

BEAVER DAM/LITTLEFIELD FIRE DISTRICT

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

WITH REPORT OF

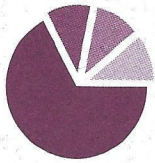
CERTIFIED PUBLIC ACCOUNTANTS

BEAVER DAM/LITTLEFIELD FIRE DISTRICT

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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of Beaver Dam/Littlefield Fire District, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of Beaver Dam/Littlefield Fire District as of June 30, 2017, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.


Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary information on pages 3-7 and 28, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 15, 2018, on our consideration of Beaver Dam/Littlefield Fire District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Beaver Dam/Littlefield Fire District's internal control over financial reporting and compliance.



HintonBurdick, PLLC

Mesquite, Nevada

February 15, 2018

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, 2017. Please read it in conjunction with the accompanying basic financial statements.

FINANCIAL HIGHLIGHTS

- Total assets exceed total liabilities and deferred inflows (net position) by \$1,492,694 at the end of the fiscal year.
- Total net position increased by \$28,925.
- Total revenue from all sources was \$996,730 and the total cost of all district programs was \$967,805
- Total long-term debt (excludes compensated absences) increased by a net amount of \$83,033.
- Total revenue received in the general fund was \$227,133 more than the final budget and expenditures were \$141,027 less than the final budget.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$672,641 or 60% 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 \$1,492,694 as of June 30, 2017, as shown on the following condensed statement of net position.

Statement of Net Position

	<u>6/30/2017</u>	<u>6/30/2016</u>
Current and other assets	\$ 948,546	\$ 899,569
Capital assets	1,006,986	904,615
Total assets	<u>1,955,532</u>	<u>1,804,184</u>
Long-term obligations	413,757	300,815
Other liabilities	49,081	1,149
Total liabilities	<u>462,838</u>	<u>301,964</u>
Net position:		
Net investment in capital assets	623,138	603,800
Unrestricted	869,556	898,420
Total net position	<u>\$ 1,492,694</u>	<u>\$ 1,502,220</u>

Governmental Activities

The cost of all governmental activities this year was \$976,805. \$514,154 of this cost was paid for by those who directly benefited from the programs. Overall governmental program revenues, including intergovernmental aid and fees for services, were \$514,154. General taxes, investment earnings and other general revenues totaled \$482,576.

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.

