

Pinewood Fire Department

475 E Pinewood Blvd. / PO Box 18638

Munds Park, AZ 86017

Phone: 928-286-9885

Fax: 928-286-2595



December 23, 2015

Arizona Department of Health Services
Bureau of EMS
Ambulance and Regional Services
150 North 18th Avenue, Suite 540
Phoenix, AZ 85007

Re: Annual Audit

To Whom It May Concern,

Attached is a copy of the Pinewood Fire District's 2014/2015 Audit. I have included a copy of the annual financial report that I previously mailed.

If you have any questions please contact the Fire Chief, John Welsch or Kim Ball, Office Manager at the above phone number.

Sincerely,

A handwritten signature in black ink that reads "Kim".

Kim Ball, Office Manager
Pinewood Fire Department

RECEIVED

DEC 28 2015

BEMSTS-CON & RATES

RECEIVED

DEC 28 2015

BEMSTS-CON & RATES

EXHIBIT B
AMBULANCE REVENUE AND COST REPORT
FIRE DISTRICT and SMALL RURAL COMPANY

Arizona Department of Health Services
Annual Ambulance Financial Report

Pinewood Fire District dba Pinewood Fire Department

Reporting Ambulance Service

Report Fiscal Year
From: 07 / 01 / 14 / To: 06 / 30 / 15 /
Mo. Day Year Mo. Day Year

CERTIFICATION

I hereby verify that I have directed the preparation of the enclosed annual report in accordance with the reporting requirements of the State of Arizona.

I have read this report and hereby verify that the information provided is true and correct to the best of my knowledge.

This report has been prepared using the accrual basis of accounting.

Authorized Signature: _____ Date: _____

Print Name and Title: John W. Welsch, Fire Chief

RECEIVED

DEC 28 2015

BEMSTS-CON & RATES

A blue square stamp with a white document icon and the word "COPY" in large red letters.

Mail to:

Arizona Department of Health Services
Bureau of Emergency Medical Services
Ambulance and Regional Services
150 North 18th Avenue, Suite 540
Phoenix, AZ 85007
Telephone: (602) 364-3150
Fax: (602) 364-3567

*I sent this (signed)
previously, so NOT
TO BE LATE.*

*Thanks
Kevin*

P.S. Here is our audit

AMBULANCE REVENUE AND COST REPORT

AMBULANCE SERVICE ENTITY: Pinewood Fire District dba Pinewood Fire Department

FOR THE PERIOD FROM: July 01, 2014 **TO:** June 30, 2015

STATISTICAL SUPPORT DATA

Line No.	DESCRIPTION	(1) SUBSCRIPTION SERVICE TRANSPORTS	*(2) TRANSPORTS UNDER CONTRACT	(3) TRANSPORTS NOT UNDER CONTRACT	(4) TOTALS
01	Number of ALS Billable Transports:	N/A	N/A	229	229
02	Number of BLS Billable Transports :	N/A	N/A	0	0
03	Number of Loaded Billable Miles :	N/A	N/A	4990	4990
04	Waiting Time (Hr. & Min.):	N/A	N/A	0	0
05	Canceled (Non-Billable) Runs:	N/A	N/A		98

AMBULANCE SERVICE ROUTINE OPERATING REVENUE

06	ALS Base Rate Revenue				\$ 215,890.00
07	BLS Base Rate Revenue				0.00
08	Mileage Charge Revenue				54,191.00
09	Waiting Charge Revenue				0.00
10	Medical Supplies Charge Revenue				0.00
11	Nurses Charge Revenue				0.00
12	Standby Charge Revenue (Attach Schedule)				0.00
13	TOTAL AMBULANCE SERVICE ROUTINE OPERATING REVENUE				\$ 270,081.00

SALARY AND WAGE EXPENSE DETAIL

GROSS WAGES:

		**No. of F.T.E.s
14	Management	\$ 45,750.00
15	Paramedics and IEMTs	\$ 430,258.00
16	Emergency Medical Technician (EMT)	\$ 164,835.00
17	Other Personnel	\$ 47,301.00
18	Payroll Taxes and Fringe Benefits - All Personnel	\$ 1,030,495.00

*This column reports only those runs where a contracted discount rate was applied.

**Full-time equivalents (F.T.E.) Is the sum of all hours for which employees wages were paid during the year divided by 2080.

RECEIVED

DEC 28 2015

BEMSTS-CON & RATES

AMBULANCE REVENUE AND COST REPORT

AMBULANCE SERVICE ENTITY: Pinewood Fire District dba Pinewood Fire Department

FOR THE PERIOD FROM: July 01, 2014 TO: June 30, 2015

SCHEDULE OF REVENUES AND EXPENSES

Line No.	DESCRIPTION	FROM	
Operating Revenues:			
01	Total Ambulance Service Operating Revenue	Page 2, Line 13	\$ <u>270,081.00</u>
Settlement Amounts:			
02	AHCCCS		(<u>5,696.00</u>)
03	Medicare		(<u>70,398.00</u>)
04	Subscription Service		(<u>0.00</u>)
05	Contractual		(<u>0.00</u>)
06	Other		(<u>27,051.00</u>)
07	Total (Sum of Lines 02 through 06)		(<u>103,145.00</u>)
08	Total Operating Revenue (Line 01 minus Line 07)		\$ <u>166,936.00</u>
Operating Expenses:			
09	Bad Debt		\$ <u>1,886.00</u>
10	Total Salaries, Wages, and Employee-Related Expenses		<u>1,030,495.00</u>
11	Professional Services		<u>26,659.00</u>
12	Travel and Entertainment		<u>871.00</u>
13	Other General Administrative		<u>13,789.00</u>
14	Depreciation		<u>440,499.00</u>
15	Rent/Leasing		<u>0.00</u>
16	Building/Station		<u>13,169.00</u>
17	Vehicle Expense		<u>42,258.00</u>
18	Other Operating Expense		<u>59,587.00</u>
19	Cost of Medical Supplies Charged to Patients		<u>0.00</u>
20	Interest		<u>0.00</u>
21	Subscription Service Sales Expense		<u>303.00</u>
22	Total Operating Expense (Sum of Lines 09 through 21)		<u>1,629,516.00</u>
23	Total Operating Income or Loss (Line 08 minus Line 22)		\$ <u>(-1,462,580.00)</u>
24	Subscription Contract Sales		<u>0.00</u>
25	Other Operating Revenue		<u>63,819.00</u>
26	Local Supportive Funding		<u>1,083,616.00</u>
27	Other Non-Operating Income (Attach Schedule)		<u>0.00</u>
28	Other Non-Operating Expense (Attach Schedule)		<u>0.00</u>
29	NET INCOME/(LOSS) (Line 23 plus Sum of Lines 24 through 28)		\$ <u>(-\$315,145.00)</u>

RECEIVED

DEC 28 2015

BEMSTS-CON & RATES

RECEIVED

DEC 28 2015

BEMSTS-CON & RATES

PINEWOOD FIRE DISTRICT

FINANCIAL STATEMENTS

June 30, 2015

**Saunders Company, Ltd
6008 West Cortez Street
Glendale, Arizona 85304
Fax 602-926-2431
Phone 623-476-8660**

RECEIVED
DEC 28 2015
BEMSTS-CON & RATES

**THIS PAGE
IS
DELIBERATELY LEFT BLANK**

RECEIVED
DEC 28 2015
BEMSTS-CON & RATES

**PINEWOOD FIRE DISTRICT
MUNDS PARK, ARIZONA
FINANCIAL STATEMENTS
JUNE 30, 2015**

TABLE OF CONTENTS

	<u>PAGE</u>	<u>EXHIBIT</u>
TABLE OF CONTENTS	1	
INDEPENDENT AUDITOR'S REPORT	5	
MANAGEMENT'S DISCUSSION AND ANALYSIS	9	
BASIC FINANCIAL STATEMENTS:	17	
Government -Wide Financial Statements		
Statement of Net Position	18	A
Statement of Activities	19	B
Fund Financial Statements		
Balance Sheet - Governmental Funds	20	C
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	21	D
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position	22	E
Reconciliation of the Statement of Revenues, Expenditures And Changes in Fund Balances - Governmental Funds To the Statement of Activities	23	F
Notes to the Financial Statements	25	

RECEIVED
DEC 28 2015
BEMSTS-CON & RATES

**THIS PAGE
IS
DELIBERATELY LEFT BLANK**

RECEIVED
DEC 28 2015
BEMSTS-CON & RATES

**PINEWOOD FIRE DISTRICT
MUNDS PARK, ARIZONA
FINANCIAL STATEMENTS
JUNE 30, 2015**

	<u>PAGE</u>	<u>EXHIBIT</u>
REQUIRED SUPPLEMENTARY INFORMATION	47	
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (GAAP Basis) General Fund	49	G
Pension Financial Disclosures	50	
Notes to the Required Supplementary Information	53	
OTHER SUPPLEMENTARY INFORMATION	55	
Arizona Annual Report Information	57	
GOVERNMENT AUDIT STANDARDS SECTION	59	
GOVERNMENT AUDIT STANDARDS TABLE OF CONTENT'S	61	
Report On Internal Control Over Financial Reporting and On Compliance and Other Matters Based On An Audit Of Financial Statements Performed In Accordance with <i>Government Auditing Standards</i>	63	
INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH ARS 48-805.02	67	

RECEIVED
DEC 28 2015
BEMSTS-CON & RATES

**THIS PAGE
IS
DELIBERATELY LEFT BLANK**

RECEIVED
DEC 28 2015
BEMSTS-CON & RATES

SAUNDERS COMPANY, LTD

JAMES H. SAUNDERS, CPA, CFE, CFF, CGFM, CGMA, PI.
TRICIA E. SAUNDERS, PI.

