

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

Arizona Department of Health Services
Annual Ambulance Financial Report
Reporting Ambulance Service
Lakeside Fire District
Report Fiscal Year

From: 7 / 1 / 2012 / To: 6 / 30 / 2013
Mo. Day Year Mo. Day Year

CERTIFICATION

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

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

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

Authorized Signature:  Date: 12/23/2013

Print Name and Title: Toni Russell Admin Manager

Mail to:

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

RECEIVED

JAN 6 2014

BEMSTS/CON R...

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

Arizona Department of Health Services
Annual Ambulance Financial Report
Reporting Ambulance Service
Lakeside Fire District
Report Fiscal Year

From: 7 / 1 / 2012 / To: 6 / 30 / 2013
Mo. Day Year Mo. Day Year

CERTIFICATION

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

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

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

Authorized Signature: _____ Date: 12/23/2013

Print Name and Title: Toni Russell Admin Manager

Mail to:

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

RECEIVED

JAN 6 2014

BEMSTS/CON & HATES

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

Arizona Department of Health Services
Annual Ambulance Financial Report
Reporting Ambulance Service
Lakeside Fire District
Report Fiscal Year

From: 7 / 1 / 2012 / To: 6 / 30 / 2013
Mo. Day Year Mo. Day Year

CERTIFICATION

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

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

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

Authorized Signature:  Date: 12/23/2013

Print Name and Title: Toni Russell Admin Manager

Mail to:

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

RECEIVED

JAN 6 2014

BEMSTS/CON & L. TRF

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

Arizona Department of Health Services
Annual Ambulance Financial Report
Reporting Ambulance Service
Lakeside Fire District
Report Fiscal Year

From: 7 / 1 / 2012 / To: 6 / 30 / 2013
Mo. Day Year Mo. Day Year

CERTIFICATION

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

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

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

Authorized Signature: _____ Date: 12/23/2013

Print Name and Title: Toni Russell Admin Manager

Mail to:

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

RECEIVED

JAN 6 2014

BEMSTS/CON & HATES

AMBULANCE REVENUE AND COST REPORT

AMBULANCE SERVICE ENTITY: Lakeside Fire District

FOR THE PERIOD FROM: 07/01/2012 To: 06/30/2013

STATISTICAL SUPPORT DATA

Line No.	DESCRIPTION	(1) SUBSCRIPTION SERVICE TRANSPORTS	*(2) TRANSPORTS UNDER CONTRACT	(3) TRANSPORTS NOT UNDER CONTRACT	(4) TOTALS
01	Number of ALS Billable Transports:				556
02	Number of BLS Billable Transports :				187
03	Number of Loaded Billable Miles :				3540
04	Waiting Time (Hr. & Min.):				0
05	Canceled (Non-Billable) Runs:				0
AMBULANCE SERVICE ROUTINE OPERATING REVENUE					
06	ALS Base Rate Revenue.....				\$684572
07	BLS Base Rate Revenue.....				\$230890
08	Mileage Charge Revenue.....				\$49308
09	Waiting Charge Revenue.....				0
10	Medical Supplies Charge Revenue.....				0
11	Nurses Charge Revenue.....				0
12	Standby Charge Revenue (Attach Schedule)				
13	TOTAL AMBULANCE SERVICE ROUTINE OPERATING REVENUE.....				\$964770

SALARY AND WAGE EXPENSE DETAIL

GROSS WAGES:

****No. of F.T.E.s**

14	Management.....	\$ 95695	1
15	Paramedics and IEMTs.....	\$ 485265	8.5
16	Emergency Medical Technician (EMT).....	\$ 227111	6.5
17	Other Personnel.....	\$ 67627	1.5
18	Payroll Taxes and Fringe Benefits - All Personnel.....	\$ 291304	17.5

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

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

RECEIVED

JAN 6 2014

BEMSTS/CON & RATES

AMBULANCE REVENUE AND COST REPORT

AMBULANCE SERVICE ENTITY: Lakeside Fire District

FOR THE PERIOD FROM: : 07/01/2012 To: 06/30/2013

SCHEDULE OF REVENUES AND EXPENSES

Line No.	DESCRIPTION	FROM	
Operating Revenues:			
01	Total Ambulance Service Operating Revenue	Page 2, Line 13	\$964770
Settlement Amounts:			
02	AHCCCS		(182541)
03	Medicare		(147594)
04	Subscription Service		(-)
05	Contractual		(-)
06	Other		(173981)
07	Total (Sum of Lines 02 through 06)		(504116)
08	Total Operating Revenue (Line 01 minus Line 07)		\$ 460654
Operating Expenses:			
09	Bad Debt		\$ 108163
10	Total Salaries, Wages, and Employee-Related Expenses		\$ 1167002
11	Professional Services		\$ 84267
12	Travel and Entertainment		0
13	Other General Administrative		\$ 12995
14	Depreciation		0
15	Rent/Leasing		\$ 59928
16	Building/Station		\$ 22691
17	Vehicle Expense		\$ 195998
18	Other Operating Expense		\$ 33772
19	Cost of Medical Supplies Charged to Patients		\$ 23329
20	Interest		0
21	Subscription Service Sales Expense		0
22	Total Operating Expense (Sum of Lines 09 through 21)		\$1708145
23	Total Operating Income or Loss (Line 08 minus Line 22)		(\$1247491)
24	Subscription Contract Sales		0
25	Other Operating Revenue		0
26	Local Supportive Funding		\$1682818
27	Other Non-Operating Income (Attach Schedule)		_____
28	Other Non-Operating Expense (Attach Schedule)		_____
29	NET INCOME/(LOSS) (Line 23 plus Sum of Lines 24 through 28)		\$ 135327

RECEIVED

JAN 6 2014

BENEFIT

AMBULANCE REVENUE AND COST REPORT

AMBULANCE SERVICE ENTITY: Lakeside Fire District

FOR THE PERIOD FROM: : 07/01/2012 To: 06/30/2013

BALANCE SHEET

ASSETS

CURRENT ASSETS

01	Cash	\$	_____	
02	Accounts Receivable		_____	
03	Less: Allowance for Doubtful Accounts		_____	
04	Inventory		_____	
05	Prepaid Expenses		_____	
06	Other Current Assets		_____	
07	TOTAL CURRENT ASSETS	\$	_____	

PROPERTY & EQUIPMENT

08	Less: Accumulated Depreciation	\$	_____	
----	--------------------------------	----	-------	--

09	OTHER NONCURRENT ASSETS	\$	_____	
----	--------------------------------	----	-------	--

10	TOTAL ASSETS	\$	_____	
----	---------------------	----	-------	--

RECEIVED

JAN 6 2014

LIABILITIES AND EQUITY

BEMSTS/CON & RATES

CURRENT LIABILITIES

11	Accounts Payable	\$	_____	
12	Current Portion of Notes Payable		_____	
13	Current Portion of Long-Term Debt		_____	
14	Deferred Subscription Income		_____	
15	Accrued Expenses and Other		_____	
16	_____		_____	
17	_____		_____	
18	TOTAL CURRENT LIABILITIES	\$	_____	

19	NOTES PAYABLE		_____	
----	----------------------	--	-------	--

20	LONG-TERM DEBT OTHER		_____	
----	-----------------------------	--	-------	--

21	TOTAL LONG-TERM DEBT	\$	_____	
----	-----------------------------	----	-------	--

EQUITY AND OTHER CREDITS

Paid-in Capital:

22	Common Stock	\$	_____	
23	Paid-In Capital in Excess of Par Value		_____	
24	Contributed Capital		_____	
25	Retained Earnings		_____	
26	Fund Balances		_____	

27	TOTAL EQUITY	\$	_____	
----	---------------------	----	-------	--

28	TOTAL LIABILITIES & EQUITY	\$	_____	
----	---------------------------------------	----	-------	--

AMBULANCE REVENUE AND COST REPORT

AMBULANCE SERVICE ENTITY: _____

FOR THE PERIOD FROM: _____ TO: _____

STATEMENT OF CASH FLOWS

OPERATING ACTIVITIES:

01	Net (loss) Income	\$ _____	
	Adjustments to reconcile net income to net cash provided by operating activities:		
02	Depreciation Expense	_____	
03	Deferred Income Tax	_____	
04	Loss (gain) on Disposal of Property Equipment	_____	
	(Increase) Decrease in:		
05	Accounts Receivable	_____	
06	Inventories	_____	
07	Prepaid Expenses	_____	
	(Increase) Decrease in:		
08	Accounts Payable	_____	
09	Accrued Expenses	_____	
10	Deferred Subscription Income	_____	
11	Net Cash Provided (Used) by Operating Activities	\$ _____	

INVESTING ACTIVITIES:

