AMBULANCE REVENUE and COST REPORT

FIRE DISTRICT and SMALL RURAL COMPANY

Arizona Department of Health Services
Annual Ambulance Financial Report

Eloy Fire District dba Eloy Fire District Ambulance Service
Reporting Ambulance Service

Address: **4010 N Toltec Road**

City: **Eloy, AZ** Zip: **85131**

Report Fiscal Year

From: **July 1, 2013** (Mo. Day Year) To: **June 30, 2014** (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: Coy L. Amerson *Date:* 12/23/14

Print Name and Title: Coy L. Amerson **Coy L Amerson, Fire Chief**

Phone: **520-466-3544**

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

06/22/2004 Formula's Excluded

AMBULANCE REVENUE AND COST REPORT

FIRE DISTRICT and SMALL RURAL COMPANY

AMBULANCE SERVICE ENTITY: Eloy Fire District dba Eloy Fire District Ambulance Service

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

STATISTICAL SUPPORT DATA

Line No.	DESCRIPTION	(1) SUBSCRIPTION SERVICE TRANSPORTS	*(2) TRANSPORTS UNDER CONTRACT	(3) TRANSPORTS NOT UNDER CONTRACT	(4) TOTALS
1	Number of ALS Billable Transports:			1,039	1,039
2	Number of BLS Billable Transports:			734	734
3	Number of Loaded Billable Miles:			28,761	28,761
4	Waiting Time (Hr. & Min.):				
5	Canceled (Non-Billable) Runs:				

AMBULANCE SERVICE ROUTINE OPERATING REVENUE

6	ALS Base Rate Revenue	$ 1,471,797
7	BLS Base Rate Revenue	1,040,627
8	Mileage Charge Revenue	580,600
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)	$ 3,093,024

SALARY AND WAGE EXPENSE DETAIL

	GROSS WAGES:		** No. of FTE's
14	Management	$ 101,635	2.0
15	Paramedics and IEMTs	$ 1,075,121	20.0
16	Emergency Medical Technician (EMT)	$ 310,318	7.0
17	Other Personnel	$ 135,409	3.0
18	Payroll Taxes and Fringe Benefits - All Personnel	$ 500,957	
19	Total Wages, Taxes & Benefits (Sum Lines 14 through 18; Post to Page 3, Line 10)	$ 2,123,440	32

* 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: Eloy Fire District dba Eloy Fire District Ambulance Service

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

SCHEDULE OF REVENUES AND EXPENSES

Line No.	DESCRIPTION		
	Operating Revenues:		
1	Total Ambulance Service Operating Revenue	(From: Page 2, Line 13)	$ 3,093,024
	Settlement Amounts:		
2	AHCCCS		400,489
3	Medicare		647,633
4	Subscription Service		
5	Contractual		
6	Other		5,336
7	Total	(Sum of Lines 2 through 6)	1,053,458
8	Total Operating Revenue	(Line 1 minus Line 7)	$ 2,039,566
	Operating Expenses:		
9	Bad Debt		$ 562,145
10	Total Salaries, Wages, and Employee-Related Expenses	(From: Page 2, Line 19)	2,123,440
11	Professional Services		129,282
12	Travel and Entertainment		-
13	Other General Administrative		22,735
14	Depreciation		138,626
15	Rent / Leasing		-
16	Building / Station		26,191
17	Vehicle Expense		83,162
18	Other Operating Expense		144,379
19	Cost of Medical Supplies Charged to Patients		37,551
20	Interest		1,323
21	Subscription Service Sales Expense		
22	Total Operating Expense	(Sum of Lines 9 through 21)	3,268,834
23	Total Operating Income or (Loss)	(Line 8 minus Line 22)	$ (1,229,268)
24	Subscription Contract Sales		
25	Other Operating Revenue		
26	Local Supportive Funding		1,229,268
27	Other Non-Operating Income (Attach Schedule)		
28	Other Non-Operating Expense (Attach Schedule)		
29	NET INCOME or (LOSS) Before Income Taxes	(Sum of Lines 23 through 27, minus Line 28)	$ -
	Provision for Income Taxes:		
30	Federal Income Tax		-
31	State Income Tax		-
32	Total Income Tax	(Line 30, plus Line 31)	-
33	**Ambulance Service Net Income (Loss)**	(Line 29, minus Line 32)	-

AMBULANCE REVENUE AND COST REPORT

FIRE DISTRICT and SMALL RURAL COMPANY

AMBULANCE SERVICE ENTITY: Eloy Fire District dba Eloy Fire District Ambulance Service

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

BALANCE SHEET

Current audited financial statements may be submitted in lieu of these pages.