CERTIFIED PUBLIC ACCOUNTANT
CERTIFIED FRAUD EXAMINER
CERTIFIED GOVERNMENT FINANCIAL MANAGER
LICENSED PRIVATE INVESTIGATORS #01534603, # 1003706
CERTIFIED IN FINANCIAL FORENSICS
CHARTERED GLOBAL MANAGEMENT ACCOUNTANT

6008 W. CORTEZ ST
GLENDALE, ARIZONA 85304
Tel: (623) 476-8660
Fax: (602) 926-2431
E-Mail: jamesh49@AOL.com
Redheadedcutie10@AOL.com

Member: American Institute of Certified Public Accountants
Arizona Society of Certified Public Accountants

International Association of Certified Fraud Examiners

Arizona Association of Licensed Private Investigators
Arizona Association of Certified Fraud Examiners

INDEPENDENT AUDITOR'S REPORT

To the Members of the District Board
Pinewood Fire District
Munds Park, Arizona

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Pinewood Fire District, Munds Park, Arizona, 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 as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

RECEIVED

DEC 28 2015

BEMSTS-CON & RATES

**THIS PAGE
IS
DELIBERATELY LEFT BLANK**

RECEIVED
DEC 28 2015
BEMSTS-CON & RATES

INDEPENDENT AUDITOR'S REPORT

6/30/2015

Page 2

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Pinewood Fire District, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Legal and Regulatory Requirements

Arizona Revised Statutes require disclosure of certain additional supplementary information required to comply with section 48-251 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by statute as an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2015, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Saunders Company, Ltd.

Glendale, Arizona
December 18, 2015

RECEIVED
DEC 28 2015
BEMSTS-CON & RATES

**THIS PAGE
IS
DELIBERATELY LEFT BLANK**

RECEIVED
DEC 28 2015
BEMSTS-CUN & RATES

Pinewood Fire District

Management's Discussion and Analysis of Basic Financial Statements June 30, 2015

The following discussion and analysis of the Pinewood Fire District (the district's) financial performance presents management's overview of the District's financial activities for the year ended June 30, 2015. Please read it in conjunction with the District's basic financial statements, which begin immediately following this analysis. This annual financial report consists of two parts, Management's Discussion and Analysis (this section) and the Basic Financial Statements.

Nature of Operations

The Pinewood Fire District provides Fire, Ambulance, and Paramedic services to homes, property and persons residing within the District boundaries, as well as services to locations and persons outside the District thru mutual aid agreements and service contracts.

Results of Operations

The Pinewood Fire District has accomplished the following in Fiscal-Year 2014-2015:

Emergency Response:

- 53 Fire calls
- 336 EMS calls
- 124 Special duty/citizen assist
- 513 Total Responses
- 230 Ambulance transports
- 159 People seen in Medical Room

Equipment Purchases:

- Portable light tower/generator
- Digital radio equipment

Programs and Services:

- Bear Jaw Fuels Module Wildland/Urban Interface Fire Prevention program
 - Preparation and fuels reduction in Munds Canyon
 - Citizen assistance in private parcel fuels reduction
 - Wildland/Urban interface survey and homeowner recommendation
 - Wildland Awareness Day presentation
- Reflective numbering program
- Burn permit program
- Burn Barrel Loan program
- Kids Safety Day
- Blood pressure and health screening program
- Webpage revision to include information access and notification program

- Review and revision of Departmental Standard Operating Procedures
- Citizen CPR and Defibrillator program
- Munds Park Citizen Health and Fitness program
 - Zumba and Tai Chi classes geared toward target age group
- Firefighter Health and Fitness program
 - Peer review fitness trainer certification and adoption
 - Annual firefighter physical examination
 - λ Career staff
 - λ Volunteer staff
- Volunteer Firefighter Recruiting program
- Firewise Community program support
 - FireWise awareness art contest
 - FireWise Community Board participation
- Community Emergency Response Team (CERT) program support

Grant Acquisition and Management, Donations, and Outside Revenue Acquisition :

Grants:

- Staffing for Adequate Fire and Emergency Response (volunteer recruiting) grant (FEMA)
 - 14 total volunteers by close of fiscal year
 - Recruiting and Retention Officer reassigned
 - Recruiting and Retention plan updated and improved
 - Grant extension submitted and approved
- Fire Prevention and Safety grant through FEMA completed and closed out
 - Smoke Alarms
 - Public Education
- Governor's Office of Highway Safety Grant
 - Portable generator and light tower acquisition
- Arizona State Forestry Wildland/Urban Interface Fuels Reduction Grant
 - Extension submitted and approved

Donations:

- Pinewood Fire Department Auxiliary -
 - Commercial kitchen equipment
 - Assistance in digital radio equipment purchase
- Pinewood Property Owner's Association
 - Purchase of digital radio equipment for communications upgrade

Outside Revenue:

- Emergency Response to Interstate 17 billing
 - Insurance company billing for engine response to accidents
- Ambulance Billing
 - Insurance company billing to support ambulance services
- Emergency Response to Wildland Events
 - Bear Jaw Fuels Module Response as firefighting resource
- Service Contract
 - Fire service contract for property outside district boundaries
- Lease Agreement
 - AT&T cellular tower site lease

RECEIVED

DEC 28 2015

BEMSTG-CON & RATES

Financial Highlights

- λ District investment in capital assets decreased by \$128,248 or 29.11%.
- λ The District's net position decreased \$2,433,474 or 237.98% from the previous fiscal year.
- λ Total Operating revenues increased \$74,123 or 2.98% over the previous fiscal year.
- λ At the end of the current fiscal year, unrestricted net position for the Governmental fund was \$(1,410,921).

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

The main purpose of these statements is to provide the reader with sufficient information to assess whether or not the District's overall financial position has improved or deteriorated.

Government - Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to private-sector business.

The statement of net assets presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, use fund accounting to ensure and demonstrate compliance with finance related legal requirements.

RECEIVED
DEC 28 2015
BEMSTS-CON & RATES

Net Position June 30, 2015

	BALANCE <u>JUNE 30, 2014</u>	BALANCE <u>JUNE 30, 2015</u>
Invested in Capital Assets net of related debt	\$ 173,377	\$ 68,968
Unrestricted	<u>849,176</u>	<u>(1,479,889)</u>
Total Net Position	<u>\$ 1,022,553</u>	<u>\$ (1,410,921)</u>

Governmental Activities

Most of the revenues for the District were derived from assessed property taxes and Fire District Assistance Tax from the County.

Additional Revenues were derived from a fire protection contract with out of district properties, a lease agreement for onsite cellular phone equipment with AT&T, out-of-district billing for responses to Interstate 17 vehicle accidents and payment for response to State of Arizona Forester's dispatches, and billing for ambulance services.

The Pinewood Fire District has also been the recipient of further outside revenue streams in the form of grants and donations. This includes a continuing Federal Emergency Management Agency (FEMA) Staffing for Adequate Fire and Emergency Response (SAFER) grant, an Arizona Forester's Office Wildland/Urban Interface grant, a Governor's Office of Highway Safety grant, and equipment and monetary donations from the Pinewood Fire Department Auxiliary and Pinewood Property Owner's Association.

General Fund Budgetary Highlights

The Pinewood Fire District was able to meet its goals of remaining within our budget while improving service delivery and following our strategic plan during this fiscal year through the acquisition of grant funding to expand our volunteer firefighter program and hire three additional firefighters to bring our primary response engine up to minimum National Fire Protection Association (NFPA) standards.

Additionally, our organization was able to maintain the necessary capital reserve to ensure future development as outlined in our strategic plan as it regards capital equipment replacement.

RECEIVED
DEC 28 2015
BEMSTS-CON & RATES

The district continues in its program involving all members in the management, development, and planning associated with budget development and disbursement through the divisional management program. In its seventh year, the successful management of our organization continues to lie on the shoulders of our most important asset, the people of the Pinewood Fire District. Without the full and complete cooperation that has been developed between our Board of Directors, Fire Administration and the bargaining group, we would not have been able to achieve the lofty goals established by these three entities, and therefore, would not be able to serve our citizens in such an efficient and complete fashion.

