

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

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

Fort Mojave Mesa Fire District  
Reporting Ambulance Service

Address: 2230 Joy Lane

City: Fort Mohave Zip: 86426

**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: Shirley Portwood Date: 12/11/2014

Print Name and Title: Shirley Portwood, Office Manager

Phone: 928-768-9181

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

RECEIVED  
DEC 26 2014  
BEMSTS-CON & RATES

# AMBULANCE REVENUE AND COST REPORT

## FIRE DISTRICT and SMALL RURAL COMPANY

AMBULANCE SERVICE ENTITY: Fort Mojave Mesa Fire District

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:			834	834
2	Number of BLS Billable Transports:			491	491
3	Number of Loaded Billable Miles:			36,442	36,442
4	Waiting Time (Hr. & Min.):				
5	Canceled (Non-Billable) Runs:				

### AMBULANCE SERVICE ROUTINE OPERATING REVENUE

6	ALS Base Rate Revenue				\$ 851,433
7	BLS Base Rate Revenue				500,430
8	Mileage Charge Revenue				530,499
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)	\$ 1,882,362

RECEIVED  
 DEC 26 2014  
 BEMSTS-CON & RATES

### SALARY AND WAGE EXPENSE DETAIL

GROSS WAGES:			** No. of FTE's
14	Management	\$ 42,562	1.0
15	Paramedics and IEMTs	\$ 1,224,360	31.8
16	Emergency Medical Technician (EMT)	\$ 428,979	14.5
17	Other Personnel	\$ 153,456	4.2
18	Payroll Taxes and Fringe Benefits - All Personnel	\$ 1,165,619	
19	Total Wages, Taxes & Benefits (Sum Lines 14 through 18; Post to Page 3, Line 10)	\$ 3,014,977	51

\* 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:**

Fort Mojave Mesa Fire District

**FOR THE PERIOD**

**FROM:** July 1, 2013

**TO:** June 30, 2014

**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)	\$ 1,882,362
<u>Settlement Amounts:</u>			
2	AHCCCS		109,842
3	Medicare		417,793
4	Subscription Service		
5	Contractual		
6	Other		367,793
7	Total	(Sum of Lines 2 through 6)	895,428
8	Total Operating Revenue	(Line 1 minus Line 7)	\$ 986,934
<b>Operating Expenses:</b>			
9	Bad Debt		\$ 216,882
10	Total Salaries, Wages, and Employee-Related Expenses	(From: Page 2, Line 19)	3,014,977
11	Professional Services		96,205
12	Travel and Entertainment		-
13	Other General Administrative		31,783
14	Depreciation		172,148
15	Rent / Leasing		-
16	Building / Station		139,840
17	Vehicle Expense		70,161
18	Other Operating Expense		114,749
19	Cost of Medical Supplies Charged to Patients		-
20	Interest		-
21	Subscription Service Sales Expense		-
22	Total Operating Expense	(Sum of Lines 9 through 21)	3,856,745
23	Total Operating Income or (Loss)	(Line 8 minus Line 22)	\$ (2,869,810)
24	Subscription Contract Sales		
25	Other Operating Revenue		
26	Local Supportive Funding		
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)	\$
<b>Provision for Income Taxes:</b>			
30	Federal Income Tax		
31	State Income Tax		
32	Total Income Tax	(Line 30, plus Line 31)	
33	<b>Ambulance Service Net Income (Loss)</b>	(Line 29, minus Line 32)	<u>(2,869,810)</u>

RECEIVED  
 DEC 26 2014  
 BEMSTS-CON & RATES

**FORT MOHAVE MESA 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**

**RECEIVED**

**DEC 26 2014**

**BEMSTS-CON & RATES**



**THIS PAGE  
IS  
DELIBERATELY LEFT BLANK**

RECEIVED  
DEC 26 2014  
BEMSTS-CON & RATES

**FORT MOHAVE MESA FIRE DISTRICT  
 FORT MOHAVE, ARIZONA  
 FINANCIAL STATEMENTS  
 JUNE 30, 2014**

**TABLE OF CONTENTS**

	<u>PAGE</u>	<u>EXHIBIT</u>
TABLE OF CONTENTS	1	
INDEPENDENT AUDITOR'S REPORT	5	
MANAGEMENT'S DISCUSSION AND ANALYSIS	9	
BASIC FINANCIAL STATEMENTS:	15	
Government -Wide Financial Statements		
Statement of Net Position	16	A
Statement of Activities	17	B
Fund Financial Statements		
Balance Sheet - Governmental Funds	18	C
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	19	D
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position	20	E
Reconciliation of the Statement of Revenues, Expenditures And Changes in Fund Balances - Governmental Funds To the Statement of Activities	21	F
Notes to the Financial Statements	23	
REQUIRED SUPPLEMENTARY INFORMATION	39	
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (GAAP Basis) General Fund	41	G
Pension Financial Disclosures	42	
Notes to the Required Supplementary Information	45	
Post Employment Health Benefits Report	47	

RECEIVED  
 DEC 26 2014  
 BEMSTS-CON & RATES



**THIS PAGE**

**IS**

**DELIBERATELY LEFT BLANK**

RECEIVED

DEC 26 2014

BEMSTS-CON & RATES

**FORT MOHAVE MESA FIRE DISTRICT  
FORT MOHAVE, ARIZONA  
FINANCIAL STATEMENTS  
JUNE 30, 2014**

	<u>PAGE</u>	<u>EXHIBIT</u>
OTHER SUPPLEMENTARY INFORMATION	53	
Arizona Annual Report Information	55	
GOVERNMENT AUDIT STANDARDS SECTION	57	
GOVERNMENT AUDIT STANDARDS TABLE OF CONTENTS	59	
Report On Internal Control Over Financial Reporting and On Compliance and Other Matters Based On An Audit Of Financial Statements Performed In Accordance with <i>Government Auditing Standards</i>	61	
Findings	65	

