

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

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

Pine-Strawberry Fire District
Reporting Ambulance Service

Address: 6198 Hardscrabble Rd.

City: Pine Zip: 85544

Report Fiscal Year

From: July 1, 2012 To: June 30, 2013
Mo. Day Year Mo. Day Year

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

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

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

Authorized Signature:  Date: December 31, 2013

Print Name and Title: Gabriel Buldra, District Financial Consultant

Phone: 480.422.9777

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

AMBULANCE REVENUE AND COST REPORT

FIRE DISTRICT and SMALL RURAL COMPANY

AMBULANCE SERVICE ENTITY: Pine-Strawberry Fire District

FOR THE PERIOD FROM: July 1, 2012 TO: June 30, 2013

STATISTICAL SUPPORT DATA

Line No.	DESCRIPTION	(1) SUBSCRIPTION SERVICE TRANSPORTS	(2) TRANSPORTS UNDER CONTRACT	(3) TRANSPORTS NOT UNDER CONTRACT	(4) TOTALS
1	Number of ALS Billable Transports:	-	-	275	275
2	Number of BLS Billable Transports:	-	-	20	20
3	Number of Loaded Billable Miles:	-	-	4,918	4,918
4	Waiting Time (Hr. & Min.):				-
5	Canceled (Non-Billable) Runs:				-

AMBULANCE SERVICE ROUTINE OPERATING REVENUE

6	ALS Base Rate Revenue				\$ 252,752
7	BLS Base Rate Revenue				18,382
8	Mileage Charge Revenue				77,558
9	Waiting Charge Revenue				-
10	Medical Supplies Charge Revenue				-
11	Nurses Charge Revenue				-
12	Standby Charge Revenue (Attach Schedule)				-
13	TOTAL AMBULANCE SERVICE ROUTINE OPERATING REVENUE			(Post to Page 3, Line 1)	\$ 348,692

SALARY AND WAGE EXPENSE DETAIL

GROSS WAGES:

		\$	No. of FTE's
14	Management	3	187,085
15	Paramedics and EMTs	3	115,053.0
16	Emergency Medical Technician (EMT)	5	179,796.4
17	Other Personnel	1	24,786.3
18	Payroll Taxes and Fringe Benefits - All Personnel	-	199,504
19	Total Wages, Taxes & Benefits (Sum Lines 14 through 18; Post to Page 3, Line 10)	12	706,225

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

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

AMBULANCE REVENUE AND COST REPORT
FIRE DISTRICT and SMALL RURAL COMPANY

AMBULANCE SERVICE ENTITY:

Pine-Strawberry Fire District

FOR THE PERIOD

FROM: July 1, 2012

TO: June 30, 2013

SCHEDULE OF REVENUES AND EXPENSES

Line No.	DESCRIPTION		
Operating Revenues:			
1	Total Ambulance Service Operating Revenue	(From: Page 2, Line 13)	\$ <u>348,692</u>
<u>Settlement Amounts:</u>			
2	AHCCCS		<u>(72,358)</u>
3	Medicare		<u>(19,121)</u>
4	Subscription Service		<u>(11,730)</u>
5	Contractual		<u>(31,983)</u>
6	Other		<u>(135,192)</u>
7	Total	(Sum of Lines 2 through 6)	<u>(135,192)</u>
8	Total Operating Revenue	(Line 1 minus Line 7)	\$ <u>213,500</u>
Operating Expenses:			
9	Bad Debt		\$ <u>16,282</u>
10	Total Salaries, Wages, and Employee-Related Expenses	(From: Page 2, Line 19)	<u>706,225</u>
11	Professional Services		<u>22,481</u>
12	Travel and Entertainment		<u>1,456</u>
13	Other General Administrative		<u>3,007</u>
14	Depreciation		<u>26,439</u>
15	Rent / Leasing		<u>-</u>
16	Building / Station		<u>24,191</u>
17	Vehicle Expense		<u>27,007</u>
18	Other Operating Expense		<u>42,772</u>
19	Cost of Medical Supplies Charged to Patients		<u>-</u>
20	Interest		<u>-</u>
21	Subscription Service Sales Expense		<u>-</u>
22	Total Operating Expense	(Sum of Lines 9 through 21)	<u>869,860</u>
23	Total Operating Income or (Loss)	(Line 8 minus Line 22)	\$ <u>(656,360)</u>
24	Subscription Contract Sales		<u>-</u>
25	Other Operating Revenue		<u>-</u>
26	Local Supportive Funding		<u>-</u>
27	Other Non-Operating Income (Attach Schedule)		<u>-</u>
28	Other Non-Operating Expense (Attach Schedule)		<u>-</u>
29	NET INCOME or (LOSS) Before Income Taxes	(Sum of Lines 23 through 27, minus Line 28)	\$ <u>(656,360)</u>
Provision for Income Taxes:			
30	Federal Income Tax		<u>n/a</u>
31	State Income Tax		<u>n/a</u>
32	Total Income Tax	(Line 30, plus Line 31)	<u>n/a</u>
33	Ambulance Service Net Income (Loss)	(Line 29, minus Line 32)	<u>(656,360)</u>

