

Pinewood Fire Department

475 E Pinewood Blvd. / PO Box 18638

Munds Park, AZ 86017

Phone: 928-286-9885

Fax: 928-286-2595

December 30, 2013

**Arizona Department of Health Services
Bureau of Emergency Medical Services
Ambulance and Regional Services
150 N. 18th Avenue, Suite 540
Phoenix, AZ 85007**

Re: Annual Ambulance Financial Report

To Whom It May Concern:

I have enclosed a copy of annual report that I mailed in on November 6, 2013. Enclosed is our Audit for fiscal year 2012/2013.

Thank you for your help in this matter.

Sincerely,



Kim Ball, Office Manager
Pinewood Fire Department
PO Box 18638
Munds Park, AZ 86017
928-286-9885

* 2012/2013 Audit

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Pinewood Fire Department

475 E Pinewood Blvd. / PO Box 18638

Munds Park, AZ 86017

Phone: 928-286-9885

Fax: 928-286-2595

November 6, 2013

Arizona Department of Health Services
Bureau of Emergency Medical Services
Ambulance and Regional Services
150 N. 18th Avenue, Suite 540
Phoenix, AZ 85007

Re: Annual Ambulance Financial Report

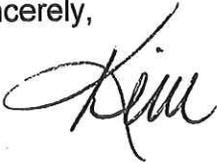
To Whom It May Concern:

Find enclosed the annual ambulance financial report for the Pinewood Fire District dba Pinewood Fire Department.

I am still waiting on our Audit for fiscal year 2012/2013. As soon as I receive our audit I will forward it to you but I did not want to be late in filing the annual report. We expect to get our audit within the next 30 days or so but I do not have a definite date

If you have any questions please contact Kim Ball at the phone number listed below between the hours of 8 AM to 4 PM.

Sincerely,



Kim Ball, Office Manager
Pinewood Fire Department
PO Box 18638
Munds Park, AZ 86017
928-286-9885

 **COPY**

* Annual Ambulance Financial Report enclosed

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EXHIBIT B
AMBULANCE REVENUE AND COST REPORT
FIRE DISTRICT and SMALL RURAL COMPANY

Arizona Department of Health Services
Annual Ambulance Financial Report

Pinewood Fire District dba Pinewood Fire Department
Reporting Ambulance Service

Report Fiscal Year

From: 07 / 01 / 2012 / To: 06 / 30 / 2013 /
Mo. Day Year Mo. Day Year

CERTIFICATION

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: _____

Print Name and Title: John W. Welsch, Fire Chief

Mail to:

Arizona Department of Health Services
Bureau of Emergency Medical Services
Ambulance and Regional Services
150 North 18th Avenue, Suite 540
Phoenix, AZ 85007
Telephone: (602) 364-3150
Fax: (602) 364-3567

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AMBULANCE REVENUE AND COST REPORT

AMBULANCE SERVICE ENTITY: Pinewood Fire District dba Pinewood Fire Department

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
01	Number of ALS Billable Transports:	N/A	N/A	218	218
02	Number of BLS Billable Transports :	N/A	N/A	0	0
03	Number of Loaded Billable Miles:	N/A	N/A	4625.7	4,625.7
04	Waiting Time (Hr. & Min.):	N/A	N/A	0	0
05	Canceled (Non-Billable) Runs:				153

AMBULANCE SERVICE ROUTINE OPERATING REVENUE

06	ALS Base Rate Revenue				\$160,065.00
07	BLS Base Rate Revenue				\$ 0.00
08	Mileage Charge Revenue				\$40,613.00
09	Waiting Charge Revenue				\$0.00
10	Medical Supplies Charge Revenue				\$0.00
11	Nurses Charge Revenue				\$0.00
12	Standby Charge Revenue (Attach Schedule)				
13	TOTAL AMBULANCE SERVICE ROUTINE OPERATING REVENUE				\$200,678.00

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SALARY AND WAGE EXPENSE DETAIL

GROSS WAGES:

****No. of F.T.E.s**

14	Management	\$56,372.00
15	Paramedics and IEMTs	\$ 429,500.00
16	Emergency Medical Technician (EMT)	\$ 116,479.00
17	Other Personnel	\$ 94,148.00
18	Payroll Taxes and Fringe Benefits - All Personnel	\$ 318,059.00

*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.

COPY

AMBULANCE REVENUE AND COST REPORT

AMBULANCE SERVICE ENTITY: _____

FOR THE PERIOD FROM: _____ TO: _____

SCHEDULE OF REVENUES AND EXPENSES

Line No.	DESCRIPTION	FROM	
Operating Revenues:			
01	Total Ambulance Service Operating Revenue	Page 2, Line 13	\$200,678.00
Settlement Amounts:			
02	AHCCCS		(\$6,613.00)
03	Medicare		(\$62,895.00)
04	Subscription Service		(\$ 0.00)
05	Contractual		(\$0.00)
06	Other		(\$1,560.00)
07	Total (Sum of Lines 02 through 06)		(\$71,068.00)
08	Total Operating Revenue (Line 01 minus Line 07)		\$ <u>129,610.00</u>
Operating Expenses:			
09	Bad Debt		\$ 20,679.00
10	Total Salaries, Wages, and Employee-Related Expenses		\$ 1,014,558.00
11	Professional Services		\$ 23,646.00
12	Travel and Entertainment		\$ 375.00
13	Other General Administrative		\$ 19,010.00
14	Depreciation		\$ 701,848.00
15	Rent/Leasing		\$ 0.00
16	Building/Station		\$ 35,412.00
17	Vehicle Expense		\$ 15,583.00
18	Other Operating Expense		\$ 56,656.00
19	Cost of Medical Supplies Charged to Patients		N/A
20	Interest		\$ 0.00
21	Subscription Service Sales Expense		\$ 0.00
22	Total Operating Expense (Sum of Lines 09 through 21)		\$ 1,887,767.00
23	Total Operating Income or Loss (Line 08 minus Line 22)		\$ (1,758,157.00)
24	Subscription Contract Sales		N/A
25	Other Operating Revenue		\$ 173,454.00
26	Local Supportive Funding		\$ 880,588.00
27	Other Non-Operating Income (Attach Schedule)		\$ 0.00
28	Other Non-Operating Expense (Attach Schedule)		\$ 0.00
29	NET INCOME/(LOSS) (Line 23 plus Sum of Lines 24 through 28)		\$ (704,115.00)



PINEWOOD FIRE DISTRICT

FINANCIAL STATEMENTS

June 30, 2013

**James H. Saunders
Certified Public Accountant
Certified Fraud Examiner
6008 West Cortez Street
Glendale, Arizona 85304
Fax 602-926-2431
Phone 623-476-8660**

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**PINEWOOD FIRE DISTRICT
MUNDS PARK, ARIZONA
FINANCIAL STATEMENTS
JUNE 30, 2013**

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**PINEWOOD FIRE DISTRICT
MUNDS PARK, ARIZONA
FINANCIAL STATEMENTS
JUNE 30, 2013**

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SAUNDERS COMPANY, LTD.