RECEIVED

DEC 26 2014

BEMCO-CCM & FINTEC



**THIS PAGE  
IS  
DELIBERATELY LEFT BLANK**

RECEIVED  
DEC 26 2014  
BEMSTS-CON & RATES

# SAUNDERS COMPANY, LTD

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

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

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

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

Arizona Association of Licensed Private Investigators  
AICPA Government Audit Quality Center

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

## INDEPENDENT AUDITOR'S REPORT

RECEIVED

DEC 26 2014

BEMSTS-CON & RATES

To the Governing Board  
Fort Mohave Mesa Fire District  
Fort Mohave, Arizona

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



**THIS PAGE  
IS  
DELIBERATELY LEFT BLANK**

RECEIVED  
DEC 26 2014  
BEMSTS-CON & RATES

## 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

RECEIVED

DEC 26 2014

BEMSTS-CON & RATES



**THIS PAGE  
IS  
DELIBERATELY LEFT BLANK**

**RECEIVED**  
DEC 26 2014  
BEMSTS-CON & RATES



# FORT MOJAVE MESA FIRE DEPARTMENT

2230 JOY LANE  
FORT MOHAVE, ARIZONA 86426  
TELEPHONE: 928.768.9181  
FAX: 928.768.8434

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

The following discussion and analysis of the Fort Mojave Mesa 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 Fort Mojave Mesa Fire District is an all hazards fire organization that provides fire, rescue, ambulance, and paramedic services to homes, property and persons residing within the District boundaries, as well as services to locations and persons outside the District through mutual aid agreements.

### Results of Operations

Highlight of things the Fort Mojave Mesa Fire District has done in 2013-2014 fiscal year:

- λ Total of 2,210 runs
- λ Responded to 66 fire runs
- λ Responded to 1,733 Ambulance runs
  
- λ Solar Energy Sustainable Project for Development and Renewable Energy Funds
  - Fire station 91 solar project to include safety railing, permits, architectural and legal fees
  
- λ Purchase of new equipment:
  - Defibrillator
  - Air compressor
  - Covered parking for station 91 emergency vehicles
  - Engine replacement on ambulance
  - Four new hand-held portable radios

RECEIVED

DEC 26 2014

BEMSTS-CON & RATES

- λ Participation in community events include annual fire awareness at local elementary schools, River Regatta, and Veterans Day Parade
- λ Sustainable Energy Project for station 91 solar project, a large portion was received from Mohave Electric Cooperative Renewable Energy Funds and the Huguenin-Rallapalli Foundation.

### **Financial Highlights**

- λ District investment in capital assets increased by \$54,352 or 2.37%.
- λ The District's net position decreased \$306,567 or 6.18% from the previous fiscal year.
- λ Total revenues decreased \$378,007 or 8.18% over the previous fiscal year.
- λ At the end of the current fiscal year, unrestricted net position for the General fund was \$2,416,147.

### **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.

RECEIVED

DEC 26 2014

BEMSTS-CON & RATES

**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	\$ 2,289,827	\$ 2,235,475
Unrestricted	2,668,951	2,416,147
<b>Total Net Position</b>	<b><u>\$ 4,958,778</u></b>	<b><u>\$ 4,651,622</u></b>

**Governmental Activities**

Most of the revenues for the District were derived from assessed property taxes and Fire District Assistance Tax from the County. Ambulance revenues received were \$876,377.64; Station 91 Solar Project revenues were \$75,000.00.

**General Fund Budgetary Highlights**

Stayed within the revenue budget, but on expenses, budgetary cuts that were taken to balance the budget, which created a marginal overage in some areas. A few areas that were considerably higher than expected, such as:

- λ Overtime - increase in overtime can be attributed to 2 significant injuries to firefighters resulting in several months of overtime coverage that was not anticipated
- λ Career health - included the 5 accidentally retired employees and a large increase to their health care coverage of up to 27.5% to any one retiree was not anticipated, which caused the budgeted amount to go over. In the future, we have broken this out to another line item so this will not happen.
- λ Turnouts - increase in Turnouts was due to the purchasing of structural firefighter helmets that were expired and reached their expiration date and were not accounted for during our budgeting process
- λ Safety equipment - increase in safety equipment due to Target Solutions training, which trains our employees on required health, safety, human resource, and OSHA training, came in higher than anticipated
- λ Legal - increase in legal fees due to development of solar project RFQ and grievances filed by employees exceeded anticipated cost
- λ Building renovation - increase in building renovation was due to new roof for station 92 that was not anticipated

RECEIVED

DEC 26 2014

BEMSTS-CON & RATES

- λ Land/building/construction - increase in land/building/construction was due to the requirement for safety railings for the station 91 solar project

### 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 Solar Project for station 91
- λ Covered parking for station 91 for emergency vehicles
- λ Covered parking for station 92 for trailer and Chief's vehicle

RECEIVED

DEC 26 2014

BEMSTS-CON & RATES

**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	\$1,818,071	\$ 1,806,293
Buildings	1,272,796	1,376,842
Equipment, Other	76,693	76,693
Equipment, Fire	<u>738,744</u>	<u>789,468</u>
Total Historical Costs	<u>3,906,304</u>	<u>4,049,296</u>
Less Accum Depreciation		
Vehicles	941,673	1,049,122
Buildings	366,366	393,702
Equipment, Fire	46,812	50,220
	<u>467,275</u>	<u>526,426</u>
Less: Total Accumulated Depreciation	<u>1,822,126</u>	<u>2,019,470</u>
Depreciable Capital Assets, Net	2,084,178	2,029,826
<u>Non-Depreciable Assets</u>		
Land	<u>205,649</u>	<u>205,649</u>
Capital Assets, Net	<u>\$2,289,827</u>	<u>\$ 2,235,475</u>

**Long Term Debt**

At the end of the current fiscal year, the District had debt outstanding of \$239,939. All of the debt is backed by the full faith and credit of the District.

