

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

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

**Blue Ridge Fire District**  
Reporting Ambulance Service

Address: 5023 Enchanted Lane

City: Happy Jack Zip: 86024

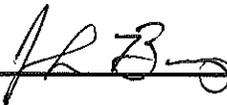
**Report Fiscal Year**

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: January 2, 2014

Print Name and Title: John Banning, Fire Chief

Phone: 928-477-2751

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  
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# AMBULANCE REVENUE AND COST REPORT

## FIRE DISTRICT and SMALL RURAL COMPANY

AMBULANCE SERVICE ENTITY: Blue Ridge 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:	-	-	30	30
2	Number of BLS Billable Transports:	-	-	25	25
3	Number of Loaded Billable Miles:	-	-	2,964	2,964
4	Waiting Time (Hr. & Min.):	0-0	0-0	0-0	0-0
5	Canceled (Non-Billable) Runs:				48

### AMBULANCE SERVICE ROUTINE OPERATING REVENUE

6	ALS Base Rate Revenue				\$ 26,034
7	BLS Base Rate Revenue				21,695
8	Mileage Charge Revenue				29,045
9	Waiting Charge Revenue				-
10	Medical Supplies Charge Revenue				-
11	Nurses Charge Revenue				-
12	Standby Charge Revenue (Attach Schedule)				-
13	TOTAL AMBULANCE SERVICE ROUTINE OPERATING REVENUE			(Post to Page 3, Line 1)	\$ 76,774

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### SALARY AND WAGE EXPENSE DETAIL

GROSS WAGES:			** No. of FTE's
14	Management	\$ 15,923	1.0
15	Paramedics and IEMTs	\$ 45,380	1.0
16	Emergency Medical Technician (EMT)	\$ 57,799	2.0
17	Other Personnel	-	-
18	Payroll Taxes and Fringe Benefits - All Personnel	\$ 23,641	4
19	Total Wages, Taxes & Benefits (Sum Lines 14 through 18; Post to Page 3, Line 10)	\$ 142,743	

\* 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:**

Blue Ridge Fire District

**FOR THE PERIOD**

**FROM:** July 1, 2012

**TO:** June 30, 2013

**SCHEDULE OF REVENUES AND EXPENSES**

Line No.	<u>DESCRIPTION</u>		
<b>Operating Revenues:</b>			
1	Total Ambulance Service Operating Revenue	(From: Page 2, Line 13)	\$ <u>76,734</u>
<b>Settlement Amounts:</b>			
2	AHCCCS .....		<u>1,549</u>
3	Medicare .....		<u>6,438</u>
4	Subscription Service .....		<u>-</u>
5	Contractual .....		<u>-</u>
6	Other .....		<u>6,417</u>
7	Total	(Sum of Lines 2 through 6)	<u>14,404</u>
8	Total Operating Revenue	(Line 1 minus Line 7)	\$ <u>62,369</u>
<b>Operating Expenses:</b>			
9	Bad Debt .....		\$ <u>-</u>
10	Total Salaries, Wages, and Employee-Related Expenses	(From: Page 2, Line 19)	<u>142,743</u>
11	Professional Services .....		<u>-</u>
12	Travel and Entertainment .....		<u>-</u>
13	Other General Administrative .....		<u>-</u>
14	Depreciation .....		<u>29,800</u>
15	Rent / Leasing .....		<u>-</u>
16	Building / Station .....		<u>8,000</u>
17	Vehicle Expense .....		<u>10,200</u>
18	Other Operating Expense .....		<u>3,551</u>
19	Cost of Medical Supplies Charged to Patients		<u>-</u>
20	Interest .....		<u>-</u>
21	Subscription Service Sales Expense		<u>-</u>
22	Total Operating Expense	(Sum of Lines 9 through 21)	<u>194,294</u>
23	Total Operating Income or (Loss)	(Line 8 minus Line 22)	\$ <u>(131,295)</u>
24	Subscription Contract Sales .....		<u>-</u>
25	Other Operating Revenue .....		<u>-</u>
26	Local Supportive Funding .....		<u>-</u>
27	Other Non-Operating Income (Attach Schedule)		<u>-</u>
28	Other Non-Operating Expense (Attach Schedule)		<u>-</u>
29	NET INCOME or (LOSS) Before Income Taxes	(Sum of Lines 23 through 27, minus Line 28)	\$ <u>(131,925)</u>
<b>Provision for Income Taxes:</b>			
30	Federal Income Tax .....		<u>-</u>
31	State Income Tax .....		<u>-</u>
32	Total Income Tax	(Line 30, plus Line 31)	<u>-</u>
33	<b>Ambulance Service Net Income (Loss)</b>	(Line 29, minus Line 32)	<u><u>(131,925)</u></u>

