

BEAVER DAM/LITTLEFIELD FIRE DISTRICT

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2013

WITH REPORT OF

CERTIFIED PUBLIC ACCOUNTANTS

BEAVER DAM/LITTLEFIELD FIRE DISTRICT

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reviewed and accepted.
Dan R. Reber 8-6-14

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MEMBERS:

CHAD B. ATKINSON, CPA
KRIS J. BRAUNBERGER, CPA
DEAN R. BURDICK, CPA
ROBERT S. COX, CPA
TODD B. FELTNER, CPA
K. MARK FROST, CPA

KENNETH A. HINTON, CPA
MORRIS J. PEACOCK, CPA
PHILLIP S. PEINE, CPA
MICHAEL K. SPILKER, CPA
KEVIN L. STEPHENS, CPA
MARK E. TICHENOR, CPA

Independent Accountants' Review Report

Executive Director and Members of the Board
Beaver Dam/Littlefield Fire District
Beaver Dam, Arizona

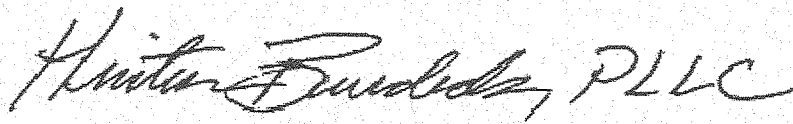
We have reviewed the accompanying financial statements of the governmental activities of Beaver Dam/Littlefield Fire District (the District) as of and for the year ended June 30, 2013, which collectively comprise the District's basic financial statements as listed in the table of contents. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the management of the District. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

The management of the District is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, as listed in the table of contents, 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 and for placing the basic financial statements in an appropriate operational, economic, or historical context. Such information was not audited, reviewed, or compiled by us, and we do not express an opinion or provide any assurance on it.

A handwritten signature in cursive script that reads "Hinton Burdick, PLLC". The signature is written in black ink and is positioned above the printed name and date.

HintonBurdick, PLLC
July 29, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Beaver Dam/Littlefield Fire District (District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2013. Please read it in conjunction with the accompanying basic financial statements.

FINANCIAL HIGHLIGHTS

- Total assets exceed total liabilities and deferred inflows (net position) by \$1,271,822 at the end of the fiscal year.
- Total net position decreased by \$227,797.
- Total revenue from all sources was \$454,254 and the total cost of all District programs was \$682,051.
- Total long-term debt decreased by a net amount of \$30,355.
- The District received federal and state grant funds of \$0.
- Total revenue received in the General Fund was \$22,814 more than the final budget and expenditures were \$94,615 less than the final budget.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$295,799 or 54.2% of total General Fund expenditures.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The three components of the financial statements are: (1) Government-wide financial statements which include the Statement of Net Position and the Statement of Activities. These statements provide information about the activities of the District as a whole. (2) Fund financial statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the District's operations in more detail than the government-wide statements. (3) Notes to the financial statements.

Reporting the District as a Whole

The Statement of Net Position and the Statement of Activities (Government-wide)

A frequently asked question regarding the District's financial health is whether the year's activities contributed positively to the overall financial well-being. The Statement of Net Position and the Statement of Activities report information about the District as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net position and changes in them. Net position, the difference between assets and liabilities (and deferred inflows), are one way to measure the District's financial health, or financial position. Over time, increases or decreases in net position are an indicator of whether the financial health is improving or deteriorating. However, it is important to consider other non-financial factors such as changes in the District's property tax base or jurisdiction, the availability of capital projects, and condition of the District's assets to accurately assess the overall health of the District.

The Statement of Net Position and the Statement of Activities, present information about the following:

- Government activities – All of the District’s basic services are considered to be governmental activities, including public safety and interest on long-term debt. Property taxes, intergovernmental revenues and charges for services finance most of these activities.
- Proprietary activities/Business type activities – The District currently does not maintain any proprietary activities; all activities are accounted for as governmental activities.