RECEIVED

DEC 26 2014

BEMSTS-CON & RATES

**Outstanding Debt**

	Balance <u>June 30, 2013</u>	Balance <u>June 30, 2014</u>
Total Lease Obligations	\$ 0	\$ 0
Compensated Absences	<u>265,553</u>	<u>187,292</u>
Totals	<u>\$ 265,553</u>	<u>\$ 187,292</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. Continual decline in taxable revenue and an increase in cost for services, which includes increases in employee costs, such as health care and retirement, will necessitate further budget cuts which may result in certain line items exceeding budgetary expectations.

- λ Plans to hire more staff to provide better coverage - there are no plans to hire more staff.
- λ Working with Mohave Valley Fire District on an IGA to combine fleet services, which will provide mechanic the ability to work in a fleet maintenance service facility.
- λ Additional houses being built in District
- λ Wal-Mart Corporation currently working on the development of plans to build a Wal-Mart Supercenter in District. It is anticipated that this will attract further commercial development.
- λ Plans for additional services - considering plans to expand emergency services with Community Para-Medicine while looking into the laws to provide the service within the state of Arizona.

**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 Fort Mojave Mesa Fire District.

RECEIVED  
DEC 26 2014  
BEMSTS-CON & RATES

**BASIC FINANCIAL STATEMENTS**

RECEIVED

DEC 26 2014

BEMSTS-CON & RATES

**FORT MOHAVE MESA FIRE DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2014**

Exhibit A

Governmental  
Activities

**ASSETS**

Cash & Cash Equivalents (Note 3)		\$ 2,417,632
Receivables:		
Ambulance Service Fees, Net of Allowances for doubtful accounts (Note 5)		352,953
Wildland (Note 5)		389
Property Taxes (Note 6)		192,208
Total Capital Assets, Net (Note 7)		<u>2,235,475</u>
Total Assets		<u>5,198,657</u>

**LIABILITIES**

Accounts Payable		24,641
Payroll Taxes Payable		48,944
Wages Payable		41,302
Compensated Absences (Note 10 )		52,648
Portion due within one year		187,292
Portion due after one year		<u>354,827</u>
Total Liabilities		<u>354,827</u>

RECEIVED  
DEC 26 2014  
BEMSTS-CON & RATES

**DEFERRED INFLOW OF RESOURCES**

Unavailable Property Tax Revenue		<u>192,208</u>
Total Deferred Inflow of Resources		<u>192,208</u>

**NET POSITION**

Invested in Capital Assets, Net of related Debt Unrestricted (Note 11)		2,235,475
		<u>2,416,147</u>
<b>Total Net Position</b>		<u><u>\$ 4,651,622</u></u>

**FORT MOHAVE MESA FIRE DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2014**

Exhibit B

**Governmental  
Activities**

**EXPENSES**

Public Safety - Fire/EMS Protection	\$ 3,768,748
Personnel Services	505,719
Materials & Services	222,384
Depreciation	<u>                    </u>
Total Program Expenses	<u>4,496,851</u>

**PROGRAM REVENUES**

Charges for Service	<u>835,634</u>
Total Program Revenues	<u>835,634</u>
Net Program Expense	<u>3,661,217</u>

**GENERAL REVENUES**

Property Taxes	3,028,205
Fire District Assistance	313,033
Investment Earnings	9,378
Miscellaneous	<u>58,387</u>

Total General Revenues 3,409,003

Increase in Net Position (252,214)

**NET POSITION-BEGINNING OF THE YEAR**

4,903,836

**NET POSITION-END OF THE YEAR**

\$ 4,651,622

RECEIVED

DEC 26 2014

BEMSTS-CON & RATES

**FORT MOHAVE MESA FIRE DISTRICT  
BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2014**

Exhibit C

General

**ASSETS**

Cash and Cash Equivalents (Note 3)	\$ 2,417,632
Receivables:	
Ambulance Service Fees, Net of Allowances for Doubtful Accounts (Note 5)	352,953
Property Taxes (Note 6)	192,208
Wildland (Note 6)	<u>389</u>
 Total Assets	 <u><u>\$ 2,963,182</u></u>

**LIABILITIES**

Accounts Payable	\$ 24,641
Payroll Taxes Payable	48,944
Wages Payable	41,302
Compensated Absences (Note 10)	<u>52,648</u>
 Total Liabilities	 <u><u>167,535</u></u>

**DEFERRED INFLOW OF RESOURCES**

Unavailable Property Tax Revenue	<u>192,208</u>
Total Deferred Inflow of Resources	<u><u>192,208</u></u>

**FUND BALANCES**

Unassigned	<u>2,603,439</u>
Total Fund Balances	<u><u>2,603,439</u></u>
Total Liabilities & Fund Balances	<u><u>\$ 2,963,182</u></u>

RECEIVED

DEC 26 2014

BEMSTS-CON & RATES

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

Exhibit D

	<b>General</b>
<b>REVENUE</b>	\$ 3,028,205
Property Taxes	313,033
Fire District Assistance Tax	835,634
Fees for Service	9,378
Interest	58,387
Miscellaneous	4,244,637
Total Revenues	4,244,637
 <b>EXPENDITURES</b>	
Current:	4,239,457
Public Safety	40,748
Administration	
Grants	194,219
Capital Outlay	4,474,424
Total Expenditures	4,474,424
Excess (Deficiency) of Revenues over Expenditures	(229,787)
Net Change in Fund Balances	(229,787)
<b>Fund Balances-Beginning of Year</b>	2,833,226
<b>Fund Balances-End of Year</b>	\$ 2,603,439

RECEIVED  
DEC 26 2014  
BEMSTS-CON & RATES

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

**FORT MOHAVE MESA 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) \$ 2,603,439

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	4,254,945	
Less: Accumulated Depreciation	<u>(2,019,470)</u>	2,235,475

Long-term liabilities are not due and payable  
 in the current period and therefore are not  
 reported in the funds.

