

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

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

**Bullhead City Fire Department  
Reporting Ambulance Service**

Address: 1260 Hancock Road

City: Bullhead City Zip: 86442

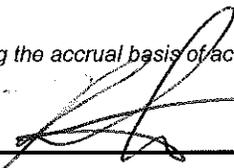
**Report Fiscal Year**

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: December 8, 2014

Print Name and Title: Rick Southey, Fire Chief

Phone: 928-758-3971

Mail to:  
Department of Health Services  
Bureau of Emergency Medical Services  
Certificate of Necessity and Rates Section  
150 North 18th Avenue, Suite 540  
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# AMBULANCE REVENUE AND COST REPORT

## FIRE DISTRICT and SMALL RURAL COMPANY

**AMBULANCE SERVICE ENTITY:** Bullhead City Fire Department

**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:			4,118	4,118
2	Number of BLS Billable Transports:			2,281	2,281
3	Number of Loaded Billable Miles:			112,521	122,521
4	Waiting Time (Hr. & Min.):			2 hr. 0 min.	2 hr. 0 min.
5	Canceled (Non-Billable) Runs:				346

**AMBULANCE SERVICE ROUTINE OPERATING REVENUE**

6	ALS Base Rate Revenue				\$ 4,286,800
7	BLS Base Rate Revenue				2,373,856
8	Mileage Charge Revenue				1,605,354
9	Waiting Charge Revenue				259
10	Medical Supplies Charge Revenue				
11	Nurses Charge Revenue				
12	Standby Charge Revenue (Attach Schedule)				
13	<b>TOTAL AMBULANCE SERVICE ROUTINE OPERATING REVENUE</b>			(Post to Page 3, Line 1)	<b>\$ 8,266,269</b>

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**SALARY AND WAGE EXPENSE DETAIL**

<b>GROSS WAGES:</b>		** No. of FTE's
14	Management	\$ 189,905
15	Paramedics and IEMTs	\$ 1,060,895
16	Emergency Medical Technician (EMT)	\$ 645,243
17	Other Personnel	\$ 260,794
18	Payroll Taxes and Fringe Benefits - All Personnel	\$ 732,359
19	<b>Total Wages, Taxes &amp; Benefits</b> (Sum Lines 14 through 18; Post to Page 3, Line 10)	<b>\$ 2,889,196</b>

\* 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:**

Bullhead City Fire Department

**FOR THE PERIOD**

**FROM:** July 1, 2012

**TO:** June 30, 2012

**SCHEDULE OF REVENUES AND EXPENSES**

Line No.	<u>DESCRIPTION</u>		
<b>Operating Revenues:</b>			
1	Total Ambulance Service Operating Revenue	(From: Page 2, Line 13)	\$ <u>8,266,269</u>
<u>Settlement Amounts:</u>			
2	AHCCCS .....		<u>770,837</u>
3	Medicare .....		<u>2,369,994</u>
4	Subscription Service .....		<u>                    </u>
5	Contractual .....		<u>                    </u>
6	Other .....		<u>                    </u>
7	Total	(Sum of Lines 2 through 6)	<u>3,140,831</u>
8	Total Operating Revenue	(Line 1 minus Line 7)	\$ <u>5,125,438</u>
<b>Operating Expenses:</b>			
9	Bad Debt .....		\$ <u>1,191,339</u>
10	Total Salaries, Wages, and Employee-Related Expenses .....	(From: Page 2, Line 19) .....	<u>2,889,196</u>
11	Professional Services .....		<u>208,553</u>
12	Travel and Entertainment .....		<u>760</u>
13	Other General Administrative .....		<u>73,394</u>
14	Depreciation .....		<u>122,311</u>
15	Rent / Leasing .....		<u>2,663</u>
16	Building / Station .....		<u>87,848</u>
17	Vehicle Expense .....		<u>174,965</u>
18	Other Operating Expense .....		<u>682,763</u>
19	Cost of Medical Supplies Charged to Patients .....		<u>219,733</u>
20	Interest .....		<u>20,342</u>
21	Subscription Service Sales Expense .....		<u>                    </u>
22	Total Operating Expense	(Sum of Lines 9 through 21)	<u>5,673,867</u>
23	Total Operating Income or (Loss)	(Line 8 minus Line 22)	\$ <u>(548,429)</u>
24	Subscription Contract Sales .....		<u>                    </u>
25	Other Operating Revenue .....		<u>43,153</u>
26	Local Supportive Funding .....		<u>                    </u>
27	Other Non-Operating Income (Attach Schedule) .....		<u>65,000</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>(440,276)</u>
<b>Provision for Income Taxes:</b>			
30	Federal Income Tax .....		<u>                    </u>
31	State Income Tax .....		<u>                    </u>
32	Total Income Tax	(Line 30, plus Line 31)	<u>                    </u>
33	<b>Ambulance Service Net Income (Loss)</b>	(Line 29, minus Line 32)	<u>                    </u> <u>-</u>

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**Bullhead City Fire Department  
Disposals 2013-2014  
7/1/2013 to 6/30/2014**