AMBULANCE REVENUE AND COST REPORT

FIRE DISTRICT and SMALL RURAL COMPANY

AMBULANCE SERVICE ENTITY: Pine-Strawberry Fire District

FOR THE PERIOD FROM: July 1, 2012 TO: June 30, 2013

BALANCE SHEET

See Attached Audit

ASSETS

CURRENT ASSETS

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

LIABILITIES & EQUITY

CURRENT LIABILITIES

13	Accounts Payable	\$		
14	Current Portion of Notes Payable			
15	Current Portion of Long-Term Debt			
16	Deferred Subscription Income			
17	Accrued Expenses and Other			
18			
19			
20	TOTAL CURRENT LIABILITIES			\$ <u> </u>

21	NOTES PAYABLE			
22	LONG-TERM DEBT, OTHER			
23	TOTAL LONG-TERM DEBT			

EQUITY & OTHER CREDITS

Paid-In Capital:

24	Common Stock			
25	Paid-In Capital in Excess of Par Value			
26	Contributed Capital			
27	Retained Earnings			
28			-
29			-
30	Fund Balance			-
31	TOTAL EQUITY			<u> </u>
32	TOTAL LIABILITIES & EQUITY			\$ <u> </u>

AMBULANCE REVENUE AND COST REPORT

AMBULANCE SERVICE ENTITY: Pine-Strawberry Fire District

FOR THE PERIOD FROM: July 1, 2012 TO: June 30, 2013

STATEMENT OF CASH FLOWS

See Attached Audit

OPERATING ACTIVITIES:

1	Net (loss) Income		\$ _____
	<i>Adjustments to Reconcile Net Income to Net Cash</i>		
	<i>Provided by Operating Activities:</i>	<i>Note: a increase in these accounts improves cash flow</i>	
2	Depreciation Expense		_____
3	Deferred Income Tax		_____
4	Loss (gain) on Disposal of Property & Equipment		_____
	<i>(Increase) Decrease in:</i>	<i>Note: a decrease in these accounts improves cash flow</i>	
5	Accounts Receivable		_____
6	Inventories		_____
7	Prepaid Expenses		_____
	<i>Increase (Decrease) in:</i>	<i>Note: a increase in these accounts improves cash flow</i>	
8	Accounts Payable		_____
9	Accrued Expenses		_____
10	Deferred Subscription Income		_____
11	NET CASH PROVIDED (Used) BY OPERATING ACTIVITIES		\$ _____

INVESTING ACTIVITIES:

12	Purchases of Property & Equipment		
13	Proceeds from Disposal of Property & Equipment		_____
14	Purchases of Investments		_____
15	Proceeds from Disposal of Investments		_____
16	Loans Made		_____
17	Collections on Loans		_____
18	Other		_____
19	NET CASH PROVIDED (Used) BY INVESTING ACTIVITIES		_____

FINANCING ACTIVITIES:

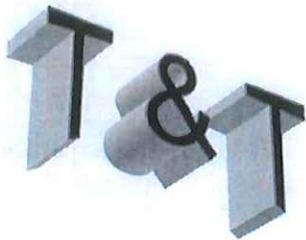
<i>New Borrowings:</i>			
20	Long-Term		
21	Short-Term		_____
<i>Debt Reduction:</i>			
22	Long-Term		_____
23	Short-Term		_____
24	Capital Contributions		_____
25	Dividends Paid		\$ _____
26	NET CASH PROVIDED (Used) BY FINANCING ACTIVITIES		_____
27	NET INCREASE (Decrease) IN CASH		_____
28	CASH AT BEGINNING OF YEAR		_____
29	CASH AT END OF YEAR		_____

SUPPLEMENTAL DISCLOSURES:

<i>Non-cash Investing and Financing Transactions:</i>			
30		
31		_____
32		_____
33	Interest Paid (Net of Amounts Capitalized)		_____
34	Income Taxes Paid		\$ _____



Financial Statements
Year Ended June 30, 2013



TKATCHOV & TKATCHOV CPA'S, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
DIANE R. BERG, C.P.A.

MEMBER
American Institute of Certified Public Accountants
Arizona Society of Certified Public Accountants
Washington Society of Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Governing Board of
Pine-Strawberry Fire District
Pine, Arizona

We have audited the accompanying financial statements of the governmental activities as listed in the table of content of Pine-Strawberry Fire District (the District), 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. 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 of each major fund, of the District, as of June 30, 2013, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Pine - Strawberry Fire District
June 30, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

The Management of the Pine - Strawberry Fire District (District) presents these financial statements with a narrative overview and analysis of financial activities for the fiscal year ended June 30, 2013. We encourage readers to consider the information presented here in conjunction with the accompanying basic financial statements and the accompanying notes to those states in their understanding of the District's financial position.

FINANCIAL HIGHLIGHTS FOR THE YEAR

1. The total assets of the Pine - Strawberry Fire District were \$2,075,183 at the close of the fiscal year. The total assets exceeded liabilities by \$1,901,448. Of this amount \$1,276,047 (unrestricted net position) may be used to meet ongoing obligations of the District to citizens.
2. The District realized a \$125,442 increase in Fund balances during the fiscal year.
3. During the fiscal year, the District paid off a long term debt obligation in the amount of \$92,302.
4. The District realized an increase in its net position of \$125,442 or 7.1%. Additions of new assets and the payoff of long term debt contributed to the increase.
5. At the end of the current fiscal year, unassigned fund balances for the General Fund was \$1,276,047.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the basic financial statements of the District. These 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.

Government-Wide Financial Statements.

The *Government-wide financial statements* present the financial picture of the District from the economic measurement resources focus using the accrual basis of accounting. These statements include all assets of the District (including capital assets) as well as all liabilities (including long term debt). They are intended to provide a broad overview in a manner similar to a private sector business. Additionally, certain eliminations have occurred as prescribed by Statement No. 34 in regards to interfund activity, payables and receivables.

Statement of Net Position - The *Statement of Net Position (page 8)* presents information of all the assets and liabilities of the District, with the difference between the two being 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.

Statement of Activities - The *Statement of Activities (page 9)* presents information showing how the net position of the District 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 (e.g., uncollected taxes and earned but unused vacation leave).

Fund Financial Statements.

The Fund Financial Statements provide detailed information about the most significant funds not the District as a whole. Some funds are required to be established by State law and by bond covenants. However, management establishes other funds to help it control and manage resources for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. All the funds of the District are considered governmental funds.

Governmental Funds. Governmental Funds are used to account for essentially the same functions reported as governmental activities in the Government-wide financial statements. All of the basic services of the District are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short term view of the operations and basic services provided to residents. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance programs of the District. Because the focus of governmental funds is narrower than that of the Government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the Government-wide financial statements. By doing so, readers may better understand the long-term impact of the near-term financing decisions of the District. The reconciliation of differences between the governmental fund financial statements and the government-wide financial statements is explained in a section following each governmental fund financial statement.

Pine - Strawberry Fire District
June 30, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental Activities.

The Net Position of the District from governmental activities increased from \$1,776,006 to \$1,901,448 a change of 7.06%. Key elements of these activities are as follows:

- The savings that was realized is a result of reducing training and training related expenses. This is not a long term solution to the continual reduced in property tax revenue, but it will result in short term cost reductions.
- Another area of savings was realized by extending the life of some equipment and capital items to reduce cost.

