

GOLDEN SHORES FIRE DISTRICT

FINANCIAL STATEMENTS

June 30, 2017

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**GOLDEN SHORES FIRE DISTRICT
TOPOCK, ARIZONA
FINANCIAL STATEMENTS
JUNE 30, 2017**

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SAUNDERS COMPANY, LTD

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TRICIA E. SAUNDERS, PI.

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Arizona Society of Certified Public Accountants	AICPA Government Audit Quality Center	Arizona Association of Certified Fraud Examiners

INDEPENDENT AUDITOR'S REPORT

To the Governing Board
Golden Shores Fire District
Topock, Arizona

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Golden Shores Fire District, Topock, Arizona, as of and for the year ended June 30, 2017, 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 Golden Shores Fire District, as of June 30, 2017, 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.

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Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Legal and Regulatory Requirements

Arizona Revised Statutes require disclosure of certain additional supplementary information required to comply with section 48-251 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by statute as an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 26, 2017, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Saunders Company, Ltd.

Glendale, Arizona
December 26, 2017

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Golden Shores Fire District

Management's Discussion and Analysis of Basic Financial Statements June 30, 2017

The following discussion and analysis of the Golden Shores Fire District (the district's) financial performance presents management's overview of the District's financial activities for the year ended June 30, 2017. 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 Golden Shores Fire District provides Fire, Ambulance, and Paramedic services to homes, property and persons residing within the District boundaries, as well as services to locations and persons outside the District through mutual aid agreements and contracts.

Results of Operations

Description of things District has done in 2016-2017 fiscal year

- § 28 Fire runs
- § 521 Ambulance runs
- § Fire Safety week at Topock Elementary School, Trunk or Treat, Toys for Joy, Fire Department BBQ

Financial Highlights

- λ District investment in capital assets decreased by \$65,425 or 7.92%.
- λ The District's net position decreased \$75,466 or 7.28% from the previous fiscal year.
- λ Total revenues decreased \$143,887 or 15.51% over the previous fiscal year.
- λ At the end of the current fiscal year, unrestricted net position for the General fund was \$150,543.

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, 2017

	BALANCE <u>JUNE 30, 2016</u>	BALANCE <u>JUNE 30, 2017</u>
Invested in Capital Assets, Net of Related Debt	\$ 713,742	\$ 672,952
Restricted	339,904	137,487
Unrestricted	<u>(17,198)</u>	<u>150,543</u>
Total Net Position	<u>\$ 959,152</u>	<u>\$ 960,982</u>

Governmental Activities

Most of the revenues for the District were derived from assessed property taxes and Fire District Assistance Tax from the County.

- § Ambulance revenue was \$192,290 and decreased by \$45,160 from the previous year. Fidelity Medical Billing specializes in medical billing providing effective claim submittal to ensure timely payment. Ambulance revenues are regulated by the Arizona Department of Health Services.
- § Grant revenue was \$44,673 and decreased by \$110,788 from the previous year. The Homeland Security grant reimburses payroll expenses as well as the payroll benefits for three employees.

General Fund Budgetary Highlights

The District follows procedures in establishing the budgetary data reflected in the financial statements. Formal budgetary integration is employed as a management control device during the year. The budget is adopted on a cash basis of accounting. The Board of Directors approves the total budget appropriation and amendments.

- § Over the course of the year there were no amendments to the budget.
- § The District's business-type activities remained virtually unchanged as a result of the year's operations.
- § The District stayed within the budget.
- § The Budget was \$1,048,289. Total revenue was \$803,811. Total expenses were \$770,621.
- § Revenues decreased by \$135,830, and expenses decreased by \$57,907.43.
- § Operating reserve was \$89,553 and capital reserve was \$21,789.

Capital Asset and Debt Administration

Capital Assets

In order to continue to provide the best service possible, the District spends a portion of the budget on fixed asset acquisition and capital projects.

For fiscal year ended June 30, 2017 the District purchased, had contributed, or constructed the following assets:

- § There were no new fixed assets purchased.