(187,292)

Net Position of Governmental Activities (Exhibit A)

\$ 4,651,622

RECEIVED  
 DEC 26 2014  
 BEMSTS-CON & RATES

**FORT MOHAVE MESA 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)	\$ (229,787)
---	--------------

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital outlay in the current period.	(54,351)
--	----------

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>31,924</u>
---	---------------

Change in Net Position of Governmental Activities (Exhibit B)	<u>\$ (252,214)</u>
---	---------------------

RECEIVED  
 DEC 26 2014  
 BEMSTS-CON & RATES



**THIS PAGE  
IS  
DELIBERATELY LEFT BLANK**

**RECEIVED  
DEC 26 2014  
BEMSTS-CON & RATES**

**FORT MOHAVE MESA FIRE DISTRICT**  
**FORT MOHAVE, 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.

RECEIVED

DEC 26 2014

BEMSTS-CON & RATES

## **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.

RECEIVED

DEC 26 2014

BEMSTS-CON & RATES

## Financial Statements Amounts

### **Cash & Cash Equivalents**

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

### **Prepaid Items**

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

### **Capital Assets**

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$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.

RECEIVED

DEC 26 2014

BEMSTS-CON & RATES

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

### **Compensated Absences**

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

### **Long-Term Obligations**

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

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

### **Net Position/Fund Equity**

#### **Net Position on Government Wide Financial Statements – Exhibit A**

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

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

RECEIVED

DEC 26 2014

BEMSTS-CON & RATES

- λ Investment in Capital Assets, Net of Related Debt – This consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

### **Fund Balances on Government Fund Financial Statements – Exhibit C**

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

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

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

RECEIVED

DEC 26 2014

BEMSTS-COM & RATES

### **Accounting Estimates**

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

## **NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

### **Budgetary Information**

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

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

RECEIVED

DEC 26 2014

BEMSTS-CON & RATES

### NOTE 3 - DEPOSITS, INVESTMENT RISK & CASH MANAGEMENT

#### **Deposits and Investments**

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

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

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

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

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

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.

RECEIVED

DEC 26 2014

BEMSTS-CON & RATES

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
Insured Deposits (FDIC)	\$ 250,000
Collateralized	696,056
Uninsured & Uncollateralized	<u>1,524,611</u>
Total Deposits	2,470,667
In Transit Items	<u>(53,035)</u>
Total Cash & Cash Equivalents	<u>\$ 2,417,632</u>

RECEIVED

DEC 26 2014

BEMSTS-CON & RATES

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	\$1,524,611

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.

RECEIVED

DEC 26 2014

BEMSTS-CON & RATES

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 \$490,614 with an allowance for bad debt of \$137,661 at June 30, 2014. This gave a net of \$352,953, without allowances or contractual adjustments, was expected to be collectable.

Wildland receivables were \$389 with an allowance for bad debt of \$0 at June 30, 2014. This gave a net of \$389 which was expected to be collectable.

**NOTE 6 - PROPERTY TAX REVENUE RECEIVABLE**

Property Tax Revenue 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.

RECEIVED

DEC 26 2014

BEMSTS-CON & RATES

**NOTE 7 - CAPITAL ASSETS**

Capital asset activity for the year ended.

	<u>BALANCE</u> <u>06/30/2013</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE</u> <u>06/30/2014</u>
<u>Depreciable Assets</u>				
Vehicles	\$1,818,071	\$ 15,251	\$ 27,029	\$ 1,806,293
Buildings	1,272,796	104,046	0	1,376,842
Equipment, Other	76,693	0	0	76,693
Equipment, Fire	<u>738,744</u>	<u>50,724</u>	<u>0</u>	<u>789,468</u>
Total Historical Costs	<u>3,906,304</u>	<u>170,021</u>	<u>27,029</u>	<u>4,049,296</u>
<u>Less Accum Depreciation</u>				
Vehicles	941,673	132,489	25,040	1,049,122
Buildings	366,366	27,336	0	393,702
Equipment, Fire	46,812	3,408	0	50,220
	<u>467,275</u>	<u>59,151</u>	<u>0</u>	<u>526,426</u>
Less: Total Accumulated Depreciation	<u>1,822,126</u>	<u>222,384</u>	<u>25,040</u>	<u>2,019,470</u>
Depreciable Capital Assets, Net	2,084,178	(52,363)	1,989	2,029,826
<u>Non-Depreciable Assets</u>				
Land	<u>205,649</u>	<u>0</u>	<u>0</u>	<u>205,649</u>
Capital Assets, Net	<u>\$2,289,827</u>	<u>\$ (52,363)</u>	<u>\$ 1,989</u>	<u>\$ 2,235,475</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.

