

**AMBULANCE REVENUE and COST REPORT
FIRE DISTRICT and SMALL RURAL COMPANY**

**Arizona Department of Health Services
Annual Ambulance Financial Report**

Blue Ridge Fire District
Reporting Ambulance Service

Address: 5023 Enchanted Lane

City: Happy Jack Zip: 86024

Report Fiscal Year

From: July 1, 2013 To: June 30, 2014
Mo. Day Year Mo. Day Year

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: January 3, 2015

Print Name and Title: John Banning, Fire Chief

Phone: 928-477-2751

Mail to:
Department of Health Services
Bureau of Emergency Medical Services
Certificate of Necessity and Rates Section
150 North 18th Avenue, Suite 540
Phoenix, AZ 85007-3248
Telephone: (602) 364-3150
Fax: (602) 364-3567

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AMBULANCE REVENUE AND COST REPORT

FIRE DISTRICT and SMALL RURAL COMPANY

AMBULANCE SERVICE ENTITY: Blue Ridge Fire District

FOR THE PERIOD FROM: July 1, 2013 TO: June 30, 2014

STATISTICAL SUPPORT DATA

Line No.	<u>DESCRIPTION</u>	(1) SUBSCRIPTION SERVICE TRANSPORTS	*(2) TRANSPORTS UNDER CONTRACT	(3) TRANSPORTS NOT UNDER CONTRACT	(4) TOTALS
1	Number of ALS Billable Transports:	-	-	47	47
2	Number of BLS Billable Transports:	-	-	16	16
3	Number of Loaded Billable Miles:	-	-	3,041	3,041
4	Waiting Time (Hr. & Min.):	-	-	-	-
5	Canceled (Non-Billable) Runs:	-	-	-	-

AMBULANCE SERVICE ROUTINE OPERATING REVENUE

6	ALS Base Rate Revenue	\$	40,786
7	BLS Base Rate Revenue		13,885
8	Mileage Charge Revenue		29,802
9	Waiting Charge Revenue		-
10	Medical Supplies Charge Revenue		-
11	Nurses Charge Revenue		-
12	Standby Charge Revenue (Attach Schedule)		-
13	TOTAL AMBULANCE SERVICE ROUTINE OPERATING REVENUE	(Post to Page 3, Line 1) \$	84,473

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SALARY AND WAGE EXPENSE DETAIL

GROSS WAGES:		** No. of FTE's
14	Management	\$ 15,923 1.0
15	Paramedics and IEMTs	\$ 45,380 1.0
16	Emergency Medical Technician (EMT)	\$ 57,799 2.0
17	Other Personnel	\$ - -
18	Payroll Taxes and Fringe Benefits - All Personnel	\$ 23,641 4
19	Total Wages, Taxes & Benefits (Sum Lines 14 through 18; Post to Page 3, Line 10)	\$ 142,743

* 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.

AMBULANCE REVENUE AND COST REPORT
FIRE DISTRICT and SMALL RURAL COMPANY

AMBULANCE SERVICE ENTITY:

Blue Ridge Fire District

FOR THE PERIOD

FROM: July 1, 2013

TO: June 30, 2014

SCHEDULE OF REVENUES AND EXPENSES

Line No.	<u>DESCRIPTION</u>		
Operating Revenues:			
1	Total Ambulance Service Operating Revenue	(From: Page 2, Line 13)	\$ <u>84,473</u>
<u>Settlement Amounts:</u>			
2	AHCCCS		<u>2,911</u>
3	Medicare		<u>24,176</u>
4	Subscription Service		<u>-</u>
5	Contractual		<u>-</u>
6	Other		<u>9,667</u>
7	Total	(Sum of Lines 2 through 6)	<u>36,754</u>
8	Total Operating Revenue	(Line 1 minus Line 7)	\$ <u>47,719</u>
Operating Expenses:			
9	Bad Debt		\$ <u>-</u>
10	Total Salaries, Wages, and Employee-Related Expenses	(From: Page 2, Line 19)	<u>142,743</u>
11	Professional Services		<u>4,000</u>
12	Travel and Entertainment		<u>-</u>
13	Other General Administrative		<u>-</u>
14	Depreciation		<u>29,800</u>
15	Rent / Leasing		<u>-</u>
16	Building / Station		<u>8,000</u>
17	Vehicle Expense		<u>10,400</u>
18	Other Operating Expense		<u>3,562</u>
19	Cost of Medical Supplies Charged to Patients		<u>-</u>
20	Interest		<u>-</u>
21	Subscription Service Sales Expense		<u>-</u>
22	Total Operating Expense	(Sum of Lines 9 through 21)	<u>198,505</u>
23	Total Operating Income or (Loss)	(Line 8 minus Line 22)	\$ <u>(150,786)</u>
24	Subscription Contract Sales		<u>-</u>
25	Other Operating Revenue		<u>-</u>
26	Local Supportive Funding		<u>-</u>
27	Other Non-Operating Income (Attach Schedule)		<u>-</u>
28	Other Non-Operating Expense (Attach Schedule)		<u>-</u>
29	NET INCOME or (LOSS) Before Income Taxes	(Sum of Lines 23 through 27, minus Line 28)	\$ <u>(150,786)</u>
Provision for Income Taxes:			
30	Federal Income Tax		<u>-</u>
31	State Income Tax		<u>-</u>
32	Total Income Tax	(Line 30, plus Line 31)	<u>-</u>
33	Ambulance Service Net Income (Loss)	(Line 29, minus Line 32)	<u>(150,786)</u>

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BLUE RIDGE FIRE DISTRICT
FINANCIAL STATEMENTS
June 30, 2014

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

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**BLUE RIDGE FIRE DISTRICT
HAPPY JACK, ARIZONA
FINANCIAL STATEMENTS
JUNE 30, 2014**

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:	15	
Government -Wide Financial Statements		
Statement of Net Position	16	A
Statement of Activities	17	B
Fund Financial Statements		
Balance Sheet - Governmental Funds	18	C
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	19	D
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position	20	E
Reconciliation of the Statement of Revenues, Expenditures And Changes in Fund Balances - Governmental Funds To the Statement of Activities	21	F
Statement of Net Position - Fiduciary Funds	22	G
Statement of Changes in Fiduciary Net Position	23	H
Notes to the Financial Statements	25	

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**BLUE RIDGE FIRE DISTRICT
HAPPY JACK, ARIZONA
FINANCIAL STATEMENTS
JUNE 30, 2014**

	<u>PAGE</u>	<u>EXHIBIT</u>
REQUIRED SUPPLEMENTARY INFORMATION	41	
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (GAAP Basis) General Fund	42	I
Notes to the Required Supplementary Information	43	
OTHER SUPPLEMENTARY INFORMATION	45	
Arizona Annual Report Information	46	
Volunteer Pension Distribution	47	
GOVERNMENT AUDIT STANDARDS SECTION	49	
GOVERNMENT AUDIT STANDARDS TABLE OF CONTENTS	51	
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>	53	

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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 AUDITOR'S REPORT

To the Governing Board
Blue Ridge Fire District
Happy Jack, Arizona

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Blue Ridge Fire District, Happy Jack, Arizona, as of and for the year ended June 30, 2014, 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.

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 Blue Ridge Fire District, as of June 30, 2014, 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.



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Independent Auditor's Report

June 30, 2014

Page 2

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.

Arizona Revised Statutes require disclosure of certain additional supplementary information required to comply with section 9-956 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Arizona State Fire Marshal as mandated 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, 2014, 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, 2014

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Blue Ridge Fire District

Management's Discussion and Analysis of Basic Financial Statements June 30, 2014

The following discussion and analysis of the Blue Ridge Fire District (the district's) financial performance presents management's overview of the District's financial activities for the year ended June 30, 2014. 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 Blue Ridge Fire District provides Fire, Ambulance and Rescue 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 contracts.

Results of Operations

During the 2013-2014 fiscal year the District provided the following.