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**BLUE RIDGE 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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**BLUE RIDGE FIRE DISTRICT  
HAPPY JACK, ARIZONA  
FINANCIAL STATEMENTS  
JUNE 30, 2013**

**TABLE OF CONTENTS**

	<u>PAGE</u>	<u>EXHIBIT</u>
TABLE OF CONTENT'S	1	
INDEPENDENT AUDITOR 'S REPORT	5	
MANAGEMENT'S DISCUSSION AND ANALYSIS	9	
BASIC FINANCIAL STATEMENTS:	13	
Government-Wide Financial Statements		
Statement of Net Position	14	A
Statement of Activities	15	B
Fund Financial Statements		
Balance Sheet - Governmental Funds	16	C
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	17	D
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position	18	E
Reconciliation of the Statement of Revenues, Expenditures And Changes in Fund Balances - Governmental Funds To the Statement of Activities	19	F
Statement of Net Position - Fiduciary Funds	20	G
Statement of Changes in Fiduciary Net Position	21	H
Notes to the Financial Statements	23	

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HAPPY JACK, ARIZONA  
FINANCIAL STATEMENTS  
JUNE 30, 2013**

	<u>PAGE</u>	<u>EXHIBIT</u>
REQUIRED SUPPLEMENTARY INFORMATION	39	
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (GAAP Basis) General Fund	40	1
Notes to the Required Supplementary Information	41	
OTHER SUPPLEMENTARY INFORMATION	43	
Arizona Annual Report Information	44	
Volunteer Pension Distribution	45	
GOVERNMENT AUDIT STANDARDS SECTION	47	
GOVERNMENT AUDIT STANDARDS TABLE OF CONTENTS	49	
Report On Internal Control Over Financial Reporting and On Compliance and Other Matters Based On An Audit Of Financial Statements Performed In Accordance with <i>Government Auditing Standards</i>	51	

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**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

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Member: American Institute of Certified Public Accountants Arizona Association of Licensed Private Investigators International Association of Certified Fraud Examiners  
Arizona Society of Certified Public Accountants Arizona Association of Certified Fraud Examiners

**INDEPENDENT AUDITOR'S REPORT**

To the Members of the District Board  
Blue Ridge Fire District  
Happy Jack, Arizona

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Blue Ridge Fire District, Happy Jack, 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.

**Basis for Disclaimer of Opinion on Results of Operations, Cash Flows, and Consistency**

The District's prior year audit was conducted on a basis of accounting other than standards set by the Governmental Accounting Standards Board. This resulted in inadequate accounting records for the year ended June 30, 2012, and we were unable to obtain sufficient appropriate audit evidence to determine whether the opening balances in the financial statements as of June 30, 2013, were fairly presented in accordance with accounting principles generally accepted in the United States of America or whether accounting principles have been consistently applied between 2012 and 2013.

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The financial statements for June 30, 2012 and the results of operations for the fiscal year ended on June 30, 2012 were prepared on modified cash basis which does not reflect the impact of accounts receivable, capital assets, accounts payable, depreciation expense, deferred revenues or deferred liabilities, compensated absences or other accrued issues. Because of the effect of this departure from accounting principles generally accepted in the United States of America as set by the Governmental Accounting Standards Board, the audit opinion on those financial statements stated "the financial statements do not present fairly in accordance with accounting principles generally accepted in the United States of America."

The financial statements for the Volunteer Pension Fund of the District were unaudited for the year ended June 30, 2012.

**Disclaimer of Opinion on Results of Operations, Cash Flows, and Consistency**

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the results of operations for the year ended June 30, 2013, or on the consistency of application of accounting principles with the preceding year. Accordingly, we do not express an opinion on the results of operations or changes in net position for the year ended June 30, 2013 or on the consistency of application of accounting principles with the preceding year.

**Unmodified Opinions**

In our opinion, except for the possible effects of the matters discussed in the "Basis for Disclaimer of Opinion" paragraphs, 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 Blue Ridge Fire District, as of June 30, 2013, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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.

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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.