See Audited Financial Statements (ENCLOSED)

ASSETS

	CURRENT ASSETS		
1	Cash	$	
2	Accounts Receivable		
3	Less: Allowance for Doubtful Accounts		
4	Inventory		
5	Prepaid Expe		
6	Other Current Assets		
7	TOTAL CURRENT ASSETS		$
9	PROPERTY & EQUIPMENT		
10	Less: Accumulated Depreciation		
11	OTHER NON CURRENT ASSETS		
12	TOTAL ASSETS		$

LIABILITIES & EQUITY

	CURRENT LIABILITIES		
13	Accounts Payable	$	
14	Current Portion of Notes Payable		
15	Current Portion of Long-Term Debt		
16	Deferred Subscription Income		
17	Accrued Expenses and Other		
18			
19			
20	TOTAL CURRENT LIABILITIES		$
21	NOTES PAYABLE		
22	LONG-TERM DEBT, OTHER		
23	TOTAL LONG-TERM DEBT		
	EQUITY & OTHER CREDITS		
	Paid-In Capital:		
24	Common Stock		
25	Paid-In Capital in Excess of Par Value		
26	Contributed Capital		
27	Retained Earnings		
28		-	
29		-	
30	Fund Balance	-	
31	TOTAL EQUITY		
32	TOTAL LIABILITIES & EQUITY		$

AMBULANCE REVENUE AND COST REPORT

AMBULANCE SERVICE ENTITY: Eloy Fire District dba Eloy Fire District Ambulance Service

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

STATEMENT OF CASH FLOWS Current audited financial statements may be submitted in lieu of these pages.

See Audited Financial Statements (ENCLOSED)

OPERATING ACTIVITIES:

1 Net (loss) Income ..... $ _____

Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities: Note: a increase in these accounts improves cash flow

2 Depreciation Expense ..... _____
3 Deferred Income Tax ..... _____
4 Loss (gain) on Disposal of Property & Equipment ..... _____

(Increase) Decrease in: Note: a decrease in these accounts improves cash flow

5 Accounts Receivable ..... _____
6 Inventories ..... _____
7 Prepaid Expenses ..... _____

Increase (Decrease) in: Note: a increase in these accounts improves cash flow

8 Accounts Payable ..... _____
9 Accrued Expenses ..... _____
10 Deferred Subscription Income ..... _____

11 NET CASH PROVIDED (Used) BY OPERATING ACTIVITIES $ _____

INVESTING ACTIVITIES:

12 Purchases of Property & Equipment ..... _____
13 Proceeds from Disposal of Property & Equipment ..... _____
14 Purchases of Investments ..... _____
15 Proceeds from Disposal of Investments ..... _____
16 Loans Made ..... _____
17 Collections on Loans ..... _____
18 Other ..... _____

19 NET CASH PROVIDED (Used) BY INVESTING ACTIVITIES ..... _____

FINANCING ACTIVITIES:

New Borrowings:

20 Long-Term ..... _____
21 Short-Term ..... _____

Debt Reduction:

22 Long-Term ..... _____
23 Short-Term ..... _____

24 Capital Contributions ..... _____
25 Dividends Paid ..... $ _____

26 NET CASH PROVIDED (Used) BY FINANCING ACTIVITIES ..... _____
27 NET INCREASE (Decrease) IN CASH ..... _____
28 CASH AT BEGINNING OF YEAR ..... _____
29 CASH AT END OF YEAR ..... _____

SUPPLEMENTAL DISCLOSURES:

Non-cash Investing and Financing Transactions:

30 _____ ..... _____
31 _____ ..... _____
32 _____ ..... _____
33 Interest Paid (Net of Amounts Capitalized) ..... _____
34 Income Taxes Paid ..... $ _____

ELOY 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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ELOY FIRE DISTRICT
ELOY, ARIZONA
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
CHARTERED GLOBAL MANAGEMENT ACCOUNTANT

6008 W. CORTEZ ST
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Redheadedcutie10@AOL.c om

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
Eloy Fire District
Eloy, Arizona

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

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 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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Eloy Fire District

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

The following discussion and analysis of the Eloy 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 Eloy Fire District provides fire, ambulance, and hazardous material services to homes, property and persons residing within the District boundaries, as well as services to locations and persons outside the District through mutual aid agreements and contracts.