- λ Responded to 163 calls for service.
- λ Maintained FF/Paramedic staffing to allow for in station ALS staffing 24/7.
- λ Upgraded 2 personnel from EMT to Paramedic.
- λ Purchased a 2014 Ford Expedition for use as a Command & Staff vehicle in order to increase efficiency.
- λ Conducted programs and published advertising aimed at education in Fire and EMS related topics,

Financial Highlights

- λ The mill rate was set at \$1.96 per \$100 assessed property value.
- λ District investment in capital assets increased by \$33,370 or 1.67%.
- λ The District's net position decreased \$174,879 or 9.00% from the previous fiscal year.
- λ Total revenues decreased \$142,929 or 17.56% over the previous fiscal year.
- λ At the end of the current fiscal year, unrestricted net position for the General fund was \$924,127.

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COMMUNITY DEVELOPMENT

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 position 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 position 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.

Net Position June 30, 2014

	BALANCE <u>JUNE 30, 2013</u>	BALANCE <u>JUNE 30, 2014</u>
Invested in Capital Assets, Net of related Debt	\$ 900,910	\$ 843,751
Unrestricted (Note 12)	<u>1,041,846</u>	<u>924,126</u>
Total Net Position	<u>\$ 1,942,756</u>	<u>\$ 1,767,877</u>

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Governmental Activities

Most of the revenues for the District were derived from assessed property taxes and Fire District Assistance Tax from the County. Additional revenue is derived from ambulance income based on calls for service.

General Fund Budgetary Highlights

Operations were conducted as predicted and remained within the stated budget.

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, 2014 the District purchased, had contributed, or constructed the following assets:

- λ 2014 Ford Expedition

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Capital Assets, Net of Depreciation June 30, 2014

	BALANCE <u>06/30/2013</u>	BALANCE <u>06/30/2014</u>
<u>Depreciable Assets</u>		
Vehicles	\$ 856,269	\$ 856,269
Buildings	836,930	836,930
Equipment, Fire	<u>243,712</u>	<u>277,082</u>
Total Historical Costs	<u>1,936,911</u>	<u>1,970,281</u>
Less Accum Depreciation		
Vehicles	737,852	787,131
Buildings	180,677	192,913
Equipment, Fire	<u>183,472</u>	<u>202,486</u>
Less: Total Accumulated Depreciation	<u>1,092,001</u>	<u>1,182,530</u>
Depreciable Capital Assets, Net	844,910	787,751
<u>Non-Depreciable Assets</u>		
Land	<u>56,000</u>	<u>56,000</u>
Capital Assets, Net	<u>\$ 900,910</u>	<u>\$ 843,751</u>

Long Term Debt

At the end of the current fiscal year, the District had debt outstanding of \$7,018. All of the debt is backed by the full faith and credit of the District.

Outstanding Debt

	Balance <u>June 30, 2013</u>	Balance <u>June 30, 2014</u>
Compensated Absences	\$ <u>2,812</u>	\$ <u>7,018</u>
Totals	<u>\$ 2,812</u>	<u>\$ 7,018</u>

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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.

The Blue Ridge Fire District is of course impacted by current economic conditions. Full time occupancy of homes in the area is still down however we have seen a slight activity in real estate sales. While the local and state economy seem to be on an upward trend once again, we are still realizing usable revenue from 2 years ago. With that our are is still in an economic depressed state. It is anticipated and forecasts indicate a slow but steady increase in property value. In years prior to the economic downturn, the District Board was proactive in created a cash reserve account. This account was created to reduce or eliminate the need to incur debt for capital replacements or emergency situations. The District did not increase the tax rate above \$1.96 for the 2014-2015 but this may have to be re-addressed in the future, contingent on numerous factors. At present there are no immediate plans for expansion.

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 Fire Chief John Banning at the Blue Ridge Fire District Headquarters Building located at 5023 Enchanted Lane, Happy Jack, Arizona 86024.