Reporting the District’s Most Significant Funds

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds—not the District as a whole. The District’s major fund uses the accounting approaches as explained below.

- Governmental funds – All of the District’s basic services are reported in governmental funds. Governmental funds focus on how resources flow in and out with the balances remaining at year-end that are available for spending. These funds are reported using an accounting method called the modified accrual accounting method, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District’s general government operations and the basic services it provides. Government fund information shows whether there are more or fewer financial resources that can be spent in the near future to finance the District’s programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation included with the Basic Financial Statements and in note 2.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the District’s financial position. The District’s combined assets exceed liabilities by \$1,271,822 as of June 30, 2013, as shown on the following condensed statement of net position.

Statement of Net Position

	<u>6/30/2013</u>	<u>6/30/2012</u>
Current and other assets	\$ 327,229	\$ 367,070
Capital assets	1,005,511	1,171,732
Total assets	<u>1,332,740</u>	<u>1,538,802</u>
Long-term obligations	39,450	69,805
Other liabilities	21,468	23,226
Total liabilities	<u>60,918</u>	<u>93,031</u>
Net Position:		
Net investment in capital assets	966,061	1,101,927
Unrestricted	305,761	343,844
Total net position	<u>\$ 1,271,822</u>	<u>\$ 1,445,771</u>

Governmental Activities

The cost of all governmental activities this year was \$682,051. \$52,301 of this cost was paid for by those who directly benefited from the programs, and \$0 was subsidized by grants received from other governmental organizations and others for capital activities. Overall governmental program revenues, including intergovernmental aid and fees for services were \$52,301. General taxes, investment earnings and other revenues totaled \$401,953.

The District's programs include public safety. The program's net cost (total cost less revenues generated by the activities) is presented below. The net cost shows the extent to which the District's general taxes support each of the District's programs.

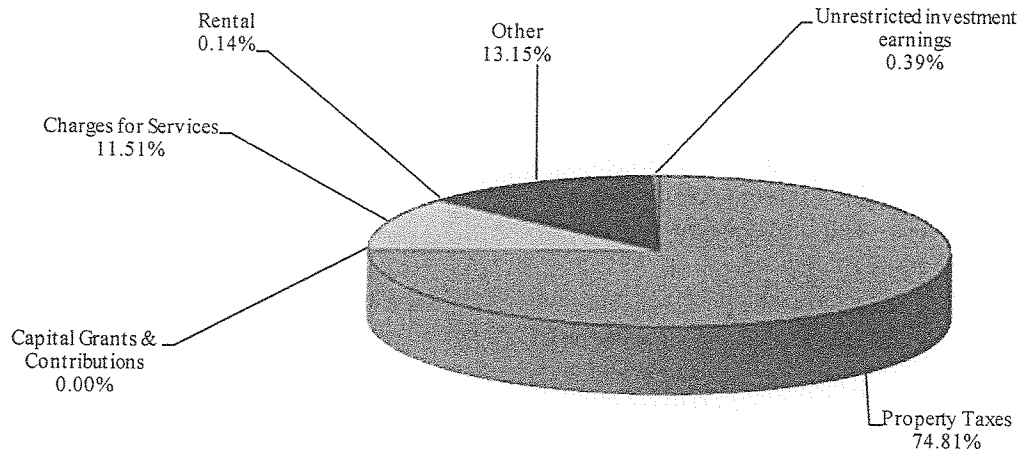
Changes in Net position

	<u>6/30/2013</u>	<u>6/30/2012</u>
Revenues:		
Program revenues:		
Charges for services	\$ 52,301	\$ 98,579
Capital grants and contributions	-	74,674
General revenues:		
Property taxes	339,807	357,879
Rental	630	1,050
Other	59,736	79,896
Unrestricted investment earnings	1,780	2,537
Total revenues	<u>454,254</u>	<u>614,615</u>
Expenses:		
Public safety	679,599	736,324
Interest on long-term debt	2,452	3,525
Total expenses	<u>682,051</u>	<u>739,849</u>
Decrease in net position	(227,797)	(125,234)
Net position, beginning	1,445,771	1,571,005
Prior period adjustment	53,848	-
Net position, ending	<u><u>\$ 1,271,822</u></u>	<u><u>\$ 1,445,771</u></u>