JAMES H. SAUNDERS, CPA, CFE, CFF, CGFM, PI.

CERTIFIED PUBLIC ACCOUNTANT
CERTIFIED FRAUD EXAMINER
CERTIFIED IN FINANCIAL FORENSICS
CERTIFIED GOVERNMENT FINANCIAL MANAGER
LICENSED PRIVATE INVESTIGATOR #1546900

6008 WEST CORTEZ STREET
GLENDALE, ARIZONA 85304
Tel: (623) 476-8660
Fax: (602) 926-2431

E-Mail: JamesH49@AOL.com

Member: American Institute of Certified Public Accountants
Arizona Society of Certified Public Accountants

Arizona Association of Licensed Private Investigators

International Association of Certified Fraud Examiners
Arizona Association of Certified Fraud Examiners

INDEPENDENT AUDITOR'S REPORT

To the Members of the District Board

Pinewood Fire District

Munds Park, State of Arizona

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Pinewood Fire District, Munds Park, Arizona, as of and for the year ended June 30, 2013, 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 auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that 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 the Pinewood Fire District, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, along with any combining or individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining or individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Legal and Regulatory Requirements

Arizona Revised Statutes require disclosure of certain additional supplementary information required to comply with section 48-251 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by statute as an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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Independent Auditor's Report

June 30, 2013

Page 3

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 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 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 Fire District's internal control over financial reporting and compliance.

James H. Saunders, CPA
Saunders Company, Ltd.

Glendale, Arizona
December 23, 2013

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Pinewood Fire District

Management's Discussion and Analysis of Basic Financial Statements June 30, 2013

The following discussion and analysis of the Pinewood Fire District (the district's) financial performance presents management's overview of the District's financial activities for the year ended June 30, 2013. Please read it in conjunction with the District's basic financial statements, which begin immediately following this analysis. This annual financial report consists of two parts, Management's Discussion and Analysis (this section) and the Basic Financial Statements.

Nature of Operations

The Pinewood Fire District provides Fire, ALS Ambulance, and Rescue services to homes, property and persons residing within the District boundaries, as well as services to locations and persons outside the District thru mutual aid agreements and contracts. These areas include response to the Coconino National Forest and Interstate 17 for all fire, medical and rescue response. Through a contracted response agreement, the Pinewood Fire District also provides the same services to the Foxboro Ranch subdivision at a rate based upon assessed taxable values commensurate with those of the Munds Park community.

Results of Operations

- λ 44 Fire Responses
- λ 360 Medical Responses
- λ 90 Special Duty/Citizen Assists
- λ 494 (Fiscal year 2010-2011) Total Dispatched Responses
- λ 309 People seen in Medical Room
 - 1. Non-Emergent care such as blood pressure checks and minor injuries
- λ 212 Ambulance Transports
 - 1. 244 patients transported
- λ Continuing Divisional Management System to support and develop district strategic plans:
 - Operations Section
 - Resource Management Section
 - Personnel Services Section
 - Community Services Section
 - Administrative Section

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Financial Highlights

- λ District investment in capital assets increased by \$46,789 or 2.10%.
- λ The District's net position increased \$49,133 or 5.02% from the previous fiscal year .
- λ Operating revenues increased \$189,679 or 7.40% over the previous fiscal year.
- λ At the end of the current fiscal year, unrestricted net position for the General fund was \$857,905 .

Overview of the Financial Statements

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

The main purpose of these statements is to provide the reader with sufficient information to assess whether or not the District's overall financial position has improved or deteriorated.

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 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 District'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.

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, use fund accounting to ensure and demonstrate compliance with finance related legal requirements.

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Net Position June 30, 2013

	<u>BALANCE</u> <u>JUNE 30, 2012</u>	<u>BALANCE</u> <u>JUNE 30, 2013</u>
Net Position :		
Invested in Capital Assets net of related debt	\$ 447,743	\$ 329,821
Unrestricted	<u>579,572</u>	<u>857,905</u>
Total Net Position	<u>\$ 1,027,315</u>	<u>\$ 1,187,726</u>

Governmental Activities

Most of the revenues for the District were derived from assessed property taxes and Fire District Assistance Tax from the County.

Additional revenues have been generated through billing for ambulance services, response to out-of-district wildland fire events, contracted emergency service response, cellular phone tower lease fees, private donations, and various federal and state grants for equipment and personnel.

General Fund Budgetary Highlights

The Pinewood Fire District stayed within our budget and will carry over the amount not spent in fiscal year 2011 to 2012 to fiscal year 2012 to 2013.

Capital Asset and Debt Administration

Capital Assets

In order to continue to provide the best service possible, the District spends a portion of the budget on fixed asset acquisition and capital projects.

For fiscal year ended June 30, 2013 the District purchased, had contributed, or constructed the following assets:

- λ Purchase of land surrounding fire station to provide for future growth and security of present site
 - Survey and title transfer completed
 - Preliminary planning for future fire station replacement

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Capital Assets, Net of Depreciation June 30, 2013

	BALANCE <u>06/30/2012</u>	BALANCE <u>06/30/2013</u>
<u>Depreciable Assets</u>		
Vehicles	\$1,272,923	\$ 1,319,712
Buildings	241,605	241,605
Equipment, Admin	34,928	34,928
Equipment, Fire	<u>682,499</u>	<u>682,499</u>
Total Historical Costs	<u>2,231,955</u>	<u>2,278,744</u>
Less Accum Depreciation		
Vehicles	747,347	867,042
Buildings	241,605	241,605
Equipment, Admin	34,928	34,928
Equipment, Fire	<u>506,227</u>	<u>572,706</u>
Less: Total Accumulated Depreciation	<u>1,530,107</u>	<u>1,716,281</u>
Depreciable Capital Assets, Net	701,848	562,463
<u>Non-Depreciable Assets</u>		
Land	<u>57,100</u>	<u>57,100</u>
Capital Assets, Net	<u>\$ 758,948</u>	<u>\$ 619,563</u>

Long Term Debt

At the end of the current fiscal year, the District had debt outstanding of \$350,839. All of the debt is backed by the full faith and credit of the District.

