

COPY

BEAVER DAM/LITTLEFIELD FIRE DISTRICT

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

WITH REPORT OF

CERTIFIED PUBLIC ACCOUNTANTS

BEAVER DAM/LITTLEFIELD FIRE DISTRICT

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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 \$1,390,513 as of June 30, 2015, as shown on the following condensed statement of net position.

Statement of Net Position

	<u>6/30/2015</u>	<u>6/30/2014</u>
Current and other assets	\$ 685,255	\$ 476,436
Capital assets	<u>724,712</u>	<u>885,368</u>
Total assets	<u>1,409,967</u>	<u>1,361,804</u>
Long-term obligations	-	8,819
Other liabilities	<u>19,454</u>	<u>40,489</u>
Total liabilities	<u>19,454</u>	<u>49,308</u>
Net position:		
Net investment in capital assets	724,712	876,549
Unrestricted	<u>665,801</u>	<u>435,947</u>
Total net position	<u>\$ 1,390,513</u>	<u>\$ 1,312,496</u>

Governmental Activities

The cost of all governmental activities this year was \$651,330. \$237,323 of this cost was paid for by those who directly benefited from the programs, and \$5,040 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 \$242,363. General taxes, investment earnings and other general revenues totaled \$486,984.

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.

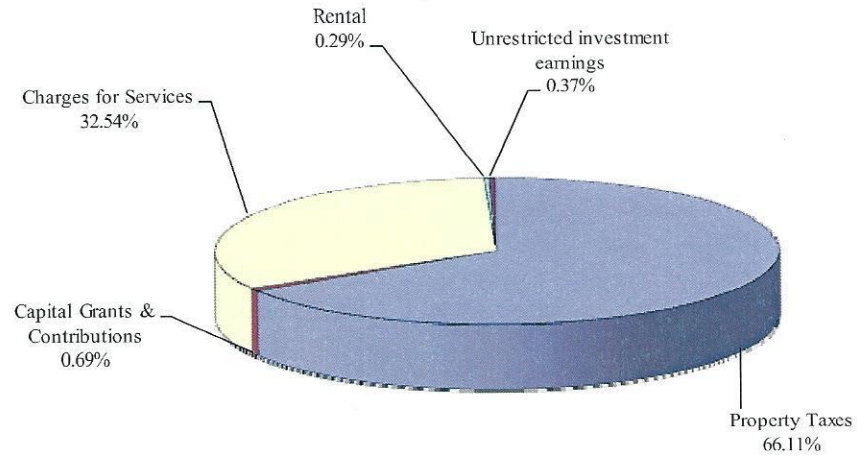
Change in Net position

	<u>6/30/2015</u>	<u>6/30/2014</u>
Revenues:		
Program revenues:		
Charges for services	\$ 237,323	\$ 188,587
Capital grants and contributions	5,040	-
General revenues:		
Property taxes	482,190	511,415
Rental	2,100	1,890
Unrestricted investment earnings	2,694	1,713
Total revenues	<u>729,347</u>	<u>703,605</u>
Expenses:		
Public safety	651,159	661,668
Interest on long-term debt	171	1,263
Total expenses	<u>651,330</u>	<u>662,931</u>
Change in net position	78,017	40,674
Net position, beginning	<u>1,312,496</u>	<u>1,271,822</u>
Net position, ending	<u><u>\$ 1,390,513</u></u>	<u><u>\$ 1,312,496</u></u>

Total resources available during the year to finance governmental operations were \$2,041,843 consisting of net position at July 1, 2014 of \$1,312,496, program revenues of \$242,363 and general revenues of \$486,984. The total cost of governmental activities during the year was \$651,330; thus governmental net position was increased by \$78,017 to \$1,390,513.

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 \$386,832 more than actual expenditures. Actual revenues were greater than the final budget by \$67,406. 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 2015, net capital assets of the government activities totaled \$724,712. Depreciation on capital assets is recognized in the government-wide financial statements. (See note 4 to the financial statements.)

Debt

The long-term debt of the District was \$0 as of the end of fiscal year 2015.