12	Purchases of Property and Equipment	_____	
13	Proceeds from Disposal of Property and Equipment	_____	
14	Purchases of Investments	_____	
15	Proceeds from Disposal of Investments	_____	
16	Loans Made	_____	
17	Collections on Loans	_____	
18	Other _____	_____	
19	Net Cash Provided (Used) by Investing Activities	\$ _____	

FINANCING ACTIVITIES:

	New Borrowings:		
20	Long-Term	_____	
21	Short-Term	_____	
	Debt Reduction:		
22	Long-Term	_____	
23	Short-Term	_____	
24	Capital Contributions	_____	
25	Dividends paid	_____	
26	Net Cash Provided (Used) by Financing Activities	\$ _____	
27	Net Increase (Decrease) in Cash	\$ _____	
28	Cash at Beginning of Year	\$ _____	
29	Cash at End of Year	\$ _____	

RECEIVED

JAN 6 2014

BENSTOCK

SUPPLEMENTAL DISCLOSURES:

	Non-cash Investing and Financing Transactions:	\$ _____	
31	_____	_____	
32	_____	_____	
33	Interest Paid (Net of Amounts Capitalized)	_____	
34	Income Taxes Paid	_____	

INSTRUCTIONS

Page 1: COVER

1. Enter the name of the ambulance service on the line "Reporting Ambulance Service."
2. Print the name and title of the ambulance service's authorized representative on the lines indicated; enter the date of signature; authorized representative must sign the report.

Page 2: STATISTICAL SUPPORT DATA and ROUTINE OPERATING REVENUE

Enter the ambulance service's business name and the appropriate reporting period.

Statistical Support Data:

- Lines 01-02: Enter the number of billable ALS and BLS transports for each of the three categories. Subscription Service Transports should not be included with Transports Under Contract.
- Lines 03-04: Enter the total of patient loaded transport miles and waiting times for each of the transport categories.
- Line 05: List TOTAL of canceled/non-billable runs.

Ambulance Service Routine Operating Revenue:

- Line 06: Enter the total amount of all ALS Base Rate gross billings.
- Line 07: Enter the total amount of all BLS Base Rate gross billings.
- Line 08: Enter the total of Mileage Charge gross billings.
- Line 09: Enter the total Waiting Time gross billings.
- Line 10: Enter the total of all gross billings of Medical Supplies to patients.
- Line 11: RESERVED FOR FUTURE USE - Charges for Nurses currently are not allowed.
- Line 12: Enter the total of all Standby Time charges. (Attach a schedule showing sources.)
- Line 13: Add the totals from Line 06 through Line 12. Enter sum on Line 13.

Salary and Wage Expense Detail:

- Line 14: Enter the total salary amount allocated and paid to Management of the ambulance service.
- Line 15: Enter the total salary amount allocated and paid to Paramedics and IEMTs.
- Line 16: Enter the total salary amount allocated and paid to Emergency Medical Technicians (EMTs).
- Line 17: Enter the total salary amount allocated and paid to Other Personnel involved with the ambulance service. (Examples: Dispatch, Mechanics, Office)
- Line 18: Enter the total allocated amount of Payroll Taxes and Fringe Benefits paid to employees included in lines 14 through 17.

RECEIVED

JAN 6 2014

ANNUAL AMBULANCE FINANCIAL REPORT

EXPENSE CATEGORIES FOR USE ON PAGE 3

- Line 09 Bad Debt
- Line 10 Total Salaries, Wages, and Employee-Related Expenses
 - Salaries, Wages, Payroll Taxes, and Employee Benefits
- Line 11 Professional Services
 - Legal/Management Fees
 - Collection Fees
 - Accounting/Auditing
 - Data Processing Fees
- Line 12 Travel and Entertainment (Administrative)
 - Meals and Entertainment
 - Travel/Transportation
- Line 13 Other General and Administrative
 - Office Related (Supplies, Phone, Postage, Advertising)
 - Professional Liability Insurance
 - Dues, Subscriptions, Miscellaneous
- Line 14 Depreciation
- Line 15 Rent/Leasing
- Line 16 Building/Station
 - Utilities, Property Taxes/Insurance, Cleaning/Maintenance
- Line 17 Vehicle Expenses
 - License/Registration
 - Repairs/Maintenance
 - Insurance
- Line 18 Other Operating Expenses
 - Dispatch Contracts
 - Employee Education/Training, Uniforms, Travel/Meals
 - Maintenance Contracts
 - Minor Equipment, Non-Chargeable Ambulance Supplies
- Line 19 Cost of Medical Supplies Charged to Patients
- Line 20 Interest Expense
 - Interest on: Bank Loans/Lines of Credit
- Line 21 Subscription Service Sales Expenses
 - Sales Commissions, Printing

REC

JAN 6 2014

BENS

INSTRUCTIONS (cont'd)

Page 3: SCHEDULE OF REVENUES AND EXPENSES

Operating Revenues:

- Line 01: Transfer appropriate total from Page 2 as indicated.
Line 02: Enter settlement amounts from AHCCCS transports. (DO NOT include settlement amounts resulting from a transport made under a SUBSCRIPTION SERVICE CONTRACT)
Line 03: Enter settlement amounts from Medicare transports. (DO NOT include settlement amounts resulting from a transport made under a SUBSCRIPTION SERVICE CONTRACT)
Line 04: Enter total of ALL settlement amounts from Subscription Service Contract transports.
Line 05: Enter total of ALL settlement amounts from Contractual transports only.
Line 06: Enter total from any other settlement sources.
Line 07: Enter sum of lines 02 through 06.
Line 08: Total Operating Revenue (The amount from Line 01 minus Line 07).

Operating Expenses:

- Lines 09-21: Report as either actual or allocated from expenses shared with Fire or other departments.
Line 22: Enter the total sum of lines 09 through 21.
Line 23: Enter the difference of line 08 minus line 22.
Line 24: Enter the gross amount of sales from Subscription Service Contracts.
Line 25: Enter the amount of Other Operating Revenues.
Ex: Federal, State or Local Grants, Interest Earned, Patient Finance Charges.
Line 26: Enter the total of Local Supportive Funding.
Line 27: List other non-operating revenues (Ex: Donations, sales of assets, fund raisers).
Line 28: List other non-operating expenses (Ex: Civil fines or penalties, loss on sale of assets).
Line 29: Net Income (Line 23 plus Lines 24 through 27, minus Line 28).

Page 4: BALANCE SHEET

Current audited financial statements may be submitted in lieu of this page.

Page 5: STATEMENT OF CASH FLOWS

Current audited financial statements may be submitted in lieu of this page.

Questions regarding this reporting form can be submitted to:

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

RECEIVED

JAN 6 2014

BEMSTS/CONTRACTS

LAKESIDE FIRE DISTRICT
FINANCIAL STATEMENTS

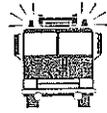
June 30, 2013

James H. Saunders
Certified Public Accountant
Certified Fraud Examiner
6008 West Cortez Street
Glendale, Arizona 85304
Fax 602-926-2431
Phone 623-476-8660

RECEIVED

JAN 6 2014

BEMSTS/CON & RATES



THIS PAGE
IS
DELIBERATELY LEFT BLANK

**LAKESIDE FIRE DISTRICT
LAKESIDE, ARIZONA
FINANCIAL STATEMENTS
JUNE 30, 2013**

TABLE OF CONTENTS

	<u>PAGE</u>	<u>EXHIBIT</u>
TABLE OF CONTENTS	i	
INDEPENDENT AUDITOR'S REPORT	5	
MANAGEMENT'S DISCUSSION AND ANALYSIS	9	
BASIC FINANCIAL STATEMENTS:	19	
Government -Wide Financial Statements		
Statement of Net Position	20	A
Statement of Activities	21	B
Fund Financial Statements		
Balance Sheet - Governmental Funds	22	C
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	23	D
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position	24	E
Reconciliation of the Statement of Revenues, Expenditures And Changes in Fund Balances - Governmental Funds To the Statement of Activities	25	F
Statement of Net Position - Fiduciary Funds	25	G
Statement of Changes in Fiduciary Net Position	27	H
Notes to the Financial Statements	29	

RECEIVED

JAN 6 2014

BEMSTS/CON & RATES



THIS PAGE
IS
DELIBERATELY LEFT BLANK

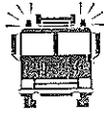
**LAKESIDE FIRE DISTRICT
LAKESIDE, ARIZONA
FINANCIAL STATEMENTS
JUNE 30, 2013**

	<u>PAGE</u>	<u>EXHIBIT</u>
REQUIRED SUPPLEMENTARY INFORMATION	49	
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (GAAP Basis) General Fund	50	1
Pension Financial Disclosures	51	
Notes to the Required Supplementary Information	54	
OTHER SUPPLEMENTARY INFORMATION	55	
Arizona Annual Report Information	56	
Volunteer Pension Distribution	57	
GOVERNMENT AUDIT STANDARDS SECTION	59	
GOVERNMENT AUDIT STANDARDS TABLE OF CONTENTS	60	
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	

RECEIVED

JAN 6 2014

BEMSTS/CON & RATES



THIS PAGE
IS
DELIBERATELY LEFT BLANK

SAUNDERS COMPANY, LTD.