Arizona Revised Statutes require disclosure of certain additional supplementary information required to comply with section 9-956 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Arizona State Fire Marshal as mandated 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.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 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 22, 2013

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# Blue Ridge Fire District

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

The following discussion and analysis of the Blue Ridge 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 Blue Ridge Fire District provides Fire, Ambulance, and Paramedic 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.

### Results of Operations

During 2012/13 FY the Blue Ridge Fire District;

- λ Responded to 163 calls for service,
- λ Maintained FF/Paramedic staffing to allow for in station ALS staffing 24/7,
- λ New Fire Chief (John Banning) hired in May to replace retiring Chief (Chuck Buddle)
- λ Conducted programs and published advertising aimed at education in Fire and EMS related topics,

### Financial Highlights

- λ Mill rate was set at \$1.75 per \$100
- λ District investment in capital assets decreased by \$96,020 or 4.81% due to depreciation.
- λ Program and General revenues decreased \$97,592 or 10.70% over the previous fiscal year.
- λ At the end of the current fiscal year, unrestricted balance for the General fund was \$1,041,846.

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**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 assets 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.

**Net Position June 30, 2013**

	BALANCE <u>JUNE 30, 2013</u>
Invested in Capital Assets, Net of related Debt	\$ 900,910
Unrestricted (Note 13)	<u>1,041,846</u>
<b>Total Net Position</b>	<b><u>\$ 1,942,756</u></b>

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**Governmental Activities**

Most of the revenues for the District were derived from assessed secondary property taxes and Fire District Assistance Tax from the County. Ambulance income is reported as general revenue at the time collected.

**General Fund Budgetary Highlights**

Operations were conducted as predicted and remained within the stated budget.

**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 had no new capital purchases.

**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	\$ 856,269	\$ 856,269
Buildings	836,930	836,930
Equipment, Fire	<u>243,712</u>	<u>243,712</u>
Total Historical Costs	<u>1,936,911</u>	<u>1,936,911</u>
Less Accum Depreciation		
Vehicles	685,329	737,852
Buildings	148,441	170,677
Equipment, Fire	<u>162,211</u>	<u>183,472</u>
Less: Total Accumulated Depreciation	<u>995,981</u>	<u>1,092,001</u>
Depreciable Capital Assets, Net	940,930	844,910
<u>Non-Depreciable Assets</u>		
Land	<u>56,000</u>	<u>56,000</u>
Capital Assets, Net	<u>\$ 996,930</u>	<u>\$ 900,910</u>

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**Long Term Debt**

At the end of the current fiscal year, the District had debt outstanding of \$2,812. All of the debt is backed by the full faith and credit of the District.

**Outstanding Debt**

	Balance <u>June 30, 2012</u>	Balance <u>June 30, 2013</u>
Compensated Absences	\$ <u>0</u>	\$ <u>2,812</u>
Totals	\$ <u>0</u>	\$ <u>2,812</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.

The Blue Ridge Fire District is of course impacted by current economic conditions. Full time occupancy of homes in the area is down and foreclosures are numerous. In the past, new growth has surpassed declining property values but that trend is anticipated to reverse itself over the next few years. In anticipation of that fact the District is placing funds in a cash reserve account. It is hoped there will be no need to adjust tax rates to the extreme to provide basic services. Currently the District has no plans for expansion.

**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 Chief John Banning at the Blue Ridge Fire District. Headquarters located at 5023 Enchanted Lane, Happy Jack, Arizona, 86024

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**BASIC FINANCIAL STATEMENTS**

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**BLUE RIDGE FIRE DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2013**

Exhibit A

**Governmental  
Activities**

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**ASSETS**

Cash & Cash Equivalents (Note 3)	\$	1,071,245
Receivables:		
Ambulance Service Fees, Net of Allowance for Doubtful Accounts (Note 5)		9,571
Property Taxes (Note 6)		11,187
Total Capital Assets, Net (Note 7)		<u>900,910</u>
 Total Assets		 <u>1,992,913</u>

**LIABILITIES**

Payroll Taxes Payable		1,790
Wages Payable		5,338
Due to Pension Fund		28,327
Deferred Revenue (Note 7)		11,187
Compensated Absences (Note 10 )		
Portion due within one year		703
Portion due after one year		<u>2,812</u>
 Total Liabilities		 <u>50,157</u>

**NET POSITION**

Invested in Capital Assets, Net of related Debt		900,910
Unrestricted (Note 13)		<u>1,041,846</u>
 <b>Total Net Position</b>	 <b>\$</b>	 <b><u>1,942,756</u></b>

