

COPY

BEAVER DAM/LITTLEFIELD FIRE DISTRICT

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2014

WITH REPORT OF

CERTIFIED PUBLIC ACCOUNTANTS

COPY



# HINTONBURDICK, PLLC

## CPAs & ADVISORS

### MEMBERS:

CHAD B. ATKINSON, CPA  
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MARK E. TICHENOR, CPA

### Findings and Recommendations For the Year Ended June 30, 2014

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

During our review 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.

#### Capital Asset Inventory

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

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.

#### Adjusting Journal Entries

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

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. In addition we recommend that the accounts payable listing in QuickBooks be cleaned up to remove the old accounts that are no longer applicable.

#### Bank Reconciliations

We noted a number of old outstanding items on the Chase Bank account that written off but there remains a reconciling difference of more than \$1,800. It was also noted that the Mountain America Checking reconciliation was not reconciled properly (i.e. incorrect, old outstanding items) and was a net of both the checking and savings. In addition it was noted during the review that Account 2002 (Cash-Mohave County-900-6515) has an \$828.27 balance that may need to be cleared out. This account is not being reconciled regularly on a regular basis and district personnel were unable to locate a statement for this account.

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. The District should ensure that all cash accounts are being reconciled on a regularly basis.

Wildland Fire Revenue

During our review we noted that the District is not always reporting Wildland Fire revenues in the fiscal year that they are earned. These revenues are not always being billed timely and are being reported as revenue in the period collected, which is not always when the related service was performed.

We recommend that management establish procedures to more accurately track and report Wildland Fire revenue in the correct period.

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,



HintonBurdick, PLLC

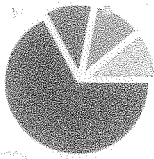
February 20, 2015

BEAVER DAM/LITTLEFIELD FIRE DISTRICT

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**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 and the major fund of Beaver Dam/Littlefield Fire District (the District) as of and for the year ended June 30, 2014, 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.

*Hinton Burdick, PLLC*

HintonBurdick, PLLC

February 20, 2015

## 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, 2014. Please read it in conjunction with the accompanying basic financial statements.

### FINANCIAL HIGHLIGHTS

- Total assets exceed total liabilities and deferred inflows (net position) by \$1,312,496 at the end of the fiscal year.
- Total net position increased by \$40,674.
- Total revenue from all sources was \$703,605 and the total cost of all District programs was \$662,931.
- Total long-term debt decreased by a net amount of \$30,631.
- The District received federal and state grant funds of \$0.
- Total revenue received in the General Fund was \$62,568 more than the final budget and expenditures were \$87,617 less than the final budget.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$424,984 or 74% 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 \$1,312,496 as of June 30, 2014, as shown on the following condensed statement of net position.

#### Statement of Net Position

	<u>6/30/2014</u>	<u>6/30/2013</u>
Current and other assets	\$ 476,436	\$ 327,229
Capital assets	885,368	1,005,511
Total assets	<u>1,361,804</u>	<u>1,332,740</u>
Long-term obligations	8,819	39,450
Other liabilities	40,489	21,468
Total liabilities	<u>49,308</u>	<u>60,918</u>
Net Position:		
Net investment in capital assets	876,549	966,061
Unrestricted	435,947	305,761
Total net position	<u>\$ 1,312,496</u>	<u>\$ 1,271,822</u>

## Governmental Activities

The cost of all governmental activities this year was \$662,931. \$188,587 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 \$188,587. General taxes, investment earnings and other general revenues totaled \$515,018.

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.