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BASIC FINANCIAL STATEMENTS

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**BLUE RIDGE FIRE DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2014**

Exhibit A

**Governmental
Activities**

ASSETS

Cash & Cash Equivalents (Note 3)	\$	966,465
Receivables:		
Ambulance Service Fees, Net of Allowance for Doubtful Accounts (Note 5)		10,430
Property Taxes (Note 6)		10,279
Total Capital Assets, Net (Note 7)		<u>843,751</u>
 Total Assets		 <u>1,830,925</u>

LIABILITIES

Accounts Payable		5,703
Payroll Taxes Payable		4,518
Wages Payable		7,803
Due to Pension Fund		25,971
Compensated Absences (Note 10)		
Portion due within one year		1,755
Portion due after one year		<u>7,018</u>
 Total Liabilities		 <u>52,768</u>

DEFERRED INFLOW OF RESOURCES

Unavailable Property Tax Revenue		<u>10,279</u>
 Total Deferred Inflow of Resources		 <u>10,279</u>

NET POSITION

Invested in Capital Assets, Net of related Debt		843,751
Unrestricted (Note 12)		<u>924,127</u>
 Total Net Position	\$	 <u>1,767,878</u>

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

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**BLUE RIDGE FIRE DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014**

Exhibit B

	<u>Governmental Activities</u>
EXPENSES	
Public Safety - Fire/EMS Protection	
Personnel Services	\$ 602,997
Materials & Services	152,156
Depreciation	<u>90,529</u>
Total Program Expenses	<u>845,682</u>
PROGRAM REVENUES	
Charges for Service	<u>48,695</u>
Total Program Revenues	<u>48,695</u>
Net Program Expense	<u>796,987</u>
GENERAL REVENUES	
Property Taxes	521,551
Fire District Assistance	91,641
Investment Earnings	7,965
Miscellaneous	<u>951</u>
Total General Revenues	<u>622,108</u>
Increase in Net Position	(174,879)
NET POSITION-BEGINNING OF THE YEAR	<u>1,942,757</u>
NET POSITION-END OF THE YEAR	<u><u>\$ 1,767,878</u></u>

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**BLUE RIDGE FIRE DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2014**

Exhibit C

General

ASSETS

Cash and Cash Equivalents (Note 3)	\$	966,465
Receivables:		
Ambulance Service Fees, Net of Allowance for Doubtful Accounts (Note 5)		10,430
Property Taxes (Note 6)		<u>10,279</u>
 Total Assets	 \$	 <u><u>987,174</u></u>

LIABILITIES

Accounts Payable	\$	5,703
Payroll Taxes Payable		4,518
Wages Payable		7,803
Due to Pension Fund		25,971
Compensated Absences (Note 10)		<u>1,755</u>
 Total Liabilities		 <u>45,750</u>

DEFERRED INFLOW OF RESOURCES

Unavailable Property Tax Revenue		<u>10,279</u>
Total Deferred Inflow of Resources		<u>10,279</u>

FUND BALANCES

Unassigned (Note 12)		<u>931,145</u>
Total Fund Balances		<u>931,145</u>
Total Liabilities and Fund Balances	\$	<u><u>987,174</u></u>

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

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**BLUE RIDGE FIRE DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED
JUNE 30, 2014**

Exhibit D

	General
REVENUE	
Property Taxes	\$ 521,551
Fire District Assistance Tax	91,641
Fees for Service	48,695
Interest	7,965
Miscellaneous	951
Total Revenues	670,803
EXPENDITURES	
Current:	
Public Safety	699,207
Administration	51,740
Capital Outlay	33,370
Total Expenditures	784,317
Excess (Deficiency) of Revenues over Expenditures	(113,514)
Net Change in Fund Balances	(113,514)
Fund Balances-Beginning of Year	1,044,659
Fund Balances-End of Year	\$ 931,145

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**BLUE RIDGE FIRE DISTRICT
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2014**

Exhibit E

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

Fund Balances - Total Governmental Funds (Exhibit C) \$ 931,145

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

Capital Assets used in governmental activities are
not financial resources and, therefore are not
reported in the other funds.