JAMES H. SAUNDERS, CPA, CFE, CFF, CGFM, PI.

CERTIFIED PUBLIC ACCOUNTANT
CERTIFIED FRAUD EXAMINER
CERTIFIED IN FINANCIAL FORENSICS
CERTIFIED GOVERNMENT FINANCIAL MANAGER
LICENSED PRIVATE INVESTIGATOR #1546900

6008 WEST CORTEZ STREET
GLENDALE, ARIZONA 85304
Tel: (602) 476-8660
Fax: (602) 926-2431
E-Mail: JamesH497@AOL.com

Member: American Institute of Certified Public Accountants Arizona Association of Licensed Private Investigators International Association of Certified Fraud Examiners
Arizona Society of Certified Public Accountants Arizona Association of Certified Fraud Examiners

INDEPENDENT AUDITOR'S REPORT

To the Members of the District Board
Lakeside Fire District
Lakeside, Arizona

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lakeside Fire District, Lakeside, Arizona, as of and for the year ended June 30, 2013, 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 Lakeside Fire District, as of June 30, 2013, 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.

RECEIVED

JAN 6 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, along with any combining or individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining or individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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.

Independent Auditor's Report

June 30, 2013

Page 3

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 20, 2013, 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 Fire District's internal control over financial reporting and compliance.

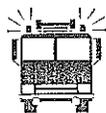
James H. Saunders, CPA
Saunders Company, Ltd.

Glendale, Arizona
December 20, 2013

RECEIVED

JAN 6 2014

BEMSTS/CON & RATES



**THIS PAGE
IS
DELIBERATELY LEFT BLANK**

Lakeside Fire District

Management's Discussion and Analysis of Basic Financial Statements June 30, 2013

The following discussion and analysis of the Lakeside Fire District (the district's) financial performance presents management's overview of the District's financial activities for the year ended June 30, 2013. 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 Lakeside Fire District is located in the White Mountains of Northern Arizona, surrounded by the largest stand of ponderosa pines in the country. The Lakeside Fire District protects a 25 square mile area (16,000 acres) and provides fire, ambulance and paramedic services to homes, commercial business, property, and the permanent population of approximately 6500 residents with the district boundaries, as well as providing services to the additional 20,000 seasonal residents and tourists drawn to the area for recreation. The district prides itself in the high level of service to the community. The district conducts business inspections, plan reviews and approvals. The district provides car seats, information, inspections and training by our certified technicians, and with grant monies have been able to purchase additional car seats to provide to low income families. The district also has trained wild land fire fighters who respond to wild land fires throughout Arizona and the United States.

The department is also able to provide swift water rescue, ice rescue and hi-angle rope rescue to our district as well as other to locations and persons outside the district through mutual aid and automatic response agreements with neighboring fire districts, the Forest Service, and the White Mountain Apache Tribe. The automatic response agreement with the surrounding fire districts has resulted in better and faster response to emergencies. Centralized dispatch now contacts the nearest unit to respond. Automatic/mutual aid also results in response by each department's specialized equipment as needed, such as the ladder truck owned by Show Low Fire District being able to respond to fire scenes. This has resulted in improved service and money being saved by all departments.

The Lakeside Fire District offers the use of our training and conference rooms to groups for meetings and trainings.

RECEIVED

JAN 6 2014

BEMSTS/CON & RATES

Lakeside Fire District has a designated Public Education Coordinator who is continually educating school students at each of the area schools, as well as Senior Centers, Clubs, Nursing homes, mobile home parks and churches. He is available for special safety presentation request from the public.

The Lakeside Fire District's Fire Marshall works closely with the Fire Marshalls from the Pinetop and Show Low Fire Districts. This cooperation results in improved fire code enforcement, as well as familiarizing them with each of the community's commercial buildings. This spirit of cooperation has prevailed in all aspects of fire protection, fire prevention and fire education in our area.

A Fire Marshall Volunteer assists Fire Marshall Captain Webb with commercial building inspections and general office work. This volunteer works on an as needed basis and has proven to be a great asset to the office of the Fire Marshall.

Full time staffing in the District totals 27 personnel. There are 21 full time firefighters of which 15 are firefighter/medics and all others are firefighter/EMTs. The Fire Chief, Assistant Chief, Fire Marshall, and two fulltime administration staff members and receptionist make up the rest of the employees. Additionally, there are 12 reserve firefighter/EMTs and two firefighter/medics on call on an as needed basis for shift coverage and emergencies.

Each year the Lakeside Fire District employees, union, and auxiliary members volunteer hundreds of hours on our charitable projects by creating and operating the annual Haunted Houses held the last three weekends in October. There is a scary Haunted House for older children and adults, and a less frightening fund based Haunted House for children who are too young to appreciate the scarier aspects of the adult house. This is a successful money making event that nets funds for the annual Christmas Toy Drive for needy children in the surrounding communities and for food baskets that are distributed to needy families during Thanksgiving and Christmas each year. Funds are also used by the union to assist burned out families and others in the community that are in need. The auxiliary also conducts additional fund raisers throughout the year for firefighter benevolence.

Results of Operations

- λ 619 Fire Incident dispatched calls, an increase of 134 incidents from the past year of 485 Fire Incident runs. These incidents include non-fire emergency services, calls of good intent, and non-emergency services as well as building fires, chimney fires, vehicle fires, and unauthorized debris fire investigations and checking out reports of smoke in the area.
- λ 814 Ambulance runs, an increase of 28 runs from the previous year of 786 EMS runs.

- λ The District continued, for the fourth year, to use the five year Homeland Security/FEMA SAFER grant that allowed the district to hire three additional firefighter/EMTs, giving one additional person per crew to comply with national standards for four persons in the lead fire engine. On a sliding basis, each year our portion of costs have increased as the grant portion will decrease, and at the end of the five year period, the fourth quarter of this year of 2012-2013, the district will carry the entire cost of the three additional firefighters.
- λ The District participated in the fifth annual regional wild land refresher course sponsored by the Northeastern Arizona Fire Chiefs Association held at Arizona Game and Fish property in Pinetop. Two sessions were held, on April 5 and 6, 2013. The classes were attended by hundreds of firefighters and fire department administrative personnel from 14 agencies from districts throughout Arizona. The training once again was successful in allowing all fire districts as well as forest service personnel to work and train together, receiving the same training that will be useful in actual wild land fire events when many different agencies respond to wild land fires.
- λ The Lakeside Fire District continued the Red Tag Green Tag Program that was initiated last year. The Crews went door to door in the district, assessing property for wildland/urban interface safety. The firefighters spoke to the homeowners regarding ways to make their property safer in the event of wildfire. A Red Tag was given if there were several fire hazards present that would need to be mitigated or a Green Tag if all safety items had been done. The results of the Red Tag Green Tag assessments have been integrated into our mapping system to have a better knowledge of which areas of the district have been mitigated for fire safety, and those still needing work. This will be invaluable information in the event of wildfire visiting the area, as the fire crews will know which areas to concentrate their firefighting efforts, resulting in better protection for the community as well as the fire fighters. As a result of the mapping study, those home owners in Red Zones were sent letters addressing the problems and were advised to mitigate the property for fire defense.
- λ The Lakeside Fire District continues with several other entities in the county in a feasibility study for a Regional Dispatch Center. At present, there are several small dispatch centers serving the police, EMS and fire agencies in the county area. All are understaffed and have antiquated systems. The feasibility study is looking to create one consolidated center for all fire, police and EMS dispatch within Navajo County east of Winslow, and south of Highway 40, consisting of a new dispatching system and increased staffing for efficient services to all the emergency entities. This is foreseen as cost saving for all involved with better and faster communication in emergency situations. The committee has made progress and it is hopeful that the Dispatch Center will become a reality soon.

RECEIVED

JAN 6 2014

BEMSTS/CON & RATES

- λ Lakeside Fire District continues to be fiscally responsible, and has annual government audits performed by certified auditors of the highest caliber. James H. Saunders and staff of the Saunders Company, LTD is the District's auditor. Mr. Saunders is a Certified Public Account, Certified Fraud Examiner, Certified Financial Forensics, Certified Governmental Finance Manager, and a Licensed Private Investigator and is the auditor of many of the Fire Districts in the state of Arizona.