Results of Operations

- λ Responded to 400 fire (and other) related calls
- λ Responded to 2236 emergency medical calls
- λ Issued 114 permits, 103 of those in the Robson Ranch community
- λ Supported federal, state, and local governments in their efforts to extinguish various wild land fires
- λ Provided fire inspection services for various occupancy types within the fire district
- λ Provided CPR and First Aid classes to the local community
- λ Participated in Fire Safety week at the local schools
- λ Purchased new equipment to improve emergency services

Financial Highlights

- λ District investment in capital assets increased by $91,698 or 1.65%.
- λ The District's net position increased $97,047 or 1.92% from the previous fiscal year.
- λ Total revenues increased $13,372 or 0.34% over the previous fiscal year.
- λ At the end of the current fiscal year, unrestricted net position for the General fund was $3,061,626.

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 JUNE 30, 2013	BALANCE JUNE 30, 2014
Invested in Capital Assets, Net of related Debt	$ 2,234,555	$ 2,084,001
Unrestricted	2,814,025	3,061,626
Total Net Position	$ 5,048,580	$ 5,145,627

Governmental Activities

Most of the revenues for the District were derived from assessed property taxes and Fire District Assistance Tax from the County, and ambulance transports. Additional revenues were generated through response to wild land fires, permit fees, and hazardous materials responses.

General Fund Budgetary Highlights

The Eloy Fire District was able to stay within its approved 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 One (1) Skedco Sked-Evac CSR kit (tripod and accessories)
    1. Used for manhole rescues
- λ Two (2) LifePack 15 Monitors/Defibrillators and accessories
- λ One (1) Honda hose tester
- λ Two (2) Thermospan 150 FL white roll up doors for fire station
- λ Two (2) Mercury Master 4 inch FNH Inlet water monitors
- λ One (1) engine rebuild/repair for the 1996 E-1 Fire Truck
- λ One (1) 2015 Ford F550 Super Cab 4 x 4 Truck
- λ One (1) Rebel Type 6 Brush Truck bed
    1. Integrated with the 2015 Ford F550

Capital Assets, Net of Depreciation ,June 30, 2014

	BALANCE 06/30/2013	BALANCE 06/30/2014
Depreciable Assets		
Vehicles	$2,612,370	$2,796,482
Buildings	1,505,602	1,505,602
Equipment, Fire	1,242,598	1,303,702
Total Historical Costs	5,360,570	5,605,786
Less Accum Depreciation		
Vehicles	2,042,758	2,131,295
Buildings	423,192	462,132
Equipment, Fire	849,083	963,858
Less: Total Accumulated Depreciation	3,315,033	3,557,285
Depreciable Capital Assets, Net	2,045,537	2,048,501
Non-Depreciable Assets		
Construction in Progress	153,518	0
Land	35,500	35,500
Capital Assets, Net	$2,234,555	$ 2,084,001

Long Term Debt

At the end of the current fiscal year, the District had debt outstanding of $63,160. All of the debt is backed by the full faith and credit of the District.

Outstanding Debt

	Balance June 30, 2013	Balance June 30, 2014
None	$ 0	$ 0
Total Lease Obligations	0	0
Compensated Absences	64,943	63,160
Totals	$ 64,943	$ 63,160

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. Other factors that will impact future results include possible plans to hire more staff to provide better coverage, housing developments, new industry, and healthcare reimbursement alterations.

Contacting the District

This financial report is designed to provide an overview of the District's finances for anyone with an interest in the government's finances. Any questions regarding this report or requests for additional information may be directed to the Eloy Fire District at 4010 N. Toltec Road, Eloy, AZ 85131.