120 -- Fire Apparatus										
Number	Description	Dept Code	Sec Code	Purch Date	Purch Price	Cur Depr E	Acc Depr	Book Value		
R1003866	1011-E-One Truck	2	202	10/11/1994	247,076.00	0.00	247,076.00	0.00		
2	Subtotal				247,076.00	0.00	247,076.00	0.00		
Asset Type Total					247,076.00	0.00	247,076.00	0.00		
Total					247,076.00	0.00	247,076.00	0.00		

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**BULLHEAD CITY 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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**BULLHEAD CITY FIRE DISTRICT  
BULLHEAD CITY, ARIZONA  
FINANCIAL STATEMENTS  
JUNE 30, 2014**

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FINANCIAL STATEMENTS  
JUNE 30, 2014**

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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  
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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  
Bullhead Fire District  
Bullhead, Arizona

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bullhead Fire District, Bullhead, 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.

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**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 Bullhead 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.

**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 14, 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 14, 2014

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# Bullhead City Fire District

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

The following discussion and analysis of the Bullhead City Fire District's (District) 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 and the Basic Financial Statements.

### Nature of Operations

The Bullhead City Fire District provides fire suppression/prevention, emergency medical services, and all risk hazard mitigation to homes, property and persons residing within or traveling through the District boundaries, as well as locations and persons outside the District thru mutual aid agreements and fees for service. The Fire Prevention Bureau does fire safety inspections of area businesses and plan reviews for new construction.

### Results of Operations

During this fiscal year the Department responded to 10,152 calls. Of those, 9,177 were EMS calls which resulted in 6399 ambulance transports. The revenue generated by those transports was \$8,279,219 with mandatory write-offs (Medicare, Insurance, MediCal and AHCCCS) of \$3,140,831 (38%). Additional bad-debt write-offs totaled \$1,191,339 (14%). Ambulance revenue received in FY 2013-14 was \$3,751,939 for a collection rate of 45% after mandatory and bad -debt write-off.

The Fire Prevention Bureau performs building plan reviews and inspects commercial buildings and public events for safety. \$16,130 was received for permits and fees in fiscal year 2013-14. The fire hydrants in the district are either dedicated after acceptance to or purchased by the fire district and all are maintained by fire department personnel. \$115,000 including salary is budgeted each year for this purpose.

Fire Department personnel are also very active in public education, both in the schools and in the adult community. Several employees deliver the fire safety message through clown and puppet shows that are presented to the elementary school children twice each year. A Fire Prevention Fair is held each October and many hours of volunteer labor are donated by BCFD employees and other members of the community to make this safety event a success.

The District has a "red card team" who is specially trained in wild land firefighting. \$4,690 was received in FY 2013-14 from the Arizona State Land Department for our response to fires throughout the State during this fiscal year. \$21,694 was received from outstanding invoices from FY 2012-13.

Changes were made to the District's vehicle fleet with the purchase of a 2013 Rosenbauer Spartan Type I Pumper and the sale of one (1) 1995 E-One Pumper.

Other equipment purchased by the District during FY 2013-14 includes one (1) thermal imaging camera, a GPS Traffic Preemption System, and radio communications system upgrades.

The District also permanently closed, removed and replaced the 8000 gallon underground fuel storage tank originally installed in 1985.

#### **Financial Highlights**

- λ District investment in capital assets increased by \$925,166 or 6.08%.
- λ The District's net position decreased \$391,832 or 3.61% from the previous fiscal year.
- λ Total revenues increased \$425,952 or 3.31% over the previous fiscal year.
- λ At the end of the current fiscal year, unrestricted net position for the General fund was \$2,447,100.

In FY 2013-14, the District purchased CBRNE Detection and Personal Protective Equipment in the amount of \$32,370.38 as the result of a grant award from the Arizona Department of Homeland Security received in FY 2012-13.

In FY 2013-2014, the District purchased residential Knox Boxes in the amount of \$24,300. The funds for this purchase were made possible by the Assistance to Firefighter Grant from FEMA at the U.S. Department of Homeland Security awarded in FY 2012-2013.

In FY 2012-13, the District entered into an Intergovernmental Agreement (IGA) with Fort Mohave Mesa Fire District to provide Ambulance Billing Services. FY 2013-14 was the first complete year of the IGA. As a result of this agreement, the District received \$40,977 in fees from Fort Mohave Mesa Fire District.

Changes in District fleet vehicles for FY 2013-2014 included the purchase of a Rosenbauer Spartan Type I Pumper for \$530,756 and the sale of one (1) 1995 E-One Pumper for \$65,000.

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Equipment purchased by the District in FY 2013-2014 included one (1) thermal imaging Camera, a GPS Traffic Preemption System, and radio communications system upgrades for a total of \$502,213.

In FY 2013-2014, the District permanently closed, removed and replaced the 8000 gallon underground fuel storage tank originally installed in 1985, at a cost of \$80,055.