Financial Highlights

- λ District investment in capital assets increased by \$267,154 or 5.51%.
- λ The District's net position increased \$361,737 or 13.01% from the previous fiscal year.
- λ Operating revenues increased \$133,689 or 3.97% over the previous fiscal year.
- λ At the end of the current fiscal year, unrestricted net position for the General fund was \$1,366,628.

Overview of the Financial Statements

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

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

Government - Wide Financial Statements

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

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

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

Fund Financial Statements

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

Net Position June 30, 2013

	BALANCE <u>JUNE 30, 2012</u>	BALANCE <u>JUNE 30, 2013</u>
Invested in Capital Assets, Net of related Debt	\$ 1,755,449	\$ 1,776,592
Unrestricted	<u>1,026,035</u>	<u>1,366,629</u>
Total Net Position	<u>\$ 2,781,484</u>	<u>\$ 3,143,221</u>

Governmental Activities

Much of the revenues for the District were derived from assessed property taxes and Fire District Assistance Tax collected through Navajo County Treasurers Office. The tax revenue and FDAT total was \$2,568,573.77 which was 100.2% of the expected tax revenue. The district was fortunate in our tax collections given the current state of the economy. Ambulance revenue also provides revenue. This year the revenue added \$502,987.56 to the budget and exceeded the projected amount by 22.7%. The SAFER grant provided \$28,496.25 toward wages for three additional firefighters. This grant will no longer provide funding as we began our fifth year in the fourth quarter of this fiscal year. The District will now carry the entire cost of these three firefighters. Wild land fire revenue was anticipated at \$115,000.00. However it provided \$227,024.11 which was transferred to the capital fund at the close of the fiscal year.

General Fund Budgetary Highlights

The Lakeside Fire District stayed with our budget once again. The district strives to provide the best service coverage for our area, using diligently responsible management of the tax monies allotted.

Capital Asset and Debt Administration

Capital Assets

RECEIVED

JAN 6 2014

BEMSTS/CON & RATES

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 2013 the District purchased, had contributed, or constructed the following assets:

- λ The Lakeside Fire District Board of Directors approved the planned purchase of a new ambulance this year. The ambulance purchase has been in the budget capital line item list and in the Strategic Plan Replacement Program since 2008. The district has collected tax revenue during the past several budget years for that replacement apparatus. The district was well prepared for the ambulance purchase with capital funds for the 2012-2013 fiscal year. The ambulance was ordered from Braun Northwest and paid for in and delivered to the District in July 2013.

- λ Lakeside Fire District carries no financial debt other than the administration building that was erected in 2005-06. Each year the District pays \$119,860.00 in quarterly payments to Chase Equipment Finance. The lease-purchase contract is scheduled for pay-off February 13, 2021. However, the district is preparing fiscally for early pay off. The contract does not allow prepayment prior to February 13, 2016 and that is the desired target year for pay off.

Capital Assets, Net of Depreciation June 30, 2013

	<u>BALANCE</u> <u>06/30/2012</u>	<u>BALANCE</u> <u>06/30/2013</u>
<u>Depreciable Assets</u>		
Vehicles	\$1,649,118	\$ 1,933,571
Buildings	2,166,819	2,176,933
Equipment, Admin	172,532	172,532
Equipment, Fire	<u>847,699</u>	<u>830,400</u>
Total Historical Costs	<u>4,846,282</u>	<u>5,113,436</u>
Less Accum Depreciation		
Vehicles	1,353,751	1,235,180
Buildings	486,709	543,365
Equipment, Admin	148,018	160,988
Equipment, Fire	<u>766,578</u>	<u>771,241</u>
Less: Total Accumulated Depreciation	<u>2,755,056</u>	<u>2,710,774</u>
Depreciable Capital Assets, Net	2,091,226	2,402,662
<u>Non-Depreciable Assets</u>		
Construction in Progress	372,116	0
Land	<u>152,000</u>	<u>152,000</u>
Capital Assets, Net	<u>\$2,615,342</u>	<u>\$ 2,554,662</u>

Long Term Debt

At the end of the current fiscal year, the District had debt outstanding of \$1,080,127. All of the debt is backed by the full faith and credit of the District.

RECEIVED

JAN 6 2014

BEMSTS/CON & RATES

Outstanding Debt

	Balance <u>June 30, 2012</u>	Balance <u>June 30, 2013</u>
Fire Station	\$ 859,893	\$ 778,070
Total Lease Obligations	859,893	778,070
Compensated Absences	<u>301,835</u>	<u>302.05</u>
Totals	<u>\$ 1,161,728</u>	<u>\$ 1,080,127</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. Future income will fluctuate with local tax assessments and collections by Navajo County. Growth has slowed in the area, and the district did have an assessed value decrease once again. Tax collections came in as predicted with very little in revenue loss for the 2012-2013 fiscal year. Lakeside Fire District has always been very conservative in budgeting, and because of this, the district did well financially once again by staying within the budget, and not having to do a line of credit loan for the third year in a row. By keeping our budget growth at 4% or less each year we hope to survive the era of low assessments until the economy improves. As a budget limiting measure, all employee step/wage increases were cancelled and remain so until the district sees increases in assessed property values and tax revenue.

In addition, the SAFER Grant from the Department of Homeland Security, FEMA National Preparedness Directorate is still in effect, which gave the district the opportunity to hire three additional firefighter/EMTs in December, 2008. SAFER is an acronym for Staffing for Adequate Fire and Emergency Response. By adding one firefighter to each shift we were able to comply with national standards requiring four firefighters on the lead engine. The Federal share of this grant is \$316,275.00 and the district's share is \$829,866.00 over a five year period. We submit the required reports and are paid on a quarterly basis. The SAFER grant income sharing stopped in the fourth quarter this year. The District will bear the entire cost of the firefighters from now on.

The Lakeside Fire District, with the approval of the Governing Board, created new vacation and sick leave policies that will help with the current unfunded liabilities of the district. Previous policies allowed unlimited sick leave and vacation accruals. The new policies put caps on accruals, and new pay out policies that will save the district money in future years and greatly reduce the unfunded liabilities.

The Lakeside Fire District Governing Board had approached the Pinetop Fire District Governing Board to form a committee to study the feasibility of merging the departments during the last fiscal year. Our Board approached this as a fact finding opportunity only at this time. We have two separate fire districts within one community so a merger would make sense if all the financial facts support the benefit of merging and both district boards agree to the merger process. However, the Pinetop Board decided not to continue in the feasibility meetings in December, 2012. The Lakeside Fire Board then sent out letters to all the area fire districts to inquire if they would be interested in combined services agreements. This is still in progress at this time. Using combined services would assist in each district by decreased costs to each district.

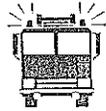
Contacting The District

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 Lakeside Fire District at 2922 W. White Mountain Blvd, Lakeside, AZ 85929.

RECEIVED

JAN 6 2014

BEMSTS/CON & RATES



THIS PAGE
IS
DELIBERATELY LEFT BLANK

BASIC FINANCIAL STATEMENTS

RECEIVED

JAN 6 2014

BEMSTS/CON & RATES

**LAKESIDE FIRE DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2013**

Exhibit A

**Governmental
Activities**

ASSETS

Cash & Cash Equivalents (Note 3)	\$	1,615,096
Receivables:		
Ambulance Service Fees, Net Allowance for Doubtful Accounts (Note 5)		224,838
Property Taxes (Note 6)		116,890
Total Capital Assets, Net (Note 7)		<u>2,554,662</u>
 Total Assets		 <u>4,511,486</u>

LIABILITIES

Accounts Payable		16,980
Payroll Taxes Payable		31,228
Wages Payable		47,526
Deferred Revenue (Note 6)		116,890
Compensated Absences (Note 10)		
Portion due within one year		75,514
Portion due after one year		302,057
Lease/Purchases Payable (Note 11)		
Portion due within one year		85,640
Portion due after one year		<u>692,430</u>
 Total Liabilities		 <u>1,368,265</u>

NET POSITION

Invested in Capital Assets, Net of related Debt		1,776,592
Unrestricted (Note 13)		<u>1,366,629</u>
 Total Net Position	 \$	 <u><u>3,143,221</u></u>

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

LAKESIDE FIRE DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013

Exhibit B

**Governmental
Activities**

EXPENSES

Public Safety - Fire/EMS Protection		
Personnel Services	\$	2,431,353
Materials & Services		485,147
Depreciation		223,318
		<hr style="width: 100%;"/>
Total Program Expenses		3,139,818

PROGRAM REVENUES

Operating and Capital Grants		29,496
Charges for Service		859,758
		<hr style="width: 100%;"/>
Total Program Revenues		889,254
Net Program Expense		<hr style="width: 100%;"/>