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Outstanding Debt

	<u>Balance</u> <u>June 30, 2012</u>	<u>Balance</u> <u>June 30, 2013</u>
Fire Truck	\$ 311,205	\$ 289,742
Total Lease Obligations	311,205	289,742
Compensated Absences	<u>54,219</u>	<u>61,097</u>
Totals	<u>\$ 365,424</u>	<u>\$ 350,839</u>

Factors Affecting Future Results

The District is subject to general economic conditions such as increases or declines in property tax value or other types of revenues that vary with economic conditions.

- λ Continue development of external revenue streams
 - Out of district billing
 - Contracted service agreements
 - Expansion of contracted out of district wildland response and fuels reduction programs
 - Actively seek local, state, and federal grant funding opportunities for equipment and personnel
- λ Continuation of our volunteer recruiting and retention program to maintain and expand the current volunteer base
 - Maintain Recruiting and Retention Officer
 - Update Recruiting and Retention Plan
 - Management of current SAFER Volunteer Recruiting and Retention Grant
- λ Completion of SAFER Hiring grant for 3 firefighter positions
 - Final billing completed for FY2011-2012
- λ Continuation of Wellness/Fitness community outreach
 - Development of a Community Health and Safety Plan
 - Continue open exercise classes
 - Develop "Peer Fitness" instructor program
- λ Acquired Fire Prevention Grant funding
 - Smoke alarm program
 - Target groups by housing type and age
 - Address hard-of-hearing concerns
 - Carbon Monoxide Alarm Program
 - Public Education Program

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- λ Refinement and continued development of employee empowerment through divisional management programs to support strategic objectives
 - Increased service delivery programs to meet changing needs of the community
 - Reassigned Volunteer Division to Operations Section
 - Assigned Reserve firefighter program to Operations Section
 - Development of Wellness/Fitness program
 - Reassigned Community Services to Personnel Services Section
 - Established Fire Prevention Division
 - Assigned to Personnel Services Section

Contacting The District

This financial report is designed to provide an overview of the District's finances for anyone with an interest in the government's finances. Any questions regarding this report or requests for additional information may be directed to Pinewood Fire District at PO Box 18638, Munds Park, AZ 86017, by email through pinewoodfire@pinewoodfire.org, or by telephone at 928-286-9885 during regular business hours.

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BASIC FINANCIAL STATEMENTS

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**PINEWOOD FIRE DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2013**

Exhibit A

**Governmental
Activities**

ASSETS

Cash & Cash Equivalents (Note 3)	\$	903,924
Receivables:		
Ambulance Service Fees, Net Allowance for doubtful accounts (Note 5)		46,182
Grants		51,591
Property Taxes (Note 6)		29,490
Total Capital Assets, Net (Note 7)		<u>619,563</u>
 Total Assets		 <u>1,650,750</u>

LIABILITIES

Payroll Taxes Payable		39,581
Wages Payable		27,840
Deferred Revenue (Note 6)		29,490
Compensated Absences (Note 10)		
Portion due within one year		15,274
Portion due after one year		61,097
Lease/Purchases Payable (Note 11)		
Portion due within one year		22,620
Portion due after one year		<u>267,122</u>
 Total Liabilities		 <u>463,024</u>

NET POSITION

Invested in Capital Assets, Net of related Debt		329,821
Unrestricted (Note 13)		<u>857,905</u>
 Total Net Position	 \$	 <u>1,187,726</u>

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-The Notes to the Financial Statements are an Integral Part of This Statement-

**PINEWOOD FIRE DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013**

Exhibit B

**Governmental
Activities**

EXPENSES

Public Safety - Fire/EMS Protection	
Personnel Services	\$ 1,541,686
Materials & Services	971,395
Depreciation	186,174
	<hr/>
Total Program Expenses	2,699,255
	<hr/>

PROGRAM REVENUES

Operating and Capital Grants	298,000
Charges for Service	434,571
	<hr/>
Total Program Revenues	732,571
	<hr/>
Net Program Expense	1,966,684
	<hr/>

GENERAL REVENUES

Property Taxes	1,761,177
Fire District Assistance	337,659
Investment Earnings	4,042
Miscellaneous	24,217
	<hr/>
Total General Revenues	2,127,095
	<hr/>

Increase in Net Position	160,411
--------------------------	---------

NET POSITION-BEGINNING OF THE YEAR	<hr/> 1,027,315
---	-----------------

NET POSITION-END OF THE YEAR	<hr/> <hr/> \$ 1,187,726
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**PINEWOOD FIRE DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2013**

Exhibit C

General

ASSETS

Cash and Cash Equivalents (Note 3)	\$ 903,924
Receivables:	
Ambulance Service Fees, Net Allowance for Doubtful Accounts (Note 5)	46,182
Grants	51,591
Property Taxes (Note 6)	<u>29,490</u>
 Total Assets	 <u><u>\$ 1,031,187</u></u>

LIABILITIES

Accounts Payable	\$ -
Payroll Taxes Payable	39,581
Wages Payable	27,840
Deferred Revenue (Note 6)	29,490
Compensated Absences (Note 10)	<u>15,274</u>
 Total Liabilities	 <u>112,185</u>

FUND BALANCES

Unassigned (Note 13)	<u>919,002</u>
 Total Fund Balances	 <u>919,002</u>
 Total Liabilities & Fund Balances	 <u><u>\$ 1,031,187</u></u>

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-The Notes to the Financial Statements are an Integral Part of This Statement-

**PINEWOOD FIRE DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED
JUNE 30, 2013**

Exhibit D

	General
REVENUE	
Property Taxes	\$ 1,761,177
Fire District Assistance Tax	337,659
Fees for Service	434,571
Interest	4,042
Grants	298,000
Miscellaneous	24,217
Total Revenues	2,859,666
EXPENDITURES	
Current:	
Public Safety	2,471,867
Administration	17,563
Debt Service	
Principal	21,463
Interest	16,774
Capital Outlay	46,788
Total Expenditures	2,574,455
Excess (Deficiency) of Revenues over Expenditures	285,211
Net Change in Fund Balances	285,211
Fund Balances-Beginning of Year	633,791
Fund Balances-End of Year	\$ 919,002

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-The Notes to the Financial Statements are an Integral Part of This Statement-

**PINEWOOD FIRE DISTRICT
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2013**

Exhibit E

**Reconciliation of Governmental Fund Balance to Net Position
(Exhibit A) of governmental activities:**

Fund Balances - Total Governmental Funds (Exhibit C) \$ 919,002

Amounts reported for governmental activities in the statement
of net position are different because:

Capital Assets used in governmental activities are
not financial resources and, therefore are not
reported in the other funds.