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

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

Exhibit B

**Governmental  
Activities**

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**EXPENSES**

Public Safety - Fire/EMS Protection		
Personnel Services	\$	578,156
Materials & Services		151,084
Depreciation		96,020
		<hr/>
Total Program Expenses		825,260
		<hr/>

**PROGRAM REVENUES**

Charges for Service		49,772
		<hr/>
Total Program Revenues		49,772
		<hr/>
Net Program Expense		775,488
		<hr/>

**GENERAL REVENUES**

Property Taxes		629,986
Fire District Assistance		121,550
Investment Earnings		9,448
Miscellaneous		2,976
		<hr/>
Total General Revenues		763,960
		<hr/>

Increase in Net Position		(11,528)
--------------------------	--	----------

<b>NET POSITION-BEGINNING OF THE YEAR</b>		1,954,284
		<hr/>

<b>NET POSITION-END OF THE YEAR</b>		\$ 1,942,756
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**BLUE RIDGE FIRE DISTRICT  
BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2013**

Exhibit C

General

**ASSETS**

Cash and Cash Equivalents (Note 3)		\$ 1,071,245
Receivables:		
Ambulance Service Fees, Net of Allowance for Doubtful Accounts (Note 5)		9,571
Property Taxes (Note 6)		<u>11,187</u>
 Total Assets		 <u><u>\$ 1,092,003</u></u>

**LIABILITIES**

Payroll Taxes Payable		\$ 1,790
Wages Payable		5,338
Due to Pension Fund		28,327
Deferred Revenue (Note 6)		11,187
Compensated Absences (Note 10)		<u>703</u>
 Total Liabilities		 <u><u>47,345</u></u>

**FUND BALANCES**

Unassigned (Note 13)		<u>1,044,658</u>
 Total Fund Balances		 <u><u>1,044,658</u></u>
 Total Liabilities and Fund Balances		 <u><u>\$ 1,092,003</u></u>

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

Exhibit D

	<b>General</b>
<b>REVENUE</b>	
Property Taxes	\$ 629,986
Fire District Assistance Tax	121,550
Fees for Service	49,772
Interest	9,448
Miscellaneous	2,976
Total Revenues	813,732
<b>EXPENDITURES</b>	
Current:	
Public Safety	682,644
Administration	43,784
Total Expenditures	726,428
Excess (Deficiency) of Revenues over Expenditures	87,304
Net Change in Fund Balances	87,304
<b>Fund Balances-Beginning of Year</b>	<b>957,354</b>
<b>Fund Balances-End of Year</b>	<b>\$ 1,044,658</b>

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**BLUE RIDGE 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) \$ 1,044,658

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	1,992,911	
Less: Accumulated Depreciation	<u>(1,092,001)</u>	900,910

Long-term liabilities are not due and payable  
in the current period and therefore are not  
reported in the funds. (2,812)

Net Position of Governmental Activities (Exhibit A) \$ 1,942,756

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**BLUE RIDGE 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)	\$	87,304
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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.		(96,020)
--	--	----------

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.		<u>(2,812)</u>
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Change in Net Position of Governmental Activities (Exhibit B)	\$	<u><u>(11,528)</u></u>
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**BLUE RIDGE FIRE DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2013**

Exhibit G

**Volunteer  
Pension  
Fund**

---

**ASSETS**

Cash & Cash Equivalents	\$ 231,349
Receivables:	
General Fund	28,327
Participant Loan	15,616
Accrued Loan Payment	296
Investments, at fair value	
Mutual Funds	<u>222,648</u>
Total Assets	<u>498,236</u>

**LIABILITIES**

Payroll Taxes	<u>-0-</u>
Total Liabilities	<u>-0-</u>

**NET POSITION**

Held in trust for pension and other purposes	<u><u>\$ 498,236</u></u>
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**BLUE RIDGE FIRE DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2013**

Exhibit H

	<u><b>Volunteer Pension Fund</b></u>
<b>ADDITIONS</b>	
Other	
Contributions	\$ 95,448
State Fire Marshal	10,001
Total Other Contributions	<u>105,449</u>
Investment Earnings:	
Interest & Dividends	5,527
Net Increase in the fair value of investments	<u>31,732</u>
Total Investment Earnings	37,259
Less Investment Expense	<u>5,315</u>
Net Investment Earnings	<u>31,944</u>
Total Additions	<u>137,393</u>
<b>DEDUCTIONS</b>	
Distributions	11,057
Taxes	<u>160</u>
Total Deductions	<u>11,217</u>
Change in Net Position	126,176
<b>Net Position - Beginning</b>	<u>372,060</u>
<b>Net Position- Ending</b>	<u><u>\$ 498,236</u></u>

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**BLUE RIDGE FIRE DISTRICT  
HAPPY JACK, 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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The *Fiduciary Funds* are used to account for resources held for the benefit of parties outside the government. This fund's activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. Fiduciary funds are presented on an economic resources measurement focus and the accrual basis of accounting, similar to the government-wide financial statements.