GENERAL REVENUES

Property Taxes		2,389,364
Fire District Assistance		179,210
Investment Earnings		5,756
Miscellaneous		37,971
		<hr style="width: 100%;"/>
Total General Revenues		2,612,301

		361,737
--	--	---------

NET POSITION-BEGINNING OF THE YEAR		<hr style="width: 100%;"/>
---	--	----------------------------

NET POSITION-END OF THE YEAR	\$	<hr style="width: 100%;"/>
-------------------------------------	-----------	----------------------------

RECEIVED

JAN 6 2014

BEMSTS/CON & RATES

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

**LAKESIDE FIRE DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2013**

Exhibit C

	General	Wildland Revenue	Total Governmental Funds
ASSETS			
Cash and Cash Equivalents (Note 3)	\$ 777,392	\$ 837,704	\$ 1,615,096
Receivables:			
Ambulance Service Fees, Net Allowance for Doubtful Accounts (Note 5)	224,838	-	224,838
Property Taxes (Note 6)	116,890	-	116,890
Total Assets	<u>\$ 1,119,120</u>	<u>\$ 837,704</u>	<u>\$ 1,956,824</u>
LIABILITIES			
Payroll Taxes Payable	\$ 31,228	\$ -	\$ 31,228
Accounts Payable	16,980		16,980
Wages Payable	47,526	-	47,526
Deferred Revenue (Note 6)	116,890	-	116,890
Compensated Absences (Note 10)	75,514	-	75,514
Total Liabilities	<u>288,138</u>	<u>-</u>	<u>288,138</u>
FUND BALANCES			
Assigned (Note 13)	379,710	275,000	654,710
Unassigned	451,272	562,704	1,013,976
Total Fund Balances	<u>830,982</u>	<u>837,704</u>	<u>1,668,686</u>
Total Liabilities & Fund Balances	<u>\$ 1,119,120</u>	<u>\$ 837,704</u>	<u>\$ 1,956,824</u>

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

LAKESIDE FIRE DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED
JUNE 30, 2013

Exhibit D

	General	Wildland Revenue	Total Governmental Funds
REVENUE			
Property Taxes	\$ 2,389,364	\$ -	\$ 2,389,364
Fire District Assistance Tax	179,210	-	179,210
Fees for Service	859,758	-	859,758
Interest	5,170	586	5,756
Grants	29,496	992	30,488
Miscellaneous	36,979	-	36,979
Total Revenues	3,499,977	1,578	3,501,555
EXPENDITURES			
Current:			
Public Safety	2,702,933	357	2,703,290
Administration	102,226	25	102,251
Debt Service			
Principal	81,824	-	81,824
Interest	38,032	-	38,032
Capital Outlay	179,631	55,711	235,342
Total Expenditures	3,104,646	56,093	3,160,739
Excess (Deficiency) of Revenues over Expenditures	395,331	(54,515)	340,816
Net Change in Fund Balances	395,331	(54,515)	340,816
Transfers	(227,024)	227,024	-
Net Change in Fund Balances	168,307	172,509	340,816
Fund Balances-Beginning of Year	662,675	665,195	1,327,870
Fund Balances-End of Year	\$ 830,982	\$ 837,704	\$ 1,668,686

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

RECEIVED

JAN 6 2014

BEMSTS/CON & RATES

LAKESIDE FIRE DISTRICT
 RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET POSITION
 JUNE 30, 2013

Exhibit E

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

Fund Balances - Total Governmental Funds (Exhibit C) \$ 1,668,686

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

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

Governmental Capital Assets	5,265,436	
Less: Accumulated Depreciation	<u>(2,710,774)</u>	
		2,554,662

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		<u>(1,080,127)</u>
--	--	--------------------

Net Position of Governmental Activities (Exhibit A)		<u>\$ 3,143,221</u>
---	--	---------------------

LAKESIDE 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, 2013

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)	\$ 340,816
---	------------

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense in the current period.	(60,680)
--	----------

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>81,601</u>
---	---------------

Change in Net Position of Governmental Activities (Exhibit B)	<u>\$ 361,737</u>
---	-------------------

RECEIVED

JAN 6 2014

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

BEMST/CO

LAKESIDE FIRE DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2013

Exhibit G

	<u>Volunteer Pension Fund</u>	<u>Fire Dept Auxiliary Fund</u>	<u>Totals</u>
ASSETS			
Cash & Cash Equivalents	\$ 13,034	\$ 10,527	\$ 23,561
Investments, at fair value Mutual Funds	<u>391,198</u>	<u>-</u>	<u>391,198</u>
Total Assets	<u>404,232</u>	<u>10,527</u>	<u>414,759</u>
LIABILITIES			
Taxes Payable	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
NET POSITION			
Held in trust for pension and other purposes	<u>\$ 404,232</u>	<u>\$ 10,527</u>	<u>\$ 414,759</u>

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

LAKESIDE FIRE DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

Exhibit H

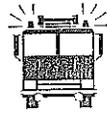
	<u>Volunteer Pension Fund</u>	<u>Fire Dept Auxiliary Fund</u>	<u>Totals</u>
ADDITIONS			
Other			
Contributions	\$ 12,129	\$ -	\$ 12,129
State Fire Marshal	753	-	753
Fund Raising	-	6,664	6,664
Total Other Contributions	<u>12,882</u>	<u>6,664</u>	<u>19,546</u>
Investment Earnings:			
Interest & Dividends	7,745	-	7,745
Net Increase in the fair value of investments	<u>15,743</u>	<u>-</u>	<u>15,743</u>
Total Investment Earnings	23,488	-	23,488
Less Investment Expense	<u>7,546</u>	<u>-</u>	<u>7,546</u>
Net Investment Earnings	<u>15,942</u>	<u>-0-</u>	<u>15,942</u>
 Total Additions	 <u>28,824</u>	 <u>6,664</u>	 <u>35,488</u>
DEDUCTIONS			
Distributions	21,478	-	21,478
Fund Raising	-	5,836	5,836
Miscellaneous	200	-	200
Total Deductions	<u>21,678</u>	<u>5,836</u>	<u>27,514</u>
 Change in Net Position	 7,146	 828	 7,974
 Net Position - Beginning	 <u>397,086</u>	 <u>9,699</u>	 <u>406,785</u>
 Net Position - Ending	 <u>\$ 404,232</u>	 <u>\$ 10,527</u>	 <u>\$ 414,759</u>

RECEIVED

JAN 6 2014

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

BENSTS/CON & RATES



THIS PAGE
IS
DELIBERATELY LEFT BLANK

LAKESIDE FIRE DISTRICT
LAKESIDE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

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

JAN 6 2014

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 60 days of the end of any accounting period. Expenditures are generally recognized when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The District reports the following major governmental funds:

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

The *Special Revenue Fund* is used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes.

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

Financial Statements Amounts

Cash & Cash Equivalents

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

Prepaid Items

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

Deferred Revenue

Deferred revenue (in the fund financial statements) represents property taxes earned during the year but not collected in time to be available to finance the current year's operation.

Capital Assets

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

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

RECEIVED

JAN 6 2014

BEMSTS/CON & RATES

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

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 – Schedule A

Fund Equity, as defined in GASB Statement No. 34, “Basic Financial Statements for State and Local Governments” is defined as net assets 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 Net Capital balances.
- λ Investment in Capital Assets, Net of Related Debt – This consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

Fund Balances on Government Fund Financial Statements – Schedule 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 an ordinance or 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

JAN 6 2014

BEMSTS/CON & RATES

Accounting Estimates

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

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

During the last quarter of the fiscal year, the ensuing years operating budget, including proposed expenditures and the means of financing them, is compiled by the Fire Chief. A public hearing is held on the budget subsequent to the publication of the proposed budget. Once the proposed budget is prepared it must be published in a newspaper of general circulation in the County in which the District is located at least twenty days prior to a budget hearing. Notice of the hearing must also be posted in at least three public locations in the District and posted to the District website at least twenty days prior to the hearing. Copies of the proposed budget must also be provided upon written request. Once the budget hearing is held, the District Board approves the budget. After approval by the District Board the budget is then sent to the County Board of Supervisors no later than August 1st of each year as required by ARS 48-807(e).

Budgets are adopted by the District on a basis consistent with ARS 48-807. This basis allows the District Board or Fire Chief to alter the budget within the total expenditure allocation as needed during the year. The District management generally cannot exceed the total expenditure budget.

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

NOTE 3 - DEPOSITS, INVESTMENT RISK & CASH MANAGEMENT

Deposits and Investments

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

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

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

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

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

Financial institutions accepting governmental monies in the State of Arizona are required to collateralize at 102% all government deposits which exceed the FDIC insurance limit. The current FDIC limit is \$250,000.00 for interest bearing accounts and \$250,000 for demand deposit accounts. The collateralization is required to be separately identifiable securities and be held by a third party financial institution or trust agency.