Governmental Capital Assets	2,335,844	
Less: Accumulated Depreciation	<u>(1,716,281)</u>	619,563

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		<u>(350,839)</u>
--	--	------------------

Net Position of Governmental Activities (Exhibit A)		<u><u>\$ 1,187,726</u></u>
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**PINEWOOD FIRE DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED
JUNE 30, 2013**

Exhibit F

**Reconciliation of the change in fund balance-total governmental funds
to the change in net position of governmental activities:**

Net Change in Fund Balances -		
Total Governmental Funds (Exhibit D)	\$	285,211

Amounts reported for governmental activities in the statement of activities (Exhibit B) are different because of the following:

Governmental funds report capital outlays 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. This is the amount by which depreciation expense exceeded capital outlay in the current period.		(139,385)
--	--	-----------

The issuance of long-term debt (e.g., bonds, leases, leave) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.		14,585
		14,585

Change in Net Position of Governmental Activities (Exhibit B)	\$	160,411
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**PINEWOOD FIRE DISTRICT
MUNDS PARK, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The District is a local governmental unit formed as a political subdivision of the local county which is a political subdivision of the State of Arizona. The District was formed under the provisions of Title 48 of Arizona Revised Statutes. The District operates under the guidance of an elected board, which is the policy making body of the District. The purpose of the District is to provide fire protection, emergency medical and related services to the residents and guests of the District and the surrounding area. The day to day operations are supervised by a fire chief and his staff.

The District has the power to issue bonds, levy taxes, bill for services and raise revenues with the power of the County government. The District has the power to expend public funds for any legitimate purpose required to further its needs. The District operates as an independent governmental agency directly responsible to the local taxpayers and voters.

Introduction

Accounting principles generally accepted in the United States of America require that the reporting entity include the primary government, all organizations for which the primary government is financially accountable, and other organizations which by nature and significance of their relationship with the primary government would cause the financial statements to be incomplete or misleading if excluded. Blended component units, although legally separate entities, are, in substance, part of the government's operations; therefore, data from these units are combined with data of the primary government. Based on these criteria, there are no component units requiring inclusion in these financial statements.

Basic Financial Statements

The accounting policies for the District conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies are described below.

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Government -wide Statements

The government -wide financial statements (i.e., the Statement of Net Position and the Statement of Changes in Net Position) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business -type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to users of the services provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as general revenues.

The government -wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental funds

Governmental Fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available as net current assets. All sources of revenue except interest become measurable when the District has rendered a service. Interest revenue is measurable when its rate becomes known. Revenues are considered available if they are received within 60 days of the end of any accounting period. Expenditures are generally recognized when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The District reports the following major governmental funds:

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

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Financial Statements Amounts

Cash & Cash Equivalents

All savings, checking and money market accounts with an original maturity of less than 60 days are considered to be cash equivalents.

Prepaid Items

Payments to vendors that benefit future accounting periods are classified as prepaid items until charged to expenditures in the period benefited.

Deferred Revenue

Deferred revenue (in the fund financial statements) represents property taxes earned during the year but not collected in time to be available to finance the current year's operation.

Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$2,500 and an estimated useful life of more than two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the estimated fair market value at the date of donation.

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

Property, plant and equipment are depreciated using the straight-line method over the following useful lives:

Buildings	27.5 to 40 years
Equipment	5 to 7 years
Fire Trucks	10 years
Automobiles	5 years
Office Equipment	5 years

Compensated Absences

Accumulated unpaid vacation and leave time is normally accrued when incurred. The anticipated current portion of employee leave is accrued in the governmental fund, while the long term portion is recorded only in the long term group of accounts.

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Long-Term Obligations

In the government-wide financial statements, long term debt and other long term obligations are reported as liabilities in the applicable governmental activities or business-type activities in the statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Net Position/Fund Equity

Net Position on Government Wide Financial Statements – Schedule A

Fund Equity, as defined in GASB Statement No. 34, “Basic Financial Statements for State and Local Governments” is defined as net assets and is classified in the following categories:

- λ Restricted—amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- λ Unrestricted – this balance is the amount of equity which is not included in the Restricted fund balance and the Investments in Capital Assets balances.
- λ Investment in Capital Assets Net of related Debt – This consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

Fund Balances on Government Fund Financial Statements – Schedule C

Beginning with fiscal year ended June 30, 2010, the District implemented GASB Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions.” This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government’s fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

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- λ Nonspendable fund balance—amounts that are not in a spendable form (such as inventory) or are required to be maintained intact.
- λ Restricted fund balance—amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- λ Committed fund balance—amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (i.e., District Board). To be reported as committed, amounts cannot be used for any other purpose unless the Board takes the same highest level action to remove or change the constraint.
- λ Assigned fund balance—amounts the District intends to use for a specific purpose. Intent can be expressed by the District Board or by an official or body to which the District Board delegates the authority.
- λ Unassigned fund balance—amounts that are available for any purpose. Positive amounts are reported only in the general fund.

The District Board establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by District Board through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service, or for other purposes).

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amount and disclosures in the financial statements. Actual results could differ from those estimates.

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NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

During the last quarter of the fiscal year, the ensuing years operating budget, including proposed expenditures and the means of financing them, is compiled by the Fire Chief. A public hearing is held on the budget subsequent to the publication of the proposed budget. Once the proposed budget is prepared it must be published in a newspaper of general circulation in the County in which the District is located at least twenty days prior to a budget hearing. Notice of the hearing must also be posted in at least three public locations in the District and posted to the District website at least twenty days prior to the hearing. Copies of the proposed budget must also be provided upon written request. Once the budget hearing is held, the District Board approves the budget. After approval by the District Board the budget is then sent to the County Board of Supervisors no later than August 1st of each year as required by ARS 48-807(e).

Budgets are adopted by the District on a basis consistent with ARS 48-807. This basis allows the District Board or Fire Chief to alter the budget within the total expenditure allocation as needed during the year. The District management generally cannot exceed the total expenditure budget.

Encumbrance accounting is not employed by the District. All appropriations lapse at year-end.

NOTE 3 - DEPOSITS, INVESTMENT RISK & CASH MANAGEMENT

Deposits and Investments

The deposit of public funds is regulated by Arizona Revised Statutes (ARS). ARS 48-807 allows the District to establish bank accounts with any financial institution that is authorized to do business in the State of Arizona for the purpose of operating a payroll account, holding special revenues, ambulance revenues or both as necessary to fulfill the District's fiduciary responsibilities. The District may also establish, through the County Treasurer, accounts for monies from property taxes, grants, contributions and donations. The County Treasurer is required to establish a fund known as the "fire district general fund" for the receipt of all taxes levied on behalf of the District.