Total resources available during the year to finance governmental operations were \$1,920,013 consisting of net position at July 1, 2012 of \$1,445,771, program revenues of \$52,301 and general revenues of \$401,953. The total cost of governmental activities during the year was \$682,051; thus governmental net position was decreased by \$227,797 to \$1,271,822 after a prior period adjustment of \$53,848.

The following graph provides a breakdown of revenues by source for all government activities.

Revenue By Source - Governmental Activities



General Fund Budgetary Highlights

The final appropriations for the General Fund at fiscal year-end were \$94,615 more than actual expenditures. Actual revenues were greater than the final budget by \$22,814. Budget amendments and supplemental appropriations were not made during the year after the adoption of the original budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The capital assets of the District are those assets that are used in performance of District functions. Capital assets include land, buildings, equipment, and emergency vehicles. At the end of fiscal year 2013, net capital assets of the government activities totaled \$1,005,511. Depreciation on capital assets is recognized in the government-wide financial statements. (See note 5 to the financial statements.)

Debt

The long-term debt of the District was \$39,450 as of the end of fiscal year 2013.

NEXT YEAR'S BUDGET AND ECONOMIC FACTORS

In considering the District Budget for fiscal year 2014, the District Board and management estimated the budget for operating revenues to be similar to this fiscal year.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Damon Jackson, Finance Director of the Beaver Dam/Littlefield Fire District at P.O. Box 579, Littlefield, AZ 86932 or call 520-347-5114.

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BASIC FINANCIAL STATEMENTS

BEAVER DAM/LITTLEFIELD FIRE DISTRICT
Statement of Net Position
June 30, 2013

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 292,869
Receivables (net of allowance)	34,360
Capital assets (net of accumulated depreciation)	
Land	29,839
Buildings and improvements	343,995
Machinery and equipment	97,144
Vehicles	534,533
Total assets	1,332,740
Liabilities	
Accounts payable and other current liabilities	21,468
Noncurrent liabilities:	
Due within one year	31,580
Due in more than one year	7,870
Total liabilities	60,918
Net Position	
Net investment in capital assets	966,061
Unrestricted	305,761
Total net position	\$ 1,271,822

See accompanying notes and independent accountants' review report.

BEAVER DAM/LITTLEFIELD FIRE DISTRICT
Statement of Activities
For the Year Ended June 30, 2013

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>	
		<u>Charges for Services</u>	<u>Capital Grants & Contributions</u>	<u>Governmental Activities</u>	<u>Total</u>
Governmental activities:					
Public safety	\$ 679,599	\$ 52,301	\$ -	\$ (627,298)	\$ (627,298)
Interest on long-term debt	2,452	-	-	(2,452)	(2,452)
Total governmental activities	<u>\$ 682,051</u>	<u>\$ 52,301</u>	<u>\$ -</u>	<u>(629,750)</u>	<u>(629,750)</u>
General revenues:					
Property and other taxes				339,807	339,807
Rental				630	630
Other				59,736	59,736
Unrestricted investment earnings				1,780	1,780
Total general revenues				<u>401,953</u>	<u>401,953</u>
Change in net position				(227,797)	(227,797)
Net position - beginning				1,445,771	1,445,771
Prior period adjustment				53,848	53,848
Net position - ending				<u>\$ 1,271,822</u>	<u>\$ 1,271,822</u>

See accompanying notes and independent accountants' review report.