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

RECEIVED

JAN 6 2014

BEMSTS/CON & RATES

The following is a summary of the Cash and Cash Equivalents held by financial institutions at June 30, 2013:

DEPOSITORY ACCOUNTS:

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Fiduciary Fund</u>	<u>Total</u>
Insured Deposits (FDIC)	\$ 76,837	\$ 250,000	\$ 23,561	\$ 350,398
Collateralized Accounts	0	360,680	0	360,680
Uninsured and uncollateralized	<u>1,121,197</u>	<u>0</u>	<u>391,198</u>	<u>1,512,395</u>
Total Deposits	1,198,034	610,680	414,759	2,223,473
In Transit Items	<u>(420,842)</u>	<u>227,024</u>	<u>(0)</u>	<u>(193,818)</u>
Total Depository Accounts	777,192	837,704	414,759	2,029,655

NON DEPOSITORY
ACCOUNTS

Cash On Hand	<u>200</u>	<u>0</u>	<u>0</u>	<u>200</u>
Total Non Depository Accounts	<u>200</u>	<u>0</u>	<u>0</u>	<u>200</u>
Total Cash & Cash Equivalents	<u>\$ 777,392</u>	<u>\$ 837,704</u>	<u>\$ 414,759</u>	<u>\$ 2,029,855</u>

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

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

<u>Custodial Credit Risk For:</u>	<u>Rating</u>	<u>Rating Agency</u>	<u>Amount</u>
County Treasurer Pool	Unrated	Not Applicable	\$1,121,196
Linesco Mutual Fund	Unrated	Not Applicable	\$391,198

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, 2013:

For Pool 5	24 Days
For Pool 7	40 Days
For Pool 500	1.32 Years
For Pool 700	1.49 Years

RECEIVED

JAN 6 2014

BEMSTS/CON & NATS

Risk Management

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

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

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

NOTE 4 - INVENTORIES

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

NOTE 5 - RECEIVABLES

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

Ambulance receivables were \$284,335 with an allowance for bad debt of \$59,497 at June 30, 2013. This gave a net of \$224,838 which was expected to be collectable, before contractual writeoffs.

NOTE 6 - DEFFERED REVENUES

Deferred Taxes Receivable arises when property taxes are levied by not currently collected. The collectible portion (taxes levied less estimated uncollectible) are recorded as deferred revenue in the period when an enforceable legal claim to the assets arises.

The County Treasurer reported \$116,890 in outstanding delinquent taxes due the District at June 30, 2013. This amount is reported as deferred revenue.

NOTE 7 - CAPITAL ASSETS

Capital asset activity for the year ended.

	BALANCE <u>06/30/2012</u>	ADDITIONS	DELETIONS	BALANCE <u>06/30/2013</u>
<u>Depreciable Assets</u>				
Vehicles	\$1,649,118	\$ 521,453	\$ 237,000	\$ 1,933,571
Buildings	2,176,933	0	0	2,176,933
Equipment, Admin	172,532	0	0	172,532
Equipment, Fire	<u>847,699</u>	<u>14,701</u>	<u>32,000</u>	<u>830,400</u>
Total Historical Costs	<u>4,846,282</u>	<u>536,154</u>	<u>269,000</u>	<u>5,113,436</u>
Less Accum Depreciation				
Vehicles	1,353,751	118,429	237,000	1,235,180
Buildings	486,709	56,656	0	543,365
Equipment, Admin	148,018	12,970	0	160,988
Equipment, Fire	<u>766,578</u>	<u>35,263</u>	<u>30,600</u>	<u>771,241</u>
Less: Total Accumulated Depreciation	<u>2,755,056</u>	<u>223,318</u>	<u>267,600</u>	<u>2,710,774</u>
Depreciable Capital Assets, Net	2,091,226	312,836	1,400	2,402,662
<u>Non-Depreciable Assets</u>				
Construction in Progress	372,116	0	372,116	0
Land	<u>152,000</u>	<u>0</u>	<u>0</u>	<u>152,000</u>
Capital Assets, Net	<u>\$2,615,342</u>	<u>\$ 312,836</u>	<u>\$ 373,516</u>	<u>\$ 2,554,662</u>

RECEIVED

JAN 6 2014

BEMSTS/CON & RATES

NOTE 8 - CONTINGENT LIABILITIES

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

NOTE 9 – SHORT-TERM INDEBTEDNESS

The District utilizes a credit line with a limit of \$750,000. As of June 30, 2013, the balance outstanding was approximately \$ 0 and \$750,000 was available. The interest rate, at year end, was approximately .58% of the Wells Fargo Base Rate. The District routinely pays the balance in full when funds are available.

Changes in Short-Term Indebtedness :

	<u>Balance</u> <u>June 30, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2013</u>
Line of Credit	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
Totals	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>

NOTE 10 – ACCUMULATED COMPENSATED ABSENCES

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

The District policy on sick leave allows employees to be compensated for a portion of their accrued unused sick time when they retire, based on schedule which varies with length of service and type of employee. At June 30, 2013, the total amount of accumulated sick leave is \$253,557. The vested portion at June 30, 2013 was undetermined.

NOTE 11 – LONG-TERM INDEBTEDNESS

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

General Obligation Bonds

The District does not currently have any general obligation bonds.

Operating Leases

The District does not currently have any operating leases.

Capital Leases

Fire Station: The District entered into a lease/purchase agreement for an addition to the main fire station. The lease/purchase was dated December 13th 2006 in the amount of \$1,294,823 with an interest rate of 4.585% with quarterly payments of \$29,964 with a final payment due February 13th 2021.

Changes in Long-Term Indebtedness :

	Balance <u>June 30, 2012</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2013</u>
Fire Station	\$ 859,893	\$ 0	\$ 81,823	\$ 778,070
Total Lease Obligations	859,893	0	81,823	778,070
Compensated Absences	<u>301,835</u>	<u>878</u>	<u>656</u>	<u>302,057</u>
Totals	<u>\$ 1,161,728</u>	<u>\$ 878</u>	<u>\$ 82,479</u>	<u>\$ 1,080,127</u>

RECEIVED

JAN 6 2014

BEMSTS/CON & RATES

NOTE 12 - FUTURE MINIMUM LEASE/PURCHASE OBLIGATIONS

The future minimum lease/purchase obligations and the net present value of these minimum lease/purchase payments as of June 30, 2013, were as follows:

<u>Year Ending June 30.</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 85,640	\$ 34,215	\$ 119,855
2015	89,635	30,220	119,855
2016	93,815	26,040	119,855
2017	98,191	21,664	119,855
2018	102,771	17,084	119,855
2019/2021	<u>308,018</u>	<u>21,584</u>	<u>329,602</u>
Total Obligation	778,070	<u>\$ 150,807</u>	<u>\$ 928,877</u>
Less amount due within 1 year	<u>85,640</u>		
Amount due after 1 year	<u>\$ 692,430</u>		

NOTE 13 – NET POSITION/FUND BALANCE

The District's General Net Position balance consists of restricted, unrestricted, nonspendable, and net investment in capital assets amounts.

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

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

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

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

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

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

Net Position :

Invested in Capital Assets, Net of Related Debt	\$ 1,776,592
Unrestricted	<u>1,366,629</u>
Total Net Position	<u>\$ 3,143,221</u>

Governmental Fund Balances :

Assigned - Apparatus	\$ 220,000
Assigned - Payroll	379,710
Assigned - Equipment	<u>55,000</u>
Total Assigned Fund Balances	654,710
Unassigned Fund Balances	<u>1,013,976</u>
Total Fund Balance	<u>\$ 1,668,686</u>

NOTE 14 - PROPERTY TAXES

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

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

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

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

RECEIVED

JAN 6 2014

BEMSTS/CON & RATES

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

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

NOTE 15 – DEFERRED COMPENSATION PLAN

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

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

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

Plan Descriptions

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

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

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

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

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

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

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

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

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

RECEIVED

JAN 6 2014

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

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

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

NOTE 17 - POST EMPLOYMENT BENEFITS

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

NOTE 18 - SUBSEQUENT EVENTS

Management has evaluated subsequent events and does not know of any additional comments or disclosures that should be made thru the date of this report, other than the property tax initiative listed below.

Voter Approved Property Tax Restriction:

On November 6, 2012 the voters of the State of Arizona approved a Property Tax Initiative limiting the annual increase in property tax valuation to a maximum of 5% per year and established a single limited property value as the basis for determining property taxes on real property beginning in 2014. The impact of this restriction on future revenue of the District is not currently known.