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The District may register warrants only if separate accounts are maintained by the County Treasurer for each governmental fund of the District. Warrants may only be registered on the maintenance and operation account, the unrestricted capital outlay account and the special revenue accounts, and only if the total cash balance of all three accounts is insufficient to pay the warrants and only after any revolving line of credit has been expended. Registered warrants may not exceed ninety per cent of the taxes levied by the County for the District's current fiscal year. Registered warrants bear interest as prescribed by statute and are redeemed as provided for by law for County warrants.

Unless monies are legally restricted by contract, agreement or law, those monies may be transferred between fund accounts according to the original or amended budget of the Fire District.

Any surplus remaining the fire district general fund at the end of the fiscal year shall be credited to the fire district general fund of the district for the succeeding fiscal year and after subtraction of accounts payable and encumbrances, shall be used to reduce the tax levy for the following year.

The District accounts with the County Treasurer are part of an investment pool operated by the County Treasurer which is in turn invested in the Local Government Investment Pool (LGIP) operated by the Arizona State Treasurer. The risk category (defined below) cannot be determined, as the District does not own identifiable securities, but only as a shareholder in the statewide pool.

Financial institutions accepting governmental monies in the State of Arizona are required to collateralize at 102% all government deposits which exceed the FDIC insurance limit. The current FDIC limit is \$250,000.00 for interest bearing accounts and \$250,000 for demand deposit accounts. The collateralization is required to be separately identifiable securities and be held by a third party financial institution or trust agency.

The District may also place monies in investments which are subject to the risks identified below.

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The following is a summary of the Cash and Cash Equivalents held by financial institutions at June 30, 2013:

DEPOSITORY ACCOUNTS:

	General <u>Fund</u>
Insured Deposits (FDIC)	\$ 395,933
Collateralized	224,745
Uninsured & uncollateralized	<u>327,833</u>
Total Deposits	948,511
In Transit Items	<u>(44,787)</u>
Total Depository Accounts	903,724

NON DEPOSITORY ACCOUNTS

Cash on Hand	<u>200</u>
Total Non Depository Accounts	<u>200</u>
Total Cash & Cash Equivalents	<u>\$ 903,924</u>

Custodial Credit Risk. Custodial credit risk is the risk that, in the event of the failure of the counterparty, the system will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments in external investment pools and in open-end mutual funds are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

The District does not invest in any identifiable securities. District investments are limited to open-end mutual funds.

<u>Custodial Credit Risk For:</u>	<u>Rating</u>	<u>Rating Agency</u>	<u>Amount</u>
County Treasurer Pool	Unrated	Not Applicable	\$327,833

Credit Risk Statutes authorize the District to invest in obligations of the U.S. Treasury and federal agency securities, along with certain public obligations, such as bonds or other obligations of any state of the United States of America or of any agency, instrumentality, or local governmental unit of any such state in which the District invests, that are rated in the highest rating category of nationally recognized statistical rating organizations.

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Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk.

The District normally invests only in FDIC insured bank accounts, accounts collateralized above FDIC insurance limits in commercial banks, the County Treasurer’s investment pool, which is reinvested in the Arizona State Treasurer Local Government Investment Pool (LGIP), and open-end mutual stock funds of commercial brokerage firms.

No ratings were available for any of the District’s investments and those investments are considered unrated.

Concentration of Credit Risk Concentration of credit risk is associated with investments in any one issuer that represent 5 percent or more of total investments. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are considered as excluded from this requirement.

The District invests only in FDIC banking institutions, mutual funds and government investment pools. The District does not have a policy relating to concentration of credit risk.

Interest rate risk: This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. 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.

Interest rate risk factors and information are not available for the mutual fund investments of the District.

The weighted average maturity of the LGIP-GOV pool at June 30, 2013:

For Pool 5	24 Days
For Pool 7	40 Days
For Pool 500	1.32 Years
For Pool 700	1.49 Years

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 the public; and natural or manmade disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have never exceeded commercial insurance coverage for the District.

In addition, as the owner and operator of emergency response vehicles, the District is exposed to a high risk of loss related to these activities. The District carries commercial insurance on all vehicles and requires insurance coverage on all privately owned vehicles used for District activities.

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Custodial risk of deposit and investment accounts is the risk that in the event of a failure, the District's deposits may not be returned to it. The District does not have a policy for custodial risk, concentration of risk, concentration of credit risk, interest rate risk, or foreign currency risk for deposits or investments.

NOTE 4 - INVENTORIES

The costs of governmental fund-type inventories are recorded as expenditures when purchased. All inventories of the District are considered immaterial.

NOTE 5 - RECEIVABLES

General and governmental fund receivables are recorded as received except for those funds collected and held by other governments on behalf of the Fire District. These amounts are recorded as soon as they are measurable and available in accordance with governmental accounting standards.

Ambulance receivables were \$51,570 with an allowance for bad debt of \$5,388 at June 30, 2013. This gave a net of \$46,182 which was expected to be collectable, before contractual writeoffs.

Grant receivables were \$51,591 with an allowance for bad debt of \$0 at June 30, 2013. This gave a net of \$51,591 which was expected to be collectable.

NOTE 6 - DEFFERED REVENUES

Deferred Taxes Receivable arise when property taxes are levied by not currently collected. The collectible portion (taxes levied less estimated uncollectible) are recorded as deferred revenue in the period when an enforceable legal claim to the assets arises.

The County Treasurer reported \$29,490 in outstanding delinquent taxes due the District at June 30, 2013. This amount is reported as deferred revenue.

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NOTE 7 - CAPITAL ASSETS

Capital asset activity for the year ended.

	<u>BALANCE</u> <u>06/30/2012</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE</u> <u>06/30/2013</u>
<u>Depreciable Assets</u>				
Vehicles	\$1,272,923	\$ 46,789	\$ 0	\$ 1,319,712
Buildings	241,605	0	0	241,605
Equipment, Admin	34,928	0	0	34,928
Equipment, Fire	<u>682,499</u>	<u>0</u>	<u>0</u>	<u>682,499</u>
Total Historical Costs	<u>2,231,955</u>	<u>46,789</u>	<u>0</u>	<u>2,278,744</u>
Less Accum Depreciation				
Vehicles	747,347	119,695	0	867,042
Buildings	241,605	0	0	241,605
Equipment, Admin	34,928	0	0	34,928
Equipment, Fire	<u>506,227</u>	<u>66,479</u>	<u>0</u>	<u>572,706</u>
Less: Total Accumulated Depreciation	<u>1,530,107</u>	<u>186,174</u>	<u>0</u>	<u>1,716,281</u>
Depreciable Capital Assets, Net	701,848	(139,385)	0	562,463
<u>Non-Depreciable Assets</u>				
Land	<u>57,100</u>	<u>0</u>	<u>0</u>	<u>57,100</u>
Capital Assets, Net	<u>\$ 758,948</u>	<u>\$ (139,385)</u>	<u>\$ 0</u>	<u>\$ 619,563</u>

NOTE 8 - CONTINGENT LIABILITIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

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NOTE 9 – SHORT-TERM INDEBTEDNESS

The District utilizes a credit line with a limit of \$250,000.00. As of June 30, 2013, the balance outstanding was approximately \$ 0 and \$250,000.00 was available. The interest rate, at year end, was approximately 5.13%. The District routinely pays the balance in full when funds are available.