Station improvements were completed at Stations 1, 2 and 5. Improvements at Station 1 included Administrative and Battalion Chief Office remodels as well as the remodel of the 56 hour kitchen with new cabinetry, appliances and flooring. Decorative Rock was added to fill in open space between cement parking areas and block wall. Improvements at Station 2 included interior door installation along with replacement of floor coverings in the TV room and the duty crew living quarters. Station 5 also completed a kitchen remodel during FY 2013-14. The cost of all station improvements for FY 2013-14 was \$68,273. This includes approximately \$9,000 in miscellaneous items purchased for various improvement projects not listed on the depreciation schedule as they did not meet the threshold limit for inclusion.

This discussion and analysis is 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.

#### **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.

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**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 06/30/13	BALANCE 06/30/14
Invested in Capital Assets, Net of related Debt	\$ 8,128,895	\$ 7,997,546
Restricted	3,703	3,732
Nonspendable	31,673	0
Unrestricted	2,675,939	2,447,100
<b>Total Net Position</b>	<b>\$ 10,840,210</b>	<b>\$ 10,448,378</b>

**Governmental Activities**

Most of the revenues for the District were derived from assessed property taxes. In FY 13-14 the assessed value of the District decreased by approximately 0.12% from the prior year. The levy rate was decreased from \$2.845 to \$2.84 per hundred dollars of assessed value. Approximately 31% of the District revenue was derived from the operation of the ambulance service.

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**General Fund Budgetary Highlights**

The District ended the FY 2013-2014 with a carryover revenue amount of \$2,133,310. Of that amount \$1,331,288 was reserved funds carried forward for severance reserve, reserved payroll, air packs, apparatus and contingency funds and grant matching funds.

**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 ending June 30, 2014, the District purchased \$1,113,024 in capital assets. Those assets include:

- λ One (1) 2013 Rosenbauer Spartan Type I Pumper
- λ One (1) Thermal Imaging Camera
- λ GPS Traffic Preemption System
- λ Radio Communications System Upgrades
- λ Underground Fuel Storage Tank

**Capital Assets, Net of Depreciation June 30, 2014**

	<u>BALANCE</u> <u>06/30/2013</u>	<u>BALANCE</u> <u>06/30/2014</u>
<u>Depreciable Assets</u>		
Vehicles	\$5,713,346	\$ 5,996,977
Buildings	7,264,557	7,323,824
Equipment, Fire	<u>2,231,264</u>	<u>2,813,532</u>
Total Historical Costs	<u>15,209,167</u>	<u>16,134,333</u>
Less Accum Depreciation		
Vehicles	2,938,116	3,080,372
Buildings	2,387,752	2,594,020
Equipment, Fire	<u>1,554,821</u>	<u>1,764,635</u>
Less: Total Accumulated Depreciation	<u>6,880,689</u>	<u>7,439,027</u>
Depreciable Capital Assets, Net	8,328,478	8,695,306
<u>Non-Depreciable Assets</u>		
Land	<u>299,338</u>	<u>299,338</u>
Capital Assets, Net	<u>\$8,627,816</u>	<u>\$ 8,994,644</u>

**Long Term Debt**

At the end of the current fiscal year, the District had debt outstanding of 1,814,987. 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>
Monitors	\$ 150,578	\$ 0
Ambulance	192,910	117,973
Radio Equipment	155,433	79,124
Traffic Preemption	0	400,000
Communication System	<u>0</u>	<u>400,000</u>
Total Lease Obligations	498,921	997,097
Compensated Absences	<u>802,355</u>	<u>817,890</u>
Totals	<u>\$ 1,301,276</u>	<u>\$ 1,814,987</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. Several years of community growth and increases in assessed valuation which have enabled the District to increase staffing, purchase much needed equipment and apparatus, make building improvements and improve services to the community, have been greatly affected by the recession of the past several years of economic downturn in the State and in the country as a whole. Recovery has been slower than anticipated.

The assessed value of the District decreased approximately 0.12% for FY 2013-14. The general economy appears to have stabilized and it is anticipated that the next few years will remain flat with the possibility of only slight decreases in value. Based on current figures, the estimated assessed value of the District is expected to decrease again although minimally in FY 2014-15 by approximately 2.70%. Beginning in FY 2015-16, as a result of Proposition 117, all taxing authorities will use the Net Assessed Limited Property Value, rather than Net Assessed Full Cash Values for calculation of Net Assessed Valuations, which will more than likely result again in a minimal decrease in the assessed value of the District. Once the new calculation is established over the next few years, as the economy continues to show modest increases, the District may also begin to see slight increases in assessed values. Since 2008, the District's NAV has decreased approximately 50.8% causing modest personnel losses through attrition.

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The District began work on the development of a 3-5 year Strategic Plan to be implemented in FY 2014-2015, outlining four (4) key result areas for planning focus. They are: Alternative Revenue Generation, Succession Planning, Building Organizational Capacity and Mission and Structure. Some of the goals to be explored in these key result areas include: 1) incorporate grant funding as an active part of our revenue sources; 2) revise fee schedules to increase amount of revenue generated; 3) utilize an effective Critical Care Transport Program and non-emergency Transport Program; 4) Explore other fee-based services; 5) Earn accreditation through the Commission on Fire Accreditation; 6) Review and evaluate current services and their return on investment; 7) Explore the enterprise of community paramedicine to determine its viability for the Bullhead City Fire Department.