RECEIVED

DEC 26 2014

BEMSTS-CON & RATES

**NOTE 9 – 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 accrual at year end consisted of \$234,114 in unpaid vacation time, \$602,837 in unused sick time, \$5,825 in unpaid Comp Time, \$20,115 in PTO and \$107,135 in Banked Vacation time of which \$239,939 has been accrued as payable. The remaining amount is not payable by the District unless used by the employee.

**NOTE 10 – 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 <u>June 30, 2013</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2014</u>
Total Lease Obligations	\$ 0	\$ 0	\$ 0	\$ 0
Compensated Absences	<u>265,553</u>	<u>0</u>	<u>78,261</u>	<u>187,292</u>
Totals	<u>\$ 265,553</u>	<u>\$ 0</u>	<u>\$ 78,261</u>	<u>\$ 187,292</u>

RECEIVED

DEC 26 2014

BEMSTS-CON & RATES

**NOTE 11 – 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	\$ 2,235,475
Unrestricted	<u>2,416,147</u>
Total Net Position	<u>\$4,651,622</u>

Governmental Fund Balances :

Unassigned Fund Balances	<u>\$ 2,603,439</u>
Total Fund Balance	<u>\$ 2,603,439</u>

RECEIVED

DEC 26 2014

BEMIS-CON & RATES

## **NOTE 12 - 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 13 - 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.

RECEIVED

DEC 26 2014

BEMSTS-CON & RATES

**NOTE 14 - 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 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.

PSPRS  
3010 E. Camelback Road, Suite 200  
Phoenix, AZ 85016-4416  
Phone (602) 255-5575

RECEIVED

DEC 26 2014

BEMSTS-CON & RATES

**NOTE 15 - POST EMPLOYMENT BENEFITS**

The District pays post-retirement health benefits only for accidental disability retirement (i.e. duty-related disability). There are no service requirements for accidental disability retirement. Regular retirements are not eligible for post-retirement health benefits paid by the District.

Benefits are paid only to age 65. If any of the current retirees dies before age 65 and leaves a spouse, the spouse continues to be covered until the retiree would have reached age 65. For future retirees, there is no spouse coverage before or after the employee's death.

The liabilities and computed contribution amounts would be significantly higher if benefits continued after age 65, in non-disability retirees were covered, and spouses of future disability retirees were covered.

The plan is a single employer defined benefit OPEB plan.

**NOTE 16- SUBSEQUENT EVENTS**

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

**NOTE 17- PRIOR YEAR RESTATEMENT**

Prior year fund balances were restated by \$44,484 in the general fund due to a change in the net accounts receivable after allowances. The general long term debt was restated to allow for the reclassification of compensated allowance from being considered all current liability to having a portion considered long term liability. The restatement resulted in \$736,902 being reclassified from current liabilities to long term liabilities.

RECEIVED

DEC 26 2014

BEMSTS-CON & RATES

**REQUIRED SUPPLEMENTARY**  
**INFORMATION**

RECEIVED

DEC 26 2014

BEMSTS-CON & RATES



**THIS PAGE  
IS  
DELIBERATELY LEFT BLANK**

**RECEIVED**  
**DEC 26 2014**  
**BEMSTS-CON & RATES**

**FORT MOHAVE MESA 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 Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Taxes	\$ 3,019,039	\$ 3,019,039	\$ 3,028,205	\$ 9,166
Fire District Assistance	300,000	300,000	313,033	13,033
Fees for Service	850,000	850,000	835,634	(14,366)
Grant Revenue	260,000	260,000	-	(260,000)
Miscellaneous	107,500	107,500	58,387	(49,113)
Interest	10,000	10,000	9,378	(622)
<b>Total Revenues</b>	<u>4,546,539</u>	<u>4,546,539</u>	<u>4,244,637</u>	<u>(301,902)</u>
Expenditures:				
Current:				
Public Safety	4,830,152	4,830,152	4,239,457	590,695
Administration	45,000	45,000	40,748	4,252
Grants	26,000	26,000	-	26,000
Capital Outlay	1,887,387	1,887,387	194,219	1,693,168
<b>Total Expenditures</b>	<u>6,788,539</u>	<u>6,788,539</u>	<u>4,474,424</u>	<u>2,314,115</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(2,242,000)</u>	<u>(2,242,000)</u>	<u>(229,787)</u>	<u>2,012,213</u>
Net Change in Fund Balances	(2,242,000)	(2,242,000)	(229,787)	2,012,213
Fund Balances at Beginning of Year	<u>2,242,000</u>	<u>2,242,000</u>	<u>2,833,226</u>	<u>591,226</u>
Fund Balances at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,603,439</u>	<u>\$ 2,603,439</u>

RECEIVED  
DEC 26 2014  
BEMSTS-CON & RATES

**FORT MOHAVE MESA FIRE DISTRICT  
ARIZONA PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM  
GASB STATEMENT NO. 25 SUPPLEMENTARY PENSION INFORMATION**

**SCHEDULE OF FUNDING PROGRESS  
(EXCLUDING 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 (UAAL) (b)-(a)	Annual Covered Payroll (c)	UAAL As a % Of Covered Payroll ((b)-(a)/(c))
2003	3,310,702	2,925,543	113.2%	(385,159)	1,554,527	-%
2004	3,643,114	3,419,319	106.5%	(223,795)	1,765,607	-%
2005	3,961,379	4,488,193	88.3%	526,814	1,926,967	27.3%
2006	4,303,081	5,868,598	73.3%	1,565,517	2,091,337	74.9%
2007	4,517,052	7,214,680	62.6%	2,697,628	2,258,484	119.4%
2008	5,082,972	7,887,554	64.4%	2,804,582	2,544,197	110.2%
2009	5,800,685	7,087,287	81.8%	1,286,602	1,900,226	67.7%
2010	6,421,344	9,276,909	69.2%	2,855,565	2,599,423	109.9%
2011	7,268,974	10,710,932	67.9%	3,441,958	2,293,499	150.1%
2012	8,124,220	12,036,134	67.5%	3,911,914	2,110,827	185.3%
2013	9,416,011	12,244,774	68.7%	3,828,763	2,030,748	188.5%