Changes in Short-Term Indebtedness :

	<u>Balance</u> <u>June 30, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2013</u>
Line of Credit	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
Totals	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>

NOTE 10 – ACCUMULATED COMPENSATED ABSENCES

Accumulated unpaid vacation and leave time is accrued when incurred. The current portion of such amounts has been accrued in the governmental fund (using the modified accrual basis of accounting).

The District has adopted a policy of progressively vesting sick leave based on years of service and hours of unused sick leave accumulated. This has resulted in a non vested amount \$ 94,615. The vested time is accrued as compensated absences.

NOTE 11 – LONG-TERM INDEBTEDNESS

In the government-wide financial statements, long term debt and other long term obligations are reported as liabilities in the applicable governmental activities or business-type activities in the statement of net assets.

General Obligation Bonds

The District does not currently have any general obligation bonds.

Operating Leases

The District does not currently have any operating leases.

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Capital Leases

Fire Truck: On April 15, 2008, the District entered into a lease / purchase agreement for the purchase of a OshKosh Fire Engine with OshKosh Credit. The original amount financed was \$446,282 at an interest rate of 5.390% for a term of fifteen years with annual payments in the amount of \$38,237 with the payment due in April 2009.

Changes in Long-Term Indebtedness :

	<u>Balance</u> <u>June 30, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2013</u>
Fire Truck	\$ 311,205	0	\$ 21,463	\$ 289,742
Total Lease Obligations	311,205	0	21,463	289,742
Compensated Absences	54,219	6,877	0	61,097
Totals	<u>\$ 365,424</u>	<u>\$ 6,877</u>	<u>\$ 21,463</u>	<u>\$ 350,839</u>

NOTE 12 - FUTURE MINIMUM LEASE/PURCHASE OBLIGATIONS

The future minimum lease/purchase obligations and the net present value of these minimum lease/purchase payments as of June 30, 2013, were as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 22,620	\$ 15,617	\$ 38,237
2015	23,839	14,398	38,237
2016	25,124	13,113	38,237
2017	26,478	11,759	38,237
2018	27,905	10,332	38,237
2019/2023	<u>163,776</u>	<u>27,408</u>	<u>191,184</u>
Total Obligation	289,742	<u>\$ 92,627</u>	<u>\$ 382,369</u>
Less amount due within 1 year	<u>22,620</u>		
Amount due after 1 year	<u>\$ 267,122</u>		

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NOTE 13 – NET POSITION/FUND BALANCE

The District's Net Position balances consist of restricted, unrestricted, nonspendable and net investment in capital assets amounts.

The District's Governmental Funds fund balance consist of restricted, committed, assigned, nonspendable and unassigned amounts.

Restricted balances are amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Committed fund balance is amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (i.e., District Board). To be reported as committed, amounts cannot be used for any other purpose unless the Board takes the same highest level action to remove or change the constraint.

Assigned fund balance is amounts the District intends to use for a specific purpose. Intent can be expressed by the District Board or by an official or body to which the District Board delegates the authority.

Unassigned fund balance is amounts that are available for any purpose. Positive amounts are reported only in the general fund.

Nonspendable balances are amounts that are not in a spendable form such as inventories or pre-paid expenses.

Net Position :

Invested in Capital Assets, Net of Related Debt	\$ 329,821
Unrestricted	<u>857,905</u>
Total Net Position	<u>\$ 1,187,726</u>

Governmental Fund Balances :

Unassigned Fund Balances	<u>\$ 919,002</u>
Total Fund Balance	<u>\$ 919,002</u>

NOTE 14 - PROPERTY TAXES

The District is authorized to levy property taxes in an amount sufficient to operate the District. This levy cannot exceed three dollars and twenty-five cents per one

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hundred dollars of assessed valuation. It also cannot exceed the amount of the levy in the preceding tax year multiplied by 1.08.

The District levies real 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.

The District also levies various personal property taxes during the year, which are due at the same time as real property taxes.

A lien assessed against real and personal property attaches on the first day of January preceding assessment and levy.

The taxpayers may, by vote of the electorate, authorize either a five year budget override or a permanent override, depending upon certain criteria being met. The taxpayers also may authorize the issuance of bonds for capital acquisitions in addition to the operating taxes referred to above.

The County collects a County-Wide Fire District Assistance Tax (FDAT) and distributes the funds to all Fire Districts in the County, according to a formula established by state law. The maximum awarded to a District cannot exceed \$400,000 per year.

NOTE 15 - EMPLOYEE RETIREMENT SYSTEMS (SEE ALSO THE REQUIRED SUPPLEMENTAL INFORMATION)

Plan Descriptions

The District contributes to the two plans described below. Benefits are established by state statute and the plans generally provide retirement, long-term disability, and health insurance premium benefits, including death and survivor benefits. The retirement benefits are generally paid at a percentage, based on years of service, of the retirees' annual compensation. Long-term disability benefits vary by circumstance, but generally pay a percentage of the employee's monthly compensation. Health Insurance premium benefits are generally paid as a fixed dollar amount per month towards the retiree's healthcare insurance premiums, in amounts based on whether the benefit is for the retiree or for the retiree and his or her dependents.

The Arizona State Retirement System (ASRS) administers a cost sharing, multiple-employer defined benefit pension plan, a cost-sharing, multiple employer

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defined health insurance premium plan, and a cost-sharing, multiple employer defined long-term disability plan that covers employees of the State of Arizona and employees of participating political subdivisions and school districts. The ASRS is governed by the Arizona State Retirement System Board according to provisions of the A.R.S. Title 38, Chapter 5, Article 2. The ASRS System does not provide information on each individual entity that has an account in the System. Information provided in this report is based on the information provided by ASRS, which is on a state wide basis.

Normal retirement is when an individual achieves 80 points, which is age plus years of service after age 62. Retirement benefits are computed by the Arizona State Retirement System.

The information required by GASB 50 paragraph 7b, three year trend information, is not currently available.

The Public Safety Personnel Retirement System (PSPRS) administers an agent multiple-employer defined benefit pension plan and an agent multiple-employer defined 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 administration 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.