BEAVER DAM/LITTLEFIELD FIRE DISTRICT
Balance Sheet
Governmental Funds
June 30, 2013

	General Fund	Total Governmental Funds
Assets		
Cash and investments	\$ 292,869	\$ 292,869
Accounts receivable	27,805	27,805
Due from other governments	6,555	6,555
	\$ 327,229	\$ 327,229
Liabilities, deferred inflows and fund balances		
Liabilities:		
Accounts payable	\$ 6,446	\$ 6,446
Accrued liabilities	15,022	15,022
	21,468	21,468
Deferred inflows of resources:		
Unavailable revenue	9,962	9,962
	9,962	9,962
Fund balances:		
Unassigned	295,799	295,799
	295,799	295,799
	\$ 327,229	

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 funds.	1,005,511
Unavailable revenues associated with charges for services and taxes are recorded as revenue in the government-wide statements.	9,962
Some liabilities, including capital leases, are not due and payable in the current period and therefore are not reported in the funds.	(39,450)
Net position of governmental activities	\$ 1,271,822

See accompanying notes and independent accountants' review report.

BEAVER DAM/LITTLEFIELD FIRE DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2013

	General Fund
	Year ended June 30, 2013
Revenues:	
Property and other taxes	\$ 339,807
Charges for services	42,339
Intergovernmental	-
Rental income	630
Other revenues	59,736
Interest revenue	1,780
Total revenues	444,292
Expenditures:	
Fire protection and EMS:	
Volunteers	-
Insurance	48,608
Fuel	38,410
Equipment and gear	6,466
Communications	9,897
Supplies and other	12,750
Total fire protection	116,131
Department operations:	
Administrative costs	18,531
Salaries and benefits	290,059
Maintenance, supplies and other	12,013
Taxes	45,774
Training	14,487
Utilities	13,138
Total department operations	394,002
Debt service	32,807
Capital outlay	3,245
Total expenditures	546,185
Excess of revenues over/(under) expenditures	(101,893)
Other financing sources (uses)	
Debt issues	-
Total financing sources (uses)	-
Net change in fund balance	(101,893)
Fund balance - beginning of year	343,844
Prior period adjustment	53,848
Fund balance - end of year	\$ 295,799

See accompanying notes and independent accountants' review report.

BEAVER DAM/LITTLEFIELD FIRE DISTRICT
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balance of Governmental Funds
To the Statement of Activities
For the Year Ended June 30, 2013

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

Net change in fund balance - total governmental funds	\$ (101,893)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.	(166,221)
Accounts receivable for services that were not collected in the current period are not reported as revenue in the current period while they are recorded in the statement of activities. This is the change in the unavailable revenue balance during the current fiscal year.	9,962
The issuance of long-term debt 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 has any effect on net position. This amount is the proceeds received less the principal payments made during the current fiscal year.	30,355
Change in net position of governmental activities	\$ (227,797)

See accompanying notes and independent accountants' review report.

BEAVER DAM/LITTLEFIELD FIRE DISTRICT
Notes to the Financial Statements
June 30, 2013

NOTE 1. Significant Accounting Policies

General

The accounting and reporting policies of the Beaver Dam/Littlefield Fire District (The District) conform with Generally Accepted Accounting Principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

Reporting Entity

The District was organized as a Special Service District pursuant to the provisions of Chapter 5 of Title 48 of the Arizona Revised Statutes – Special Taxing Districts, which sets forth the legal framework for a fire district. The District provides fire protection for the communities of Beaver Dam, Littlefield, Desert Springs, Scenic, and Jones Flat. The accompanying financial statements include all activities of the District. There are no other agencies or component units that should be associated with these financial statements.

Government-Wide Financial Statements

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information about the District, the primary government, as a whole.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges 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. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Therefore, governmental fund financial statements include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

BEAVER DAM/LITTLEFIELD FIRE DISTRICT
Notes to the Financial Statements
June 30, 2013

NOTE 1. Significant Accounting Policies, Continued

The use of financial resources to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than as an expenditure. Proceeds from long-term debt are recorded as a liability in the government-wide financial statements, rather than as another financing source. Amounts paid to reduce long term debt of the District are reported as a reduction of a related liability, rather than as expenditures in the government-wide financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized in the accounting period in which they become both measurable and available. "Measurable" means that the amounts can be reasonably determined within the current period. "Available" means that the amounts are collectible within the current period, or soon enough thereafter (within 60 days) to be used to pay liabilities of the current period. Expenditures are recognized in the accounting period in which the liability is incurred, except for interest on long-term debt, which is recognized when due.