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BASIC FINANCIAL STATEMENTS

ELOY FIRE DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2014

Exhibit A

	Governmental Activities
ASSETS	
Cash & Cash Equivalents (Note 3)	$ 2,763,407
Receivables:	
Ambulance Service Fees, Net of Allowances for Doubtful Accounts (Note 5)	439,730
Wildland (Note 5)	269
Property Taxes (Note 6)	123,029
Prepaid Insurance	48,270
Total Capital Assets, Net (Note 7)	2,084,001
Total Assets	5,458,706
LIABILITIES	
Accounts Payable	8,431
Payroll Taxes Payable	53,826
Wages Payable	48,843
Compensated Absences (Note 10)	
Portion due within one year	15,790
Portion due after one year	63,160
Total Liabilities	190,050
DEFERRED INFLOW OF RESOURCES	
Unavailable Property Tax Revenue	123,029
Total Deferred Inflow of Resources	123,029
NET POSITION	
Invested in Capital Assets, Net of related Debt	2,084,001
Unrestricted (Note 12)	3,061,626
Total Net Position	$ 5,145,627

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

ELOY FIRE DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

Exhibit B

	Governmental Activities
EXPENSES	
Public Safety - Fire/EMS Protection	
Personnel Services	$ 2,743,165
Materials & Services	699,289
Depreciation	343,744
Total Program Expenses	3,786,198
PROGRAM REVENUES	
Charges for Service	1,390,046
Operating and Capital Grants	6,466
Total Program Revenues	1,396,512
Net Program Expense	2,389,686
GENERAL REVENUES	
Property Taxes	2,066,028
Fire District Assistance	400,000
Investment Earnings	6,003
Miscellaneous	14,702
Total General Revenues	2,486,733
Increase in Net Position	97,047
NET POSITION-BEGINNING OF THE YEAR	5,048,580
NET POSITION-END OF THE YEAR	$ 5,145,627

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

ELOY FIRE DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2014

Exhibit C

	General
ASSETS	
Cash and Cash Equivalents (Note 3)	$ 2,763,407
Receivables:	
Ambulance Service Fees, Net of Allowances for Doubtful Accounts (Note 5)	439,730
Property Taxes (Note 6)	123,029
Wildland (Note 5)	269
Prepaid Insurance	48,270
Total Assets	$ 3,374,705
LIABILITIES	
Accounts Payable	$ 8,431
Payroll Taxes Payable	53,826
Wages Payable	48,843
Compensated Absences (Note 10)	15,790
Total Liabilities	126,890
DEFERRED INFLOW OF RESOURCES	
Unavailable Property Tax Revenue	123,029
Total Deferred Inflow of Resources	123,029
FUND BALANCES	
Assigned (Note 12)	1,474,542
Unassigned (Note 12)	1,650,244
Total Fund Balances	3,124,786
Total Liabilities & Fund Balances	$ 3,374,705

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

ELOY 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	$ 2,066,028
Fire District Assistance Tax	400,000
Fees for Service	1,390,046
Grants	6,466
Interest	6,003
Miscellaneous	14,582
Total Revenues	3,883,125
EXPENDITURES	
Current:	
Public Safety	3,296,401
Administration	28,418
Capital Outlay	312,489
Total Expenditures	3,637,308
Excess (Deficiency) of Revenues over Expenditures	245,817
Net Change in Fund Balances	245,817
Fund Balances-Beginning of Year	2,878,969
Fund Balances-End of Year	$ 3,124,786

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

ELOY 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)		$ 3,124,786
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	5,641,286	
Less: Accumulated Depreciation	(3,557,285)	
		2,084,001
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		(63,160)
Net Position of Governmental Activities (Exhibit A)		$ 5,145,627

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

ELOY 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)	$	245,817
Amounts reported for governmental activities in the statement of activities (Exhibit B) are different because of the following:		
Governmental funds report capital outlays as expeditures. 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.		(150,554)
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.		1,784
Change in Net Position of Governmental Activities (Exhibit B)	$	97,047

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

ELOY FIRE DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2014

Exhibit G

	Volunteer Pension Fund
ASSETS	
Cash & Cash Equivalents	$ -
Investments, at fair value	
Mutual Funds	1,711,326
Total Assets	1,711,326
LIABILITIES	
Taxes Payable	-0-
Total Liabilities	-0-
NET POSITION	
Held in trust for pension and other purposes	$ 1,711,326