Capital Asset and Debt Administration

Capital Assets

In order to continue to provide the best service possible, the District spends a portion of the budget on fixed asset acquisition and capital projects.

For fiscal year ended June 30, 2015 the District purchased, had contributed, or constructed the following assets:

- o Portable light tower/generator
- o Digital radio equipment and broadcast sites

RECEIVED

DEC 28 2015

BEMSTS-CON & RATES

Capital Assets, Net of Depreciation June 30, 2015

	<u>BALANCE</u> <u>06/30/2014</u>	<u>BALANCE</u> <u>06/30/2015</u>
<u>Depreciable Assets</u>		
Vehicles	\$1,319,712	\$ 1,319,712
Buildings	241,605	241,605
Equipment, Admin	34,928	34,928
Equipment, Fire	<u>687,499</u>	<u>698,498</u>
Total Historical Costs	<u>2,283,744</u>	<u>2,294,743</u>
Less Accum Depreciation		
Vehicles	989,549	1,105,077
Buildings	241,605	241,605
Equipment, Admin	34,928	34,928
Equipment, Fire	<u>634,263</u>	<u>657,982</u>
Less: Total Accumulated Depreciation	<u>1,900,345</u>	<u>2,039,592</u>
Depreciable Capital Assets, Net	383,399	255,151
<u>Non-Depreciable Assets</u>		
Land	<u>57,100</u>	<u>57,100</u>
Capital Assets, Net	<u>\$ 440,499</u>	<u>\$ 312,251</u>

Long Term Debt

At the end of the current fiscal year, the District had debt outstanding of \$332,670. All of the debt is backed by the full faith and credit of the District.

RECEIVED
DEC 28 2015
BEMSTS-CON & RATES

Outstanding Debt

	<u>Balance</u> <u>June 30, 2014</u>	<u>Balance</u> <u>June 30, 2015</u>
Fire Truck	\$ 267,122	\$ 243,283
Total Lease Obligations	267,122	243,283
Compensated Absences	<u>61,002</u>	<u>89,387</u>
Totals	<u>\$ 328,124</u>	<u>\$ 332,670</u>

Factors Affecting Future Results

The District is subject to general economic conditions such as increases or declines in property tax value or other types of revenues that vary with economic conditions.

Within the next three to five years, the Pinewood Fire District expects to construct a new fire station on the present site that will provide a higher level of safety for the various community groups that utilize our facilities, provide for a safer and healthier living environment for our firefighters, reduce our liability in the storage and maintenance of fire apparatus and equipment, and expand our capabilities in providing service to the community. It is hoped that this project will utilize grant funding for most, if not all of the costs associated with a construction project of this magnitude.

Additionally, the Pinewood Fire District expects to renegotiate a contract to provide fire and EMS services to that community.

With the current decline in tax revenues, the district is constantly looking for outside revenue streams to support our operational capability without impacting citizen tax burden. We feel the addition of this contract supporting the continued growth and development of the Foxboro Ranch project, will continue to assist us in this pursuit with the end goal of annexation of the Foxboro community.

Contacting the District

This financial report is designed to provide an overview of the District's finances for anyone with an interest in the government's finances. Any questions regarding this report or requests for additional information may be directed to the Pinewood Fire District at:

PO Box 18638
Munds Park, AZ 86017
Phone – 928-286-9885
Fax – 928-286-2595

RECEIVED
DEC 28 2015
BEMSTG-CON & RATES

**THIS PAGE
IS
DELIBERATELY LEFT BLANK**

RECEIVED
DEC 28 2015
BEMSTS-CON & RATES

BASIC FINANCIAL STATEMENTS

RECEIVED
DEC 28 2015
BEMSTS-CON & RATES

**PINEWOOD FIRE DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2015**

Exhibit A

**Governmental
Activities**

ASSETS

Cash & Cash Equivalents (Note 3)	\$	984,735
Receivables:		
Ambulance Service Fees, Net Allowance for doubtful accounts (Note 5)		44,114
Grants		65,183
Property Taxes (Note 6)		34,703
Total Capital Assets, Net (Note 7)		312,251
Total Assets		1,440,986

DEFERRED OUTFLOW OF RESOURCES

Deferred Pension (Note 8)		32,842
Total Deferred Outflow of Resources		32,842

LIABILITIES

Accounts Payable		11,009
Payroll Taxes Payable		68,667
Wages Payable		39,968
Net Pension Liability		2,321,010
Compensated Absences (Note 11)		
Portion due within one year		22,347
Portion due after one year		89,387
Lease/Purchases Payable (Note 12)		
Portion due within one year		25,124
Portion due after one year		218,159
Total Liabilities		2,795,671

DEFERRED INFLOW OF RESOURCES

Deferred Pension (Note 8)		66,368
Deferred Property Taxes (Note 8)		22,710
Total Deferred Inflow of Resources		89,078

NET POSITION

Invested in Capital Assets, Net of related Debt Unrestricted (Note 14)		68,968
		(1,479,889)
Total Net Position		\$ (1,410,921)

RECEIVED
DEC 28 2015
BEMSTS-CON & RATES

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

**PINEWOOD FIRE DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015**

Exhibit B

**Governmental
Activities**

EXPENSES

Public Safety - Fire/EMS Protection		
Personnel Services	\$	1,496,652
Materials & Services		1,012,203
Depreciation		139,247
		<hr/>
Total Program Expenses		2,648,102
		<hr/>

PROGRAM REVENUES

Operating and Capital Grants		230,931
Charges for Service		292,555
		<hr/>
Total Program Revenues		523,486
		<hr/>
Net Program Expense		2,124,616
		<hr/>

GENERAL REVENUES

Property Taxes		1,692,378
Fire District Assistance		286,176
Investment Earnings		3,638
Miscellaneous		57,022
		<hr/>
Total General Revenues		2,039,214
		<hr/>

Decrease in Net Position		(85,402)
--------------------------	--	----------

NET POSITION-BEGINNING OF THE YEAR		<hr/> (1,325,519)
---	--	--------------------------

NET POSITION-END OF THE YEAR		<hr/> \$ (1,410,921)
-------------------------------------	--	-----------------------------

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

RECEIVED
DEC 28 2015
BEMSTS-CON & RATES

**PINEWOOD FIRE DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2015**

Exhibit C

General

ASSETS

Cash and Cash Equivalents (Note 3)		\$ 984,735
Receivables:		
Ambulance Service Fees, Net Allowance for Doubtful Accounts (Note 5)		44,114
Grants		65,183
Wildland		
Property Taxes (Note 6)		<u>34,703</u>
Total Assets		<u><u>\$ 1,128,735</u></u>

LIABILITIES

Accounts Payable		\$ 11,009
Payroll Taxes Payable		68,667
Wages Payable		39,968
Compensated Absences (Note 11)		<u>22,347</u>
Total Liabilities		<u>141,991</u>

DEFERRED INFLOW OF RESOURCES

Unavailable Property Tax Revenue (Note 8)		<u>22,710</u>
Total Deferred Inflow of Resources		<u>22,710</u>

FUND BALANCES

Unassigned (Note 14)		<u>964,034</u>
Total Fund Balances		<u>964,034</u>
Total Liabilities & Fund Balances		<u><u>\$ 1,128,735</u></u>

RECEIVED

DEC 28 2015

BEMSTS-CON & RATES

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

**PINEWOOD FIRE DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED
JUNE 30, 2015**

Exhibit D

	General
REVENUE	
Property Taxes	\$ 1,692,378
Fire District Assistance Tax	286,176
Fees for Service	292,555
Interest	3,638
Grants	230,931
Miscellaneous	57,022
Total Revenues	2,562,700
EXPENDITURES	
Current:	
Public Safety	2,242,415
Administration	230,246
Debt Service	
Principal	23,839
Interest	14,398
Capital Outlay	10,999
Total Expenditures	2,521,897
Excess (Deficiency) of Revenues over Expenditures	40,803
Net Change in Fund Balances	40,803
Fund Balances-Beginning of Year	923,231
Fund Balances-End of Year	\$ 964,034

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

RECEIVED
DEC 28 2015
BEMSTS-CON & RATES

**PINEWOOD FIRE DISTRICT
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2015**

Exhibit E

**Reconciliation of Governmental Fund Balance to Net Position
(Exhibit A) of governmental activities:**

Fund Balances - Total Governmental Funds (Exhibit C)	\$	964,034
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
<p>Capital Assets used in governmental activities are not financial resources and, therefore are not reported in the other funds.</p>		
Governmental Capital Assets		2,351,843
Less: Accumulated Depreciation		<u>(2,039,592)</u>
		312,251
Deferred Outflows of Resources		32,842
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		(332,670)
Net Pension Liability Restated per GASB #68		(2,321,010)
Deferred Inflows of Resources		<u>(66,368)</u>
Net Position of Governmental Activities (Exhibit A)	\$	<u><u>(1,410,921)</u></u>