#### **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 Debbie Dorman, Executive Administrative Manager, Bullhead City Fire Department, 1260 Hancock Road, Bullhead City, AZ 86442.

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**BASIC FINANCIAL STATEMENTS**

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**BULLHEAD CITY FIRE DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2014**

Exhibit A

**Governmental  
Activities**

**ASSETS**

Cash & Cash Equivalents (Note 3)	\$ 2,153,698
Receivables:	
Ambulance Service Fees, Net of Allowances for doubtful accounts (Note 5)	1,291,662
Wildland (Note 5)	22,964
Grants	573
Property Taxes (Note 6)	522,776
Lease Purchase Proceeds	400,000
Misc	13,080
Total Capital Assets, Net (Note 7)	<u>8,994,643</u>
 Total Assets	 <u>13,399,396</u>

**LIABILITIES**

Accounts Payable	44,324
Payroll Taxes Payable	132,300
Wages Payable	347,925
Compensated Absences (Note 10 )	
Portion due within one year	88,706
Portion due after one year	817,890
Lease/Purchases Payable (Note 11 )	
Portion due within one year	237,966
Portion due after one year	<u>759,131</u>
 Total Liabilities	 <u>2,428,242</u>

**DEFERRED INFLOW OF RESOURCES**

Unavailable Property Tax Revenue	<u>522,776</u>
 Total Deferred Inflow of Resources	 <u>522,776</u>

**NET POSITION**

Invested in Capital Assets, Net of related Debt	7,997,546
Restricted (Note 13)	3,732
Unrestricted (Note 13)	<u>2,447,100</u>
 <b>Total Net Position</b>	 <b><u>\$ 10,448,378</u></b>

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

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**BULLHEAD CITY FIRE DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2014**

Exhibit B

**Governmental  
Activities**

**EXPENSES**

Public Safety - Fire/EMS Protection	
Personnel Services	\$ 10,247,910
Materials & Services	1,830,739
Depreciation	<u>805,141</u>
Total Program Expenses	<u>12,883,790</u>

**PROGRAM REVENUES**

Operating and Capital Grants	71,619
Charges for Service	<u>3,901,275</u>
Total Program Revenues	<u>3,972,894</u>
Net Program Expense	<u>8,910,896</u>

**GENERAL REVENUES**

Property Taxes	7,927,283
Fire District Assistance	382,906
Investment Earnings	10,896
Miscellaneous	<u>197,979</u>
Total General Revenues	<u>8,519,064</u>

Increase in Net Position	(391,832)
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<b>NET POSITION-BEGINNING OF THE YEAR</b>	<u>10,840,210</u>
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<b>NET POSITION-END OF THE YEAR</b>	<u><u>\$ 10,448,378</u></u>
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**BULLHEAD CITY FIRE DISTRICT  
BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2014**

Exhibit C

General

**ASSETS**

Cash and Cash Equivalents (Note 3)	\$ 2,153,698
Receivables:	
Ambulance Service Fees, Net of Allowances for Doubtful Accounts (Note 5)	1,291,662
Property Taxes (Note 6)	522,776
Misc	13,080
Grants	573
Wildland (Note 6)	22,964
Lease Purchase Proceeds	<u>400,000</u>
 Total Assets	 <u><u>\$ 4,404,753</u></u>

**LIABILITIES**

Accounts Payable	\$ 44,324
Payroll Taxes Payable	132,300
Wages Payable	347,925
Compensated Absences (Note 10)	<u>88,706</u>
 Total Liabilities	 <u>613,255</u>

**DEFERRED INFLOW OF RESOURCES**

Unavailable Property Tax Revenue	<u>522,776</u>
 Total Deferred Inflow of Resources	 <u>522,776</u>

**FUND BALANCES**

Assigned (Note 13)	683,371
Restricted (Note 13)	3,732
Unassigned	<u>2,581,619</u>
 Total Fund Balances	 <u>3,268,722</u>
 Total Liabilities & Fund Balances	 <u><u>\$ 4,404,753</u></u>

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

Exhibit D

	<u>General</u>
<b>REVENUE</b>	
Property Taxes	\$ 7,927,283
Fire District Assistance Tax	382,906
Fees for Service	3,901,275
Interest	10,896
Grants	71,619
Lease Purchase Proceeds	800,000
Miscellaneous	<u>197,979</u>
Total Revenues	<u>13,291,958</u>
<b>EXPENDITURES</b>	
Current:	
Public Safety	11,959,006
Administration	19,318
Grants	56,488
Debt Service	
Principal	301,823
Interest	18,975
Capital Outlay	<u>1,181,296</u>
Total Expenditures	<u>13,536,906</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(244,948)</u>
Net Change in Fund Balances	(244,948)
<b>Fund Balances-Beginning of Year</b>	<u>3,513,670</u>
<b>Fund Balances-End of Year</b>	<u>\$ 3,268,722</u>