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

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

Exhibit H

	Volunteer Pension Fund
ADDITIONS	
Other	
Contributions	$ 133,784
State Fire Marshal	65
Total Other Contributions	133,849
Investment Earnings:	
Gain on Investments	155,622
Interest & Dividends	60,651
Total Investment Earnings	216,273
Less Investment Expense	18,982
Net Investment Earnings	197,291
Total Additions	331,140
DEDUCTIONS	
Distributions	37,831
Total Deductions	37,831
Change in Net Position	293,309
Net Postion - Beginning	1,418,017
Net Position - Ending	$ 1,711,326

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

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ELOY FIRE DISTRICT
ELOY, 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.

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.

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

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

Fund Balances on Government Fund Financial Statements – Exhibit C

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

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

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

Accounting Estimates

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

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

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

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

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

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

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.

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:

	General Fund	Trust Fund	Total
Insured Deposits (FDIC)	$ 250,000	$ 0	$ 250,000
Collateralized	702,317	0	702,317
Investments	1,550,664	1,711,326	3,261,990
Total Deposits	2,502,981	1,711,326	4,214,307
In Transit Items	260,426	0	260,426
Total Cash & Cash Equivalents	$ 2,763,407	$ 1,711,326	$ 4,474,733

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.

Custodial Credit Risk For:	Rating	Rating Agency	Amount
County Treasurer Pool	Unrated	Not Applicable	$1,550,664
TD Ameritrade	Unrated	Not Applicable	1,711,326

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

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. The District also conducts regular drivers license checks on all employees authorized to operate District vehicles.
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 $710,975 with an allowance for bad debt of 271,245 at June 30, 2014. This gave a net of $439,730 which was expected to be collectable.

Wildland receivables were $269 with an allowance for bad debt of $0.00 at June 30, 2014. This gave a net of $269 which was expected to be collectable.

NOTE 6 – PROPERTY TAX REVENUE RECEIVABLES

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 arises.

NOTE 7 - CAPITAL ASSETS

Capital asset activity for the year ended.

	BALANCE 06/30/2013	ADDITIONS	DELETIONS	BALANCE 06/30/2014
Depreciable Assets				
Vehicles	$2,612,370	$ 285,604	$ 101,492	$2,796,482
Buildings	1,505,602	0	0	1,505,602
Equipment, Fire	1,242,598	61,104	0	1,303,702
Total Historical Costs	5,360,570	346,708	101,492	5,605,786
Less Accum Depreciation				
Vehicles	2,042,758	190,029	101,492	2,131,295
Buildings	423,192	38,940	0	462,132
Equipment, Fire	849,083	114,775	0	963,858
Less: Total Accumulated Depreciation	3,315,033	343,744	101,492	3,557,285
Depreciable Capital Assets, Net	2,045,537	2,964	0	2,048,501
Non-Depreciable Assets				
Construction in Progress	153,518	0	153,518	0
Land	35,500	0	0	35,500
Capital Assets, Net	$2,234,555	$ 2,964	$ 153,518	$ 2,084,001

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.

NOTE 9 – SHORT-TERM INDEBTEDNESS

The District utilizes a credit line with a limit and rate of interest to be established by the County at the time of need.

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 policy on sick leave allows employees to be compensated for a portion of their accrued unused sick time when they retire, based on schedule which varies with length of service and type of employee. At June 30, 2014, the total amount of accumulated sick leave is $ 492,555. The vested portion at June 30, 2014 was undetermined.

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.

Changes in Long-Term Indebtedness :

	Balance June 30, 2013	Additions	Deletions	Balance June 30, 2014
None	$ 0	$ 0	$ 0	$ 0
Total Lease Obligations	0	0	0	0
Compensated Absences	64,943	0	1,783	63,160
Totals	$ 64,943	$ 0	$ 1,783	$ 63,160

NOTE 12 – NET POSITION/ FUND BALANCE

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

The District's Governmental Funds fund balances consist of restricted, committed, assigned 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.

Net Position:

Invested in Capital Assets, Net of Related Debt	$ 2,084,001
Unrestricted	3,061,626
Total Net Position	$ 5,145,627

Governmental Fund Balances:

Assigned Fund Balances	
Capital Reserve	$ 1,469,542
Payroll	5,000
Total Assigned Fund Balances	1,474,542
Unassigned Balances	1,650,244
Total Fund Balance	$ 3,124,786

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 – 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.