The following table reflects the Condensed Statement of Activities:

Pine - Strawberry Fire District Condensed Statement of Activities For the Year Ended June 30, 2013			
Governmental Activities			
	2013	2012	Increase/ Decrease
Program Revenues			
Charge for Services	\$ 271,619	\$ 532,733	\$ (261,114)
Operating Grants	27,021	226,094	(199,073)
General Revenues			
Property Taxes	2,035,588	2,072,193	(36,605)
Fire District Assistance Tax	198,936	291,409	(92,473)
Investment Earnings	6,132	4,913	1,219
Miscellaneous	63,005	8,537	54,468
Total Revenues	2,602,301	3,135,879	(261,114)
Expenses			
Public Safety	2,476,859	2,731,479	(254,620)
Total Expenses	2,476,859	2,731,479	(254,620)
Increase in Net Position	125,442	404,400	(278,958)
Beginning Net Position	1,776,006	1,371,606	404,400
Ending Net Position	\$ 1,901,448	\$ 1,776,006	\$ 125,442

DISTRICT FUNDS FINANCIAL ANALYSIS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with fund related legal requirements.

As of June 30, 2013, the governmental funds of the District reported combined fund balances of \$1,340,054, which is a decrease of \$110,729 compared to the prior period. The decrease was the result of usage of General fund balances to pay off long term debt.

General Fund. The General Fund accounts for all the resources retained by the District.

Currently, the District does not utilize any other funds.

Pine - Strawberry Fire District
June 30, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

Major capital events during the fiscal year included the following:

- Rebuild of Pump on two fire engines.
- Purchase of new cardiac monitor with advanced monitoring capabilities.
- Purchase of new radio equipment.

Long Term Debt.

At the end of the current fiscal year, the District had paid off all outstanding debt.

The following table shows the District's Outstanding Debt:

Pine - Strawberry Fire District Outstanding Debt As of June 30, 2013			
Governmental Activities			Increase/ (Decrease)
	2013	2012	
Lease Purchase	0	92,302	(92,302)
Net Capital Assets	\$ -	\$ 92,302	\$ (92,302)

Additional information can be found in the notes to the Financial Statements that follow.

ECONOMIC FACTORS AND FY2014 BUDGET/TAX RATE

As property values have continued to decline, tax revenues to the District have subsequently declined. The District has continued to pursue every feasible method of reducing operational costs while provided the highest level of service to the community. Despite aggressive management of expenditures costs continue to rise such as, employee benefits included pension contribution rates have continued to rise.

For fiscal year 2014 the District tax rate remained at \$3.25. This rate was necessary to maintain the service delivery within the District. The District has experienced an approximately 38% reduction in assessed value since 2010. The majority of the budget (73% for FY13) is personnel and personnel related liabilities. This limits the District's options for expenditure reductions without impacting direct, emergency service delivery. The District has been notified to expect another 5.3% reduction in 14/15. The District continues to maintain the operational needs of the District through vigilant management of expenses and exploration of non-tax revenue.

FINANCIAL CONTACT

The financial statements of the District are designed to present users (citizens, taxpayers, customers, investors and creditors) with a general overview of the finances of the District and to demonstrate accountability. If you have questions regarding the report or need additional financial information, please contact the Fire Chief or the Fire District Administrative Assistant.

**Pine-Strawberry Fire District
Statement of Net Position
June 30, 2013**

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 1,301,429
Receivables (net of allowances for uncollectibles):	
Accounts	86,197
Property taxes	62,156
Capital assets, net	<u>625,401</u>
Total assets	<u>2,075,183</u>
Liabilities	
Accounts payable	6,918
Accrued payroll and employee benefits	55,765
Compensated absences	<u>111,052</u>
Total liabilities	<u>173,735</u>
Net Position	
Net investment in capital assets	625,401
Unrestricted	<u>1,276,047</u>
Total net position	<u>\$ 1,901,448</u>

The accompanying notes are an integral part of these financial statements.