Normal retirement is on completion of 20 years of service or 15 years of service and attainment of age 62. Retirement benefits after 20 years are 50% of average monthly compensation plus an additional 2% for each year of service from 20 to 25 years. Upon attainment of 25 years of service the additional percentage is increased to 2 ½ % for each year beyond 20. Maximum pension is 80% of average compensation. All participants are fully vested upon 10 years of service with deferred retirement possible at reduced benefits. Disability, survivor's benefits and medical care are also integrated into the plan.

ASRS
3300 N. Central Avenue
Suite 200
PO Box 33910
Phoenix, AZ 85067-3910
(602) 240-2000 or 1-800-621-3778

PSPRS
3010 E. Camelback Road,
Phoenix, AZ 85016-4416
Phone (602) 255-5575

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NOTE 17 - POST EMPLOYMENT BENEFITS

The government provides certain health care and insurance benefits for recently separated employees as required by the Federal law under COBRA. Any cost of health care and insurance benefits would be short term and recognized as an expenditure as claims are paid. The District currently has no such claims.

NOTE 18- SUBSEQUENT EVENTS

Management has evaluated subsequent events and does not know of any additional comments or disclosures that should be made thru the date of this report, other than the property tax initiative listed below.

Voter Approved Property Tax Restriction:

On November 6, 2012 the voters of the State of Arizona approved a Property Tax Initiative limiting the annual increase in property tax valuation to a maximum of 5% per year and established a single limited property value as the basis for determining property taxes on real property beginning in 2014. The impact of this restriction on future revenue of the District is not currently known.

Statutory Internal Control Changes:

On September 13, 2013 House Bill #2572, passed by the Arizona State Legislature, becomes effective. This new statute mandates certain new internal control measures for Fire Districts. Among these statutory requirements are time limits on the preparation of reconciliations, presentation on a monthly basis, to governing boards, of financial statements, reconciliations & documents and timely review by the governing board. The governing board is also required to review cash flow projections and notify the County Treasurer and County Board of Supervisors, by certified mail, of any adverse impact found in the cash flow projections. Additional certifications are now required by auditors and reviewers as to the Districts compliance with these new statutory requirements. Auditors and reviewers are now required to appear in person before the governing board to explain and report on the audit or review's results. The impact on the District from these changes is not fully known at this time.

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REQUIRED SUPPLEMENTARY
INFORMATION

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**PINEWOOD FIRE DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL (GAAP BASIS)
GENERAL FUND
FOR THE YEAR ENDED
JUNE 30, 2013**

Exhibit G

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Taxes	\$ 1,751,282	\$ 1,751,282	\$ 1,761,177	\$ 9,895
Fire District Assistance	300,000	300,000	337,659	37,659
Fees for Service	147,300	147,300	434,571	287,271
Grant Revenue	433,759	433,759	298,000	(135,759)
Interest	15,000	15,000	4,042	(10,958)
Miscellaneous	12,500	12,500	24,217	11,717
Total Revenues	2,659,841	2,659,841	2,859,666	199,825
Expenditures:				
Current:				
Public Safety	2,209,090	2,209,090	2,471,867	(262,777)
Administration	171,010	171,010	17,563	153,447
Capital Outlay	736,510	736,510	85,025	651,485
Total Expenditures	3,116,610	3,116,610	2,574,455	542,155
Excess (Deficiency) of Revenues over Expenditures	(456,769)	(456,769)	285,211	741,980
Net Change in Fund Balances	(456,769)	(456,769)	285,211	741,980
Fund Balances at Beginning of Year	456,769	456,769	633,791	177,022
Fund Balances at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 919,002</u>	<u>\$ 919,002</u>

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PINWOOD FIRE DISTRICT

GASB STATEMENT NO. 25 SUPPLEMENTARY PENSION INFORMATION

SCHEDULE OF FUNDING PROGRESS

(EXCLUDING HEALTH INSURANCE SUBSIDY BEGINNING JUNE 30, 2008)

Year Ended June 30	Actuarial Value Of Assets (a)	Actuarial Accrued Liability Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as A % of Covered Payroll ((b)-(a)/c)
2004	540,328	933,495	393,167	57.9%	495,159	0.0%
2005	697,691	1,178,675	480,984	59.2%	481,996	0.0%
2006	800,234	1,445,004	644,770	55.4%	543,085	0.0%
2007	903,780	1,746,406	842,626	51.8%	738,158	114.2%
2008	1,079,070	1,929,964	850,894	55.9%	826,478	103.0%
2009	1,188,028	2,199,279	1,011,251	54.0%	844,288	119.8%
2010	1,356,197	2,515,515	1,159,318	53.9%	974,137	119.0%
2011	1,582,620	2,921,361	1,338,741	54.2%	946,551	141.4%
2012	1,823,116	3,235,462	1,412,346	56.3%	1,122,227	125.9%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended June 30	Annual Required Contribution
2004	368,293
2005	89,606
2006	70,629
2007	91,018
2008	108,754
2009	148,956
2010	150,186
2011	(est)144,946
2012	(est)169,900
2013	(est)206,732
2014	(est)241,389

SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

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	5.00% - 9.00%
Payroll Growth	5.00%
Cost of Living Adjustments	None

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GASB STATEMENT NO. 45 SUPPLEMENTARY INFORMATION

The following information is presented concerning the post-retirement health insurance subsidy. The liabilities and computed contribution for the post-retirement health insurance subsidy were based on the same assumptions and actuarial cost methods as indicated for GASB Statement No. 25.

As of the June 30, 2012 valuation an 8.00% interest rate assumption was used. It is our understanding that currently assets are not segregated to fund these liabilities. As a result, according to GASB Statement No. 45, these benefits may not be considered to be pre-funded. In that case the 8.00% interest rate assumption may not be appropriate. The issue should be discussed with the auditors and with legal counsel.

SCHEDULE OF FUNDING PROGRESS

Valuation Date June 30	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
2006	\$0	\$30,548	\$30,548	0.00%	\$543,085	5.62%
2007	\$0	\$41,476	\$41,476	0.00%	\$738,158	5.62%
2008	\$0	\$45,346	\$45,346	0.00%	\$826,478	5.49%
2009	\$0	\$55,881	\$55,881	0.00%	\$844,288	6.62%
2010	\$0	\$59,434	\$59,434	0.00%	\$974,137	6.10%
2011	\$0	\$77,579	\$77,579	0.00%	\$946,551	8.20%
2012	\$0	\$83,481	\$83,481	0.00%	\$1,122,227	7.44%

ANNUAL REQUIRED CONTRIBUTION

Valuation Date June 30	Fiscal Year Ended June 30	Normal Cost (a)	Actuarial Accrued Liability (b)	Total (a+b)	Dollar Amount
2006	2008	0.36%	0.26%	0.62%	\$5,124
2007	2009	0.44%	0.26%	0.70%	\$5,785
2008	2010	0.41%	0.26%	0.67%	\$5,537
2009	2011	0.43%	0.33%	0.76%	\$7,142
2010	2012	0.40%	0.30%	0.70%	\$7,590
2011	2013	0.33%	0.44%	0.77%	\$8,036
2012	2014	0.33%	0.39%	0.72%	\$8,908

Health Insurance Subsidy Payments Reported for FY 2012: \$4,320

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BENEFITS

Normal retirement is the first day of the month following completion of 20 years of service or following the 62nd birthday after 15 years of service. Normal pension after 25 years of credited service is 50% of average monthly compensation for the first 20 years of credited service plus 2½% of average monthly compensation for each year of credited service above 20 years. Retirement at other lengths of service vary according to the plan. The maximum compensation is 80% of the average monthly compensation. Employees are fully vested after 10 years of service.