NOTE 15 - EMPLOYEE RETIREMENT SYSTEMS (SEE ALSO THE REQUIRED SUPPLEMENTAL INFORMATION)

Plan Descriptions

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

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

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

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

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

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

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

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 The Retirement Plan Company, PO Box 1429, Brentwood, TN 37024-1429. The plan is reviewed by the Arizona State Fire Marshal's office.

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.

NOTE 16 - 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 17- 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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REQUIRED SUPPLEMENTARY INFORMATION

ELOY 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			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues:				
Property Taxes	$ 2,058,187	$ 2,058,187	$ 2,066,028	$ 7,841
Fire District Assistance	400,000	400,000	400,000	-
Fees for Service	1,325,000	1,325,000	1,390,046	65,046
Grant Revenue	100,000	100,000	6,466	(93,534)
Miscellaneous	217,770	217,770	14,582	(203,188)
Interest	18,000	18,000	6,003	(11,997)
Total Revenues	4,118,957	4,118,957	3,883,125	(235,832)
Expenditures:				
Current:				
Public Safety	3,648,957	3,648,957	3,296,401	352,556
Administration	40,000	40,000	28,418	11,582
Grants	-	-	-	-
Capital Outlay	430,000	430,000	312,489	117,511
Total Expenditures	4,118,957	4,118,957	3,637,308	481,649
Excess (Deficiency) of Revenues over Expenditures	-	-	245,817	245,817
Net Change in Fund Balances	-	-	245,817	245,817
Fund Balances at Beginning of Year	935,455	935,455	2,878,969	1,943,514
Fund Balances at End of Year	$ 935,455	$ 935,455	$ 3,124,786	$ 2,189,331

ELOY FIRE DISTRICT

GASB STATEMENT NO. 25 SUPPLEMENTARY PENSION INFORMATION

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

Year Ended June 30	Actuarial Value Of Assets (a)	Actuarial Accrued Liability Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a Percent of Covered Payroll ((b)-(a)/(c)
2003	$0	$0	0	0.0%	$0	0.0%
2004	38,563	772,808	734,245	5.0%	431,007	0.0%
2005	200,302	863,944	663,642	23.2%	530,191	0.0%
2006	392,290	1,097,663	705,373	35.7%	651,192	0.0%
2007	469,263	1,354,145	884,882	34.7%	907,402	97.5%
2008	738,060	1,607,141	869,081	45.9%	1,146,524	75.8%
2009	1,063,876	1,868,510	804,634	56.9%	1,437,496	56.0%
2010	1,493,499	2,253,888	760,389	66.3%	1,537,254	49.5%
2011	2,015,947	2,981,346	965,399	67.6%	1,770,699	54.5%
2012	2,784,885	3,559,710	774,825	78.2%	1,855,417	41.8%
2013	3,407,782	4,081,218	673,436	83.5%	1,681,524	40.1%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended June 30	Annual Required Contribution
2003	0
2004	19,953
2005	83,356
2006	100,979
2007	101,778
2008	148,199
2009	222,682
2010	205,695
2011	203,540(est)
2012	213,704(est)
2013	281,897(est)
2014	296,407(est)
2015	265,891(est)

-See Accountant's Report-

SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS

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

Valuation Date:	June 30, 2013
Actuarial cost method:	Entry Age Normal
Amortizati on 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	4.5% - 8.5%
Payroll Growth	4.5%
Cost of Living	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 June 30	Actuarial Value Assets (a)	Actuarial Accrued Liability (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
2006	$0	$32,269	$32,269	0.00%	$651,192	4.96%
2007	$0	$45,914	$45,914	0.00%	$907,402	5.06%
2008	$0	$54,832	$54,832	0.00%	$1,146,524	4.78%
2009	$0	$56,479	$56,479	0.00%	$1,437,496	3.93%
2010	$0	$64,774	$64,774	0.00%	$1,537,254	4.21%
2011	$0	$97,337	$97,337	0.00%	$1,770,699	5.50%
2012	$0	$107,418	$107,418	0.00%	$1,855,417	5.79%
2013	$0	$117,854	$117,854	0.00%	$1,681,524	7.01%