**Pine-Strawberry Fire District
Balance Sheet
Governmental Fund
June 30, 2013**

	General Fund
Assets	
Cash and cash equivalents	\$ 1,301,429
Receivables (net of allowances for uncollectibles):	
Accounts	86,197
Property taxes	62,156
Total assets	\$ 1,449,782
Liabilities	
Accounts payable	\$ 6,918
Accrued payroll and employee benefits	55,765
Deferred revenues	47,045
Total liabilities	109,728
Fund balance	
Unassigned	1,340,054
Total liabilities and fund balance	\$ 1,449,782

The accompanying notes are an integral part of these financial statements.

Pine-Strawberry Fire District
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Fund
June 30, 2013

	General Fund
Revenues	
Property taxes	\$ 2,035,588
Fire district assistance tax	198,936
Fees for service	175,971
Interest	6,132
Grants	27,021
Miscellaneous	63,005
Total revenues	2,506,653
Expenditures	
Current:	
Public safety	2,495,309
Capital outlay	122,073
Total expenditures	2,617,382
Net change in fund balance	(110,729)
Fund balance, beginning of year	1,450,783
Fund balance, end of year	\$ 1,340,054

The accompanying notes are an integral part of these financial statements.

Pine-Strawberry Fire District
Notes to the Financial Statements
June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Pine-Strawberry Fire District (the District) conform to U.S. generally accepted accounting principles applicable to governmental units adopted by the Governmental Accounting Standards Board (GASB). A summary of the District's more significant accounting policies follows:

A. Reporting Entity

The District, established pursuant to Arizona Revised Statute Title 48, is a special purpose local government that is governed by an elected governing body, and is fiscally independent of other state and local governments. The day to day operations are supervised by a fire chief and his staff.

As required under generally accepted accounting principles, these financial statements present the activities of the District (a primary government) and its component units. Component units are legally separate entities for which the District is considered to be financially accountable. Blended component units, although legally separate entities, are in substance part of the District's operations. The District has no discretely presented or blended component units.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report the information on all of the nonfiduciary activities of the primary government and its component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from the 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 customers or applicants who purchase, use, or directly benefit from goods, services or privileges 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 (e.g. special assessments). Taxes and other revenues not included among program revenues are reported instead as general revenues.

C. Measurement focus, basis of accounting, and financial statement presentation

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. Special assessments are recognized as revenues in the year for which the related capital projects are substantially complete. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Pine-Strawberry Fire District
Notes to the Financial Statements
June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

E. Receivables and payables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Taxes receivable represent the delinquent ad valorem tax levied against all of the taxable real property within the District. Accounts and other receivables are primarily the charges for ambulance and emergency services not collected at fiscal year end.

Arizona Revised Statutes require that property taxes be levied on or before the third Monday of August. Taxes are levied and collected by the Gila County Treasurer on real and personal property. Real property taxes become a lien on the first day of the levy year and may be paid in two equal installments. The first installment is due before November 1, and the second installment is due before May 1 of the following year. Personal property taxes are billed throughout the year. Interest and penalties are assessed if a taxpayer fails to pay the tax within a period of time specified by law.

F. Capital assets

The District's capital assets, which include property, equipment and vehicles, are reported in the government-wide financial statements. Capital assets are recorded at historical cost or estimated fair market value if donated.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as constructed.

Property, plant, and vehicles of the District are depreciated using the straight-line method over the following estimated useful lives:

Buildings	27.5 to 40 years
Equipment	7 years
Fire trucks	10 years
Automobiles	5 years
Office equipment	5 years

G. Compensated absences

Compensated absences are accrued and reported as liabilities in the government-wide financial statements. Governmental funds report only the current portion of compensated absences payable as a result of employee termination, resignation or retirement.

H. Long-term obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position and balance sheet.

I. Deferred Revenue

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period; the period of availability for the District is 60 days. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

**Pine-Strawberry Fire District
Notes to the Financial Statements
June 30, 2013**

NOTE 2 - CASH AND CASH EQUIVALENTS

Custodial Credit Risk - Deposits - In the case of demand and time deposits, there is the risk that in the event of a bank failure, the District's deposits may not be returned. Statutes require collateral for demand deposits, certificates of deposit, and repurchase agreements at 101 percent of all deposits not covered by federal depository insurance.