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**BULLHEAD CITY 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) \$ 3,268,722

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	16,433,672	
Less: Accumulated Depreciation	<u>(7,439,029)</u>	8,994,643

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		<u>(1,814,987)</u>
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Net Position of Governmental Activities (Exhibit A)		<u><u>\$ 10,448,378</u></u>
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**BULLHEAD CITY 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)	\$	(244,948)
-----------------------------------------------------------------------	----	-----------

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 capital outlay exceeded depreciation expense in the current period.		366,828
------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--	---------

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>(513,712)</u>
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Change in Net Position of Governmental Activities (Exhibit B)	\$	<u>(391,832)</u>
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**BULLHEAD CITY FIRE DISTRICT  
BULLHEAD CITY, 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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**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 \$5,000 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.

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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 position. 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/Fund Balances 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.

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- 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).

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### **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 1<sup>st</sup> 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 Treasurers 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>
Insured Deposits (FDIC)	\$ 254,101
Collateralized	627,167
Uninsured & Uncollateralized	<u>1,808,736</u>
Total Deposits	2,690,004
In Transit Items	<u>(536,706)</u>
Total Depository Accounts	2,153,298

NON DEPOSITORY ACCOUNTS

Cash On Hand	<u>400</u>
Total Non Depository Accounts	<u>400</u>
Total Cash & Cash Equivalents	<u>\$ 2,153,698</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	\$1,808,736

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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 Receivable Write-Off Policy: The District has adopted a policy which states in part, "if a bill remains unpaid more than 120 days from the date it was first mailed and reasonable collection attempts have failed, the debt may be deemed bad debt". In addition, accounts meeting certain criteria established by the District may be determined to be uncollectable and written off as uncollectable bad debt at the discretion of the Fire Chief or EMS Division Chief.

Ambulance receivables were \$1,792,341 with an allowance for bad debt of \$500,679 at June 30, 2014. This gave a net of \$1,291,662, without allowances or contractual adjustments, was expected to be collectable. Accounts with an age of over 90 days at the end of the fiscal year are deemed bad debt.

Wildland receivables were \$22,964 with an allowance for bad debt of \$0 at June 30, 2014. This gave a net of \$22,964 which was expected to be collectable.

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Grants receivables were \$573 with an allowance for bad debt of \$0 at June 30, 2014. This gave a net of \$573 which was expected to be collectable.

**NOTE 6 – PROPERTY TAX REVENUE RECIEVABLE**

Property Tax Revenues Receivable 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 arises.

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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	\$5,713,346	\$ 530,756	\$ 247,125	\$ 5,996,977
Buildings	7,264,557	59,267	0	7,323,824
Equipment, Fire	<u>2,231,264</u>	<u>582,268</u>	<u>0</u>	<u>2,813,532</u>
Total Historical Costs	<u>15,209,167</u>	<u>1,172,291</u>	<u>247,125</u>	<u>16,134,333</u>
Less Accum Depreciation				
Vehicles	2,938,116	389,332	247,076	3,080,372
Buildings	2,387,752	206,268	0	2,594,020
Equipment, Fire	<u>1,554,821</u>	<u>209,814</u>	<u>0</u>	<u>1,764,635</u>
Less: Total Accumulated Depreciation	<u>6,880,689</u>	<u>805,414</u>	<u>247,076</u>	<u>7,439,027</u>
Depreciable Capital Assets, Net	8,328,478	366,877	49	8,695,306
<u>Non-Depreciable Assets</u>				
Land	<u>299,338</u>	<u>0</u>	<u>0</u>	<u>299,338</u>
Capital Assets, Net	<u>\$8,627,816</u>	<u>\$ 366,877</u>	<u>\$ 49</u>	<u>\$ 8,994,644</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 utilizes a credit line with a limit of \$2,500,000 . As of June 30, 2014, the balance outstanding was approximately \$ 0 and \$2,500,000 was available. The interest rate, at year end, was approximately prime rate plus ½ of 1 percent. The District routinely pays the balance in full when funds are available.

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 District also accrues a liability for 50% of the employees unpaid sick leave accumulation. The District policy allows for the redemption of 50% of the employees unused sick leave. The accrual at year end consisted of \$350,121 in unpaid vacation time and \$935,539 in unused sick time of which \$467,769 has been accrued as payable. The remaining amount is not payable by the District unless used by the employee.

**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.

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### Capital Leases

**Monitors Lease:** On July 1<sup>st</sup>, 2011, the District entered into a lease/purchase agreement with Zion Bank for the purchase of monitors. The initial purchase was in the amount of \$235,000 at an interest rate of 3.410% for a term of 5 years. Semi-annual payments are due each July 1<sup>st</sup> and January 1<sup>st</sup> in the amount of \$31,673 with a final payment due on July 1<sup>st</sup>, 2015. District paid this off in the 2013-2014 fiscal year.