Statutory Internal Control Changes:

On September 13, 2013 House Bill #2572, passed by the Arizona State Legislature, becomes effective. This new statute mandates certain new internal control measures for Fire Districts. Among these statutory requirements are time limits on the preparation of reconciliations, presentation on a monthly basis, to governing boards, of financial statements, reconciliations & documents and timely review by the governing board. The governing board is also required to review cash flow projections and notify the County Treasurer and County Board of Supervisors, by certified mail, of any adverse impact found in the cash flow projections. Additional certifications are now required by auditors and reviewers as to the Districts compliance with these new statutory requirements. Auditors and reviewers are now required to appear in person before the governing board to explain and report on the audit or review's results. The impact on the District from these changes is not fully known at this time.

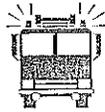
NOTE 19 - PRIOR YEAR FUND BALANCE RESTATEMENT

Prior year Pension Fund Balance was restated because \$23,836 in the Volunteer Pension Fund managed by Innes & Associates was expended several years ago to purchase and distribute an annuity. Innes and Associates continued to carry this amount as an asset even though it no longer belongs to the District.

RECEIVED

JAN 6 2014

BEMSTS/CON & ...



THIS PAGE
IS
DELIBERATELY LEFT BLANK

REQUIRED SUPPLEMENTARY
INFORMATION

RECEIVED

JAN 6 2014

BEMSTS/CON & RATES

LAKESIDE FIRE DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL (GAAP BASIS)
GENERAL FUND
FOR THE YEAR ENDED
JUNE 30, 2013

Exhibit I

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Taxes	\$ 2,395,735	\$ 2,395,735	\$ 2,389,364	\$ (6,371)
Fire District Assistance	167,709	167,709	179,210	11,501
Fees for Service	-	-	859,758	859,758
Grants	38,496	38,496	29,496	(9,000)
Miscellaneous	530,000	530,000	36,979	(493,021)
Interest	2,750	2,750	5,170	2,420
Total Revenues	<u>3,134,690</u>	<u>3,134,690</u>	<u>3,499,977</u>	<u>365,287</u>
Expenditures:				
Current:				
Public Safety	2,994,780	2,994,780	2,702,933	291,847
Administration	20,050	20,050	102,226	(82,176)
Capital Outlay	305,175	305,175	299,487	5,688
Total Expenditures	<u>3,320,005</u>	<u>3,320,005</u>	<u>3,104,646</u>	<u>215,359</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(185,315)</u>	<u>(185,315)</u>	<u>395,331</u>	<u>580,646</u>
Net Change in Fund Balances	(185,315)	(185,315)	395,331	580,646
Transfer	-	-	(227,024)	(227,024)
Fund Balances at Beginning of Year	<u>185,315</u>	<u>185,315</u>	<u>662,675</u>	<u>477,360</u>
Fund Balances at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 830,982</u>	<u>\$ 830,982</u>

LAKESIDE FIRE DISTRICT

GASB STATEMENT NO. 25 SUPPLEMENTARY PENSION INFORMATION

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

Year Ended June 30	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability	(3) Funded Ratio (a)/(2)	(4) Unfunded AAL (2)-(1)	(5) Covered Payroll*	(6) UAAL As a % Of Covered Payroll
2003	346,133	333,183	103.9%	(12,950)	479,197	0.0%
2004	458,008	377,602	121.3%	(80,406)	623,094	0.0%
2005	607,807	496,729	122.4%	(111,078)	698,290	0.0%
2006	701,354	591,029	118.7%	(110,325)	733,195	0.0%
2007	813,526	910,582	89.3%	97,056	939,161	10.3%
2008	1,129,462	1,188,520	95.0%	59,058	1,051,816	5.6%
2009	1,689,337	1,798,630	93.9%	109,293	1,363,029	8.0%
2010	2,056,770	2,015,042	102.1%	(41,728)	1,374,937	0.0%
2011	2,401,366	2,766,549	86.8%	365,183	1,494,616	24.4%
2012	3,040,885	3,401,738	89.4%	360,853	1,618,006	22.3%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended June 30	Annual Required Contribution
2003	55,556
2004	59,715
2005	59,478
2006	34,516
2007	53,436
2008	68,371
2009	162,655
2010	143,368
2011	(est)158,687
2012	(est)152,269
2013	(est)218,665
2014	(est)245,636

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, 2012

Actuarial cost method: Entry Age Normal

Amortization Method: Level percent-of-pay closed

Remaining amortization period: 24 years for underfunded
20 years for overfunded

Asset valuation method: 7-year smoothed market
80%/120% market

Actuarial Assumptions:
 Investment Rate of Return: 8.00%
 Projected Salary increases*: 5.00% - 9.00%
 Payroll Growth: 5.00%
 Cost-of-Living Adjustments: None

RECEIVED

JAN 6 2014

-See Accountant's Report-

BEMSTS/CON...

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.

As of the June 30, 2012 valuation an 8.00% interest rate assumption was used. It is our understanding that currently assets are not segregated to fund these liabilities. As a result, according to GASB Statement No. 45, these benefits may not be considered to be pre-funded. In that case the 8.00% interest rate assumption may not be appropriate. The issue should be discussed with the auditors and with legal counsel.

SCHEDULE OF FUNDING PROGRESS

Valuation Date	(1) Valuation Value of Assets	(2) Actuarial Accrued Liability	(3) Percent Funded (1)/(2)	(4) Unfunded AAL (2)-(1)	(5) Annual Covered Payroll*	(6) UAAL As a % Of Covered Payroll
2006	\$0	\$13,595	0.00%	\$13,595	\$733,195	1.85%
2007	\$0	\$25,432	0.00%	\$25,432	\$939,161	2.71%
2008	\$0	\$30,271	0.00%	\$30,271	\$1,051,816	2.88%
2009	\$0	\$52,419	0.00%	\$52,419	\$1,363,029	3.85%
2010	\$0	\$55,767	0.00%	\$55,767	\$1,374,937	4.06%
2011	\$0	\$89,364	0.00%	\$89,364	\$1,494,616	5.98%
2012	\$0	\$94,809	0.00%	\$94,809	\$1,618,006	5.86%

ANNUAL REQUIRED CONTRIBUTION

Valuation Date	Fiscal Year Ended	(1) Normal Cost	(2) Actuarial Accrued Liability	(3) Total (1) + (2)	(4) Dollar Amount Based on Covered Payroll*
June 30	June 30				
2006	2008	0.40%	0.11%	0.51%	\$5,364
2007	2009	0.54%	0.13%	0.67%	\$7,047
2008	2010	0.44%	0.14%	0.58%	\$6,101
2009	2011	0.50%	0.19%	0.69%	\$10,468
2010	2012	0.50%	0.20%	0.70%	\$10,712
2011	2013	0.37%	0.32%	0.69%	\$11,370
2012	2014	0.31%	0.31%	0.62%	\$11,060

Health Insurance Subsidy Payments Reported for FY 2012: \$0

BENEFITS

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

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

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

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

The figures and information used in this report were obtained from the actuarial report issued by Gabriel, Roeder, Smith & Company. A complete copy of the actuarial valuation as of June 30, 2012 is available from the Public Safety Personnel Retirement System, 3010 East Camelback Road, Suite 200, Phoenix, Arizona 85016 or from Gabriel Roeder Smith & Company, One Towne Square, Suite 800, Southfield, Michigan 48076-3723.

-See Accountant's Report-

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, 2012 issued October 17th 2012.

-See Accountant's Report-

RECEIVED
JAN 6 2014
BEMSTS/CON & RATES

LAKESIDE FIRE DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION
FISCAL YEAR ENDED JUNE 30, 2013

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.

**LAKESIDE FIRE DISTRICT
ANNUAL REPORT INFORMATION
VOLUNTEER PENSION DISTRIBUTION
FISCAL YEAR ENDED JUNE 30, 2013**

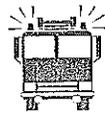
Arizona Revised Statutes (ARS) requires certain additional information be attached to the audit report to comply with ARS 9-956 as required to meet the requirements of the Arizona Annual "Report of Volunteer Fire Fighters Relief and Pension Fund". This information is included as other supplementary information.