At June 30, 2013, the carrying amount of the District's unrestricted cash was \$1,301,429, and included funds held by the Gila County Treasurer of \$1,301,175 and cash-on-hand of \$254. These monies are pooled with Gila County monies for investment purposes and are subject to all applicable Arizona state laws regarding credit risk.

NOTE 3 - RECEIVABLES (NET OF ALLOWANCES FOR UNCOLLECTIBLES)

Receivables as of June 30, 2013, including the applicable allowances for uncollectible accounts, are as follows:

Wildfire	\$ 41,214
Property taxes	62,156
Ambulance	<u>178,340</u>
Gross receivables	281,710
Less: allowance for doubtful accounts	<u>(133,357)</u>
Accounts receivable, net	<u>\$ 148,353</u>

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2013, was as follows:

	Balance at June 30, 2012	Additions	Retirements	Balance at June 30, 2013
Governmental activities:				
Land, not depreciated	\$ 92,008	\$ -	\$ -	\$ 92,008
Buildings	260,936	-	-	260,936
Machinery and equipment	484,144	57,259	(9,063)	532,340
Vehicles	<u>1,372,324</u>	<u>64,814</u>	<u>(156,000)</u>	<u>1,281,138</u>
Total capital assets	<u>2,209,412</u>	<u>122,073</u>	<u>(165,063)</u>	<u>2,166,422</u>
Less accumulated depreciation for:				
Buildings	109,875	8,061	-	117,936
Machinery and equipment	253,228	41,187	(9,063)	285,352
Vehicles	<u>1,232,569</u>	<u>61,164</u>	<u>(156,000)</u>	<u>1,137,733</u>
Total accumulated depreciation	<u>1,595,672</u>	<u>110,412</u>	<u>(165,063)</u>	<u>1,541,021</u>
Net capital assets	<u>\$ 613,740</u>	<u>\$ 11,661</u>	<u>\$ -</u>	<u>\$ 625,401</u>

Depreciation expense for the period was \$110,412. All depreciation was expensed to the public safety function.

**Pine-Strawberry Fire District
Notes to the Financial Statements
June 30, 2013**

NOTE 7 - RETIREMENT PLAN - CONTINUED

Benefits vary by number of years of activity and funds available, and are fixed by the local board. Eligibility is attained at a minimum age of 18 years and 12 months of service, with no maximum age. The plan vests each participant annually upon completion of the required service for that year. All vested benefits are distributed annually to an individual plan of each eligible participant's choosing, or to the individual, if requested. This is a non-qualified plan which does not maintain any reserves or liabilities beyond the current year's distribution of revenue.

The District uses the alternate pension plan as allowed under Article 4 of the Arizona Revised Statutes Title 9. This plan allows the District pension board to determine pension distributions.

B. Arizona State Retirement System

Plan Description: The Arizona State Retirement System (ASRS) administers a cost-sharing multiple-employer defined benefit pension plan that covers general employees of the District. The ASRS is governed by the Arizona State Retirement System Board according to the provisions of ARS Title 28, Chapter 5, Article 2.

Funding Policy: For the year ended June 30, 2013, active ASRS members and the District were each required by statute to contribute at the actuarially determined rate of 11.14 percent (10.9 percent retirement and 0.24 percent longterm disability) of the members' annual covered payroll. The District's contributions to ASRS for the year ended June 30, 2013 were \$9,675, which were equal to the required contributions for the year.

Normal retirement age is on completion of 20 years of service, or at age 62 with 15 years of service. Retirement benefits after 20 years are 50% of average monthly compensation, plus an additional 2% for each year of service from 20-25 years. Upon attainment of 25 years of service the additional percentage is increased 2.5% for each year beyond 20 years. The maximum pension benefit is 80% of average compensation.

The plan issues a publicly available financial report that includes its financial statements and required supplementary information. Reports may be obtained by writing or calling: Arizona State Retirement System, 3300 N. Central Avenue, Phoenix, Arizona 85012, (602) 240-2000.

C. Public Safety Personnel Retirement System

Plan Description: The Public Safety Personnel Retirement System (PSPRS) is an agent multiple-employer defined benefit pension plan that covers public safety personnel who are regularly assigned to hazardous duty as employees of the State of Arizona or one of its political subdivisions. The PSPRS, acting as a common investment and administrative agent, is governed by a five member board, known as the Fund Manager, and 162 local boards, according to the provisions of ARS Title 38, Chapter 5, Article 4. Reports may be obtained by writing or calling: Public Safety Personnel Retirement System, 3010 E. Camelback Road #200, Phoenix, Arizona 85016, (602) 255-5575.