The **General Fund** is used to account for all financial resources applicable to the general operations of the District.

Budgets and Budgetary Accounting

Annual budgets are prepared and adopted by resolution by the Board on or before July 15th for the fiscal year in accordance with State law. Prior to adoption of the budget a public hearing is conducted to obtain taxpayer input. The budget includes proposed expenditures and the proposed sources of financing for such expenditures and is adopted on a basis consistent with generally accepted accounting principals using the modified accrual basis of accounting. Budgets are adopted and control of budget appropriations are exercised under State law, at the department level. Budget amendments are required to increase expenditure budgets. During the current fiscal year there were no amendments to the budget. Procedures for amending the budgets are completed in accordance with State laws. Refer to the budget-to-actual schedule for any excess expenditures over appropriations, if any.

BEAVER DAM/LITTLEFIELD FIRE DISTRICT
Notes to the Financial Statements
June 30, 2013

NOTE 1. Significant Accounting Policies, Continued

Capital Assets and Depreciation

Capital assets, which include property and equipment, are reported in the governmental activities column in the government-wide financial statement of net position. Capital assets are defined by the District as assets with an individual cost of more than \$1,000 and an estimated useful life in excess of two years. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Depreciation of capital assets is computed and recorded by the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings and improvements, 7 – 40 years; machinery and equipment, 7 years; vehicles, 7 – 10 years.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has one type of item that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue* (ambulance revenues), is reported in the governmental funds balance sheet. This amount is deferred and recognized as an inflow of resources in the period they become available.

Net Position Flow Assumptions

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

BEAVER DAM/LITTLEFIELD FIRE DISTRICT
Notes to the Financial Statements
June 30, 2013

Note 1. Summary of Significant Accounting Policies, Continued

Fund Balance Flow Assumptions

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance.

Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The District itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the District's highest level of decision-making authority. The governing board is the highest level of decision-making authority for the District that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The executive director is authorized to assign amounts to a specific purpose in accordance with the board's budget policy. The board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

BEAVER DAM/LITTLEFIELD FIRE DISTRICT
Notes to the Financial Statements
June 30, 2013

Note 1. Summary of Significant Accounting Policies, Continued

Program Revenues

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges 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. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

New Pronouncement

In April 2012, the GASB issued statement No. 65, *Items Previously Reported as Assets and Liabilities*. Beginning with fiscal year 2013, the District implemented the provisions of this statement, which establishes accounting standards and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities, and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the District.

Compensated Absences

There are no accruals for accumulated sick and vacation as the District currently does not have such a policy.

Inventory

The costs of governmental fund-type inventories are recorded as expenditures when purchased. Also, the District's inventory of materials and supplies is deemed to be immaterial; thus, no provision for inventory has been made in these financial statements.

Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District maintains insurance for general liability, auto liability, employee dishonesty and worker's compensation through AJS Insurance Services, Inc. and the Worker's Compensation Fund of Arizona, respectively.

BEAVER DAM/LITTLEFIELD FIRE DISTRICT
Notes to the Financial Statements
June 30, 2013

NOTE 1. Significant Accounting Policies, Continued

Property Taxes

Property taxes are collected by the Mohave County Treasurer and remitted to the District monthly. Taxes are levied each August on the taxable value listed as of the prior January 1 for all real property located within the District. Taxable values are established by the County Assessor at 100 percent of the fair market value on primary residential property and non-primary residential property. A revaluation of all property is required to be completed no less than every five years. Taxes are due and payable on October 1 and March 1 and become delinquent after November 1st and May 1st of each year. They become liens if not paid within two years from the date of levy.