<u>TYPE OF DISTRIBUTION</u>	<u>NAME</u>	<u>AMOUNT</u>
ARTICLE 4	HEISLER, TABER	\$ 12,562.68
ARTICLE 4	PARKINSON, CHARLES	1,844.40
ARTICLE 4	COFFMAN, KRISTINA	3471.16
ARTICLE 4	METTIE, JOSEPH	<u>3,600.00</u>
TOTAL		<u>\$ 21,478.24</u>

RECEIVED

JAN 6 2014

BEMSTS/CON & HATES



THIS PAGE
IS
DELIBERATELY LEFT BLANK

**LAKESIDE FIRE DISTRICT
ANNUAL REPORT INFORMATION
FISCAL YEAR ENDED JUNE 30, 2013**

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 17, 2012	6:30 p.m.	Station #210 - 2922 W White Mountain Blvd, Lakeside, AZ
August 21, 2012	6:30 p.m.	Station #210 - 2922 W White Mountain Blvd, Lakeside, AZ
Sept 18, 2012	6:30 p.m.	Station #210 - 2922 W White Mountain Blvd, Lakeside, AZ
October 16, 2012	6:30 p.m.	Station #210 - 2922 W White Mountain Blvd, Lakeside, AZ
Nov 20, 2012	6:30 p.m.	Station #210 - 2922 W White Mountain Blvd, Lakeside, AZ
Dec 18, 2012	6:30 p.m.	Station #210 - 2922 W White Mountain Blvd, Lakeside, AZ
January 25, 2013	6:30 p.m.	Station #210 - 2922 W White Mountain Blvd, Lakeside, AZ
Feb 19, 2013	3:00 p.m.	Station #210 - 2922 W White Mountain Blvd, Lakeside, AZ
March 19, 2013	3:00 p.m.	Station #210 - 2922 W White Mountain Blvd, Lakeside, AZ
April 16, 2013	3:00 p.m.	Station #210 - 2922 W White Mountain Blvd, Lakeside, AZ
May 15, 2013	3:00 p.m.	Station #210 - 2922 W White Mountain Blvd, Lakeside, AZ
June 18, 2013	3:00 p.m.	Station #210 - 2922 W White Mountain Blvd, Lakeside, AZ

BOARD MEMBERS:

<u>Name</u>	<u>Business Phone Number</u>	<u>Occupation</u>
Dennis Hughes	928-368-6112	Retired
Amy Kay	928-368-6112	Homemaker
Mikel Ortega	928-368-6112	Paramedic
Frank Miller	928-368-6112	Businessman
Dean Gray	928-368-6112	Retired

LOCATION OF POSTING OF MEETING NOTICES (all meetings):

Lakeside Fire Station #210	2922 W White Mountain Blvd	Lakeside, AZ
Lakeside Fire Station #220	5472 Oak Meadow Lane	Lakeside, AZ
Lakeside Fire Station #230	9363 Porter Mountain Road	Lakeside, AZ
District Website		

LEGAL DESCRIPTION OF BOUNDARY CHANGES:

None

RECEIVED

JAN 6 2014

BEMSTS/CON 8.1.13 93

OTHER SUPPLEMENTARY INFORMATION

LAKESIDE FIRE DISTRICT
GOVERNMENT AUDIT STANDARDS SECTION
June 30, 2013

RECEIVED

JAN 6 2014

BENISTO/CON & MATES

**LAKESIDE FIRE DISTRICT
ANNUAL REPORT INFORMATION
FISCAL YEAR ENDED JUNE 30, 2013**

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 17, 2012	6:30 p.m.	Station #210 - 2922 W White Mountain Blvd, Lakeside, AZ
August 21, 2012	6:30 p.m.	Station #210 - 2922 W White Mountain Blvd, Lakeside, AZ
Sept 18, 2012	6:30 p.m.	Station #210 - 2922 W White Mountain Blvd, Lakeside, AZ
October 16, 2012	6:30 p.m.	Station #210 - 2922 W White Mountain Blvd, Lakeside, AZ
Nov 20, 2012	6:30 p.m.	Station #210 - 2922 W White Mountain Blvd, Lakeside, AZ
Dec 18, 2012	6:30 p.m.	Station #210 - 2922 W White Mountain Blvd, Lakeside, AZ
January 25, 2013	6:30 p.m.	Station #210 - 2922 W White Mountain Blvd, Lakeside, AZ
Feb 19, 2013	3:00 p.m.	Station #210 - 2922 W White Mountain Blvd, Lakeside, AZ
March 19, 2013	3:00 p.m.	Station #210 - 2922 W White Mountain Blvd, Lakeside, AZ
April 16, 2013	3:00 p.m.	Station #210 - 2922 W White Mountain Blvd, Lakeside, AZ
May 15, 2013	3:00 p.m.	Station #210 - 2922 W White Mountain Blvd, Lakeside, AZ
June 18, 2013	3:00 p.m.	Station #210 - 2922 W White Mountain Blvd, Lakeside, AZ

BOARD MEMBERS:

<u>Name</u>	<u>Business Phone Number</u>	<u>Occupation</u>
Dennis Hughes	928-368-6112	Retired
Amy Kay	928-368-6112	Homemaker
Mikel Ortega	928-368-6112	Paramedic
Frank Miller	928-368-6112	Businessman
Dean Gray	928-368-6112	Retired

LOCATION OF POSTING OF MEETING NOTICES (all meetings):

Lakeside Fire Station #210	2922 W White Mountain Blvd	Lakeside, AZ
Lakeside Fire Station #220	5472 Oak Meadow Lane	Lakeside, AZ
Lakeside Fire Station #230	9363 Porter Mountain Road	Lakeside, AZ
District Website		

LEGAL DESCRIPTION OF BOUNDARY CHANGES:

None

RECEIVED

JAN 6 2014

BEMSTS/CON

**LAKESIDE FIRE DISTRICT
ANNUAL REPORT INFORMATION
VOLUNTEER PENSION DISTRIBUTION
FISCAL YEAR ENDED JUNE 30, 2013**

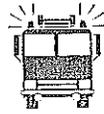
Arizona Revised Statutes (ARS) requires certain additional information be attached to the audit report to comply with ARS 9-956 as required to meet the requirements of the Arizona Annual "Report of Volunteer Fire Fighters Relief and Pension Fund". This information is included as other supplementary information.

<u>TYPE OF DISTRIBUTION</u>	<u>NAME</u>	<u>AMOUNT</u>
ARTICLE 4	HEISLER, TABER	\$ 12,562.68
ARTICLE 4	PARKINSON, CHARLES	1,844.40
ARTICLE 4	COFFMAN, KRISTINA	3471.16
ARTICLE 4	METTIE, JOSEPH	3,600.00
TOTAL		<u>\$ 21,478.24</u>

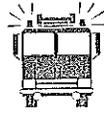
RECEIVED

JAN 6 2014

BEMSTS/CON & RATES



THIS PAGE
IS
DELIBERATELY LEFT BLANK



**THIS PAGE
IS
DELIBERATELY LEFT BLANK**

**LAKESIDE FIRE DISTRICT
ANNUAL REPORT INFORMATION
VOLUNTEER PENSION DISTRIBUTION
FISCAL YEAR ENDED JUNE 30, 2013**

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

<u>TYPE OF DISTRIBUTION</u>	<u>NAME</u>	<u>AMOUNT</u>
ARTICLE 4	HEISLER, TABER	\$ 12,562.68
ARTICLE 4	PARKINSON, CHARLES	1,844.40
ARTICLE 4	COFFMAN, KRISTINA	3471.16
ARTICLE 4	METTIE, JOSEPH	<u>3,600.00</u>
TOTAL		<u>\$ 21,478.24</u>

RECEIVED

JAN 6 2014

BEMSTS/CON & RATES

SAUNDERS COMPANY, LTD.

JAMES H. SAUNDERS, CPA, CFE, CFF, CGFM, PL

CERTIFIED PUBLIC ACCOUNTANT
CERTIFIED FRAUD EXAMINER
CERTIFIED IN FINANCIAL FORENSICS
CERTIFIED GOVERNMENT FINANCIAL MANAGER
LICENSED PRIVATE INVESTIGATOR #1546900

6008 WEST CORTEZ STREET
GLENDALE, ARIZONA 85304
Tel: (623) 476-8660
Fax: (602) 926-2431
E-Mail: james149@aol.com

Member: American Institute of Certified Public Accountants Arizona Association of Licensed Private Investigators International Association of Certified Fraud Examiners
Arizona Society of Certified Public Accountants Arizona Association of Certified Fraud Examiners

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

To the Members of the Board
Lakeside Fire District
Lakeside, 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 Lakeside Fire District, Lakeside, Arizona, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 20, 2013..

Internal Control Over Financial Reporting

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

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

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

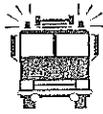
Compliance and Other Matters

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

RECEIVED

JAN 6 2014

BEHETS/DON @ RATES



THIS PAGE
IS
DELIBERATELY LEFT BLANK

Internal Control and Compliance

June 30, 2013

Page 2

Purpose of this Report

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

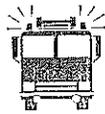
James H. Saunders, CPA
Saunders Company, Ltd.

Glendale, Arizona
December 20, 2013

RECEIVED

JAN 6 2014

BEMSTSKON & BATES



THIS PAGE
IS
DELIBERATELY LEFT BLANK