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

Year Ended June 30	Annual Pension Cost (APC)
2003	\$ 97,273
2004	134,900
2005	165,961
2006	148,198
2007	212,875
2008	326,206
2009	449,072
2010	676,388
2011	(est) 304,771
2012	(est) 510,075
2013	(est) 503,441
2014	(est) 523,850
2015	(est) 504,732

RECEIVED

DEC 26 2014

BEMSTS-CON & RATES

-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
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:	7.85%
Investment Rate of Return:	4.50% - 8.50%
Projected Salary increases *	4.50%
Payroll Growth	None
Cost of Living Adjustments	

**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)	FUNDED RATIO	ANNUAL COVERED PAYROLL	UAAL AS A % OF COVERED PAYROLL
	(a)	(b)	(b-a)	(a/b)	(c)	((b-a)/c)
JUNE 30,	\$0	\$212,553	\$212,553	0.00%	\$2,091,337	10.16%
2006	\$0	285,564	285,564	0.00%	2,258,484	12.64%
2007	\$0	297,225	297,225	0.00%	2,544,197	11.68%
2008	\$0	295,331	295,331	0.00%	1,900,226	15.54%
2009	\$0	312,001	312,001	0.00%	2,599,423	12.00%
2010	\$0	353,323	353,323	0.00%	2,293,499	15.41%
2011	\$0	320,386	320,386	0.00%	2,110,827	15.18%
2012	\$0	305,448	305,448	0.00%	2,030,748	15.04%
2013	\$0					

RECEIVED

DEC 26 2014

BEMSTS-CON & RATES

**ANNUAL REQUIRED CONTRIBUTION**

VALUATION DATE <u>JUNE 30.</u>	FISCAL YEAR ENDED <u>JUNE 30.</u>	(a) NORMAL COST	(b) ACTUARIAL ACCRUED LIABILITY	TOTAL <u>(a) + (b)</u>	DOLLAR AMOUNT BASED ON <u>COVERED PAYROLL</u>
		0.37%	0.47%	0.84%	\$21,371
2006	2008	0.50	0.60	1.10	27,986
2007	2009	0.40	0.57	0.97	24,679
2008	2010	0.65	0.77	1.42	30,033
2009	2011	0.53	0.59	1.12	32,404
2010	2012	0.28	0.83	1.11	28,067
2011	2013	0.29	0.81	1.10	25,599
2012	2014	0.30	0.86	1.16	25,724
2013	2015				

**Health Insurance Subsidy Payments Reported for FY 2013: \$10,563**

**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.

RECEIVED

DEC 26 2014

BEMSTS-CON & RATES

# FORT MOHAVE MESA 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.

RECEIVED  
DEC 26 2014  
BEMSTS-CON & RATES



**THIS PAGE  
IS  
DELIBERATELY LEFT BLANK**

RECEIVED  
DEC 26 2014  
BEMSTS-CON & RATES

## **FORT MOHAVE MESA FIRE DISTRICT**

### **POST EMPLOYMENT HEALTH BENEFITS**

#### **Assumptions Used in the Valuation**

The liabilities and computed contribution rates are very sensitive to the long-term assumptions used in making the valuation. The assumptions used in making this valuation are only one reasonable set out of a large number of possibilities. To the extent that actual experience differs from the long-term assumptions, the liabilities and contribution rates will be greater or less than those indicated in this report. The assumptions having the greatest impact are the rate of medical care inflation and the investment return rate. We have assumed an 8.0% annual rate for medical care inflation in the first year, graded down to 5.0% over the next 6 years. The assumed investment return rate was 8.0%. Please refer to Comments 2 and 3. Liabilities and computed contributions can change significantly in future years depending upon the actual and assumed rates of medical care inflation, investment return, benefit provisions and demographics of the participant group.

#### **Actuarial Accrued Liabilities**

Actuarial accrued liabilities as of June 30, 2012, were computed to be \$594,750. Of this amount, \$69,620 was attributable to current active employees and \$525,750 to current retirees.

#### **Funding Value of Assets**

There were no assets reported as of June 30, 2012.

#### **Computed Contribution Rate**

The Annual Required Contribution for reporting purposes pursuant to Statement 45 of the Government Accounting Standards Board for District-financed retiree health benefits was computed to be 1.84% of active employee payroll. There are two components of this rate, the normal cost and a maximum 30 year amortization payment for unfunded actuarial accrued liability. The normal cost contribution rate was computed to be 0.35% of active employee payroll. The 30 year amortization payment as a level percent of active member payroll was computed to be 1.49%. The dollar amount based on valuation payroll is \$36,226.

RECEIVED

DEC 26 2014

BEMSTS-CON & RATES

### Actuarial Accrued Liabilities

The actuarial accrued liability as of June 30, 2012 was computed to be \$594,750.

Active participants	\$69,620
Retired participants	<u>525,130</u>
Total Actuarial Accrued Liability	594,750
Funding Value of Assets	None
Unfunded Actuarial Accrued Liability	\$594,750

### Computed Contribution Rates – Annual Required Contribution

The computed contribution rate consists of two components: normal cost and amortization of unfunded actuarial accrued liability. Normal cost was computed to be a level percent of payroll from date of hire to date of termination. The normal cost can be considered to be the ongoing cost.