### **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.

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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.

### **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.

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- λ Unrestricted – this balance is the amount of equity which is not included in the Restricted fund balance and the Investments in Net Capital 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:

- 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).

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**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.

**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 1<sup>st</sup> 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:

	<u>General Fund</u>	<u>Trust Fund</u>	<u>Total</u>
Insured Deposits (FDIC)	\$ 146,060	\$ 1,243	\$ 147,303
Uninsured & Uncollateralized	<u>978,548</u>	<u>452,754</u>	<u>1,431,302</u>
Total Deposits	1,124,608	453,997	1,578,605
In Transit Items	<u>(53,363)</u>	<u>0</u>	<u>(53,363)</u>
Total Cash & Cash Equivalents	<u>\$ 1,071,245</u>	<u>\$ 453,997</u>	<u>\$ 1,525,242</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	\$978,548
Linesco Mutual Funds	Unrated	Not Applicable	\$452,754

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.

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.

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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.

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.

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**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 \$25,417 with an allowance for bad debt of \$15,846 at June 30, 2013. This gave a net of \$9,571, before write off allowances and contractual adjustments, which was expected to be collectable.

**NOTE 6 - DEFERRED REVENUES**

Deferred Taxes Receivable arises 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 \$11,187 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>06/30/20 12</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE</u> <u>06/30/20 13</u>
<u>Depreciable Assets</u>				
Vehicles	\$ 856,269	\$ 0	\$ 0	\$ 856,269
Buildings	836,930	0	0	836,930
Equipment, Fire	<u>243,712</u>	<u>0</u>	<u>0</u>	<u>243,712</u>
Total Historical Costs	<u>1,936,911</u>	<u>0</u>	<u>0</u>	<u>1,936,911</u>
Less Accum Depreciation				
Vehicles	685,329	52,523	0	737,852
Buildings	148,441	22,236	0	170,677
Equipment, Fire	<u>162,211</u>	<u>21,261</u>	<u>0</u>	<u>183,472</u>
Less: Total Accumulated Depreciation	<u>995,981</u>	<u>96,020</u>	<u>0</u>	<u>1,092,001</u>
Depreciable Capital Assets, Net	940,930	(96,020)	0	844,910
<u>Non-Depreciable Assets</u>				
Land	<u>56,000</u>	<u>0</u>	<u>0</u>	<u>56,000</u>
Capital Assets, Net	<u>\$ 996,930</u>	<u>\$ (96,020)</u>	<u>\$ 0</u>	<u>\$ 900,910</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 has a line a credit available to it.

Changes in Short-Term Indebtedness:

	Balance <u>June 30, 2012</u>	<u>Additions</u>	<u>Deletions</u>	Balance <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 utilizes paid time off which are combined overtime, compensatory time, vacation and sick leave. This time is accrued as leave payable.

**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.

Capital Leases

The District does not currently have any capital leases.

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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>
Compensated Absences	\$ <u>0</u>	\$ <u>2,812</u>	\$ <u>0</u>	\$ <u>2,812</u>
Totals	\$ <u>0</u>	\$ <u>2,812</u>	\$ <u>0</u>	\$ <u>2,812</u>

**NOTE 12 – 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 balances 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	\$ 900,910
Unrestricted	<u>1,041,846</u>
Total Net Position	<u>\$ 1,942,756</u>

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Governmental Fund Balances :

Unassigned Fund Balances	<u>\$ 1,044,658</u>
Total Fund Balance	<u>\$ 1,044,658</u>

**NOTE 13 - 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 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 14 – EMPLOYEE RETIREMENT SYSTEMS (SEE ALSO THE REQUIRED SUPPLEMENTAL INFORMATION)**

The District maintains a *Volunteer Fire Pension Fund* as allowed by ARS 9-951. This plan is administered by an outside consulting firm who prepares a separate annual report. This report is available through Innes & Associates, 4302 East Ray Road Suite 117, Phoenix, Arizona 85044. The plan is reviewed by the Arizona State Fire Marshal's office.