Estimates

Generally accepted accounting principles require management to make estimates and assumptions that affect assets and liabilities, contingent assets and liabilities, and revenues and expenditures. Actual results could differ from those estimates.

BEAVER DAM/LITTLEFIELD FIRE DISTRICT
Notes to the Financial Statements
June 30, 2013

NOTE 2. Reconciliation of Government-Wide and Fund Financial Statements

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position:

The governmental fund balance sheet includes a reconciliation between total governmental fund balances and net position of governmental activities as reported in the government-wide statement of net assets. This difference primarily results from the long-term economic focus of the statement of net position versus the current financial resources focus of the governmental fund balance sheet.

The first element of this reconciliation states that capital outlays are reported in the governmental funds as expenditures while the government-wide statement of activities allocates these costs over the useful lives of the assets as depreciation. While shown in the reconciliation as the net difference, the elements of this difference are as follows:

Cost of capital assets	\$ 2,397,592
Accumulated depreciation	<u>(1,392,081)</u>
Net adjustment to increase fund balance - total governmental funds to arrive at net position - governmental activities	<u><u>\$ 1,005,511</u></u>

The other reconciling items in the reconciliation are deemed to be adequately disclosed in the reconciliation between total governmental fund balances and net position of governmental activities as reported in the government-wide statement of net position located at the bottom of the balance sheet for governmental funds.

BEAVER DAM/LITTLEFIELD FIRE DISTRICT
Notes to the Financial Statements
June 30, 2013

NOTE 3. Deposits and Investments

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

Deposits and investments of the District at June 30, 2013 consist of the following:

Deposits:	
Financial institutions	\$ 292,694
Cash on hand	<u>175</u>
Total deposits and investments	<u><u>\$ 292,869</u></u>

Cash and investments as shown on the statement of net position follows:

Cash and cash equivalents	<u><u>\$ 292,869</u></u>
---------------------------	--------------------------

Deposits

Custodial Credit Risk

For deposits this is the risk that in the event of a bank failure, the District's deposit may not be returned to it. The District does not have a formal policy for custodial credit risk. As of June 30, 2013, none of the District's bank balance of \$255,149 was exposed to custodial credit risk because it was uninsured or uncollateralized.

Investments

The District had no investments during the fiscal year June 30, 2013.

NOTE 4. Accounts Receivable and Due From Other Governments

Amounts shown as accounts receivable are accruals for ambulance billings receivable as of June 30, 2013. Receivables not collected within 60 days of fiscal year end are deferred in accordance with governmental accounting standards. No allowance for doubtful accounts has been provided as adjustments for bad debts are made and written off throughout the year. Amounts shown as due from other governments are amounts "measurable and available" and due from the county for property taxes collected within 60 days after June 30, 2013.

BEAVER DAM/LITTLEFIELD FIRE DISTRICT
Notes to the Financial Statements
June 30, 2013

NOTE 5. Capital Assets and Depreciation

Capital asset activity for the year ended June 30, 2013 is as follows:

Governmental Activities:	<u>Balance 6/30/2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2013</u>
Capital assets, not being depreciated:				
Land	\$ 29,839	\$ -	\$ -	\$ 29,839
Total capital assets, not being depreciated	<u>29,839</u>	<u>-</u>	<u>-</u>	<u>29,839</u>
Capital assets, being depreciated:				
Buildings and improvements	515,129	-	-	515,129
Machinery and equipment	441,696	3,245	-	444,941
Vehicles	1,407,683	-	-	1,407,683
Total capital assets, being depreciated	<u>2,364,508</u>	<u>3,245</u>	<u>-</u>	<u>2,367,753</u>
Less accumulated depreciation for:				
Buildings and improvements	(155,239)	(15,895)	-	(171,134)
Machinery and equipment	(316,782)	(31,015)	-	(347,797)
Vehicles	(750,594)	(122,556)	-	(873,150)
Total accumulated depreciation	<u>(1,222,615)</u>	<u>(169,466)</u>	<u>-</u>	<u>(1,392,081)</u>
Total capital assets, being depreciated, net	<u>1,141,893</u>	<u>(166,221)</u>	<u>-</u>	<u>975,672</u>
Governmental activities capital assets, net	<u>\$ 1,171,732</u>	<u>\$ (166,221)</u>	<u>\$ -</u>	<u>\$ 1,005,511</u>

The entire amount of depreciation was charged to the governmental activity, public safety.