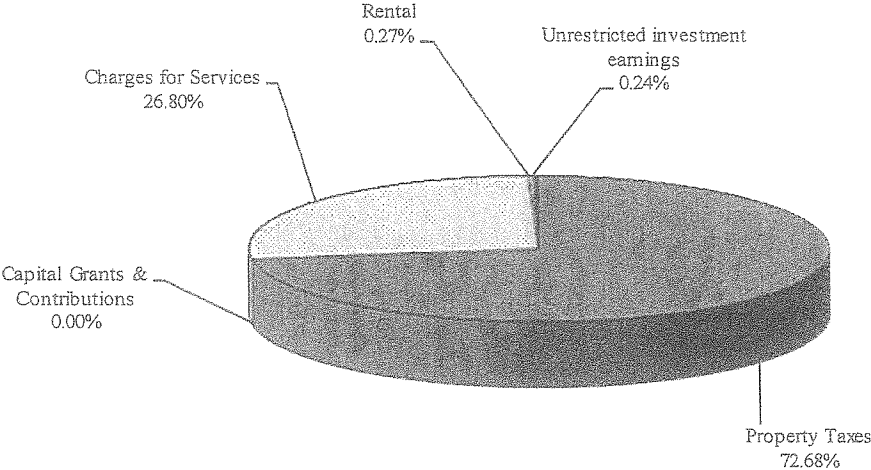
### Changes in Net position

	<u>6/30/2014</u>	<u>6/30/2013</u>
Revenues:		
Program revenues:		
Charges for services	\$ 188,587	\$ 112,037
General revenues:		
Property taxes	511,415	339,807
Rental	1,890	630
Unrestricted investment earnings	1,713	1,780
Total revenues	<u>703,605</u>	<u>454,254</u>
Expenses:		
Public safety	661,668	679,599
Interest on long-term debt	1,263	2,452
Total expenses	<u>662,931</u>	<u>682,051</u>
Increase (decrease) in net position	40,674	(227,797)
Net position, beginning	1,271,822	1,445,771
Prior period adjustment	-	53,848
Net position, ending	<u>\$ 1,312,496</u>	<u>\$ 1,271,822</u>

Total resources available during the year to finance governmental operations were \$1,975,427 consisting of net position at July 1, 2013 of \$1,271,822, program revenues of \$188,587 and general revenues of \$515,018. The total cost of governmental activities during the year was \$662,931; thus governmental net position was increased by \$40,674 to \$1,312,496.

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 \$87,617 more than actual expenditures. Actual revenues were greater than the final budget by \$62,568. 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 2014, net capital assets of the government activities totaled \$885,368. 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 \$8,819 as of the end of fiscal year 2014.

## **NEXT YEAR'S BUDGET AND ECONOMIC FACTORS**

In considering the District's budget for fiscal year 2015, 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, 2014**

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	<u>Governmental Activities</u>
<b>Assets</b>	
Cash and cash equivalents	\$ 434,415
Receivables, net of allowance	42,021
Capital assets, net of accumulated depreciation	
Land	29,839
Buildings and improvements	328,101
Machinery and equipment	94,870
Vehicles	<u>432,558</u>
Total assets	<u>1,361,804</u>
<b>Liabilities</b>	
Accounts payable and other current liabilities	40,489
Noncurrent liabilities:	
Due within one year	<u>8,819</u>
Total liabilities	<u>49,308</u>
<b>Net Position</b>	
Net investment in capital assets	876,549
Unrestricted	<u>435,947</u>
Total net position	<u>\$ 1,312,496</u>

See accompanying notes and independent accountants' review report.

**BEAVER DAM/LITTLEFIELD FIRE DISTRICT**  
**Statement of Activities**  
**For the Year Ended June 30, 2014**

<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 &amp; Contributions</u>	<u>Governmental Activities</u>	<u>Total</u>
Governmental activities:					
Public safety	\$ 661,668	\$ 188,587	\$ -	\$ (473,081)	\$ (473,081)
Interest on long-term debt	1,263	-	-	(1,263)	(1,263)
Total governmental activities	<u>\$ 662,931</u>	<u>\$ 188,587</u>	<u>\$ -</u>	<u>(474,344)</u>	<u>(474,344)</u>
General revenues:					
Property and other taxes				511,415	511,415
Rental				1,890	1,890
Unrestricted investment earnings				1,713	1,713
Total general revenues				<u>515,018</u>	<u>515,018</u>
Change in net position				40,674	40,674
Net position - beginning				1,271,822	1,271,822
Net position - ending				<u>\$ 1,312,496</u>	<u>\$ 1,312,496</u>

See accompanying notes and independent accountants' review report.



**BEAVER DAM/LITTLEFIELD FIRE DISTRICT**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2014**

	General Fund	Total Governmental Funds
<b>Assets</b>		
Cash and cash equivalents	\$ 434,415	\$ 434,415
Accounts receivable, net of allowance of \$104,947	29,167	29,167
Due from other governments	12,854	12,854
Total assets	\$ 476,436	\$ 476,436
<b>Liabilities, deferred inflows and fund balances</b>		
<b>Liabilities:</b>		
Accounts payable	\$ 21,269	\$ 21,269
Accrued liabilities	19,220	19,220
Total liabilities	40,489	40,489
<b>Deferred inflows of resources:</b>		
Unavailable revenue	10,963	10,963
Total deferred inflows of resources	10,963	10,963
<b>Fund balances:</b>		
Unassigned	424,984	424,984
Total fund balance	424,984	424,984
Total liabilities, deferred inflows and fund balance	\$ 476,436	