NEXT YEAR'S BUDGET AND ECONOMIC FACTORS

In considering the District's budget for fiscal year 2015/2016, the District Board and management estimated the budget for operating revenues and expenditures to be similar to fiscal year 2014/2015.

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, 2015

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 628,646
Receivables, net of allowance	48,961
Prepays	7,648
Capital assets, net of accumulated depreciation	
Construction in progress	-
Land	29,839
Buildings and improvements	312,206
Machinery and equipment	66,424
Vehicles	316,243
Total assets	1,409,967
Liabilities	
Accounts payable and other current liabilities	19,454
Noncurrent liabilities:	
Due within one year	-
Total liabilities	19,454
Net Position	
Net investment in capital assets	724,712
Unrestricted	665,801
Total net position	\$ 1,390,513

The accompanying notes are an integral part of the financial statements.

BEAVER DAM/LITTLEFIELD FIRE DISTRICT
Statement of Activities
For the Year Ended June 30, 2015

<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	\$ 651,159	\$ 237,323	\$ 5,040	\$ (408,796)	\$ (408,796)
Interest on long-term debt	171	-	-	(171)	(171)
Total governmental activities	<u>\$ 651,330</u>	<u>\$ 237,323</u>	<u>\$ 5,040</u>	<u>(408,967)</u>	<u>(408,967)</u>
General revenues:					
Property and other taxes				482,190	482,190
Rental				2,100	2,100
Unrestricted investment earnings				2,694	2,694
Total general revenues				<u>486,984</u>	<u>486,984</u>
Change in net position				78,017	78,017
Net position - beginning				1,312,496	1,312,496
Net position - ending				<u>\$ 1,390,513</u>	<u>\$ 1,390,513</u>

The accompanying notes are an integral part of the financial statements.

BEAVER DAM/LITTLEFIELD FIRE DISTRICT
Balance Sheet
Governmental Funds
June 30, 2015

	General Fund	Total Governmental Funds
Assets		
Cash and cash equivalents	\$ 628,646	\$ 628,646
Accounts receivable, net of allowance of \$51,869	20,961	20,961
Due from other governments	28,000	28,000
Prepays	7,648	7,648
Total assets	\$ 685,255	\$ 685,255
Liabilities, deferred inflows and fund balances		
Liabilities:		
Accounts payable	\$ 13,151	\$ 13,151
Accrued liabilities	6,303	6,303
Total liabilities	19,454	19,454
Deferred inflows of resources:		
Unavailable revenue	6,579	6,579
Total deferred inflows of resources	6,579	6,579
Fund balances:		
Nonspendable - prepaid items	7,648	7,648
Assigned - capital outlay	120,121	120,121
Unassigned	531,453	531,453
Total fund balance	659,222	659,222
Total liabilities, deferred inflows and fund balance	\$ 685,255	
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.		
Capital assets	\$ 2,453,190	
Accumulated depreciation	(1,728,478)	724,712
Unavailable revenues associated with charges for services and taxes are recorded as revenue in the government-wide statements.		
		6,579
Net position of governmental activities		\$ 1,390,513

The accompanying notes are an integral part of the financial statements.

BEAVER DAM/LITTLEFIELD FIRE DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2015

	General Fund
	Year ended June 30, 2015
Revenues:	
Property and other taxes	\$ 482,190
Charges for services (ambulance)	198,249
Rental income	2,100
Other revenues, including wildland fires	48,498
Interest revenue	2,694
Total revenues	733,731
Expenditures:	
Fire protection and EMS:	
Insurance	22,529
Communications	17,489
Supplies, fuel and other	94,528
Total fire protection	134,546
Department operations:	
Administrative costs	33,822
Salaries, wages and benefits	266,227
Maintenance, supplies and other	9,191
Payroll and other taxes	20,143
Training	9,237
Utilities	13,242
Total department operations	351,862
Debt service	8,990
Capital outlay	4,095
Total expenditures	499,493
Net change in fund balance	234,238
Fund balance - beginning of year	424,984
Fund balance - end of year	\$ 659,222

The accompanying notes are an integral part of the financial statements.