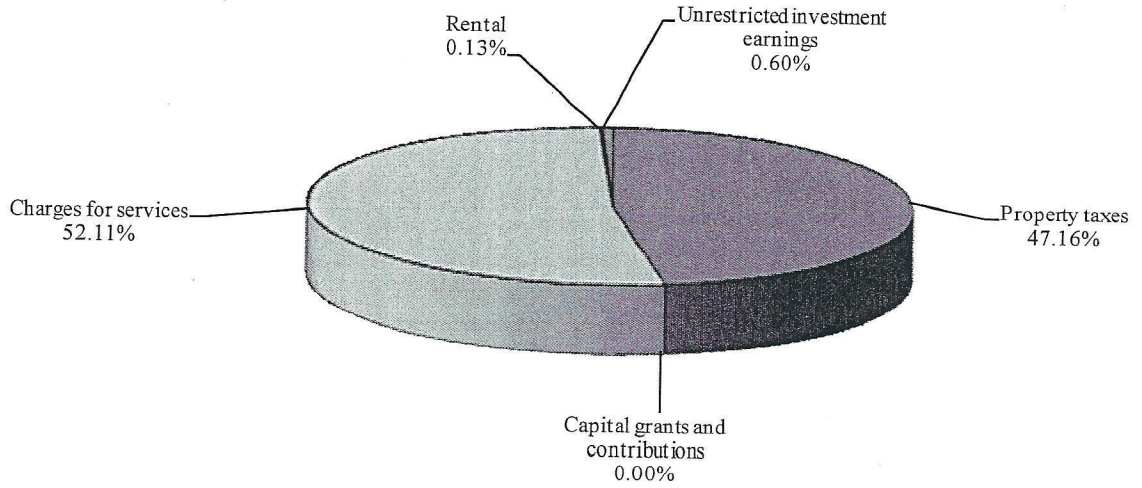
Change in Net position

	<u>6/30/2017</u>	<u>6/30/2016</u>
Revenues:		
Program revenues:		
Charges for services	\$ 514,154	\$ 490,403
Capital grants and contributions	-	3,073
General revenues:		
Property taxes	465,281	465,576
Rental	1,260	2,100
Unrestricted investment earnings	5,885	1,597
Gain on sale of capital assets	10,150	-
Total revenues	<u>996,730</u>	<u>962,749</u>
Expenses:		
Public safety	960,162	851,042
Interest on long-term debt	7,643	-
Total expenses	<u>967,805</u>	<u>851,042</u>
Change in net position	28,925	111,707
Net position, beginning	1,502,220	1,390,513
Prior period adjustment	(38,451)	-
Net position, ending	<u>\$ 1,492,694</u>	<u>\$ 1,502,220</u>

Total resources available during the year to finance governmental operations were \$2,498,950 consisting of net position at June 30, 2016 of \$1,502,220, program revenues of \$514,154 and general revenues of \$482,576. The total cost of governmental activities during the year was \$967,805; thus governmental net position increased by \$28,925. Additionally, a prior period adjustment (see Note 8) of \$38,451 decreased net position to \$1,492,694.

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 \$141,027 more than actual expenditures. Actual revenues were greater than the final budget by \$227,133. Also, other financing sources (capital lease and sale of capital assets) were greater than the budget by \$132,895. 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 2017, net capital assets of the government activities totaled \$1,006,986. Depreciation on capital assets is recognized in the government-wide financial statements. (See Note 4 to the financial statements.)

Debt

The long-term debt (excludes compensated absences) of the District was \$383,848 as of the end of fiscal year 2017, which is a net increase of \$83,033 from the prior fiscal year. The District entered into a lease purchase agreement for an ambulance during the fiscal year.

NEXT YEAR'S BUDGET AND ECONOMIC FACTORS

In considering the District's budget for fiscal year 2017/2018, the District board and management estimated the budget for operating revenues and expenditures to be similar to fiscal year 2016/2017.

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 Michelle Arnett, 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, 2017

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 831,760
Receivables, net of allowance	115,525
Prepays	1,261
Capital assets, net of accumulated depreciation	
Land	29,839
Buildings and improvements	280,424
Machinery and equipment	67,642
Vehicles	629,081
Total assets	1,955,532
Liabilities	
Accounts payable and other current liabilities	49,081
Noncurrent liabilities:	
Due within one year	70,121
Due in more than one year	343,636
Total liabilities	462,838
Net Position	
Net investment in capital assets	623,138
Unrestricted	869,556
Total net position	\$ 1,492,694

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, 2017

<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	\$ 960,162	\$ 514,154	\$ -	\$ (446,008)	\$ (446,008)
Interest on long-term debt	7,643	-	-	(7,643)	(7,643)
Total governmental activities	<u>\$ 967,805</u>	<u>\$ 514,154</u>	<u>\$ -</u>	<u>(453,651)</u>	<u>(453,651)</u>
General revenues:					
Property and other taxes				465,281	465,281
Rental				1,260	1,260
Unrestricted investment earnings				5,885	5,885
Gain on sale of capital assets				10,150	10,150
Total general revenues				<u>482,576</u>	<u>482,576</u>
Change in net position				28,925	28,925
Net position - beginning				1,502,220	1,502,220
Prior period adjustment				(38,451)	(38,451)
Net position - ending				<u>\$ 1,492,694</u>	<u>\$ 1,492,694</u>

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

BEAVER DAM/LITTLEFIELD FIRE DISTRICT
Balance Sheet
Governmental Funds
June 30, 2017