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.	885,368
Unavailable revenues associated with charges for services and taxes are recorded as revenue in the government-wide statements.	10,963
Some liabilities, including capital leases, are not due and payable in the current period and therefore are not reported in the funds.	(8,819)
Net position of governmental activities	\$ 1,312,496

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, 2014**

	General Fund
	Year ended June 30, 2014
<b>Revenues:</b>	
Property and other taxes	\$ 511,415
Charges for services (ambulance)	126,403
Rental income	1,890
Other revenues, including wildland fires	61,183
Interest revenue	1,713
Total revenues	702,604
<b>Expenditures:</b>	
Fire protection and EMS:	
Insurance	22,238
Communications	5,547
Supplies, fuel and other	81,630
Total fire protection	109,415
Department operations:	
Administrative costs	18,242
Salaries, wages and benefits	306,134
Maintenance, supplies and other	13,706
Payroll and other taxes	21,281
Training	6,947
Utilities	14,297
Total department operations	380,607
Debt service	31,894
Capital outlay	51,503
Total expenditures	573,419
Net change in fund balance	129,185
Fund balance - beginning of year	295,799
<b>Fund balance - end of year</b>	<b>\$ 424,984</b>

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, 2014**

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

Net change in fund balance - total governmental funds	\$	129,185
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 depreciation exceeded capital outlay in the current period.		(120,143)
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.		1,001
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.		30,631
Change in net position of governmental activities	\$	<u>40,674</u>

See accompanying notes and independent accountants' review report.

**BEAVER DAM/LITTLEFIELD FIRE DISTRICT**  
**Notes to the Financial Statements**  
**June 30, 2014**

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**NOTE 1. Significant Accounting Policies**

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**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, 2014**

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**NOTE 1. Significant Accounting Policies, Continued**

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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 and actual schedule for any excess expenditures over appropriations, if any.

BEAVER DAM/LITTLEFIELD FIRE DISTRICT  
Notes to the Financial Statements  
June 30, 2014

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NOTE 1. Significant Accounting Policies, Continued

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**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, 2014**

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**Note 1. Summary of Significant Accounting Policies, Continued**

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**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, 2014**

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**Note 1. Summary of Significant Accounting Policies, Continued**

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**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.

**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, 2014

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NOTE 1. Significant Accounting Policies, Continued

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**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 1<sup>st</sup> and May 1<sup>st</sup> 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, 2014**

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

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**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	\$ 2,449,095
Accumulated depreciation	<u>(1,563,727)</u>
Net adjustment to increase fund balance - total governmental funds to arrive at net position - governmental activities	<u>\$ 885,368</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, 2014

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

**Explanation of differences between governmental fund statement of revenues, expenditures, and changes in fund balance and the government-wide statement of activities:**

The governmental fund statement of revenues, expenditures, and changes in fund balance includes a reconciliation between net changes in fund balances-total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. 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:

Capital outlay	\$ 51,503
Depreciation expense	<u>(171,646)</u>
Net adjustment to increase net changes in fund balance - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ (120,143)</u>

Another element of this reconciliation is as follows:

Lease proceeds	\$ -
Principal payments	<u>30,631</u>
Net adjustment to decrease net changes in fund balance - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 30,631</u>

The other reconciling item in the reconciliation is deemed to be adequately disclosed in the reconciliation of the statement of revenues, expenditures, and changes in fund balance of governmental funds.

**BEAVER DAM/LITTLEFIELD FIRE DISTRICT**  
**Notes to the Financial Statements**  
**June 30, 2014**

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**NOTE 3. Deposits and Investments**

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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, 2014 consist of the following:

Deposits:	
Financial institutions	\$ 434,240
Cash on hand	<u>175</u>
Total deposits	<u><u>\$ 434,415</u></u>

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

Cash and cash equivalents	<u><u>\$ 434,415</u></u>
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**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, 2014, \$181,651 of the District's bank balance of \$445,783 was exposed to custodial credit risk because it was uninsured or uncollateralized.

**Investments**

The District had no investments during the fiscal year June 30, 2014.

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**NOTE 4. Accounts Receivable and Due From Other Governments**

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Amounts shown as accounts receivable are accruals for ambulance billings receivable as of June 30, 2014. Receivables not collected within 60 days of fiscal year end are deferred in accordance with governmental accounting standards. An allowance for doubtful accounts has been provided as shown on the balance sheet of the general fund. 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, 2014.