Governmental Capital Assets	2,026,281	
Less: Accumulated Depreciation	<u>(1,182,530)</u>	843,751

Long-term liabilities are not due and payable
in the current period and therefore are not
reported in the funds. (7,018)

Net Position of Governmental Activities (Exhibit A) \$ 1,767,878

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**BLUE RIDGE 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, 2014**

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)	\$ (113,514)

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.	(57,159)
--	----------

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.	<u>(4,206)</u>
---	----------------

Change in Net Position of Governmental Activities (Exhibit B)	<u><u>\$ (174,879)</u></u>
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**BLUE RIDGE FIRE DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2014**

Exhibit G

	Volunteer Pension Fund	Scholarship Fund	Total
ASSETS			
Cash & Cash Equivalents	\$ 332,156	\$ 6,210	\$ 338,366
Receivables:			
General Fund	25,971		25,971
Participant Loan	12,402		12,402
Accrued Loan Payment	296		296
Investments, at fair value			
Mutual Funds	230,033		230,033
 Total Assets	 600,858	 6,210	 607,068
LIABILITIES			
Payroll Taxes	-0-	-0-	-0-
 Total Liabilities	 -0-	 -0-	 -0-
NET POSITION			
Held in trust for pension and other purposes	\$ 600,858	\$ 6,210	\$ 607,068

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BLUE RIDGE FIRE DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

Exhibit H

	Volunteer Pension Fund	Scholarship Fund	Total
ADDITIONS			
Other			
Contributions	\$ 67,527	\$ 1,200	\$ 68,727
State Fire Marshal	8,666		8,666
Total Other Contributions	76,193	1,200	77,393
Investment Earnings:			
Interest & Dividends	32,446		32,446
Net Increase in the fair value of investments	2,361	-	2,361
Total Investment Earnings	34,807	-	34,807
Less Investment Expense	7,001	-	7,001
Net Investment Earnings	27,806	-	27,806
Total Additions	103,999	1,200	105,199
DEDUCTIONS			
Distributions	1,377	-	1,377
Total Deductions	1,377	-	1,377
Change in Net Position	102,622	1,200	103,822
Net Position - Beginning	498,236	5,010	503,246
Net Position- Ending	\$ 600,858	\$ 6,210	\$ 607,068

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**BLUE RIDGE FIRE DISTRICT
HAPPY JACK, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

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.

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Government-wide Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Changes in Net Position) 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 the 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.

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The *Fiduciary Funds* are used to account for resources held for the benefit of parties outside the government. This fund's activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. Fiduciary funds are presented on an economic resources measurement focus and the accrual basis of accounting, similar to the government-wide financial statements.

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

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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:

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- 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.
- λ Unrestricted – this balance is the amount of equity which is not included in the Restricted fund balance and the Investments in Capital asset 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).

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 Supervisor's 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.

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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.

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. ARS (Title 35) requires this to be monitored by the State Treasurer's Office.

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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, 2014:

DEPOSITORY ACCOUNTS:

	<u>General Fund</u>	<u>Trust Fund</u>	<u>Scholarship Fund</u>	<u>Total</u>
Insured Deposits (FDIC)	\$ 140,183	\$ 11,405	\$ 0	\$ 151,588
Uninsured & Uncollateralized	<u>860,732</u>	<u>550,784</u>	<u>0</u>	<u>1,411,516</u>
Total Deposits	1,000,915	562,189	0	1,563,104
In Transit Items	<u>(34,950)</u>	<u>0</u>	<u>0</u>	<u>(34,950)</u>
Total Depository Accounts	965,965	562,189	0	1,528,154

NON-DEPOSITORY
ACCOUNTS

Cash on Hand	<u>500</u>	<u>0</u>	<u>6,210</u>	<u>6,710</u>
Total Non-Depository Accounts	<u>500</u>	<u>0</u>	<u>6,210</u>	<u>6,710</u>
Total Cash & Cash Equivalents	<u>\$ 966,465</u>	<u>\$ 562,189</u>	<u>\$ 6,210</u>	<u>\$ 1,534,864</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.