BEAVER DAM/LITTLEFIELD FIRE DISTRICT
Notes to the Financial Statements
June 30, 2013

NOTE 6. Long-term Liabilities

The following is a summary of changes in long-term liabilities for the year ended June 30, 2013:

	<u>Balance</u> <u>6/30/2012</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>6/30/2013</u>	<u>Current</u> <u>Portion</u>
Governmental activities					
Capital leases	\$ 69,805	\$ -	\$ (30,355)	\$ 39,450	\$ 31,580
Total governmental activities	<u>69,805</u>	<u>-</u>	<u>(30,355)</u>	<u>39,450</u>	<u>31,580</u>
Total long-term liabilities	<u>\$ 69,805</u>	<u>\$ -</u>	<u>\$ (30,355)</u>	<u>\$ 39,450</u>	<u>\$ 31,580</u>

The following is a list of long-term liabilities outstanding as of June 30, 2013:

Lease payable:

3.88% lease payable to Zions Bank in semi-annual installments of \$16,404 through May 2017, secured by fire truck. The District has been and intends to continue to payoff the lease early.

	<u>\$ 39,450</u>
Total long-term liabilities	39,450
Less current portion:	<u>(31,580)</u>
Net long-term liabilities	<u>\$ 7,870</u>

BEAVER DAM/LITTLEFIELD FIRE DISTRICT
Notes to the Financial Statements
June 30, 2013

NOTE 7. Capital Leases Payable

The District has entered into a lease agreement, which is considered a capital lease in accordance with accounting standards. The lease is shown in the governmental activities of the government-wide statements. As of June 30, 2013, the gross amount of the vehicle capitalized under the lease is \$372,529 and related accumulated depreciation is \$108,654.

The following is an annual schedule of future minimum lease payments with a fixed 3.88 percent interest rate under the capital lease, together with the present value of the net minimum lease payments:

Year Ending June 30	
2014	32,807
2015	<u>8,023</u>
Total remaining minimum lease payments	40,830
Less amount representing interest	(1,380)
Present value of net remaining minimum lease payments	<u><u>\$ 39,450</u></u>

The original terms of the lease consist of semi-annual payments through May 2017. However, the District prepaid a substantial portion of the lease in fiscal year 2011. Actual payments will likely be different from the above schedule.

NOTE 8. Prior Period Adjustment

During fiscal year 2013 it was determined that certain activity was incorrectly recorded in prior years. Primarily, revenues in prior years had been understated causing a corresponding understatement of equity. Accordingly, a prior period adjustment is recognized in these financial statements to correct beginning equity.

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REQUIRED SUPPLEMENTARY INFORMATION