The portion of the total present value of future benefits allocated to service already rendered is the actuarial accrued liability. We have amortized the total unfunded actuarial accrued liability over 30 years to determine the Annual Required Contribution pursuant to Governmental Accounting Standards Statement 45. We have also shown an alternate pre-funding contribution rate based on 15 year amortization of the unfunded actuarial accrued liability rather than the maximum 30 years.

The contribution rates shown below are expressed as level percents of active member payroll. The annual dollar amounts of contributions are assumed to increase 5% annually.

### Computed Employer Contribution Rate As Level % of Payroll

	Annual Required Contribution	Alternate Pre-Funding Contribution
Normal Cost	0.35%	0.35
Unfunded Actuarial Accrued Liability		0.29%
Active Member	0.17%	2.18%
Retirees	1.32%	2.47%
Total	1.49%	
Total Computed Contribution Rate	1.84%	2.82%
First Year Dollar Amount	\$36,226	\$55,520

RECEIVED

DEC 26 2014

BEMSTS-CON & RATES

## Comments

**Comment 1:** The Governmental Accounting Standards Board (GASB) has issued Statements 43 and 45 concerning financial reporting for "other post employment benefits" (OPEB), which are non-pension benefits including retiree health benefits. The standards apply to the plan (Statement 43) and the plan sponsor (Statement 45). Among the required disclosures are the annual OPEB expense, liabilities, funded status and funding progress. Actuarial valuations to determine these disclosures are required every 3 years for plans with fewer than 200 participants.

**Comment 2:** The GASB statements do not mandate that the plan sponsor pre-fund OPEB liabilities. However, if the plan sponsor's funding policy is to contribute less than the Annual Required Contribution (ARC), the GASB standards require that a lower assumed rate of investment return be used to compute the liabilities and Annual Required Contribution. This will increase the liabilities, ARC, and OPEB obligation that must be reported in the financial statements. The OPEB obligation represents the cumulative difference between the annual OPEB cost and the employer's actual contribution.

For purposes of this valuation we have assumed a rate of investment return (8.0%) based upon the assumption that the District will contribute the actuarially determined annual required contribution. If a higher rate of investment return is assumed, the liabilities and ARC would be less. If a lower rate of investment return is assumed the liabilities and ARC would be greater.

**Comment 3:** Liabilities for health insurance premiums are highly dependent upon the underlying assumptions concerning medical care inflation and the investment return rate. For the purposes of this valuation, we assumed an 8.0% annual medical care inflation rate in the first year, graded down to 5.0% in 0.5% increments over the next 6 years and an 8.0% investment return rate. Liabilities and computed contributions would be greater if a higher medical care inflation rate is assumed or a lower investment return rate, and conversely.

To show the sensitivity of results to the assumed investment return rate, we also performed valuation assuming an investment return rate of 5%. The results based on this alternate investment return assumption follow.

RECEIVED

DEC 26 2014

DEMSTIS-CON & RATES

**Actuarial Accrued Liabilities Based on an Alternate  
Investment Return Assumption of 5%**

Active Participants	\$ 87,376
Retirees	<u>656,888</u>
Total Actuarial Accrued Liability	\$744,264
Funding Value of Assets	None
Unfunded Actuarial Accrued Liability	<u>\$744,264</u>

Computed contribution rates as level % of payroll based on an alternate investment return assumption of 5%.

Normal Cost	0.54%
Unfunded Actuarial Accrued Liability (30 year amortization)	2.40
Total Computed Contribution Rate	2.94%
Dollar Contribution *	\$57,883

\*Based on 6/30/2012 valuation payroll of \$1,968,806.

**Comment 4:** Because benefits are paid only for accidental disability retirements, the liabilities and computed contributions are highly sensitive to the assumed rate of disability. For purposes of this valuation we have assumed the same disability rates as were used for the last annual actuarial valuation of the Fort Mohave Mesa Fire District health valuation. If there are more disability retirements than assumed in the future, the computed liabilities and contribution rates would be significantly higher.

**Comment 5:** In order for assets to be considered in determining the unfunded actuarial accrued liability, the assets must be a) irrevocably held in a trust or equivalent arrangement, b) dedicated to providing benefits to retirees and their beneficiaries in accordance with the terms of the plan, and c) legally protected from creditors of the employer or plan.

The fact and figures are completed from the report provided by Rodwan Consulting Company. A complete copy of the actuarial valuation as of June 30, 2012 is available from the District or from Rodwan Consulting Company, 2310 E Eleven Mile Road, Royal Oak, Michigan 48067.

RECEIVED

DEC 26 2014

BEMSTS-CON & RATES

Date of Information

The information above reflects the most currently available information about the plan as of the actuarial study for June 30, 2012. GASB requirements only require an actuarial study every third year. The next reporting date would be for the year ending June 30, 2015.