Capital Assets, Net of Depreciation June 30, 2017

	BALANCE <u>06/30/2016</u>	BALANCE <u>06/30/2017</u>
<u>Depreciable Assets</u>		
Vehicles	\$1,020,107	\$ 1,020,107
Buildings	534,599	534,599
Equipment, Fire	<u>253,216</u>	<u>253,216</u>
Total Historical Costs	<u>1,807,922</u>	<u>1,807,922</u>
Less Accumulated Depreciation		
Vehicles	765,021	798,655
Buildings	109,906	120,598
Equipment, Fire	<u>159,836</u>	<u>180,935</u>
Less: Total Accumulated Depreciation	<u>1,034,763</u>	<u>1,100,188</u>
Depreciable Capital Assets, Net	773,159	707,734
<u>Non-Depreciable Assets</u>		
Land	<u>53,000</u>	<u>53,000</u>
Capital Assets, Net	<u>\$ 826,159</u>	<u>\$ 760,734</u>

Long Term Debt

At the end of the current fiscal year, the District had debt outstanding of \$126,475. All of the debt is backed by the full faith and credit of the District.

Outstanding Debt

	<u>Balance</u> <u>June 30, 2016</u>	<u>Balance</u> <u>June 30, 2017</u>
Building	\$ 96,828	\$ 77,141
Powerload	<u>15,589</u>	<u>10,641</u>
Total Lease Obligations	112,417	87,782
Compensated Absences	<u>\$ 23,781</u>	<u>\$ 38,693</u>
Totals	<u>\$ 136,198</u>	<u>\$ 126,475</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.

- § There are some additional new homes being built in the District.
- § Increase in property value.
- § Topock 66 Spa and Resort expansion project.
- § Possible solar plant.
- § Homeland Security grant was not renewed and resulted in loss of three personnel.

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 Golden Shores Fire District at 12950 Oatman Highway, PO Box 66, Topock, Arizona 86436

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BASIC FINANCIAL STATEMENTS

**GOLDEN SHORES FIRE DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2017**

Exhibit A

	Governmental Activities
ASSETS	
Cash & Cash Equivalents (Note 3)	\$ 213,598
Receivables:	
Property Taxes (Note 6)	35,616
Ambulance, Net (Note 5)	52,342
PSPRS (Note 5)	40,676
Overfunded Pension Liability	137,487
Total Capital Assets, Net (Note 7)	760,734
 Total Assets	 1,240,453
DEFERRED OUTFLOW OF RESOURCES	
Deferred Pension Outflows	156,653
Total Assets and Deferred Outflow of Resources	1,397,106
LIABILITIES	
Accounts Payable	4,548
Payroll Taxes Payable	3,691
Wages Payable	5,693
PSPRS	40,676
Compensated Absences (Note 11)	38,693
Lease/Purchases (Note 12)	
Due in less than one year	25,882
Due in more than one year	61,900
Total Liabilities	181,083
DEFERRED INFLOW OF RESOURCES	
Deferred Pension Inflows	255,041
Total Liabilities and Inflow of Resources	436,124
NET POSITION	
Invested in Capital Assets, Net of related Debt	672,952
Restricted (Note 14)	137,487
Unrestricted (Note 14)	150,543
 Total Net Position	 \$ 960,982

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

**GOLDEN SHORES FIRE DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017**

Exhibit B

	<u>Governmental Activities</u>
EXPENSES	
Public Safety - Fire/EMS Protection	
Personnel Services	\$ 692,300
Materials & Services	127,176
Depreciation	<u>65,425</u>
Total Program Expenses	<u>884,901</u>
PROGRAM REVENUES	
Operating and Capital Grants	32,574
Charges for Service	<u>189,421</u>
Total Program Revenues	<u>221,995</u>
Net Program Expense	<u>662,906</u>
GENERAL REVENUES	
Property Taxes	492,259
Fire District Assistance	52,311
Investment Earnings	1,276
Miscellaneous	<u>15,840</u>
Total General Revenues	<u>561,686</u>
Increase (Decrease) in Net Position	(101,220)
NET POSITION-BEGINNING OF THE YEAR	<u>1,062,202</u>
NET POSITION-END OF THE YEAR	<u><u>\$ 960,982</u></u>