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, 2015

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

Net change in fund balance - total governmental funds	\$	234,238
<p>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.</p>		
Capital outlay	\$ 4,095	
Depreciation expense	<u>(164,751)</u>	(160,656)
<p>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.</p>		
		(4,384)
<p>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.</p>		
Principal payments	<u>8,819</u>	8,819
Change in net position of governmental activities	<u>\$</u>	<u><u>78,017</u></u>

The accompanying notes are an integral part of the financial statements.

BEAVER DAM/LITTLEFIELD FIRE DISTRICT
Notes to the Financial Statements
June 30, 2015

NOTE 1. Significant Accounting Policies

Description of Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, when applicable, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

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.

Basis of Presentation – Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds. Separate financial statements are provided for governmental funds. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the District's funds. Separate statements for each fund category are presented. The emphasis of fund financial statements is on major governmental funds. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The **General Fund** is used to account for all financial resources applicable to the general operations of the District. The District has no other funds.

During the course of operations the District may have activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column.

BEAVER DAM/LITTLEFIELD FIRE DISTRICT
Notes to the Financial Statements
June 30, 2015

NOTE 1. Significant Accounting Policies, Continued

Further, certain activity may occur during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The 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. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded 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. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, fire district assistance taxes, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of yearend). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of yearend). All other revenue items are considered to be measurable and available only when cash is received by the District.

BEAVER DAM/LITTLEFIELD FIRE DISTRICT
Notes to the Financial Statements
June 30, 2015

NOTE 1. Significant Accounting Policies, Continued

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 principles 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.

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

Receivables and Allowance for Uncollectible Receivables

Receivables consist primarily of ambulance billings, grants and property taxes. An allowance for uncollectible accounts receivable on receivables relating to ambulance charges for services is considered necessary and is presented.

Inventories and Prepaid Items

All inventories are valued at cost using the first-in/first-out method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. 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.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets

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 one year. 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.

BEAVER DAM/LITTLEFIELD FIRE DISTRICT
Notes to the Financial Statements
June 30, 2015

NOTE 1. Significant Accounting Policies, Continued

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. The District does not currently have any items that qualify for reporting in this category.

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.

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).

BEAVER DAM/LITTLEFIELD FIRE DISTRICT
Notes to the Financial Statements
June 30, 2015

NOTE 1. Significant Accounting Policies, Continued

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.

Revenues and Expenditures/Expenses

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.

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.

Compensated Absences

Any accumulated sick and vacation time benefits at fiscal yearend are deemed to be immaterial and have not been accrued in these financial statements.

BEAVER DAM/LITTLEFIELD FIRE DISTRICT
Notes to the Financial Statements
June 30, 2015

NOTE 1. Significant Accounting Policies, Continued

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.

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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

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

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 position. 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 sheets. The details of these differences are reported in the reconciliation on page 12.

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. These differences are the result of converting from the current resources measurement focus and modified accrual basis for governmental fund statements to the economic resources measurement focus and full accrual basis used for government-wide statements. The details of these differences are reported in the reconciliation on page 14.

BEAVER DAM/LITTLEFIELD FIRE DISTRICT
Notes to the Financial Statements
June 30, 2015

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, 2015 consist of the following:

Deposits:	
Financial institutions	\$ 628,471
Cash on hand	<u>175</u>
Total deposits	<u><u>\$ 628,646</u></u>

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

Cash and cash equivalents	<u><u>\$ 628,646</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, 2015, \$253,216 of the District's bank balance of \$638,570 was exposed to custodial credit risk because it was uninsured or uncollateralized.

Investments

The District had no investments during the fiscal year June 30, 2015.