RECEIVED
DEC 28 2015
BEMSTS-CON & RATES

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

**PINEWOOD FIRE DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED
JUNE 30, 2015**

Exhibit F

**Reconciliation of the change in fund balance-total governmental funds
to the change in net position of governmental activities:**

Net Change in Fund Balances - Total Governmental Funds (Exhibit D)	\$	40,803
---	----	--------

Amounts reported for governmental activities in the statement of activities (Exhibit B) are different because of the following:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital outlay in the current period.		(128,248)
--	--	-----------

Net Changes in Deferred Outflows and Inflows of Resources		(2,504)
---	--	---------

The issuance of long-term debt (e.g., bonds, leases, leave) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.		4,547
---	--	-------

Change in Net Position of Governmental Activities (Exhibit B)	\$	<u>(85,402)</u>
---	----	-----------------

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

**RECEIVED
DEC 28 2015
BEMSTS-CON & RATES**

**THIS PAGE
IS
DELIBERATELY LEFT BLANK**

RECEIVED
DEC 28 2015
BEMSTS-CON & RATES

PINEWOOD FIRE DISTRICT
MUNDS PARK, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The District is a local governmental unit formed as a political subdivision of the local county which is a political subdivision of the State of Arizona. The District was formed under the provisions of Title 48 of Arizona Revised Statutes. The District operates under the guidance of an elected board, which is the policy making body of the District. The purpose of the District is to provide fire protection, emergency medical and related services to the residents and guests of the District and the surrounding area. The day to day operations are supervised by a fire chief and his staff.

The District has the power to issue bonds, levy taxes, bill for services and raise revenues with the power of the County government. The District has the power to expend public funds for any legitimate purpose required to further its needs. The District operates as an independent governmental agency directly responsible to the local taxpayers and voters.

Introduction

Accounting principles generally accepted in the United States of America require that the reporting entity include the primary government, all organizations for which the primary government is financially accountable, and other organizations which by nature and significance of their relationship with the primary government would cause the financial statements to be incomplete or misleading if excluded. Blended component units, although legally separate entities, are, in substance, part of the government's operations; therefore, data from these units are combined with data of the primary government. Based on these criteria, there are no component units requiring inclusion in these financial statements.

Basic Financial Statements

The accounting policies for the District conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies are described below.

RECEIVED
DEC 28 2015
BEMSTS-CON & RATES

Government-wide 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 District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to users of the services provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as general revenues.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental funds

Governmental Fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available as net current assets. All sources of revenue except interest become measurable when the District has rendered a service. Interest revenue is measurable when its rate becomes known. Revenues are considered available if they are received within 60 days of the end of any accounting period. Expenditures are generally recognized when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The District reports the following major governmental funds:

The *General Fund* is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.

RECEIVED

DEC 28 2015

BEMSTS-CON & RATES

Financial Statements Amounts

Cash & Cash Equivalents

All savings, checking and money market accounts with an original maturity of less than 60 days are considered to be cash equivalents.

Prepaid Items

Payments to vendors that benefit future accounting periods are classified as prepaid items until charged to expenditures in the period benefited.

Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$2,500 and an estimated useful life of more than two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend lives are not capitalized.

Property, plant and equipment are depreciated using the straight-line method over the following useful lives:

Buildings	27.5 to 40 years
Equipment	5 to 7 years
Fire Trucks	10 years
Automobiles	5 years
Office Equipment	5 years

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 or fund balance that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Compensated Absences

Accumulated unpaid vacation and leave time is normally accrued when incurred. The anticipated current portion of employee leave is accrued in the governmental fund, while the long term portion is recorded only in the long term group of accounts.

Long-Term Obligations

In the government-wide financial statements, long term debt and other long term obligations are reported as liabilities in the applicable governmental activities or business-type activities in the statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Net Position/Fund Equity

Net Position on Government Wide Financial Statements – Exhibit A

Fund Equity, as defined in GASB Statement No. 34, “Basic Financial Statements for State and Local Governments” is defined as net position and is classified in the following categories:

- λ Restricted—amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

RECEIVED

DEC 28 2015

BEMSTS-CON & RATES

- λ Unrestricted – this balance is the amount of equity which is not included in the Restricted fund balance and the Investments in Capital Assets balances.
- λ Investment in Capital Assets Net of related Debt – This consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

Fund Balances on Government Fund Financial Statements – Exhibit C

Beginning with fiscal year ended June 30, 2010, the District implemented GASB Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions.” This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government’s fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

- λ Nonspendable fund balance—amounts that are not in a spendable form (such as inventory) or are required to be maintained intact.
- λ Restricted fund balance—amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- λ Committed fund balance—amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (i.e., District Board). To be reported as committed, amounts cannot be used for any other purpose unless the Board takes the same highest level action to remove or change the constraint.
- λ Assigned fund balance—amounts the District intends to use for a specific purpose. Intent can be expressed by the District Board or by an official or body to which the District Board delegates the authority.
- λ Unassigned fund balance—amounts that are available for any purpose. Positive amounts are reported only in the general fund.

The District Board establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by District Board through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service, or for other purposes).

RECEIVED
 DEC 28 2015
 BEMSTS-CON & RATES

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amount and disclosures in the financial statements. Actual results could differ from those estimates.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

A fire district shall prepare an annual budget that contains detailed estimated expenditures for each fiscal year and that clearly shows salaries payable to employees of the district. The budget summary shall be posted in three public places and a complete copy of the budget shall be published on the district's official website for twenty days before a public hearing at a meeting called by the board to adopt the budget. Copies of the budget shall also be available to members of the public on written request to the district. Following the public hearing, the district board shall adopt a budget. A complete copy of the adopted budget shall be posted in a prominent location on the district's official website within seven business days after final adoption and shall be retained on the website for at least sixty months. For any fire district that does not maintain an official website, the fire district may comply with this subsection by posting on a website of an association of fire districts in this state. ARS 48-805.2(a)

Pursuant to ARS 48.805.2(d), all fire district are required to submit certain information accompanying the budget which has been certified to by the chairman and clerk of the District Board. The budget and the accompanying certification are required to be submitted to the County Board of Supervisors no later than August 1st of each year.

Budgets are adopted by the District on basis consistent with Arizona Revised Statutes.

Encumbrance accounting is not employed by the District. All appropriations lapse at year-end.

RECEIVED
DEC 28 2015
BEMSTS-CON & RATES

NOTE 3 - DEPOSITS, INVESTMENT RISK & CASH MANAGEMENT

Deposits and Investments

The deposit of public funds is regulated by Arizona Revised Statutes (ARS). ARS 48-807 allows the District to establish bank accounts with any financial institution that is authorized to do business in the State of Arizona for the purpose of operating a payroll account, holding special revenues, ambulance revenues or both as necessary to fulfill the District's fiduciary responsibilities. The District may also establish, through the County Treasurer, accounts for monies from property taxes, grants, contributions and donations. The County Treasurer is required to establish a fund known as the "fire district general fund" for the receipt of all taxes levied on behalf of the District.

The District may register warrants only if separate accounts are maintained by the County Treasurer for each governmental fund of the District. Warrants may only be registered on the maintenance and operation account, the unrestricted capital outlay account and the special revenue accounts, and only if the total cash balance of all three accounts is insufficient to pay the warrants and only after any revolving line of credit has been expended. Registered warrants may not exceed ninety per cent of the taxes levied by the County for the District's current fiscal year. Registered warrants bear interest as prescribed by statute and are redeemed as provided for by law for County warrants.

Unless monies are legally restricted by contract, agreement or law, those monies may be transferred between fund accounts according to the original or amended budget of the Fire District.

Any surplus remaining the fire district general fund at the end of the fiscal year shall be credited to the fire district general fund of the district for the succeeding fiscal year and after subtraction of accounts payable and encumbrances, shall be used to reduce the tax levy for the following year.

The District accounts with the County Treasurer are part of an investment pool operated by the County Treasurer which is in turn invested in the Local Government Investment Pool (LGIP) operated by the Arizona State Treasurer. The risk category (defined below) cannot be determined, as the District does not own identifiable securities, but only as a shareholder in the statewide pool.

RECEIVED
DEC 28 2015
BEMSTS-CON & RATES

Financial institutions accepting governmental monies in the State of Arizona are required to collateralize at 102% all government deposits which exceed the FDIC insurance limit. The current FDIC limit is \$250,000 for the total of all interest bearing accounts and \$250,000 for the total of all demand deposit accounts. The collateralization is required to be separately identifiable securities and be held by a third party financial institution or trust agency. A.R.S. (Title 35) requires this to be monitored by the State Treasurer's Office.

The District may also place monies in investments which are subject to the risks identified below.