Funding Policy: For the year ended June 30, 2013, PSPRS members were required by statute to contribute 7.65% of their annual covered compensation, and the District was required to contribute at the actuarially determined rate of 19.4%.

**Pine-Strawberry Fire District
Notes to the Financial Statements
June 30, 2013**

NOTE 7 - RETIREMENT PLAN - CONTINUED

Funding progress (excluding health insurance subsidy): The information for the analysis of funding progress was obtained from the three most recent actuarial valuations.

Valuation Date	(1) Actuarial Value of Plan Assets	(2) Actuarial Accrued Liability	(3) Percent Funded (1)/(2)	(4) Unfunded AAL (2)-(1)	(5) Annual Covered Payroll	(6) Unfunded Liability as Percentage of Covered Payroll
June 30 2011	\$3,240,644	\$4,854,616	66.8%	\$1,613,972	\$1,123,531	143.7%
2012	3,779,007	5,525,104	68.4%	1,746,097	1,196,490	145.9%
2013	3,831,421	5,742,386	66.7%	1,910,965	1,149,493	166.2%

Funding progress (post-retirement health insurance subsidy only): The information for the analysis of funding progress was obtained from the three most recent actuarial valuations.

Valuation Date	(1) Actuarial Value of Plan Assets	(2) Actuarial Accrued Liability	(3) Percent Funded (1)/(2)	(4) Unfunded AAL (2)-(1)	(5) Annual Covered Payroll	(6) Unfunded Liability as Percentage of Covered Payroll
June 30 2011	-	\$117,887	0%	\$117,887	\$1,123,531	10.5%
2012	-	124,946	0%	124,946	1,196,490	10.4%
2013	-	120,882	0%	120,882	1,149,493	10.5%

In accordance with GASB 45, assets within the PSPRS plan are not segregated to fund the post-retirement health insurance subsidy. Accordingly, these benefits may not be considered pre-funded. These liabilities are based on the same assumptions and actuarial costs methods as indicated for the plan. The District's health insurance subsidy payment reported for the fiscal years ending June 30, 2013, 2012 and 2011 was \$11,800, \$11,476 and \$11,520, respectively.

Three year trend information with Actual Pension Cost (APC) and required contributions is not available as the plan does not segregate assets for the post-retirement health insurance subsidy.

NOTE 8- SUBSEQUENT EVENTS

The District evaluated its June 30, 2013 financial statements for subsequent events through February 19, 2014, the financial statement issuance date. The District is not aware of any subsequent events which would require recognition or disclosure in the financial statements.

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*.

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.

Tkatchov & Tkatchov CPA's, P.C.
Flagstaff, Arizona

February 19, 2014

Pine-Strawberry Fire District
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual (Modified Accrual Basis)
General Fund
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variances (Increases)
	Original (Budget Basis)	Final (Budget Basis)		
Revenues				
Property Taxes	\$ 2,073,056	2,073,056	2,035,588	37,468
FDAT	183,454	183,454	198,936	(15,482)
Fees for Service	358,000	358,000	175,971	182,029
Interest	2,900	2,900	6,132	(3,232)
Grants	162,129	162,129	27,021	135,108
Miscellaneous	243,751	243,751	63,005	180,746
Total	<u>3,023,290</u>	<u>3,023,290</u>	<u>2,506,653</u>	<u>516,637</u>
Expenditures				
Public Safety	2,668,868	2,668,868	2,495,309	173,559
Capital Outlay	354,422	354,422	122,073	232,349
Total	<u>3,023,290</u>	<u>3,023,290</u>	<u>2,617,382</u>	<u>405,908</u>
Net Changes in Fund Balances	<u>\$ -</u>	<u>-</u>	(110,729)	<u>(110,729)</u>
Fund Balances - Beg. of Year			<u>1,450,783</u>	
Fund Balances - End of Year			<u>\$ 1,340,054</u>	