	General Fund	Total Governmental Funds
Assets		
Cash and cash equivalents	\$ 831,760	\$ 831,760
Accounts receivable, net of allowance of \$99,256	24,193	24,193
Due from other governments	91,332	91,332
Prepays	1,261	1,261
Total assets	\$ 948,546	\$ 948,546
Liabilities, deferred inflows and fund balances		
Liabilities:		
Accounts payable	\$ 14,164	\$ 14,164
Accrued liabilities	34,917	34,917
Total liabilities	49,081	49,081
Deferred inflows of resources:		
Unavailable revenue	3,472	3,472
Total deferred inflows of resources	3,472	3,472
Fund balances:		
Nonspendable - prepaid items	1,261	1,261
Assigned - capital outlay	222,091	222,091
Unassigned	672,641	672,641
Total fund balance	895,993	895,993
Total liabilities, deferred inflows and fund balance	\$ 948,546	

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	\$ 3,046,875	
Accumulated depreciation	(2,039,889)	1,006,986

Unavailable revenues associated with charges for services and taxes are recorded as revenue in the government-wide statements.

3,472

Some liabilities, including capital leases, are not due and payable in the current period and therefore are not reported in the funds.

Capital leases	(383,848)	
Compensated absences	(29,909)	(413,757)

Net position of governmental activities

\$ 1,492,694

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, 2017

	General Fund
	Year ended June 30, 2017
Revenues:	
Property and other taxes	\$ 465,281
Charges for services, including ambulance	213,094
Rental income	1,260
Other revenues, including wildland fires	301,070
Interest revenue	5,885
Total revenues	986,590
Expenditures:	
Fire protection and EMS:	
Insurance	27,061
Communications	52,606
Maintenance, supplies, fuel and other	126,591
Total fire protection	206,258
Department operations:	
Administrative costs	39,173
Salaries, wages and benefits	466,006
Maintenance, supplies and other	8,577
Payroll and other taxes	73,767
Training	7,071
Utilities	15,564
Total department operations	610,158
Debt service	47,355
Capital outlay - public safety	254,659
Total expenditures	1,118,430
Excess (deficiency) of revenues over expenditures	(131,840)
Other financing sources (uses)	
Capital lease	122,745
Sale of capital assets	10,150
Total financing sources (uses)	132,895
Net change in fund balance	1,055
Fund balance - beginning of year	894,938
Fund balance - end of year	\$ 895,993

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, 2017

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

Net change in fund balance - total governmental funds	\$	1,055
<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	\$	254,659
Depreciation expense		(152,288)
		102,371
<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 for the fiscal year.</p>		
		(10)
<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>		
Capital lease repayment		39,712
Capital lease		(122,745)
		(83,033)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. This is the change in compensated absences for the fiscal year.</p>		
		8,542
Change in net position of governmental activities	\$	28,925

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

BEAVER DAM/LITTLEFIELD FIRE DISTRICT
Notes to the Financial Statements
June 30, 2017

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, 2017

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 90 days of the end of the current fiscal period. The District uses 90 days instead of 60 days to better coincide with the collection period of ambulance billings. 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 90 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 90 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, 2017

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 \$5,000 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 acquisition 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, 5 – 7 years; vehicles, 5 – 10 years.

BEAVER DAM/LITTLEFIELD FIRE DISTRICT
Notes to the Financial Statements
June 30, 2017

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.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred outflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Arizona Public Safety Personnel Retirement System (PSPRS) and additions to/deductions from PSPRS fiduciary net position have been determined on the same basis as they are reported by PSPRS. For this purpose, benefit payments (including refund of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported a fair value.

Since the District joined the PSPRS after June 30, 2016 (the PSPRS measurement date), the District is not reporting a net pension liability and related deferred outflows/inflows of resource relating to pensions as of June 30, 2017, as required by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* (and other related GASB statements). The remainder of the required information will be included in the District's financial statements in future years.

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, 2017

NOTE 1. Significant Accounting Policies, Continued

Fund Balance Flow Assumptions

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

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

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The District itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance). The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the District's highest level of decision-making authority. The governing board is the highest level of decision-making authority for the District that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

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

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.