<u>Custodial Credit Risk For:</u>	<u>Rating</u>	<u>Rating Agency</u>	<u>Amount</u>
County Treasurer Pool	Unrated	Not Applicable	\$860,732
Ameritrade Mutual Funds	Unrated	Not Applicable	\$550,781
Linesco Mutual Funds	Unrated	Not Applicable	\$ 3

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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, 2014:

For Pool 5	34 Days
For Pool 7	53 Days
For Pool 500	1.82 Years
For Pool 700	2.02 Years

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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 \$29,567 with an allowance for bad debt of \$19,137 at June 30, 2014. This gave a net of \$10,430, before write off allowances and contractual adjustments, which was expected to be collectable.

NOTE 6 - PROPERTY TAX REVENUE RECEIVABLE

Property Tax Receivables arise 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.

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NOTE 7 - CAPITAL ASSETS

Capital asset activity for the year ended.

	<u>BALANCE</u> <u>06/30/20 13</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE</u> <u>06/30/20 14</u>
<u>Depreciable Assets</u>				
Vehicles	\$ 856,269	\$ 0	\$ 0	\$ 856,269
Buildings	836,930	0	0	836,930
Equipment, Fire	<u>243,712</u>	<u>33,370</u>	<u>0</u>	<u>277,082</u>
Total Historical Costs	<u>1,936,911</u>	<u>33,370</u>	<u>0</u>	<u>1,970,281</u>
Less Accum Depreciation				
Vehicles	737,852	49,279	0	787,131
Buildings	170,677	22,236	0	192,913
Equipment, Fire	<u>183,472</u>	<u>19,014</u>	<u>0</u>	<u>202,486</u>
Less: Total Accumulated Depreciation	<u>1,092,001</u>	<u>90,529</u>	<u>0</u>	<u>1,182,530</u>
Depreciable Capital Assets, Net	844,910	(57,159)	0	787,751
<u>Non-Depreciable Assets</u>				
Land	<u>56,000</u>	<u>0</u>	<u>0</u>	<u>56,000</u>
Capital Assets, Net	<u>\$ 900,910</u>	<u>\$ (57,159)</u>	<u>\$ 0</u>	<u>\$ 843,751</u>

NOTE 8 - 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.

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NOTE 9 – SHORT-TERM INDEBTEDNESS

The District has no line a credit available to it.

Changes in Short-Term Indebtedness:

	Balance <u>June 30, 2013</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2014</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 10 – 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 vacation is accrued as leave payable. Sick leave amounts to \$2,518 at fiscal year end.

NOTE 11 – 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.

Capital Leases

The District does not currently have any capital leases.

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Changes in Long-Term Indebtedness :

	<u>Balance</u> <u>June 30, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2014</u>
Compensated Absences	\$ 2,812	\$ 4,206	\$ 0	\$ 7,018
Totals	<u>\$ 2,812</u>	<u>\$ 4,206</u>	<u>\$ 0</u>	<u>\$ 7,018</u>

NOTE 12 – 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 balances 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	\$ 843,751
Unrestricted	<u>924,127</u>
Total Net Position	<u>\$ 1,767,878</u>

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Governmental Fund Balances :

Unassigned Fund Balances	\$ <u>931,145</u>
Total Fund Balance	\$ <u>931,145</u>

NOTE 13 - 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 14 - EMPLOYEE RETIREMENT SYSTEMS (SEE ALSO THE REQUIRED SUPPLEMENTAL INFORMATION)

The District maintains a *Volunteer Fire Pension Fund* as allowed by ARS 9-951. This plan is administered by an outside consulting firm who prepares a separate annual report. This report is available through Innes & Associates, 4302 East Ray Road Suite 117, Phoenix, Arizona 85044. The plan is reviewed by the Arizona State Fire Marshal's office.