BEAVER DAM/LITTLEFIELD FIRE DISTRICT
Notes to the Financial Statements
June 30, 2015

NOTE 4. Capital Assets

Capital asset activity for the year ended June 30, 2015 is as follows:

Governmental Activities:	Balance 6/30/2014	Additions	Deletions	Balance 6/30/2015
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	473,576	4,095	-	477,671
Vehicles	<u>1,430,551</u>	<u>-</u>	<u>-</u>	<u>1,430,551</u>
Total capital assets, being depreciated	<u>2,419,256</u>	<u>4,095</u>	<u>-</u>	<u>2,423,351</u>
Less accumulated depreciation for:				
Buildings and improvements	(187,028)	(15,895)	-	(202,923)
Machinery and equipment	(378,706)	(32,541)	-	(411,247)
Vehicles	<u>(997,993)</u>	<u>(116,315)</u>	<u>-</u>	<u>(1,114,308)</u>
Total accumulated depreciation	<u>(1,563,727)</u>	<u>(164,751)</u>	<u>-</u>	<u>(1,728,478)</u>
Total capital assets, being depreciated, net	<u>855,529</u>	<u>(160,656)</u>	<u>-</u>	<u>694,873</u>
Governmental activities capital assets, net	<u>\$ 885,368</u>	<u>\$ (160,656)</u>	<u>\$ -</u>	<u>\$ 724,712</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, 2015

NOTE 5. Long-term Liabilities

The following is a summary of changes in long-term liabilities for the year ended June 30, 2015:

	<u>Balance</u> <u>6/30/2014</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>6/30/2015</u>	<u>Current</u> <u>Portion</u>
Governmental activities					
Capital leases	\$ 8,819	\$ -	\$ (8,819)	\$ -	\$ -
Total governmental activities	<u>8,819</u>	<u>-</u>	<u>(8,819)</u>	<u>-</u>	<u>-</u>
Total long-term liabilities	<u>\$ 8,819</u>	<u>\$ -</u>	<u>\$ (8,819)</u>	<u>\$ -</u>	<u>\$ -</u>

The District had a 3.88% capital lease with a financial institution that was paid off early as of June 30, 2015. The original terms of the lease consist of semi-annual payments through May 2017.

NOTE 6. Subsequent Events and Contingencies

After June 30, 2015 the District was involved in a fire engine accident. Management is uncertain what the financial impact, if any, this event will have on the District. The District is in the process of acquiring a replacement fire engine.

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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, 2015

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
Revenues:				
Property and other taxes	\$ 492,805	\$ 492,805	\$ 482,190	\$ (10,615)
Charges for services (ambulance)	120,000	120,000	198,249	78,249
Rental income	2,520	2,520	2,100	(420)
Other revenues, including wildland fires	50,000	50,000	48,498	(1,502)
Interest earnings	1,000	1,000	2,694	1,694
Total revenues	<u>666,325</u>	<u>666,325</u>	<u>733,731</u>	<u>67,406</u>
Expenditures:				
Fire protection and EMS:				
Insurance	24,500	24,500	22,529	1,971
Communications	21,000	21,000	17,489	3,511
Supplies, fuel and other	123,817	123,817	94,528	29,289
Total fire protection	<u>169,317</u>	<u>169,317</u>	<u>134,546</u>	<u>34,771</u>
Department operations:				
Administrative costs	25,950	25,950	33,822	(7,872)
Salaries, wages and benefits	387,107	387,107	266,227	120,880
Maintenance, supplies and other	12,348	12,348	9,191	3,157
Payroll and other taxes	65,000	65,000	20,143	44,857
Training	15,000	15,000	9,237	5,763
Utilities	16,500	16,500	13,242	3,258
Total department operations	<u>521,905</u>	<u>521,905</u>	<u>351,862</u>	<u>170,043</u>
Debt service	18,103	18,103	8,990	9,113
Capital outlay	120,000	120,000	4,095	115,905
Contingencies	57,000	57,000	-	57,000
Total expenditures	<u>886,325</u>	<u>886,325</u>	<u>499,493</u>	<u>386,832</u>
Net change in fund balance	(220,000)	(220,000)	234,238	454,238
Fund balance - beginning of year	424,984	424,984	424,984	-
Fund balance - end of year	<u>\$ 204,984</u>	<u>\$ 204,984</u>	<u>\$ 659,222</u>	<u>\$ 454,238</u>

OTHER COMMUNICATIONS FROM INDEPENDENT AUDITORS

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MEMBERS:

CHAD B. ATKINSON, CPA
KRIS J. BRAUNBERGER, CPA
ROBERT S. COX, CPA
TODD B. FELTNER, CPA
K. MARK FROST, CPA
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MARK E. TICHENOR, CPA
MICHAEL J. TORGERSON, CPA

**Independent Auditor's Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed
in Accordance with *Government Auditing Standards***

Executive Director and Members of the Board
Beaver Dam/Littlefield Fire District
Beaver Dam, 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 and the major fund of Beaver Dam/Littlefield Fire District (the District), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated February 15, 2016.