BEAVER DAM/LITTLEFIELD FIRE DISTRICT
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
General Fund
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property and other taxes	\$ 307,206	\$ 307,206	\$ 339,807	\$ 32,601
Charges for services	80,000	80,000	42,339	(37,661)
Rental income	-	-	630	630
Other revenues	33,272	33,272	59,736	26,464
Interest earnings	1,000	1,000	1,780	780
Total revenues	421,478	421,478	444,292	22,814
Expenditures:				
Fire protection and EMS:				
Volunteers	30,000	30,000	-	30,000
Insurance	20,000	20,000	48,608	(28,608)
Fuel	25,000	25,000	38,410	(13,410)
Equipment and gear	57,500	57,500	6,466	51,034
Communications	-	-	9,897	(9,897)
Supplies and other	10,000	10,000	12,750	(2,750)
Total fire protection	142,500	142,500	116,131	26,369
Department operations:				
Administrative costs	25,000	25,000	18,531	6,469
Salaries and benefits	240,500	240,500	290,059	(49,559)
Maintenance, supplies and other	43,000	43,000	12,013	30,987
Taxes	58,800	58,800	45,774	13,026
Training	49,000	49,000	14,487	34,513
Utilities	19,000	19,000	13,138	5,862
Total department operations	435,300	435,300	394,002	41,298
Debt service	-	-	32,807	(32,807)
Capital outlay	28,000	28,000	3,245	24,755
Contingencies	35,000	35,000	-	35,000
Total expenditures	640,800	640,800	546,185	94,615
Excess of revenues over (under) expenditures	(219,322)	(219,322)	(101,893)	117,429
Other financing sources (uses):				
Debt issues	-	-	-	-
Total financing sources (uses)	-	-	-	-
Net change in fund balance	(219,322)	(219,322)	(101,893)	117,429
Fund balance - beginning of year	343,844	343,844	343,844	-
Prior period adjustment	53,848	53,848	53,848	-
Fund balance - end of year	\$ 178,370	\$ 178,370	\$ 295,799	\$ 117,429

See independent accountants' review report.



MEMBERS:

CHAD B. ATKINSON, CPA
KRIS J. BRAUNBERGER, CPA
DEAN R. BURDICK, CPA
ROBERT S. COX, CPA
TODD B. FELTNER, CPA
K. MARK FROST, CPA

KENNETH A. HINTON, CPA
MORRIS J. PEACOCK, CPA
PHILLIP S. PEINE, CPA
MICHAEL K. SPILKER, CPA
KEVIN L. STEPHENS, CPA
MARK E. TICHENOR, CPA

Findings and Recommendations
For the Year Ended June 30, 2013

To Management and Administrative Board of Directors
Beaver Dam/Littlefield Fire District
Littlefield, Arizona

Observations made during our review evidence the fact that, as district officials, you are diligently fulfilling your stewardship to the citizens of your District. However, we noted several circumstances that, if improved, could strengthen the District's accounting system and control over its assets. These items are listed below for your consideration.

Finding – Asset Inventory

A capital asset inventory has not been conducted for at least several years.

Recommendation

We recommend that a capital asset inventory be conducted annually to verify that assets listed in the accounting records are physically present and operational. Information obtained from the inventory should be communicated to accounting personnel and reconciled to the detail asset lists maintained by the District.

Finding – Adjusting Journal Entries

During our review we recommended various journal entries that were necessary to make your financial statements more accurate.

Recommendation

We recommend that management review the journal entries and discuss them with us to ensure management agrees with the entries, and understands the purpose of the underlying accounting principles associated with each entry. We also recommend that management post the appropriate journal entries to the District's accounting records in a timely manner.

Finding – Bank Reconciliations

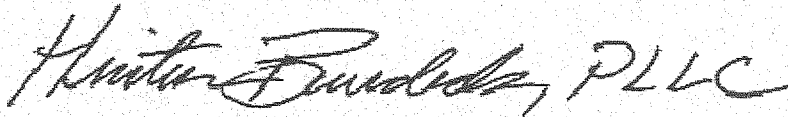
During our review it was noted that the old outstanding items on the Chase Bank account have not been written off. It was also noted that the Mountain America Checking reconciliation was not reconciled properly and was a net of both the checking and savings.

Recommendation

We recommend that management review the proposed entry to write off the old outstanding items and consider actions for old items in the future. We also recommend that management verify the bank reconciliations are complete and accurate.

It has been a pleasure to be of service to the District again this past year. If we can be of further assistance in any way to assist you in fulfilling your stewardships, please contact us at any time. We look forward to a continued pleasant professional relationship.

Sincerely,

A handwritten signature in black ink that reads "Hinton Burdick, PLLC". The signature is written in a cursive, flowing style.

HintonBurdick, PLLC
July 29, 2014