June 30, 2013. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from management's current judgments. However, as the financial statements were prepared on the modified cash basis, which is sufficient to meet the reporting requirement of the State of Arizona, no such estimates were needed.

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Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the District's financial statements relate to:

- Cash and Investments, and
- Post Employment Retirement Plans

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit. However, we would like to identify minor difficulties encountered in the planning of our audit. Specifically, the lack of accounting records consistent with the fund accounting principles required for governmental reporting.

While the District is a governmental entity, which utilizes fund accounting for external financial reporting, internal accounting records are not maintained by individual funds. The District currently has two major governmental funds, the General Fund and the Capital Projects Fund. The governmental funds are maintained in two general ledger systems independent of each other.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. However, we did not identify any uncorrected misstatements.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. The attached schedule of misstatements that we identified as a result of our audit procedures were brought to the attention of, and corrected by management; schedule AJE 2013 is for adjusting journal entries.

Disagreement with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the District's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which were included in the letter from management on or before December 12, 2013.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing, accounting and financial reporting matters. Based on management's representations, and consistent with our understanding of the District's activities, there were consultations with H & S Accounting, LLC regarding auditing, accounting and financial reporting matters.

Other Significant Findings or Issues

In the normal course of our professional association with the District, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the District, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the District's auditors.

Restriction on Use

This report is intended solely for the information and use of the Board of Directors, Management, Yavapai County and the State of Arizona and is and is not intended to be, and should not be, used by anyone other than these specified parties.

Accounting Professionals, LLC

Phoenix, Arizona
December 12, 2013

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Black Canyon Fire District: GF
 Year End: June 30, 2013
 Adjusting Journal Entries
 Date: 7/1/2012 To 6/30/2013

Prepared	1st Review	2nd Review	Non-Tech

AJE 20

Number	Date	Name	Account No	Reference	Debit	Credit	Recurren
CJE 001	6/30/2013	Accounts Receivable	1200 GF		1,145.00		
CJE 001	6/30/2013	Other Income	7101 GF			1,145.00	
Adjust AR to zero - cash basis							
					1,145.00	1,145.00	
			Net Income (Loss)			(62,800.00)	

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