**Ambulance Lease:** On July 24<sup>th</sup>, 2012, the District entered into a lease/purchase agreement with Republic 1<sup>st</sup> National Bank for the purchase of ambulances. The initial purchase was in the amount of \$229,308 at an interest rate of 3.410% for a term of 3 years. Semi-Annual payments are due each July 15<sup>th</sup> and December 15<sup>th</sup> in the amount of \$40,867 with a final payment due on July 15<sup>st</sup>, 2015.

**Radio Equipment Lease:** On December 1<sup>st</sup>, 2010, the District entered into a lease/purchase agreement with Zion First National Bank for the purchase of radio equipment. The initial purchase was in the amount of \$300,000 at an interest rate of 3.690% for a term of 4 years. Annual payments are due each December 1<sup>st</sup> in the amount of \$82,044 with a final payment due on December 1<sup>st</sup> 2014.

**Traffic Preemption Equipment Lease:** On February 1<sup>st</sup>, 2014, the District entered into a lease/purchase agreement with Zion First National Bank for the purchase of traffic preemption equipment. The initial purchase was in the amount of \$400,000 at an interest rate of 2.040% for a term of 5 years. Semi-annual payments are due on August 1<sup>st</sup> and February 1<sup>st</sup> in the amount of \$42,278 with a final payment due on February 1<sup>st</sup> 2019.

**Communication System Equipment Lease:** On June 2<sup>nd</sup>, 2014, the District entered into a lease/purchase agreement with Zion First National Bank for the purchase of communication system equipment. The initial purchase was in the amount of \$400,000 at an interest rate of 2.188% for a term of 5 years. Semi-annual payments are due on August 1<sup>st</sup> and February 1<sup>st</sup> in the amount of \$51,202 with a final payment due on August 1<sup>st</sup>, 2019.

### Loans

**BHHS Foundation Loan:** On November 30<sup>th</sup>, 2008, the District entered into a forgivable loan agreement with BHHS Legacy Foundation for the purchase of equipment and to provide assistance for Critical Care Ambulance Transportation in the Bullhead City, Arizona area. The original amount of the loan was \$76,300 and is amortized over five years with a potential 20% loan repayment forgiveness each 12 months. The loan ended on November 30<sup>th</sup> 2013 with a zero percent interest rate.

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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>
Monitors	\$ 150,578	\$ 0	\$ 150,578	\$ 0
Ambulance	192,910	0	74,937	117,973
Radio Equipment	155,433	0	76,309	79,124
Traffic Preemption	0	400,000	0	400,000
Communication System	<u>0</u>	<u>400,000</u>	<u>0</u>	<u>400,000</u>
Total Lease Obligations	498,921	800,000	301,824	997,097
Compensated Absences	<u>802,355</u>	<u>22,562</u>	<u>7,027</u>	<u>817,890</u>
Totals	<u>\$ 1,301,276</u>	<u>\$822,562</u>	<u>\$ 308,851</u>	<u>\$ 1,814,987</u>

**NOTE 12 - 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, 2014, were as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 237,966	\$ 20,369	\$ 258,335
2016	171,048	15,578	186,626
2017	175,379	11,582	186,961
2018	179,119	7,842	186,961
2019	182,937	4,024	186,961
2020	<u>50,648</u>	<u>554</u>	<u>51,202</u>
Total Obligation	997,097	\$ <u>59,949</u>	\$ <u>1,057,046</u>
Less amount due within 1 year	<u>237,966</u>		
Amount due after 1 year	<u>\$ 759,131</u>		

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NOTE 13 – 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 balances 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 fund 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	\$ 7,997,546
Restricted – Donations	3,732
Unrestricted	<u>2,447,100</u>
Total Net Position	<u>\$10,448,378</u>

Governmental Fund Balances :

Assigned Fund Balance - Payroll	\$ 467,567
Assigned Fund Balance – Unemployment Costs	<u>215,804</u>
Total Assigned Fund Balances	683,371
Restricted Fund Balance – Donations	3,732
Unassigned Fund Balances	<u>2,581,619</u>
Total Fund Balance	<u>\$ 3,268,722</u>

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**NOTE 14 - 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 15 – DEFERRED COMPENSATION PLAN**

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code (IRC) Section 457. This plan, available to all District employees, permits employees to defer a portion of their current salary until future years. Assets held in IRC Section 457 plans are generally subject to claims of creditors.

It is the District's position that it has no liability for investment losses under the plan but has the duty of due care that would be required of an ordinary prudent investor. The District believes it is unlikely that it will use the assets to satisfy the claims of general creditors in the future.

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**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.

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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.

Each multiple employer plan issues a publicly available financial report that includes its financial statements and required supplementary information. A report may be obtained by writing or calling the applicable 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

#### **NOTE 17 - 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 18- 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, other than any items listed below.

Subsequent to the fiscal year, a former employee has filed a complaint alleging unlawful dismissal by the District. The outcome of this is unknown at this time.