The following is a summary of the Cash and Cash Equivalents held by financial institutions at June 30, 2015:

DEPOSITORY ACCOUNTS:

	<u>General Fund</u>
Insured Deposits (FDIC)	\$ 250,000
Collateralized	659,017
Uninsured & uncollateralized	<u>94,375</u>
Total Deposits	1,003,392
In Transit Items	<u>(18,857)</u>
Total Depository Accounts	984,535

NON DEPOSITORY ACCOUNTS

Cash on Hand	<u>200</u>
Total Non Depository Accounts	<u>200</u>
Total Cash & Cash Equivalents	<u>\$ 984,735</u>

Custodial Credit Risk. Custodial credit risk is the risk that, in the event of the failure of the counterparty, the system will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments in external investment pools and in open-end mutual funds are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

The District does not invest in any identifiable securities. District investments are limited to open-end mutual funds.

RECEIVED

DEC 28 2015

BEMSTS-CON & RATES

<u>Custodial Credit Risk For:</u>	<u>Rating</u>	<u>Rating Agency</u>	<u>Amount</u>
County Treasurer Pool	Unrated	Not Applicable	\$ 94,375

Credit Risk Statutes authorize the District to invest in obligations of the U.S. Treasury and federal agency securities, along with certain public obligations, such as bonds or other obligations of any state of the United States of America or of any agency, instrumentality, or local governmental unit of any such state in which the District invests, that are rated in the highest rating category of nationally recognized statistical rating organizations.

Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk.

The District normally invests only in FDIC insured bank accounts, accounts collateralized above FDIC insurance limits in commercial banks, the County Treasurer's investment pool, which is reinvested in the Arizona State Treasurer Local Government Investment Pool (LGIP), and open-end mutual stock funds of commercial brokerage firms.

No ratings were available for any of the District's investments and those investments are considered unrated.

Concentration of Credit Risk Concentration of credit risk is associated with investments in any one issuer that represent 5 percent or more of total investments. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are considered as excluded from this requirement.

The District invests only in FDIC banking institutions, mutual funds and government investment pools. The District does not have a policy relating to concentration of credit risk.

Interest rate risk: This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Interest rate risk factors and information are not available for the mutual fund investments of the District.

The weighted average maturity of the LGIP-GOV pool at June 30, 2015:

For Pool 5	40 Days
For Pool 7	47 Days
For Pool 500	1.54 Years
For Pool 700	1.73 Years

RECEIVED
DEC 28 2015
BEMSTS-CON & RATES

Risk Management

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and the public; and natural or manmade disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have never exceeded commercial insurance coverage for the District.

In addition, as the owner and operator of emergency response vehicles, the District is exposed to a high risk of loss related to these activities. The District carries commercial insurance on all vehicles and requires insurance coverage on all privately owned vehicles used for District activities.

Custodial risk of deposit and investment accounts is the risk that in the event of a failure, the District's deposits may not be returned to it. The District does not have a policy for custodial risk, concentration of risk, concentration of credit risk, interest rate risk, or foreign currency risk for deposits or investments.

NOTE 4 - INVENTORIES

The costs of governmental fund-type inventories are recorded as expenditures when purchased. All inventories of the District are considered immaterial.

NOTE 5 - RECEIVABLES

General and governmental fund receivables are recorded as received except for those funds collected and held by other governments on behalf of the Fire District. These amounts are recorded as soon as they are measurable and available in accordance with governmental accounting standards.

Ambulance receivables were \$55,052 with an allowance for bad debt of \$10,938 at June 30, 2015. This gave a net of \$44,114 which was expected to be collectable, before contractual writeoffs.

Grant receivables were \$65,183 with an allowance for bad debt of \$0 at June 30, 2015. This gave a net of \$65,183 which was expected to be collectable.

NOTE 6 – PROPERTY TAX REVENUE RECEIVABLE

Property Tax Receivables arises when property taxes are levied but not currently collected. The collectible portion (taxes levied less estimated uncollectible) are recorded as deferred inflow of resources in the period when an enforceable legal claim to the assets arise.

RECEIVED

DEC 28 2015

BEMSTS-CON & RATES

NOTE 7 - CAPITAL ASSETS

Capital asset activity for the year ended.

	<u>BALANCE</u> <u>06/30/2014</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE</u> <u>06/30/2015</u>
<u>Depreciable Assets</u>				
Vehicles	\$1,319,712	\$ 0	\$ 0	\$ 1,319,712
Buildings	241,605	0	0	241,605
Equipment, Admin	34,928	0	0	34,928
Equipment, Fire	<u>687,499</u>	<u>10,999</u>	<u>0</u>	<u>698,498</u>
Total Historical Costs	<u>2,283,744</u>	<u>10,999</u>	<u>0</u>	<u>2,294,743</u>
Less Accum Depreciation				
Vehicles	989,549	115,528	0	1,105,077
Buildings	241,605	0	0	241,605
Equipment, Admin	34,928	0	0	34,928
Equipment, Fire	<u>634,263</u>	<u>23,719</u>	<u>0</u>	<u>657,982</u>
Less: Total Accumulated Depreciation	<u>1,900,345</u>	<u>139,247</u>	<u>0</u>	<u>2,039,592</u>
Depreciable Capital Assets, Net	383,399	(128,248)	0	255,151
<u>Non-Depreciable Assets</u>				
Land	<u>57,100</u>	<u>0</u>	<u>0</u>	<u>57,100</u>
Capital Assets, Net	<u>\$ 440,499</u>	<u>\$ (128,248)</u>	<u>\$ 0</u>	<u>\$ 312,251</u>

RECEIVED
DEC 28 2015
BEMSTS-CON & RATES

NOTE 8 - DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

Pursuant to GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position," and GASB Statement No. 65, "Items Previously Reported as Assets and Liabilities," the District recognized deferred outflows of resources in the governmentwide statements. These items are a consumption of net position by the District that is applicable to a future reporting period. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. The District has two items that are reportable on the Governmentwide Statement of Net Position: the first item relates to outflows from changes in the net pension liability and the second item relates to property taxes.

Deferred outflows of resources balances for the year ended June 30, 2015 were as follows:

Governmentwide Deferred Outflows	
Government Activities	
Pensions	<u>\$32,842</u>
Total Governmental Activities	<u>\$32,842</u>

Deferred Inflows of Resource balances for the year ended June 30, 2015 were as follows:

Governmentwide Deferred Inflows	
Government Activities	
Property Taxes	\$22,710
Pensions	<u>66,368</u>
Total Governmental Activities	<u>\$89,078</u>

NOTE 9 - CONTINGENT LIABILITIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

RECEIVED

DEC 28 2015

BEMSTS-CON & RATES

NOTE 10 – SHORT-TERM INDEBTEDNESS

The District utilizes a credit line with a limit of \$250,000.00. As of June 30, 2014, the balance outstanding was approximately \$ 0 and \$250,000.00 was available. The interest rate, at year end, was approximately 5.13%. The District routinely pays the balance in full when funds are available.

Changes in Short-Term Indebtedness :

	<u>Balance</u> <u>June 30, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2015</u>
Line of Credit	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
Totals	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>

NOTE 11 – ACCUMULATED COMPENSATED ABSENCES

Accumulated unpaid vacation and leave time is accrued when incurred. The current portion of such amounts has been accrued in the governmental fund (using the modified accrual basis of accounting).

The District has adopted a policy of progressively vesting sick leave based on years of service and hours of unused sick leave accumulated. This has resulted in a sick leave amount \$162,031, at June 30, 2015.

NOTE 12 – LONG-TERM INDEBTEDNESS

In the government-wide financial statements, long term debt and other long term obligations are reported as liabilities in the applicable governmental activities or business-type activities in the statement of net assets.

General Obligation Bonds

The District does not currently have any general obligation bonds.

Operating Leases

The District does not currently have any operating leases.

RECEIVED
DEC 28 2015
BEMSTS-CON & RATES

Capital Leases

Fire Truck: On April 15, 2008, the District entered into a lease / purchase agreement for the purchase of a OshKosh Fire Engine with OshKosh Credit. The original amount financed was \$446,282 at an interest rate of 5.390% for a term of fifteen years with annual payments in the amount of \$38,237 with the payment due in April 2009.

Changes in Long-Term Indebtedness :

	Balance <u>June 30, 2014</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2015</u>
Fire Truck	\$ 267,122	0	\$ 23,839	\$ 243,283
Total Lease Obligations	267,122	0	23,839	243,283
Compensated Absences	61,002	28,385	0	89,387
Totals	<u>\$ 328,124</u>	<u>\$ 28,385</u>	<u>\$ 23,839</u>	<u>\$ 332,670</u>

NOTE 13 - FUTURE MINIMUM LEASE/PURCHASE OBLIGATIONS

The future minimum lease/purchase obligations and the net present value of these minimum lease/purchase payments as of June 30, 2015, were as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 25,124	\$ 13,113	\$ 38,237
2017	26,478	11,759	38,237
2018	27,905	10,332	38,237
2019	29,409	8,828	38,237
2020	30,995	7,242	38,237
2021/2023	<u>103,372</u>	<u>11,338</u>	<u>114,710</u>
Total Obligation	243,283	<u>\$ 62,612</u>	<u>\$ 305,895</u>
Less amount due within 1 year	<u>25,124</u>		
Amount due after 1 year	<u>\$ 218,159</u>		

RECEIVED

DEC 28 2015

BEMSTS-CON & RATES

NOTE 14 – NET POSITION/FUND BALANCE

The District's Net Position balances consist of restricted, unrestricted, nonspendable and net investment in capital assets amounts.