BEAVER DAM/LITTLEFIELD FIRE DISTRICT
Notes to the Financial Statements
June 30, 2017

NOTE 1. Significant Accounting Policies, Continued

Property Taxes

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

Compensated Absences

For governmental funds, amounts of vested or accumulated paid time off (PTO) that are not expected to be liquidated with expendable available financial resources are reported as liabilities in the government-wide financial statement of net position and as expenses in the government-wide statement of activities. No expenditures are reported for these amounts in the governmental fund financial statements. Accumulated unpaid PTO is accrued based on the District's expected legal obligation as of the statement date.

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.

BEAVER DAM/LITTLEFIELD FIRE DISTRICT
Notes to the Financial Statements
June 30, 2017

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

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.

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, 2017 consist of the following:

Deposits:	
Financial institutions	\$ 831,260
Cash on hand	<u>500</u>
Total deposits	<u><u>\$ 831,760</u></u>

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

Cash and cash equivalents	<u><u>\$ 831,760</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, 2017, \$413,030 of the District's bank balance of \$910,418 was exposed to custodial credit risk because it was uninsured or uncollateralized.

Investments

The District had no investments during the fiscal year June 30, 2017.

BEAVER DAM/LITTLEFIELD FIRE DISTRICT
Notes to the Financial Statements
June 30, 2017

NOTE 4. Capital Assets

Capital asset activity for the year ended June 30, 2017 is as follows:

Governmental Activities:	Balance 6/30/2016	Additions	Deletions	Balance 6/30/2017
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	475,882	47,364	-	523,246
Vehicles	<u>1,771,366</u>	<u>207,295</u>	<u>-</u>	<u>1,978,661</u>
Total capital assets, being depreciated	<u>2,762,377</u>	<u>254,659</u>	<u>-</u>	<u>3,017,036</u>
Less accumulated depreciation for:				
Buildings and improvements	(218,818)	(15,887)	-	(234,705)
Machinery and equipment	(434,617)	(20,987)	-	(455,604)
Vehicles	<u>(1,234,166)</u>	<u>(115,414)</u>	<u>-</u>	<u>(1,349,580)</u>
Total accumulated depreciation	<u>(1,887,601)</u>	<u>(152,288)</u>	<u>-</u>	<u>(2,039,889)</u>
Total capital assets, being depreciated, net	<u>874,776</u>	<u>102,371</u>	<u>-</u>	<u>977,147</u>
Governmental activities capital assets, net	<u>\$ 904,615</u>	<u>\$ 102,371</u>	<u>\$ -</u>	<u>\$ 1,006,986</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, 2017

NOTE 5. Long-term Liabilities

The following is a summary of changes in long-term liabilities for the year ended June 30, 2017:

	<u>Balance 6/30/2016</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance 6/30/2017</u>	<u>Current Portion</u>
Governmental activities					
Capital leases	\$ 300,815	\$ 122,745	\$ (39,712)	\$ 383,848	\$ 70,121
Compensated absences*	38,451	1,210	(9,752)	29,909	-
Total governmental activities	<u>339,266</u>	<u>123,955</u>	<u>(49,464)</u>	<u>413,757</u>	<u>70,121</u>
Total long-term liabilities	<u>\$ 339,266</u>	<u>\$ 123,955</u>	<u>\$ (49,464)</u>	<u>\$ 413,757</u>	<u>\$ 70,121</u>

* The compensated absences beginning balance relates to a prior period adjustment. See Note 8.

The following is a list of long-term liabilities outstanding as of June 30, 2017:

Lease payable:

2.65% lease payable to Zions Bank in semi-annual installments of \$23,678 through February 2023, secured by fire truck.

\$ 261,103

2.84% lease payable to Zions Bank in annual installments of \$32,893 through March 2021, secured by ambulance.

122,745

Total leases payable

383,848

Compensated absences

29,909

Total long-term liabilities

413,757

Less current portion:

(70,121)

Net long-term liabilities

\$ 343,636

NOTE 6. Capital Leases Payable

The District has entered into lease agreements, which are considered capital leases in accordance with accounting standards. The leases are shown in the governmental activities of the government-wide statement. As of June 30, 2017, the gross amount of the vehicles capitalized under the leases is \$513,560 and related accumulated depreciation is \$59,759.