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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in a separate schedule of findings and recommendations, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in a separate schedule of findings and recommendations to be material weaknesses (2015-001 and 2015-002).

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. We consider the deficiencies described in a separate schedule of findings and recommendations to be significant deficiencies (2015-003, 2015-004 and 2015-005).

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*.

The District's Response to Findings

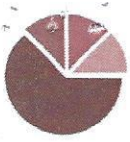
The District's response to the findings identified in our audit is described in a separate schedule of response to findings. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.



HintonBurdick, PLLC
Mesquite, Nevada
February 15, 2016



MEMBERS:

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February 15, 2016

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Beaver Dam/Littlefield Fire District for the year ended June 30, 2015, and have issued our report thereon dated February 15, 2016. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed significantly during fiscal year 2015. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

Management's estimate of depreciation expense is based on the assigned depreciation lives. We evaluated the key factors and assumptions used to develop the depreciation lives in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements and has a list of the adjustments.

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated February 15, 2016.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to management's discussion and analysis and budgetary information, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Restriction on Use

This information is intended solely for the use of the board and management and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,



HintonBurdick, PLLC



MEMBERS:

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BEAVER DAM/LITTLEFIELD FIRE DISTRICT
Findings and Recommendations
For the Year Ended June 30, 2015

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

Professional standards require that we communicate, in writing, deficiencies in internal control over financial reporting that are considered significant deficiencies or material weaknesses that are identified during the audit of the financial statements. During our audit of the funds of the Beaver Dam/Littlefield Fire District for the year ended June 30, 2015, we noted areas needing corrective action for the District to be in compliance with laws and regulations, and we found circumstances that, if improved, would strengthen the District's accounting system and control over its assets. These items are discussed below for your consideration.

Material Weaknesses:

2015-001 Misstatements and Reconciliations

During our audit we noted a number of significant misstatements that were not initially identified by the District's internal control. Auditing standards indicate that the identification by the auditor of such misstatements in the financial statements may be a deficiency in the District's internal controls. Furthermore, we noted reconciliations for some general ledger accounts, including certain cash balances, receivables, payables, grant/wildland fire activity and ambulance billing activity are not being accurately and/or timely performed, which is contributing to the misstatements.

Recommendation

We recommend that management review and understand the adjustments proposed by the auditor. We also recommend that the District develop a plan to ensure that all significant and material adjustments are posted to the general ledger before the annual audit takes place. The plan should address the need to perform accurate and timely reconciliations of various general ledger accounts. The District should continue to improve its internal controls to a level where they will at least identify significant misstatements.

2015-002 Bank Reconciliation Issues

We found that the majority of the June 2015 bank reconciliations had not been fully and accurately completed. There are a number of old, inaccurate reconciling items that should be addressed. We proposed significant adjustments relating to the June 30, 2015 cash balances. Accurate and timely bank reconciliations provide important safeguards and controls in ensuring the proper recording, deposit and disposition of the District's funds.

Recommendation

Management should ensure that monthly bank reconciliations are being completed accurately and timely. This issue should be a priority for the District. Management should have someone independent of the preparation process review the bank reconciliations to ensure they are being completed accurately and timely. If discrepancies exist, they should be investigated and resolved in a timely manner.

Significant Deficiencies:

2015-003 Segregation of Duties and Internal Controls

The District's internal control processes lack a complete segregation of duties. The same individual handles cash receipts, prepares and makes deposits, records activity in QuickBooks, approves and makes purchases, prepares and signs checks, and prepares the monthly bank reconciliations. We realize that with limited staff it is difficult to properly separate all duties; however, for a complete and proper segregation of duties within the accounting function, no one person should have duties in more than one of the following areas: custody of assets, recording functions and authorization abilities. The District has some mitigating controls in place, such as board review of monthly financial reports, details of transactions/disbursements and bank reconciliations, such that this is not deemed to be a material weakness. However, proper segregation of duties provides important safeguards and controls to ensure the proper recording, deposit and disposition of the District's funds.