**BEAVER DAM/LITTLEFIELD FIRE DISTRICT**  
**Notes to the Financial Statements**  
**June 30, 2014**

**NOTE 5. Capital Assets and Depreciation**

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

Governmental Activities:	<u>Balance 6/30/2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2014</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	444,941	28,635	-	473,576
Vehicles	<u>1,407,683</u>	<u>22,868</u>	<u>-</u>	<u>1,430,551</u>
Total capital assets, being depreciated	<u>2,367,753</u>	<u>51,503</u>	<u>-</u>	<u>2,419,256</u>
Less accumulated depreciation for:				
Buildings and improvements	(171,134)	(15,894)	-	(187,028)
Machinery and equipment	(347,797)	(30,909)	-	(378,706)
Vehicles	<u>(873,150)</u>	<u>(124,843)</u>	<u>-</u>	<u>(997,993)</u>
Total accumulated depreciation	<u>(1,392,081)</u>	<u>(171,646)</u>	<u>-</u>	<u>(1,563,727)</u>
Total capital assets, being depreciated, net	<u>975,672</u>	<u>(120,143)</u>	<u>-</u>	<u>855,529</u>
Governmental activities capital assets, net	<u>\$ 1,005,511</u>	<u>\$ (120,143)</u>	<u>\$ -</u>	<u>\$ 885,368</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, 2014**

**NOTE 6. Long-term Liabilities**

The following is a summary of changes in long-term liabilities for the year ended June 30, 2014:

	<u>Balance</u> <u>6/30/2013</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>6/30/2014</u>	<u>Current</u> <u>Portion</u>
<b>Governmental activities</b>					
Capital leases	\$ 39,450	\$ -	\$ (30,631)	\$ 8,819	\$ 8,819
Total governmental activities	39,450	-	(30,631)	8,819	8,819
Total long-term liabilities	<u>\$ 39,450</u>	<u>\$ -</u>	<u>\$ (30,631)</u>	<u>\$ 8,819</u>	<u>\$ 8,819</u>

The following is a list of long-term liabilities outstanding as of June 30, 2014:

**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>\$ 8,819</u>
Total long-term liabilities	8,819
Less current portion:	<u>(8,819)</u>
Net long-term liabilities	<u>\$ -</u>

BEAVER DAM/LITTLEFIELD FIRE DISTRICT  
Notes to the Financial Statements  
June 30, 2014

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NOTE 7. Capital Leases Payable

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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, 2014, the gross amount of the vehicle capitalized under the lease is \$372,529 and related accumulated depreciation is \$145,907.

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,	
2015	\$ 8,972
Total remaining minimum lease payments	8,972
Less amount representing interest	(153)
Present value of net remaining minimum lease payments	<u>\$ 8,819</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 may be different from the above schedule.

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, 2014**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Revenues:</b>				
Property and other taxes	\$ 508,516	\$ 508,516	\$ 511,415	\$ 2,899
Charges for services (ambulance)	128,000	128,000	126,403	(1,597)
Rental income	2,520	2,520	1,890	(630)
Other revenues, including wildland fires	-	-	61,183	61,183
Interest earnings	1,000	1,000	1,713	713
Total revenues	<u>640,036</u>	<u>640,036</u>	<u>702,604</u>	<u>62,568</u>
<b>Expenditures:</b>				
Fire protection and EMS:				
Insurance	23,000	23,000	22,238	762
Communications	11,146	11,146	5,547	5,599
Supplies, fuel and other	157,198	157,198	81,630	75,568
Total fire protection	<u>191,344</u>	<u>191,344</u>	<u>109,415</u>	<u>81,929</u>
Department operations:				
Administrative costs	17,430	17,430	18,242	(812)
Salaries, wages and benefits	283,250	283,250	306,134	(22,884)
Maintenance, supplies and other	12,137	12,137	13,706	(1,569)
Payroll and other taxes	70,500	70,500	21,281	49,219
Training	-	-	6,947	(6,947)
Utilities	19,000	19,000	14,297	4,703
Total department operations	<u>402,317</u>	<u>402,317</u>	<u>380,607</u>	<u>21,710</u>
Debt service	-	-	31,894	(31,894)
Capital outlay	27,375	27,375	51,503	(24,128)
Contingencies	40,000	40,000	-	40,000
Total expenditures	<u>661,036</u>	<u>661,036</u>	<u>573,419</u>	<u>87,617</u>
Net change in fund balance	(21,000)	(21,000)	129,185	150,185
Fund balance - beginning of year	295,799	295,799	295,799	-
Fund balance - end of year	<u>\$ 274,799</u>	<u>\$ 274,799</u>	<u>\$ 424,984</u>	<u>\$ 150,185</u>

See independent accountants' review report.