BEAVER DAM/LITTLEFIELD FIRE DISTRICT
Notes to the Financial Statements
June 30, 2017

NOTE 6. Capital Leases Payable, Continued

The following is an annual schedule of future minimum lease payments under the capital leases together with the present value of the net minimum lease payments:

Year Ending June 30,		
2018	\$	80,248
2019		80,248
2020		80,248
2021		80,248
2022		47,355
2023		47,358
Total remaining minimum lease payments		415,705
Less amount representing interest		(31,857)
Present value of net remaining minimum lease payments		\$ 383,848

NOTE 7. Pension Plans

General Information about the Pension Plan

Eligible plan participants are provided with a pension through the Public Safety Personnel Retirement System (PSPRS), a defined benefit plan.

Plan description – The District contributes to the Public Safety Personnel Retirement System (PSPRS). The PSPRS administers an agent multiple-employer defined benefit pension plan that covers public safety personnel who are regularly assigned hazardous duty in the employ of the State of Arizona or a political subdivision thereof. A nine-member board known as the Board of Trustees and the participating local boards govern the PSPRS according to the provisions of A.R.S Title 38, Chapter 5, Article 4.

The PSPRS issues a publicly available financial report that includes financial statements and required supplementary information for PSPRS plans. The report is available on the PSPRS web site at www.psprs.com.

BEAVER DAM/LITTLEFIELD FIRE DISTRICT
Notes to the Financial Statements
June 30, 2017

NOTE 7. Pension Plans, Continued

Benefits provided - The PSPRS provide retirement, health insurance premium supplement, disability, and survivor benefits. State statute established benefit terms. Retirement, disability, and survivor benefits are calculated on the basis of age, average monthly compensation, and series credit as follows:

PSPRS	Initial Membership Date Before January 1, 2012	Initial Membership Date On or After January 1, 2012
Retirement and Disability		
Years of service and age required to receive benefit	20 years, any age 15 years, age 62	25 years, age 52.5
Final average salary is based on	Highest 36 consecutive months of last 20 years	Highest 60 consecutive months of last 20 years
Benefit percent		
Normal Retirement	50% less 2.0% for each year of credited service less than 20 years OR plus 2.0% to 2.5% for each year of credited service over 20 years, not to exceed 80%	2.5% per year of credited service, not to exceed 80%
Accidental Disability Retirement	50% or normal retirement, whichever is greater	
Catastrophic Disability Retirement	90% for the first 60 months then reduced to either 62.5% or normal retirement, whichever is greater	
Ordinary Disability Retirement	Normal retirement calculated with actual years of credited service or 20 years of credited service, whichever is greater, multiplied by years of credited service (not to exceed 20 years) divided by 20	
Survivor Benefit		
Retired Members	80% to 100% of retired member's pension benefit	
Active Members	80% to 100% of accidental disability retirement benefit or 100% of average monthly compensation if death was the result of injuries received on the job	

BEAVER DAM/LITTLEFIELD FIRE DISTRICT
Notes to the Financial Statements
June 30, 2017

NOTE 7. Pension Plans, Continued

Retirement and survivor benefits are subject to automatic cost-of-living adjustments based on excess investment earnings. In addition, from and after December 31, 2015, the Legislature may enact permanent one-time benefit increases after a Joint Legislative Budget Committee analysis of the increase's effects on the plan. PSPRS also provides temporary disability benefits of 50 percent of the member's compensation for up to 12 months.

Employees covered by benefit terms – At June 30, 2017, the following employees were covered by the agent pension plan's benefit terms:

Inactive employees or beneficiaries currently receiving benefits	-
In active employees entitled to but not yet receiving benefits	-
Active employees	<u>2</u>
Total	2

Contributions and annual cost – State statutes establish the pension contribution requirements for active PSPRS employees. In accordance with state statutes, annual actuarial valuations determine employer contribution requirements for PSPRS pension and health insurance premium benefits. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2017, active members were required to contribute 11.65 percent of their annual covered salary to the PSPRS and the District was required to contribute 20.55 percent, as determined by actuarial basis specified by state statute. The health insurance portion of the contribution rate was actuarially set at 0.42 percent. For the agent plans, the District's contributions to the pension plan were \$40,352 for the year ended June 30, 2017. Rates are a percentage of active members' annual covered payroll.