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Benefits vary by number of years of activity and funds available. Benefits are fixed by the local board at the time of retirement. Eligibility is minimum age of 18 years and 12 months of service. Maximum age does not apply. Retirement age is earlier of age 50 or 20 years of service. Entry dates are Jan 01 and July 01 of each year.

The local pension board has the authority to deviate from these guidelines as they feel necessary under an adopted alternative plan. The District has elected under ARS Title 9, Section 4 to establish an alternative plan which differs significantly from the standards referred to above.

**NOTE 15 - POST EMPLOYMENT BENEFITS**

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

**NOTE 16- 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 ones 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.

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**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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**BLUE RIDGE 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 I

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Property Taxes	\$ 625,991	\$ 625,991	\$ 629,986	\$ 3,995
Fire District Assistance	125,198	125,198	121,550	(3,648)
Fees for Service	55,000	55,000	49,772	(5,228)
Grants	2,500	2,500	-	(2,500)
Interest	12,000	12,000	9,448	(2,552)
Miscellaneous	5,000	5,000	2,976	(2,024)
<b>Total Revenues</b>	<u>825,689</u>	<u>825,689</u>	<u>813,732</u>	<u>(11,957)</u>
<b>Expenditures:</b>				
<b>Current:</b>				
Public Safety	781,842	781,842	682,644	99,198
Administration	46,250	46,250	43,784	2,466
Capital Outlay	9,000	9,000	-	9,000
<b>Total Expenditures</b>	<u>837,092</u>	<u>837,092</u>	<u>726,428</u>	<u>110,664</u>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<u>(11,403)</u>	<u>(11,403)</u>	<u>87,304</u>	<u>98,707</u>
<b>Net Change in Fund Balances</b>	(11,403)	(11,403)	87,304	98,707
<b>Fund Balances at Beginning of Year</b>	<u>431,531</u>	<u>431,531</u>	<u>957,354</u>	<u>525,823</u>
<b>Fund Balances at End of Year</b>	<u>\$ 420,128</u>	<u>\$ 420,128</u>	<u>\$ 1,044,658</u>	<u>\$ 624,530</u>

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**BLUE RIDGE 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.).

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**OTHER SUPPLEMENTARY INFORMATION**

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**BLUE RIDGE FIRE DISTRICT  
ANNUAL REPORT INFORMATION  
VOLUNTEER PENSION DISTRIBUTIONS  
FISCAL YEAR ENDED JUNE 30, 2013**

Arizona Revised Statutes (ARS) requires certain additional information be attached to the audit report to comply with ARS 9-956 as required to meet the requirements of the Arizona Annual "Report of Volunteer Fire Fighters Relief and Pension Fund". This information is included as other supplementary information.

<u>TYPE OF DISTRIBUTION</u>	<u>NAME</u>	<u>AMOUNT</u>
Article 4	Cecil Kelly	\$ 3,800
Article 4	Glen Kothe	313
Article 4	Pat Matthews	189
Article 4	Wayne Matthews	204
Article 4	William Sheward	671
Article 4	Stephen Yeary	<u>5,880</u>
Total		<u>\$ 11,057</u>

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**BLUE RIDGE FIRE DISTRICT**  
**GOVERNMENT AUDIT STANDARDS SECTION**  
**June 30, 2013**

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**BLUE RIDGE FIRE DISTRICT  
HAPPY JACK, ARIZONA  
TABLE OF CONTENTS  
GOVERNMENT AUDIT STANDARDS SECTION  
JUNE 30, 2013**

	<u>PAGE</u>
GOVERNMENT AUDIT STANDARDS SECTION TABLE OF CONTENTS	49
Report On Internal Control Over Financial Reporting and On Compliance and Other Matters Based On An Audit Of Financial Statements Performed In Accordance with <i>Government Auditing Standards</i>	51

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

CERTIFIED PUBLIC ACCOUNTANT  
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CERTIFIED GOVERNMENT FINANCIAL MANAGER  
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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  
Blue Ridge Fire District  
Happy Jack, 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 Blue Ridge Fire District, Happy Jack, 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 22, 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.

**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*.

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Internal Control and Compliance

June 30, 2013

Page 2

**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 22, 2013

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