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**REQUIRED SUPPLEMENTARY  
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**BULLHEAD CITY 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 G

	Budgeted Amounts		Actual	Variance with Final
	Original	Final		Budget Positive (Negative)
<b>Revenues:</b>				
Property Taxes	\$ 7,731,801	\$ 7,731,801	\$ 7,927,283	\$ 195,482
Fire District Assistance	400,000	400,000	382,906	(17,094)
Fees for Service	4,045,000	4,045,000	3,901,275	(143,725)
Grant Revenue	150,000	150,000	71,619	(78,381)
Lease Purchase Proceeds	-	-	800,000	800,000
Miscellaneous	76,000	76,000	197,979	121,979
Interest	12,000	12,000	10,896	(1,104)
<b>Total Revenues</b>	<u>12,414,801</u>	<u>12,414,801</u>	<u>13,291,958</u>	<u>877,157</u>
<b>Expenditures:</b>				
<b>Current:</b>				
Public Safety	12,504,478	12,504,478	11,959,006	545,472
Administration	30,000	30,000	19,318	10,682
Grants	170,000	170,000	56,488	113,512
Capital Outlay	1,857,838	1,857,838	1,502,094	355,744
<b>Total Expenditures</b>	<u>14,562,316</u>	<u>14,562,316</u>	<u>13,536,906</u>	<u>1,025,410</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(2,147,515)</u>	<u>(2,147,515)</u>	<u>(244,948)</u>	<u>1,902,567</u>
Net Change in Fund Balances	(2,147,515)	(2,147,515)	(244,948)	1,902,567
Fund Balances at Beginning of Year	<u>2,147,515</u>	<u>2,147,515</u>	<u>3,513,670</u>	<u>1,366,155</u>
Fund Balances at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 3,268,722</u>	<u>\$ 3,268,722</u>

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**BULLHEAD CITY FIRE DISTRICT  
ARIZONA PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM  
GASB STATEMENT NO. 25 SUPPLEMENTARY PENSION INFORMATION**

**SCHEDULE OF FUNDING PROGRESS  
(ESCLUDING HEALTH INSURANCE SUBSIDY BEGINNING JUNE 30, 2008)**

Year Ended June 30	Valuation Value of Assets (a)	Actuarial Accrued Liability (b)	Funded Ratio (a)/(b)	Unfunded AAL (UAAAL) (b)-(a)	Annual Covered Payroll (c)	UAAL As a % Of Covered Payroll ((b)-(a)/(c))
2003	12,280,434	10,056,887	122.1%	(2,223,547)	3,216,735	-%
2004	12,829,065	11,536,408	111.2%	(1,292,657)	3,555,366	-%
2005	13,650,685	13,576,866	100.5%	(73,819)	3,924,695	-%
2006	14,535,614	15,941,128	91.2%	1,405,514	4,383,989	32.1%
2007	14,757,251	19,213,036	76.8%	4,455,785	4,763,643	93.5%
2008	16,585,387	20,756,292	79.9%	4,170,905	5,298,898	78.7%
2009	18,917,611	22,576,356	83.8%	3,658,745	5,603,108	65.3%
2010	20,833,759	25,397,588	82.0%	4,563,829	5,769,065	79.1%
2011	22,507,667	29,030,899	77.5%	6,523,232	5,677,833	114.9%
2012	24,869,128	31,287,124	79.5%	6,417,996	5,765,450	111.3%
2013	26,499,996	33,347,020	79.5%	6,847,024	5,298,746	129.2%

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

Year Ended June 30	Annual Pension Cost (APC)
2003	84,320
2004	176,565
2005	224,940
2006	225,547
2007	392,213
2008	605,082
2009	1,066,838
2010	957,839
2011	(est) 907,396
2012	(est) 1,004,904
2013	(est) 1,095,467
2014	(est) 1,159,409
2015	(est) 1,129,498

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**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, 2013
Actuarial cost method:	Entry Age Normal
Amortization Method:	Level percent-of-pay closed
Remaining amortization period:	23 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 *	4.50% - 8.50%
Payroll Growth	4.50%
Cost of Living Adjustments	None

**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. 25. Although segregated assets for the health insurance subsidy have not been available historically, it is our understanding that they will be made available beginning with the June 30, 2014 valuation.

**SCHEDULE OF FUNDING PROGRESS**

VALUATION DATE	VALUATION VALUE OF ASSETS	ACTUARIAL ACCRUED LIABILITY	UNFUNDED AAL (UAAL) (b-a)	FUNDED RATIO (a/b)	ANNUAL COVERED PAYROLL (c)	UAAL AS A % OF COVERED PAYROLL ((b-a)/c)
JUNE 30, 2006	\$0	\$540,452	\$540,452	0.00%	\$4,383,989	12.33%
2007	\$0	\$629,935	\$629,935	0.00%	\$4,763,643	13.22%
2008	\$0	\$691,444	\$691,444	0.00%	\$5,298,898	13.05%
2009	\$0	\$670,697	\$670,697	0.00%	\$5,603,108	11.97%
2010	\$0	\$700,553	\$700,553	0.00%	\$5,769,065	12.14%
2011	\$0	\$869,591	\$869,591	0.00%	\$5,677,833	15.32%
2012	\$0	\$802,443	\$802,443	0.00%	\$5,765,450	13.92%
2013	\$0	\$859,475	\$859,475	0.00%	\$5,298,746	16.22%