The District's Governmental Funds fund balance consist of restricted, committed, assigned, nonspendable and unassigned amounts.

Restricted balances are amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Committed fund balance is amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (i.e., District Board). To be reported as committed, amounts cannot be used for any other purpose unless the Board takes the same highest level action to remove or change the constraint.

Assigned fund balance is amounts the District intends to use for a specific purpose. Intent can be expressed by the District Board or by an official or body to which the District Board delegates the authority.

Unassigned fund balance is amounts that are available for any purpose. Positive amounts are reported only in the general fund.

Nonspendable balances are amounts that are not in a spendable form such as inventories or pre-paid expenses.

Net Position :

Invested in Capital Assets, Net of Related Debt	\$ 68,968
Unrestricted	<u>(1,479,889)</u>
Total Net Position	<u>\$(1,410,921)</u>

Governmental Fund Balances :

Unassigned Fund Balances	\$ <u>964,034</u>
Total Fund Balance	\$ <u>964,034</u>

RECEIVED
DEC 28 2015
BEMSTS-CON & RATES

NOTE 15 - PROPERTY TAXES

The District is authorized to levy property taxes in an amount sufficient to operate the District. This levy cannot exceed three dollars and twenty-five cents per one hundred dollars of assessed valuation. It also cannot exceed the amount of the levy in the preceding tax year multiplied by 1.08.

The District levies real property taxes on or before the third Monday in August that become due and payable in two equal installments. The first installment is due on the first day of October and becomes delinquent after the first business day of November. The second installment is due on the first day of March of the next year and becomes delinquent after the first business day of May.

The District also levies various personal property taxes during the year, which are due at the same time as real property taxes.

A lien assessed against real and personal property attaches on the first day of January preceding assessment and levy.

The taxpayers may, by vote of the electorate, authorize either a five year budget override or a permanent override, depending upon certain criteria being met. The taxpayers also may authorize the issuance of bonds for capital acquisitions in addition to the operating taxes referred to above.

The County collects a County-Wide Fire District Assistance Tax (FDAT) and distributes the funds to all Fire Districts in the County, according to a formula established by state law. The maximum awarded to a District cannot exceed \$400,000 per year.

NOTE 16 - EMPLOYEE RETIREMENT SYSTEMS (SEE ALSO THE REQUIRED SUPPLEMENTAL INFORMATION)

Plan Descriptions

The District contributes to the two plans described below. Benefits are established by state statute and the plans generally provide retirement, long-term disability, and health insurance premium benefits, including death and survivor benefits. The retirement benefits are generally paid at a percentage, based on years of service, of the retirees' annual compensation. Long-term disability benefits vary by circumstance, but generally pay a percentage of the employee's monthly compensation. Health Insurance premium benefits are generally paid as a fixed dollar amount per month towards the retiree's healthcare insurance premiums, in amounts based on whether the benefit is for the retiree or for the retiree and his or her dependents.

The Arizona State Retirement System (ASRS) administers a cost sharing, multiple-employer defined benefit pension plan, a cost-sharing, multiple employer defined health insurance premium plan, and a cost-sharing, multiple employer defined long-term disability plan that covers employees of the State of Arizona and employees of participating political subdivisions and school districts. The ASRS is governed by the Arizona State Retirement System Board according to provisions of the A.R.S. Title 38, Chapter 5, Article 2. The ASRS System does not provide information on each individual entity that has an account in the System. Information provided in this report is based on the information provided by ASRS, which is on a state wide basis.

Normal retirement is when an individual achieves 80 points, which is age plus years of service after age 62. Retirement benefits are computed by the Arizona State Retirement System.

The information required by GASB 50 paragraph 7b, three year trend information, is not currently available.

The Public Safety Personnel Retirement System (PSPRS) administers an agent multiple-employer defined benefit pension plan and an agent multiple-employer defined health insurance premium plan that covers public safety personnel who are regularly assigned hazardous duty as employees of the State of Arizona or participating political subdivisions. The PSPRS, acting as a common investment and administration agent, is governed by a five-member board known as The Fund Manager, and the participating local boards according to the provisions of A.R.S. Title 38, Chapter 5, Article 4.

Normal retirement is on completion of 20 years of service or 15 years of service and attainment of age 62. Retirement benefits after 20 years are 50% of average monthly compensation plus an additional 2% for each year of service from 20 to 25 years. Upon attainment of 25 years of service the additional percentage is increased to 2 ½ % for each year beyond 20. Maximum pension is 80% of average compensation. All participants are fully vested upon 10 years of service with deferred retirement possible at reduced benefits. Disability, survivor's benefits and medical care are also integrated into the plan.

ASRS
3300 N. Central Avenue
Suite 200
PO Box 33910
Phoenix, AZ 85067-3910
(602) 240-2000 or 1-800-621-3778

PSPRS
3010 E. Camelback Road,
Phoenix, AZ 85016-4416
Phone (602) 255-5575

RECEIVED
DEC 28 2015
BEMSTS-CON & RATES

NOTE 17 – PENSIONS – Liabilities, Expenses and Deferred Cash Flows

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

At June 30, 2015, the District reported a liability of \$84,700 for the Arizona State Retirement System as its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all Pension Plan participants, actuarially determined. At June 30, 2014, the District's proportion was 0.000572, which was an decrease of 0.000212 from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the District recognized pension total expenses of \$(5,089). Pension expense represents the change in the net pension liability during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gain/loss, actuarial gain/loss, actuarial assumptions or method, and plan benefits. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows Of Resources</u>	<u>Deferred Inflows Of Resources</u>
Differences between expected and actual experience	\$ 4,305	\$ 6,119
Changes in assumptions	28,537	0
Net difference between projected and actual earning on retirement plan investments	0	35,729
Changes in proportion and differences between District contributions and proportionate share of contributions	0	24,520
Net Inflows/Outflows	<u>\$ 32,842</u>	<u>\$ 66,368</u>

Deferred outflows of resources and deferred inflows of resources above represent the unamortized portion of changes to net pension liability to be recognized in future periods in a systematic and rational manner.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

RECEIVED

DEC 28 2015

BEMSTS-CON & RATES

<u>Year ending June 30,</u>	<u>Amount</u>
2016	\$ (13,992)
2017	(7,840)
2018	(5,202)
2019	(1,500)
2020	(22,418)
Thereafter	<u>(115,535)</u>
Total	<u>\$(166,487)</u>

NOTE 18 – PENSION

Actuarial Assumptions - PSPRS

The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions. Total pension liability represents the portion of the actuarial present value of projected benefit payments attributable to past periods of service for current and inactive employees.

Methods and Assumptions Used to Determine Total Pension Liability:

Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value of Assets
Inflation	4.00%
Price Inflation	3.0% - 4.0% - approximate; No explicit price inflation assumption is used in this valuation.
Salary Increases	4.00% to 8.00% including inflation
Investment Rate of Return	7.85%, net of investment and administrative expenses
Retirement Age	Experience-based table of rates that is specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period July 1, 2006 – June 30, 2011.
Mortality	RP-2000 mortality table projected to 2015 using projection scale AA (adjusted by 105% for both males and females).

RECEIVED

DEC 28 2015

BEMSTS-CON & RATES

Other Information:

Assumed Future Permanent
Benefit Increases

Members retired on or before July 1,
2011: 2% compounded on average.
Members Retired on or after August 1,
2011: 0.5% compounded on average.
Since all current retirees receive the
same dollar increase amount,
approximation techniques were used to
develop the assumed PBI for each
member.

A detailed description of the actuarial assumptions and methods can be found in
the June 30, 2014 Arizona Public Safety Personnel Retirement System annual
actuarial valuation report.

NOTE 19 - POST EMPLOYMENT BENEFITS

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

NOTE 20 - NEW ACCOUNTING PRONOUNCEMENTS

The following Governmental Accounting Standards Board (GASB) Statements
have been implemented in the current financial statements:

- | | |
|--|---|
| Statement No. 68 " <i>Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27</i> " | The provisions of this statement are effective for financial statements for fiscal years beginning after June 15, 2014. |
| Statement No. 69 " <i>Government Combinations And Disposals of Government Operations</i> " | The provisions of this statement are effective for financial statements for periods beginning after December 15, 2013. |
| Statement No. 71 " <i>Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 27</i> " | The provisions of this statement are effective for financial statements for fiscal years beginning after June 15, 2014. |

RECEIVED

DEC 28 2015

BEMSTIS-CON & RATES

NOTE 21 – PRIOR PERIOD ADJUSTMENT

The prior period adjustment was made to decrease the governmental activities beginning net position. The adjustment was made to reflect the prior period costs related to the implementation of the net pension liability, to comply with GASB Statement #68.