Furthermore, it appears that controls over payroll procedures are lacking. It's our understanding that timecards are not being appropriately reviewed and approved by a supervisor and/or management. Also, overtime and PTO/Comp Time are not being appropriately tracked, reviewed and monitored. There was not a schedule at fiscal year-end to be able to appropriately accrue the compensated absences liability in the financial statements.

Also, it's our understanding that the District's policy to obtain an approved purchase order on items greater than \$500 is not being consistently followed.

Recommendation

The Board and management should consider ways that segregation of duties can be improved within the accounting and administrative functions. In the meantime, we recommend that the Board continue to review (in detail) and approve the monthly financial statements, details of transactions/disbursements and bank reconciliations. The Board and management should also consider ways that controls over payroll procedures could be strengthened. Specifically, we recommend that a responsible supervisor and/or someone in management review, approve and initial timecards. The District should also formally track and monitor PTO/Comp Time. The District should establish monitoring procedures to ensure that the District's purchase order policy is properly functioning.

2015-004

Capital Asset Accounting

We noted during our audit that a complete record of capital asset additions and deletions is not being maintained throughout the year. We also noted that the District did not perform a complete, physical inventory of capital assets during the year under audit or in recent years. There are a number of old, fully depreciated assets on the depreciation listing that may need to be removed.

Recommendation

We recommend that the District do the following:

1. Maintain throughout the year a detail list of capital asset additions and deletions for the fiscal year that shows a description, date of purchase and cost for each item. The list should be maintained for each capital asset general ledger account and should be maintained in such a way as to allow reconciliations to the general ledger.
2. Conduct complete, year-end physical asset inventories and when practical, tagging of assets with an inventory tag/identification number.
3. Reconcile the year-end physical inventory of capital assets to the depreciation listing and the general ledger control accounts.

2015-005

Controls Over Credit Card Purchases

The District's policy requiring receipts on credit card purchases is not being consistently followed. This increases the risk of inaccurate expense coding and misappropriation of district funds.

Recommendation

We recommend that the District ensure that its controls over credit card purchases are properly designed and functioning. The District should establish monitoring controls to ensure that the policies and procedures are being followed.

Compliance/Other:

2015-006

Monthly Financial Reports

State law requires the District to produce the following monthly financial reports for the Board's review:

1. Register of checks, warrants, and deposits
2. Statement of financial activities (income statement)
3. Statement of net position (balance sheet)

It's our understanding that the Board receives the majority of these items but not all of them. For example, a monthly statement of net position (balance sheet) is not produced and included in the board packet.

Recommendation

We recommend that the District follow the state requirements and provide the required monthly financial reports to the Board. We recommend that the Board review, discuss and approve these reports in its monthly meetings.

Responses

Please respond to the above findings and recommendations in letter form.

This letter is intended solely for the use of the Board, management and various federal and state agencies and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

It has been a pleasure to be of service to the District this past year. We would like to express special thanks to each of you who assisted in this year's audit. We invite you to ask questions of us throughout the year as you feel it necessary and we look forward to a continued pleasant professional relationship.

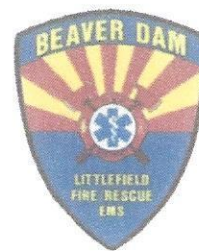
Sincerely,

HintonBurdick, PLLC

HintonBurdick, PLLC
February 15, 2016



Beaver Dam/Littlefield Fire District
630 N. Highway 91, P.O. Box 579
Beaver Dam, AZ. 86432
Telephone (928) 347-5114
www.beaverdam-littlefieldfire.org



The Beaver Dam/Littlefield Fire District Governing Board has reviewed the Audit Report for Fiscal Year ending June 30, 2015 with the auditor giving the presentation in accordance with HB 2572 (Fire Districts Financial Standards). The Governing Board did approve to accept the Auditor's Report.

Dan R. Reber

Dan Reber, Board Chairman

2-18-16

Date