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**ANNUAL REQUIRED CONTRIBUTION**

VALUATION DATE	FISCAL YEAR ENDED	(a) NORMAL COST	(b) ACTUARIAL ACCRUED LIABILITY	TOTAL (a)+(b)	DOLLAR AMOUNT BASED ON COVERED PAYROLL
<u>JUNE 30</u>	<u>JUNE 30</u>	<u>COST</u>	<u>LIABILITY</u>	<u>(a)+(b)</u>	<u>COVERED PAYROLL</u>
2006	2008	0.46%	0.57%	1.03%	\$54,579
2007	2009	0.61%	0.63%	1.24%	\$65,706
2008	2010	0.55%	0.63%	1.18%	\$62,527
2009	2011	0.57%	0.58%	1.15%	\$71,719
2010	2012	0.56%	0.61%	1.17%	\$75,127
2011	2013	0.30%	0.82%	1.12%	\$70,110
2012	2014	0.27%	0.74%	1.01%	\$64,200
2013	2015	0.30%	0.93%	1.23%	\$71,172

**Health Insurance Subsidy Payments Reported for FY 2013: \$11,280**

**BENEFITS**

Normal retirement is the first day of the month following completion of 20 years of service or following the 62<sup>nd</sup> 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 Arizona Public Safety Personnel Retirement System.

The facts and figures are compiled from the report provided by Gabriel Roeder Smith & Company. A complete copy of the actuarial valuation as of June 30, 2013 is available from the Arizona Public Safety Personnel Retirement System, Phoenix, Arizona or from Gabriel Roeder Smith & Company, One Towne Square, Suite 800, Southfield, MI 48076-3723.

**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, 2013 issued October 11<sup>th</sup> 2013.

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# BULLHEAD CITY 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.).

### 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.

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**OTHER SUPPLEMENTARY INFORMATION**

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**BULLHEAD CITY FIRE DISTRICT  
ANNUAL REPORT INFORMATION  
FISCAL YEAR ENDED JUNE 30, 2014**

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:**

<u>Date</u>	<u>Time</u>	<u>Location</u>
July 23, 2013	6:00 p.m.	Station #1 - 1260 Hancock Road, Bullhead City, Arizona
August 27, 2013	6:00 p.m.	Station #1 - 1260 Hancock Road, Bullhead City, Arizona
Sept 24, 2013	6:00 p.m.	Station #1 - 1260 Hancock Road, Bullhead City, Arizona
October 22, 2013	1:00 p.m.	Station #1 - 1260 Hancock Road, Bullhead City, Arizona
November 26, 2013	1:00 p.m.	Station #1 - 1260 Hancock Road, Bullhead City, Arizona
December 24, 2013	1:00 p.m.	Station #1 - 1260 Hancock Road, Bullhead City, Arizona
January 21, 2014	1:00 p.m.	Station #1 - 1260 Hancock Road, Bullhead City, Arizona
February 25, 2014	1:00 p.m.	Station #1 - 1260 Hancock Road, Bullhead City, Arizona
March 25, 2014	1:00 p.m.	Station #1 - 1260 Hancock Road, Bullhead City, Arizona
April 22, 2014	8:00 a.m.	Station #1 - 1260 Hancock Road, Bullhead City, Arizona
May 27, 2014	8:00 a.m.	Station #1 - 1260 Hancock Road, Bullhead City, Arizona
June 24, 2014	8:00 a.m.	Station #1 - 1260 Hancock Road, Bullhead City, Arizona

**BOARD MEMBERS:**

<u>Name</u>	<u>Business Phone Number</u>	<u>Occupation</u>
Matthew Rielly	928-201-7555	Director of Operations
Steven R. Buck	928-763-7368	Business Owner
James Zaborsky	928-444-8190	Business Owner
Charles Moore	928-758-3971	Retired
David Cummings	928-758-3971	Retired

**LOCATION OF POSTING OF MEETING NOTICES (all meetings):**

Bullhead City Fire Station #1	1260 Hancock Road	Bullhead City, Arizona
Bullhead City Fire Station #2	1230 Highway #95	Bullhead City, Arizona
Bullhead City Hall	2355 Trane Road	Bullhead City, Arizona

**LEGAL DESCRIPTION OF BOUNDARY CHANGES:**

None

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**BULLHEAD CITY FIRE DISTRICT**  
**GOVERNMENT AUDIT STANDARDS SECTION**  
**June 30, 2014**

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**BULLHEAD CITY FIRE DISTRICT  
BULLHEAD CITY, ARIZONA**

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**GOVERNMENT AUDIT STANDARDS SECTION  
JUNE 30, 2014**

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# SAUNDERS COMPANY, LTD

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International Association of Certified Fraud Examiners

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

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## 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  
Bullhead Fire District  
Bullhead, 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 Bullhead Fire District, Bullhead, 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 14, 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

June 30, 2014

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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 14, 2014

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