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Benefits vary by number of years of activity and funds available. Benefits are fixed by the local board at the time of retirement. Eligibility is minimum age of 18 years and 12 months of service. Maximum age does not apply. Retirement age is earlier of age 50 or 20 years of service. Entry dates are Jan 01 and July 01 of each year.

The local pension board has the authority to deviate from these guidelines as they feel necessary under an adopted alternative plan. The District has elected under ARS Title 9, Section 4 to establish an alternative plan which differs significantly from the standards referred to above.

NOTE 15 - POST EMPLOYMENT BENEFITS

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

NOTE 16- 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.

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INFORMATION**

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**BLUE RIDGE FIRE DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL (GAAP BASIS)
GENERAL FUND
FOR THE YEAR ENDED
JUNE 30, 2014**

Exhibit I

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		(Negative)
Revenues:				
Property Taxes	\$ 520,416	\$ 520,416	\$ 521,551	\$ 1,135
Fire District Assistance	104,083	104,083	91,641	(12,442)
Fees for Service	60,000	60,000	48,695	(11,305)
Grants	5,000	5,000	-	(5,000)
Interest	7,500	7,500	7,965	465
Miscellaneous	5,000	5,000	951	(4,049)
Total Revenues	701,999	701,999	670,803	(31,196)
Expenditures:				
Current:				
Public Safety	1,023,919	1,023,919	699,207	324,712
Administration	48,200	48,200	51,740	(3,540)
Capital Outlay	45,414	45,414	33,370	12,044
Total Expenditures	1,117,533	1,117,533	784,317	333,216
Excess (Deficiency) of Revenues over Expenditures	(415,534)	(415,534)	(113,514)	302,020
Net Change in Fund Balances	(415,534)	(415,534)	(113,514)	302,020
Fund Balances at Beginning of Year	415,534	415,534	1,044,659	629,125
Fund Balances at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 931,145</u>	<u>\$ 931,145</u>

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BLUE RIDGE FIRE DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION
FISCAL YEAR ENDED JUNE 30, 2014

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.).

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OTHER SUPPLEMENTARY INFORMATION

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**BLUE RIDGE FIRE DISTRICT
ANNUAL REPORT INFORMATION
VOLUNTEER PENSION DISTRIBUTIONS
FISCAL YEAR ENDED JUNE 30, 2014**

Arizona Revised Statutes (ARS) requires certain additional information be attached to the audit report to comply with ARS 9-956 as required to meet the requirements of the Arizona Annual "Report of Volunteer Fire Fighters Relief and Pension Fund". This information is included as other supplementary information.

<u>TYPE OF DISTRIBUTION</u>	<u>NAME</u>	<u>AMOUNT</u>
Article 4	Glen Kothe	\$ 313
Article 4	Pat Matthews	189
Article 4	Wayne Matthews	204
Article 4	William Sheward	<u>671</u>
Total		<u>\$ 1,377</u>

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BLUE RIDGE FIRE DISTRICT
GOVERNMENT AUDIT STANDARDS SECTION
June 30, 2014

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BLUE RIDGE FIRE DISTRICT
HAPPY JACK, ARIZONA
TABLE OF CONTENTS
GOVERNMENT AUDIT STANDARDS SECTION
JUNE 30, 2014

	<u>PAGE</u>
GOVERNMENT AUDIT STANDARDS SECTION TABLE OF CONTENTS	51
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>	53

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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: james1149@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 AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Governing Board
Blue Ridge Fire District
Happy Jack, 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 Blue Ridge Fire District, Happy Jack, Arizona, as of and for the year ended June 30, 2014, 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, 2014.

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.

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Internal Control and Compliance Report

June 30, 2014

Page 2

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*.

State of Arizona Required Statutory Compliance Matter

Arizona Revised Statutes section 48-805.02 requires auditors of fire districts in the State of Arizona to test compliance with certain matters. Our audit was not designed to test for all possible areas of non-compliance with this statute. In connection with the tests we performed relating to compliance with laws, regulations or other matters, nothing came to our attention that would indicate the District failed to comply with this statute, as it relates to accounting matters.

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, 2014

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