Pension Assets, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The proportion of the net pension liability is equal to the ratio of the employer's actual contributions to PSPRS during the plan year over the total of all employer contribution to PSPRS during the plan year. Since the District joined PSPRS after June 30, 2016, the District is not reporting a net pension liability and related deferred outflows/inflows of resources relating to pensions as of June 30, 2017. This information will be included in the District's financial statements in future years.

NOTE 8. Prior Period Adjustment

A prior period adjustment is made in these financial statements in the government-wide financial statements. The adjustment of \$38,451, as shown in the statement of activities, relates to an adjustment of compensated absences. See Note 5. The liability was not recorded in prior years because the amount was not determinable.

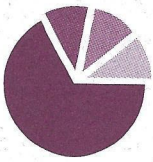
REQUIRED SUPPLEMENTARY INFORMATION

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, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Property and other taxes	\$ 425,937	\$ 425,937	\$ 465,281	\$ 39,344
Charges for services, including ambulance	200,000	200,000	213,094	13,094
Rental income	2,520	2,520	1,260	(1,260)
Other revenues, including wildland fires	130,000	130,000	301,070	171,070
Interest earnings	1,000	1,000	5,885	4,885
Total revenues	759,457	759,457	986,590	227,133
Expenditures:				
Fire protection and EMS:				
Insurance	24,460	24,460	27,061	(2,601)
Communications	53,821	53,821	52,606	1,215
Maintenance, supplies, fuel and other	169,550	169,550	126,591	42,959
Total fire protection	247,831	247,831	206,258	41,573
Department operations:				
Administrative costs	49,825	49,825	39,173	10,652
Salaries, wages and benefits	540,206	540,206	466,006	74,200
Maintenance, supplies and other	11,624	11,624	8,577	3,047
Payroll and other taxes	85,190	85,190	73,767	11,423
Training	11,400	11,400	7,071	4,329
Utilities	16,025	16,025	15,564	461
Total department operations	714,270	714,270	610,158	104,112
Debt service	-	-	47,355	(47,355)
Capital outlay - public safety	247,356	247,356	254,659	(7,303)
Contingencies	50,000	50,000	-	50,000
Total expenditures	1,259,457	1,259,457	1,118,430	141,027
Excess (deficiency) of revenues over expenditures	(500,000)	(500,000)	(131,840)	368,160
Other financing sources (uses):				
Capital lease	-	-	122,745	122,745
Sale of capital assets	-	-	10,150	10,150
Total financing sources (uses)	-	-	132,895	122,745
Net change in fund balance	(500,000)	(500,000)	1,055	490,905
Fund balance - beginning of year	894,938	894,938	894,938	-
Fund balance - end of year	\$ 394,938	\$ 394,938	\$ 895,993	\$ 490,905

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
MORRIS J. PEACOCK, CPA

PHILLIP S. PEINE, CPA
STEVEN D. PALMER, CPA
MICHAEL K. SPILKER, CPA
KEVIN L. STEPHENS, CPA
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, 2017, 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, 2018.

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 a material weakness (2015-001).

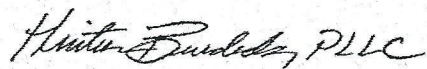
A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in a separate schedule of findings and recommendations to be significant deficiencies (2017-001, 2015-003 and 2015-004).

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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



HintonBurdick, PLLC
Mesquite, Nevada
February 15, 2018



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 FY 2016-2017 annual audit and was presented by the auditor in person in accordance with A.R.S. §48-253.

The Beaver Dam/Littlefield Fire District Governing Board by a majority voted to accept the Audit at a special board meeting held on February 20, 2018 and open to the public.


Douglas Adriance
Board Chairman

2/20/2018
DATE

ATTESTED TO:


Laura Guimond
Board Clerk

02/20/18
DATE