-See Accountant's Report-

ANNUAL REQUIRED CONTRIBUTION

Valuation Date June 30	Fiscal Year Ended June 30	Normal Cost (a)	Actuarial Accrued Liability (b)	Total (a+b)	Dollar Amount
2006	2008	0.42%	0.23%	0.65%	$7,452
2007	2009	0.53%	0.24%	0.77%	$8,828
2008	2010	0.46%	0.23%	0.69%	$7,911
2009	2011	048%	0.19%	0.67%	$10,720
2010	2012	0.46%	0.21%	0.67%	$11,464
2011	2013	0.34%	0.30%	0.64%	$12,494
2012	2014	0.31%	0.31%	0.62%	$12,683
2013	2015	0.34%	0.40%	0.74%	$13,588

Health Insurance Subsidy Payments Reported for FY 2013: $0

BENEFITS

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

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

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

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

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

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 11th 2013.

-See Accountant's Report-

ELOY 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.

OTHER SUPPLEMENTARY INFORMATION

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ELOY 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:

Date	Time	Location
July 1, 2013	7:00 p.m.	Administration Office, 4010 N. Toltec Rd. Eloy, AZ
August 5, 2013	7:00 p.m.	Administration Office, 4010 N. Toltec Rd. Eloy, AZ
September 4, 2013	7:00 p.m.	Administration Office, 4010 N. Toltec Rd. Eloy, AZ
October 7, 2013	6:00 p.m.	Administration Office, 4010 N. Toltec Rd. Eloy, AZ
November 4, 2013	6:00 p.m.	Administration Office, 4010 N. Toltec Rd. Eloy, AZ
December 2, 2013	6:00 p.m.	Administration Office, 4010 N. Toltec Rd. Eloy, AZ
January 6, 2014	6:00 p.m.	Administration Office, 4010 N. Toltec Rd. Eloy, AZ
February 3, 2014	6:00 p.m.	Administration Office, 4010 N. Toltec Rd. Eloy, AZ
March 3, 2014	6:00 p.m.	Administration Office, 4010 N. Toltec Rd. Eloy, AZ
April 7, 2014	6:00 p.m.	Administration Office, 4010 N. Toltec Rd. Eloy, AZ
May 5, 2014	6:00 p.m.	Administration Office, 4010 N. Toltec Rd. Eloy, AZ
June 2, 2014	6:00 p.m.	Administration Office, 4010 N. Toltec Rd. Eloy, AZ

BOARD MEMBERS:

Name	Business Phone Number	Position
Brenda Straw	520-466-3544	Chairperson
Belinda Akes	520-466-3544	Clerk
John McKee (thru 06/2/14)	520-466-3544	Board Member
Edward Sauceda	520-466-3544	Board Member
Luis Ybarra	520-466-3544	Board Member

LOCATION OF POSTING OF MEETING NOTICES (all meetings):

Station 521	500 S. Sunshine Road	Eloy, Arizona
Admin Office	4010 N. Toltec Road	Eloy, Arizona
Eloy City Hall	628 N. Main St.	Eloy, Arizona

LEGAL DESCRIPTION OF BOUNDARY CHANGES:

Parcel #	
511-81-069	402-27-0040
511-81-071	12-T9S-R6E SECTION 13, TOWNSHIP 8S 511-81-0700

ELOY FIRE DISTRICT
ANNUAL REPORT INFORMATION
VOLUNTEER PENSION DISTRIBUTION
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.

TYPE OF DISTRIBUTION	NAME	AMOUNT
ARTICLE 4	THOMAS FINUCANE	$ 5,699
ARTICLE 4	JOHN MCKEE	2,450
ARTICLE 4	DANIEL MCGUIRE	17,222
ARTICLE 4	ARMANDO RASCON	12,458
ARTICLE 4	EUSTINO TARANGO	2
TOTAL		$ 37,831

ELOY FIRE DISTRICT

GOVERNMENT AUDIT STANDARDS

June 30, 2014

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ELOY FIRE DISTRICT
ELOY, ARIZONA
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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
CHARTERED GLOBAL MANAGEMENT ACCOUNTANT

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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

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

Eloy Fire District

Eloy, 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 Eloy Fire District, Eloy, 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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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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