The restatement of beginning net position of the governmental activities is summarized as follows:

	<u>Governmental Activities</u>
Net position at July 1, 2014	\$ 581,829
Net pension liability adjustment	(1,920,401)
Net property tax adjustment	<u>13,053</u>
Net restated position at July 1, 2014	<u>\$ (1,325,519)</u>

NOTE 22- SUBSEQUENT EVENTS

Management has evaluated subsequent events and does not know of any additional comments or disclosures that should be made thru the date of this report.

RECEIVED

DEC 28 2015

BEMSTS-CON & RATES

**THIS PAGE
IS
DELIBERATELY LEFT BLANK**

RECEIVED
DEC 28 2015
BEMSTS-CON & RATES

**REQUIRED SUPPLEMENTARY
INFORMATION**

RECEIVED
DEC 28 2015
BEMSTS-CON & RATES

**THIS PAGE
IS
DELIBERATELY LEFT BLANK**

RECEIVED
DEC 28 2015
BEMSF'S-CON & RATES

**PINEWOOD FIRE DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL (GAAP BASIS)
GENERAL FUND
FOR THE YEAR ENDED
JUNE 30, 2015**

Exhibit G

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Taxes	\$ 1,687,741	\$ 1,687,741	\$ 1,692,378	\$ 4,637
Fire District Assistance	300,000	300,000	286,176	(13,824)
Fees for Service	197,800	197,800	292,555	94,755
Grant Revenue	294,883	294,883	230,931	(63,952)
Interest	15,000	15,000	3,638	(11,362)
Miscellaneous	8,000	8,000	57,022	49,022
Total Revenues	2,503,424	2,503,424	2,562,700	59,276
Expenditures:				
Current:				
Public Safety	2,300,479	2,300,479	2,242,415	58,064
Administration	297,127	297,127	230,246	66,881
Capital Outlay	356,150	356,150	49,236	306,914
Total Expenditures	2,953,756	2,953,756	2,521,897	431,859
Excess (Deficiency) of Revenues over Expenditures	(450,332)	(450,332)	40,803	491,135
Net Change in Fund Balances	(450,332)	(450,332)	40,803	491,135
Fund Balances at Beginning of Year	450,332	450,332	923,231	472,899
Fund Balances at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 964,034</u>	<u>\$ 964,034</u>

RECEIVED
DEC 28 2015
BEMSTS-CON & RATES

PINEWOOD FIRE DISTRICT

GASB STATEMENT NO. 27 SUPPLEMENTARY PENSION INFORMATION

SCHEDULE OF FUNDING PROGRESS

(EXCLUDING HEALTH INSURANCE SUBSIDY BEGINNING JUNE 30, 2008)

Year Ended June 30	Actuarial Value Of Assets (a)	Actuarial Accrued Liability Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as A % of Covered Payroll ((b)-(a)/c)
2004	540,328	933,495	393,167	57.9%	495,159	0.0%
2005	697,691	1,178,675	480,984	59.2%	481,996	0.0%
2006	800,234	1,445,004	644,770	55.4%	543,085	0.0%
2007	903,780	1,746,406	842,626	51.8%	738,158	114.2%
2008	1,079,070	1,929,964	850,894	55.9%	826,478	103.0%
2009	1,188,028	2,199,279	1,011,251	54.0%	844,288	119.8%
2010	1,356,197	2,515,515	1,159,318	53.9%	974,137	119.0%
2011	1,582,620	2,921,361	1,338,741	54.2%	946,551	141.4%
2012	1,823,116	3,235,462	1,412,346	56.3%	1,122,227	125.9%
2013	2,032,312	3,403,843	1,371,531	59.7%	1,144,501	119.8%
2014	2,267,755	4,058,970	1,791,215	55.9%	1,183,884	151.3%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended June 30	Annual Required Contribution
2004	368,293
2005	89,606
2006	70,629
2007	91,018
2008	108,754
2009	148,956
2010	150,186
2011	(est) 144,946
2012	(est) 169,900
2013	(est) 206,732
2014	(est) 241,389
2015	(est) 241,591
2016*	(est) 283,500

*This is the estimated Annual Required Contribution before the phase-in plan.

RECEIVED

DEC 28 2015

BEMST'S-CON & RATES

- See Accountants Report -

SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation Date:	June 30, 2014
Actuarial cost method:	Entry Age Normal
Amortization Method:	Level percent of pay closed
Remaining amortization period:	22 years for underfunded 20 years for overfunded
Asset valuation method:	7 year smoothed market 80%/120% market
Actuarial Assumptions:	
Investment Rate of Return:	7.85%
Projected Salary increases	4.0% - 8.0%
Payroll Growth	4.0%
Permanent Benefit Increases	Members Retired on or before July 1, 2011: 2% compounded on average. Members Retired on or after August 1, 2011: 0.5% compounded on average. Since all current retirees receive the same dollar increase amount, approximation techniques were used to develop the assumed PBI for each member.

GASB STATEMENT NO. 45 SUPPLEMENTARY INFORMATION

The following information is presented concerning the post-retirement health insurance subsidy. The liabilities and computed contribution for the post-retirement health insurance subsidy were based on the same assumptions and actuarial cost methods as indicated for GASB Statement No. 27.

SCHEDULE OF FUNDING PROGRESS

Valuation Date June 30	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a % of Covered Payroll (b-a)/c
2006	\$0	\$30,548	\$30,548	0.00%	\$543,085	5.62%
2007	\$0	\$41,476	\$41,476	0.00%	\$738,158	5.62%
2008	\$0	\$45,346	\$45,346	0.00%	\$826,478	5.49%
2009	\$0	\$55,881	\$55,881	0.00%	\$844,288	6.62%
2010	\$0	\$59,434	\$59,434	0.00%	\$974,137	6.10%
2011	\$0	\$77,579	\$77,579	0.00%	\$946,551	8.20%
2012	\$0	\$83,481	\$83,481	0.00%	\$1,122,227	7.44%
2013	\$0	\$89,815	\$89,815	0.00%	\$1,144,501	7.85%
2014	\$36,709	\$99,436	\$62,727	36.92%	\$1,183,884	5.30%

- See Accountants Report -

RECEIVED
DEC 28 2015
BEMSTS-CON & RATES

ANNUAL REQUIRED CONTRIBUTION

Valuation Date June 30	Fiscal Year Ended June 30	Normal Cost (a)	Actuarial Accrued Liability (b)	Total (a+b)	Dollar Amount
2006	2008	0.36%	0.26%	0.62%	\$5,124
2007	2009	0.44%	0.26%	0.70%	\$5,785
2008	2010	0.41%	0.26%	0.67%	\$5,537
2009	2011	0.43%	0.33%	0.76%	\$7,142
2010	2012	0.40%	0.30%	0.70%	\$7,590
2011	2013	0.33%	0.44%	0.77%	\$8,036
2012	2014	0.33%	0.39%	0.72%	\$8,908
2013	2015	0.34%	0.45%	0.79%	\$9,874
2014	2016	0.35%	0.32%	0.67%	\$8,579

Health Insurance Subsidy Payments Reported for FY 2014: \$3,870

BENEFITS

Normal retirement is the first day of the month following completion of 20 years of service or following the 62nd birthday after 15 years of service. Normal pension after 25 years of credited service is 50% of average monthly compensation for the first 20 years of credited service plus 2½% of average monthly compensation for each year of credited service above 20 years. Retirement at other lengths of service vary according to the plan. The maximum compensation is 80% of the average monthly compensation. Employees are fully vested after 10 years of service.

The plan provides for disability retirement, survivors benefits, temporary disability, child's benefits, health insurance and other post employment benefits.

The plan is a multiple employer defined benefit pension plan operated by the State of Arizona for the benefit of all public safety employees in the state.

The plan issues a separate report for the entire system and annually issues an actuarial study for each participating governmental agency. These reports are available through the Public Safety Personnel Retirement System.

The figures and information used in this report were obtained from the actuarial report issued by Gabriel, Roeder, Smith & Company. A complete copy of the actuarial valuation as of June 30, 2013 is available from the Public Safety Personnel Retirement System, 3010 East Camelback Road, Suite 200, Phoenix, Arizona 85016 or from Gabriel, Roeder, Smith & Company, One Towne Square, Suite 800, Southfield, MI 48076.

- See Accountants Report -

RECEIVED

DEC 28 2015

BEMSTS-CON & RATES

Date of Information

The information above reflects the most currently available information about this pension plan as of the published actuarial study for June 30, 2014 issued October 27th 2014.

RECEIVED
DEC 28 2015
BEMSTS-CON & RATES

- See Accountants Report -

PINEWOOD FIRE DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION
FISCAL YEAR ENDED JUNE 30, 2015

1. BUDGETARY BASIS OF PRESENTATION

The budget included in these financial statements represents the original budget and amendments approved by the Board of Directors. The budgetary basis is the modified accrual basis of accounting with encumbrances included as actual. Accordingly, for the purpose of comparing budgeted expenditures to actual amounts, prior and current year encumbrances have been integrated with the amounts shown on the *Statement of Revenues, Expenditures, and Changes in Fund Balances*.