RECEIVED

DEC 26 2014

BEMSTS-CON & RATES



**THIS PAGE  
IS  
DELIBERATELY LEFT BLANK**

RECEIVED  
DEC 26 2014  
BEMSTS-CON & RATES

**OTHER SUPPLEMENTARY INFORMATION**

RECEIVED  
DEC 26 2014  
BEMSTS-CON & RATES



**THIS PAGE  
IS  
DELIBERATELY LEFT BLANK**

RECEIVED  
DEC 26 2014  
BEMSTS-CON & RATES

**FORT MOHAVE MESA 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 18, 2013	6:00 p.m.	1920 Camp Mohave Road, Fort Mohave, AZ
August 15, 2013	6:00 p.m.	1920 Camp Mohave Road, Fort Mohave, AZ
Sept 19, 2013	6:00 p.m.	1920 Camp Mohave Road, Fort Mohave, AZ
October 17, 2013	6:00 p.m.	1920 Camp Mohave Road, Fort Mohave, AZ
November 21, 2013	6:00 p.m.	1920 Camp Mohave Road, Fort Mohave, AZ
December 19, 2013	6:00 p.m.	1920 Camp Mohave Road, Fort Mohave, AZ
January 16, 2014	6:00 p.m.	1920 Camp Mohave Road, Fort Mohave, AZ
February 20, 2014	6:00 p.m.	1920 Camp Mohave Road, Fort Mohave, AZ
March 20, 2014	6:00 p.m.	1920 Camp Mohave Road, Fort Mohave, AZ
April 17, 2014	6:00 p.m.	1920 Camp Mohave Road, Fort Mohave, AZ
May 15, 2014	6:00 p.m.	1920 Camp Mohave Road, Fort Mohave, AZ
June 19, 2014	6:00 p.m.	1920 Camp Mohave Road, Fort Mohave, AZ

**BOARD MEMBERS:**

<u>Name</u>	<u>Business Phone Number</u>
Renee Bodkin	928-768-9181
John Gallagher	928-768-9181
David Praliguske	928-768-9181
Dana Scudder	928-768-9181
Tommy Queen	928-768-9181

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

Speedway Market	5100 Hwy 95	Fort Mohave, AZ
Bullhead Health Club	5401 Hwy 95	Fort Mohave, AZ
Station 91 – Fire Station	2230 Joy Lane	Fort Mohave, AZ
Station 92 – Fire Station	1920 Camp Mohave Road	Fort Mohave, AZ
District Website, <a href="http://www.fmmfd.org">www.fmmfd.org</a>		

**LEGAL DESCRIPTION OF BOUNDARY CHANGES:**

None

RECEIVED  
DEC 26 2014  
BEMSTS-CON & RATES



**THIS PAGE  
IS  
DELIBERATELY LEFT BLANK**

RECEIVED  
DEC 26 2014  
BEMSTS-CON & RATES

**FORT MOHAVE MESA FIRE DISTRICT  
GOVERNMENT AUDIT STANDARDS SECTION**

**June 30, 2014**

RECEIVED  
DEC 26 2014  
BEMSTS-CON & RATES



**THIS PAGE  
IS  
DELIBERATELY LEFT BLANK**

RECEIVED  
DEC 26 2014  
BEMIS-COM & RATES

**FORT MOHAVE MESA FIRE DISTRICT  
FORT MOHAVE, ARIZONA**

**TABLE OF CONTENTS**

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

	<u>PAGE</u>
GOVERNMENT AUDIT STANDARDS SECTION TABLE OF CONTENTS	59
Report On Internal Control Over Financial Reporting and On Compliance and Other Matters Based On An Audit Of Financial Statements Performed In Accordance with <i>Government Auditing Standards</i>	61
Findings	65

RECEIVED

DEC 26 2014

DEMSTS-CON & RATES



**THIS PAGE  
IS  
DELIBERATELY LEFT BLANK**

RECEIVED  
DEC 26 2014  
BEMSTS-CON & RATES

# SAUNDERS COMPANY, LTD

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

---

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

6008 W. CORTEZ ST  
GLENDALE, ARIZONA 85304  
Tel: (623) 476-8660  
Fax: (602) 926-2431  
E-Mail: [jamesH49@AOL.com](mailto:jamesH49@AOL.com)  
[Redheadedcutie10@AOL.com](mailto:Redheadedcutie10@AOL.com)

---

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

Arizona Association of Licensed Private Investigators  
AICPA Government Audit Quality Center

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

---

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

To the Governing Board  
Fort Mojave Mesa Fire District  
Fort Mohave, 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 Fort Mojave Mesa Fire District, Fort Mohave, Arizona, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise 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 Fort Mojave Mesa Fire 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.

RECEIVED

DEC 26 2014

BEMIS-CON & RATES



**THIS PAGE  
IS  
DELIBERATELY LEFT BLANK**

RECEIVED  
DEC 26 2014  
BEMSTS-CON & RATES

## Internal Control and Compliance

June 30, 2014

Page 2

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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. We did identify certain deficiencies in internal control as described in the accompanying schedule of findings and questioned costs as finding # 2014-01.

### **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*.

### **Fire District's Response to Findings**

Fort Mojave Mesa Fire District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **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

RECEIVED

DEC 26 2014

BEMIS'S-CON & RATES

**FORT MOJAVE MESA FIRE DISTRICT**  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2014

**Finding 2014-01**

**Internal Control Deficiency over leave time**

*Condition:* Some accumulated compensated absences are being accrued, however the policies of the District are unclear and do not appear to cover all aspects of the accruals for compensated leave.

*Criteria:* The District should have policies which are clear and easily understood regarding employee benefits. The Governmental Accounting Standards Board (GASB) requires disclosure in the District's financial statements of accumulated unpaid compensated absences.

*Cause:* District policies have not been reviewed or updated for several years.

*Effect:* This has the effect of policies which are not effective or up to date and are unclear in today's business environment. The lack of clarity in the policies does not allow accurate computations of the value of leave time payable.

*Questioned Costs:* None

*Recommendations:* The District should undertake a review of internal control, personnel, administrative and other policies which control the administration of the District on a regular basis. We would recommend that the various policies have a scheduled review date every few years.

*District's Response:* The District is aware of this issue and is currently undertaking a policy review which is expected to be presented to the governing board for approval in the near future.

RECEIVED

DEC 26 2014

BEMSTS-CON & RATES



**THIS PAGE  
IS  
DELIBERATELY LEFT BLANK**

RECEIVED  
DEC 26 2014  
BEMSTS-CON & RATES