The plan provides for disability retirement, survivors benefits, temporary disability, child's benefits, health insurance and other post employment benefits.

The plan is a multiple employer defined benefit pension plan operated by the State of Arizona for the benefit of all public safety employees in the state.

The plan issues a separate report for the entire system and annually issues an actuarial study for each participating governmental agency. These reports are available through the Public Safety Personnel Retirement System.

The figures and information used in this report were obtained from the actuarial report issued by Gabriel, Roeder, Smith & Company. A complete copy of the actuarial valuation as of June 30, 2012 is available from the Public Safety Personnel Retirement System, 3010 East Camelback Road, Suite 200, Phoenix, Arizona 85016 or from Gabriel, Roeder, Smith & Company, One Towne Square, Suite 800, Southfield, MI 48076.

Date of Information

The information above reflects the most currently available information about this pension plan as of the published actuarial study for June 30, 2012 issued October 17th 2012.

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PINEWOOD FIRE DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION
FISCAL YEAR ENDED JUNE 30, 2013

1. BUDGETARY BASIS OF PRESENTATION

The budget included in these financial statements represents the original budget and amendments approved by the Board of Directors. The budgetary basis is the modified accrual basis of accounting with encumbrances included as actual. Accordingly, for the purpose of comparing budgeted expenditures to actual amounts, prior and current year encumbrances have been integrated with the amounts shown on the *Statement of Revenues, Expenditures, and Changes in Fund Balances*.

Various reclassifications have been made to the actual amounts to conform to classifications included in the budget approved by the Board of Directors.

The legal level of budgetary control attributed to the Board of Directors is considered at the objective or natural classification level, presented as subtotals in the schedule of budget to actual (e.g., total revenue, total salaries and benefits, total services and supplies, etc.).

2. PUBLIC SAFETY PENSION DISCLOSURE INFORMATION

All Public Safety Pension disclosure information has been furnished by the actuary for the Districts' Public Safety Pension Fund. This information has been excerpted directly from the actuarial report and is the responsibility of the actuary.

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OTHER SUPPLEMENTARY INFORMATION

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**PINEWOOD FIRE DISTRICT
ANNUAL REPORT INFORMATION
FISCAL YEAR ENDED JUNE 30, 2013**

AZ Revised Statutes (ARS) requires certain additional information be attached to the audit report to comply with ARS 48-251 & 48-253 as required to meet the requirements of the AZ "Annual Report" of Special Districts. This information is included as other supplementary information.

REGULAR FIRE BOARD MEETINGS:

Date	Time	Location
July 17, 2012	5:00 PM	475 E Pinewood Blvd, Munds Park, Arizona
August 21, 2012	5:00 PM	475 E Pinewood Blvd, Munds Park, Arizona
September 18, 2012	5:00 PM	475 E Pinewood Blvd, Munds Park, Arizona
October 16, 2012	5:00 PM	475 E Pinewood Blvd, Munds Park, Arizona
November 20, 2012	5:00 PM	475 E Pinewood Blvd, Munds Park, Arizona
December 18, 2012	5:00 PM	475 E Pinewood Blvd, Munds Park, Arizona
January 15, 2013	5:00 PM	475 E Pinewood Blvd, Munds Park, Arizona
February 19, 2013	5:00 PM	475 E Pinewood Blvd, Munds Park, Arizona
March 19, 2013	5:00 PM	475 E Pinewood Blvd, Munds Park, Arizona
April 16, 2013	5:00 PM	475 E Pinewood Blvd, Munds Park, Arizona
May 21, 2013	5:00 PM	475 E Pinewood Blvd, Munds Park, Arizona
June 25, 2013	5:00 PM	475 E Pinewood Blvd, Munds Park, Arizona

BOARD MEMBERS:

Name	Business Phone Number	Occupation
Richard Drinen	928-286-9885	Retired
Bill DeGroot	928-286-9885	Security Guard
Len Friedlund	928-286-9885	Retired
Barb Timberman	928-286-9885	Teacher
Ben Click	928-286-9885	Retired

LOCATION OF POSTING OF MEETING NOTICES (all meetings):

Pinewood Fire Station #1	475 E Pinewood Blvd	Munds Park, Arizona
US Post Office	50 W Pinewood Blvd	Munds Park, Arizona
Pinewood Sanitary District	Fairway Road	Munds Park, Arizona

LEGAL DESCRIPTION OF BOUNDARY CHANGES:

None

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PINEWOOD FIRE DISTRICT
GOVERNMENT AUDIT STANDARDS SECTION
June 30, 2013

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**PINEWOOD FIRE DISTRICT
MUNDS PARK, ARIZONA
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JUNE 30, 2013**

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SAUNDERS COMPANY, LTD.

JAMES H. SAUNDERS, CPA, CFE, CFF, CGFM, PI.

CERTIFIED PUBLIC ACCOUNTANT
CERTIFIED FRAUD EXAMINER
CERTIFIED GOVERNMENT FINANCIAL MANAGER
LICENSED PRIVATE INVESTIGATOR #01534603
CERTIFIED IN FINANCIAL FORENSICS

6008 W. CORTEZ ST
GLENDALE, ARIZONA 85304
Tel: (623) 476-8660
Fax: (602) 926-2431
E-Mail: JamesH49@AOL.com

Member: American Institute of Certified Public Accountants
Arizona Society of Certified Public Accountants

International Association of Certified Fraud Examiners

Arizona Association of Licensed Private Investigators
Arizona Association of Certified Fraud Examiners

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 Members of the Board

Pinewood Fire District

Munds Park, 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 the governmental activities, each major fund, and the aggregate remaining fund information of Pinewood Fire District, Munds Park, Arizona, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 23, 2013..

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal 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.

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June 30, 2013

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from 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

The purpose of this report is 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 on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

James H. Saunders, CPA
Saunders Company, Ltd.

Glendale, Arizona
December 23, 2013

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