Various reclassifications have been made to the actual amounts to conform to classifications included in the budget approved by the Board of Directors.

The legal level of budgetary control attributed to the Board of Directors is considered at the objective or natural classification level, presented as subtotals in the schedule of budget to actual (e.g., total revenue, total salaries and benefits, total services and supplies, etc.).

2. PUBLIC SAFETY PENSION DISCLOSURE INFORMATION

All Public Safety Pension disclosure information has been furnished by the actuary for the Districts' Public Safety Pension Fund. This information has been excerpted directly from the actuarial report and is the responsibility of the actuary.

OTHER SUPPLEMENTARY INFORMATION

RECEIVED
DEC 28 2015
BEMSTG-CON & RATES

**THIS PAGE
IS
DELIBERATELY LEFT BLANK**

**RECEIVED
DEC 28 2015
BEMSTS-CON & RATES**

**PINEWOOD FIRE DISTRICT
ANNUAL REPORT INFORMATION
FISCAL YEAR ENDED JUNE 30, 2015**

AZ Revised Statutes (ARS) requires certain additional information be attached to the audit report to comply with ARS 48-251 & 48-253 as required to meet the requirements of the AZ "Annual Report" of Special Districts. This information is included as other supplementary information.

REGULAR FIRE BOARD MEETINGS:

Date	Time	Location
July 15, 2014	3:00 PM	475 E Pinewood Blvd, Munds Park, Arizona
August 19, 2014	3:00 PM	475 E Pinewood Blvd, Munds Park, Arizona
September 16, 2014	3:00 PM	475 E Pinewood Blvd, Munds Park, Arizona
October 21, 2014	3:00 PM	475 E Pinewood Blvd, Munds Park, Arizona
November 18, 2014	3:00 PM	475 E Pinewood Blvd, Munds Park, Arizona
December 16, 2014	3:00 PM	475 E Pinewood Blvd, Munds Park, Arizona
January 20, 2015	3:00 PM	475 E Pinewood Blvd, Munds Park, Arizona
February 17, 2015	3:00 PM	475 E Pinewood Blvd, Munds Park, Arizona
March 17, 2015	3:00 PM	475 E Pinewood Blvd, Munds Park, Arizona
April 21, 2015	3:00 PM	475 E Pinewood Blvd, Munds Park, Arizona
May 19, 2015	3:00 PM	475 E Pinewood Blvd, Munds Park, Arizona
June 16, 2015	3:00 PM	475 E Pinewood Blvd, Munds Park, Arizona

BOARD MEMBERS:

Name	Business Phone Number	Position
Richard Drinen	928-286-9885	Chairman
Robert Rose	928-286-9885	Member
Patricia Treharne	928-286-9885	Member
Barb Timberman	928-286-9885	Clerk
Lois Barnes	928-286-9885	Member

LOCATION OF POSTING OF MEETING NOTICES (all meetings):

Pinewood Fire Station #1	475 E Pinewood Blvd	Munds Park, Arizona
US Post Office	50 W Pinewood Blvd	Munds Park, Arizona
Pinewood Sanitary District	Fairway Road	Munds Park, Arizona

LEGAL DESCRIPTION OF BOUNDARY CHANGES:

None

RECEIVED
DEC 28 2015
BEMSTS-CON & RATES

**THIS PAGE
IS
DELIBERATELY LEFT BLANK**

RECEIVED
DEC 28 2015
BEMSTS-COM & RATES

PINEWOOD FIRE DISTRICT
GOVERNMENT AUDIT STANDARDS SECTION
June 30, 2015

RECEIVED
DEC 28 2015
BEMSTS-CON & RATES

**THIS PAGE
IS
DELIBERATELY LEFT BLANK**

RECEIVED
DEC 28 2015
BEMSTS-CON & RATES

**PINEWOOD FIRE DISTRICT
MUNDS PARK, ARIZONA
TABLE OF CONTENTS
GOVERNMENT AUDIT STANDARDS SECTION
JUNE 30, 2015**

	<u>PAGE</u>
GOVERNMENT AUDIT STANDARDS SECTION TABLE OF CONTENTS	61
Report On Internal Control Over Financial Reporting and On Compliance and Other Matters Based On An Audit Of Financial Statements Performed In Accordance with <i>Government Auditing Standards</i>	63
Independent Accountant's Report on Compliance with ARS 48-805.02	67

RECEIVED
DEC 28 2015
BEMSTS-CON & RATES

**THIS PAGE
IS
DELIBERATELY LEFT BLANK**

RECEIVED
DEC 28 2015
BEMSTS-CON & RATES

SAUNDERS COMPANY, LTD

JAMES H. SAUNDERS, CPA, CFE, CFF, CGFM, CGMA, PI.
TRICIA E. SAUNDERS, PI.

CERTIFIED PUBLIC ACCOUNTANT	6008 W. CORTEZ ST
CERTIFIED FRAUD EXAMINER	GLENDALE, ARIZONA 85304
CERTIFIED GOVERNMENT FINANCIAL MANAGER	Tel: (623) 476-8660
LICENSED PRIVATE INVESTIGATORS #01534603, # 1003706	Fax: (602) 926-2431
CERTIFIED IN FINANCIAL FORENSICS	E-Mail: JamesH49@AOL.com
CHARTERED GLOBAL MANAGEMENT ACCOUNTANT	Redheadedcutie10@AOL.com
Member: American Institute of Certified Public Accountants	Arizona Association of Licensed Private Investigators
Arizona Society of Certified Public Accountants	International Association of Certified Fraud Examiners
	Arizona Association of Certified Fraud Examiners

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Members of the Board
Pinewood Fire District
Munds Park, Arizona

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Pinewood Fire District, Munds Park, Arizona, 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 December 18, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the district's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the district's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

FILED
DEC 28 2015
BEMIST-CON & RATES

**THIS PAGE
IS
DELIBERATELY LEFT BLANK**

RECEIVED
DEC 28 2015
BEMSTS-CON & RATES

Independent Auditor's Report on Internal Control...
June 30, 2015
Page 2

Purpose of this Report

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

Saunders Company, Ltd.

Glendale, Arizona
December 18, 2015

RECEIVED
DEC 28 2015
BEMSTS-CON & RATES

**THIS PAGE
IS
DELIBERATELY LEFT BLANK**

**RECEIVED
DEC 28 2015
BEMSTS-CON & RATES**

SAUNDERS COMPANY, LTD

**JAMES H. SAUNDERS, CPA, CFE, CFF, CGFM, CGMA, PI.
TRICIA E. SAUNDERS, PI.**

CERTIFIED PUBLIC ACCOUNTANT
CERTIFIED FRAUD EXAMINER
CERTIFIED GOVERNMENT FINANCIAL MANAGER
LICENSED PRIVATE INVESTIGATORS #01534603, # 1003706
CERTIFIED IN FINANCIAL FORENSICS
CHARTERED GLOBAL MANAGEMENT ACCOUNTANT

6008 W. CORTEZ ST
GLENDALE, ARIZONA 85304
Tel: (623) 476-8660
Fax: (602) 926-2431
E-Mail: JamesH49@AOL.com
Redheadedcutie10@AOL.com

Member: American Institute of Certified Public Accountants
Arizona Society of Certified Public Accountants

Arizona Association of Licensed Private Investigators
AICPA Government Audit Quality Center

International Association of Certified Fraud Examiners
Arizona Association of Certified Fraud Examiners

INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH ARS 48-805.02

To the Governing Board
Pinewood Fire District
Munds Park, Arizona

We have examined management's assertion that the Pinewood Fire District has complied with Arizona Revised Statutes (ARS) 48-805.02(F) for the year ended June 30, 2015. This statute requires the District to comply with ARS 48-805 (B)(2), 48-806 and 48-807. These requirements relate to debt and liabilities incurred by the District. The District's management is responsible for the assertion and compliance with the provisions of these statutes. Our responsibility is to express an opinion on the assertion based on our examination.

Our examination as conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the District's compliance with the statutes referred to above and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In connection with our examination, nothing came to our attention that caused us to believe that the District's assertion of compliance with these statutes was inaccurate or that the District failed to comply with the provisions of ARS sections 48-805 (B)(2), 48-806, 48-807 and 48-805.02(F) as required, insofar as it relates to accounting matters. However, our examination was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the District's noncompliance with the above referenced conditions of the statute, insofar as they relate to accounting matters.

This report is intended solely for the information and use of the Governing Board and management of the District and the State of Arizona. This report is not intended to be and should not be used by anyone other than these specified parties.

Saunders Company, Ltd.

Glendale, Arizona
December 18, 2015

RECEIVED
DEC 28 2015
BEMSTS-CON & RATES

**THIS PAGE
IS
DELIBERATELY LEFT BLANK**

RECEIVED
DEC 28 2015
BEMSTS-CON & RATES