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

**GOLDEN SHORES FIRE DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2017**

Exhibit C

General

ASSETS

Cash and Cash Equivalents (Note 3)	\$	213,598
Receivables:		
Property Taxes (Note 6)		35,616
Ambulance, Net (Note 6)		52,342
PSPRS (Note 5)		<u>40,676</u>
 Total Assets	 \$	 <u><u>342,232</u></u>

LIABILITIES

Accounts Payable	\$	4,548
Payroll Taxes Payable		3,691
Wages Payable		5,693
PSPRS		<u>40,676</u>
 Total Liabilities		 54,608

DEFERRED INFLOW OF RESOURCES

Deferred Property Taxes Inflows		<u>26,318</u>
Total Liabilities and Inflow of Resources		<u>80,926</u>

FUND BALANCES

Assigned (Note 14)		190,368
Unassigned (Note 14)		<u>70,938</u>
 Total Fund Balances		 <u>261,306</u>
Total Liabilities & Fund Balances	\$	<u><u>342,232</u></u>

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

**GOLDEN SHORES FIRE DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED
JUNE 30, 2017**

Exhibit D

	General
REVENUE	
Property Taxes	\$ 492,259
Fire District Assistance Tax	52,311
Fees for Service	189,421
Grants	32,574
Interest	1,276
Miscellaneous	15,840
Total Revenues	783,681
EXPENDITURES	
Current:	
Public Safety	688,599
Administration	52,160
Debt Service	
Principal	24,635
Interest	5,394
Total Expenditures	770,788
Excess (Deficiency) of Revenues over Expenditures	12,893
Net Change in Fund Balances	12,893
Fund Balances-Beginning of Year	248,413
Fund Balances-End of Year	\$ 261,306

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

**GOLDEN SHORES FIRE DISTRICT
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2017**

Exhibit E

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

Fund Balances - Total Governmental Funds (Exhibit C)	\$	261,306
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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	1,860,922	
Less: Accumulated Depreciation	<u>(1,100,188)</u>	
		760,734

Deferred Outflows of Resources	156,653
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Overfunded Pension Liability	137,487
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Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	(126,475)
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Deferred Inflows of Resources	<u>(228,723)</u>
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Net Position of Governmental Activities (Exhibit A)	<u><u>\$ 960,982</u></u>
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**GOLDEN SHORES 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, 2017**

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)	\$	12,893
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Amounts reported for governmental activities in the statement of activities (Exhibit B) are different because of the following:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital outlay in the current period.		(65,425)
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Net Change in Deferred Outflows and Inflows of Resources		(38,964)
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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.		(9,724)
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Change in Net Position of Governmental Activities (Exhibit B)	\$	<u>(101,220)</u>
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-The Notes to the Financial Statements are an Integral Part of This Statement-

**GOLDEN SHORES FIRE DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2017**

Exhibit G

	<u>Volunteer Pension Fund</u>	<u>Toy Fund</u>	<u>BBQ Fund</u>	<u>Total</u>
ASSETS				
Cash & Cash Equivalents	<u>\$ 209,668</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 209,668</u>
Total Assets	<u>209,668</u>	<u>-</u>	<u>-</u>	<u>209,668</u>
LIABILITIES				
Accounts Payable	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total Liabilities	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
NET POSITION				
Held in trust for pension and other purposes	<u><u>\$ 209,668</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 209,668</u></u>

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

**GOLDEN SHORES FIRE DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017**

Exhibit H

	Volunteer Pension Fund	Toy Fund	BBQ Fund	Total
ADDITIONS				
Other				
Contributions	\$ 4,040	\$	\$ 21,696	\$ 25,736
State Fire Marshal	308			308
Total Other Contributions	<u>4,348</u>	<u>-</u>	<u>21,696</u>	<u>26,044</u>
Investment Earnings:				
Interest & Dividends	7,492	1	-	7,493
Gain on Investments	28,769			28,769
Total Investment Earnings	<u>36,261</u>	<u>1</u>	<u>-</u>	<u>36,262</u>
Investment Expense	2,684	-	-	2,684
Net Investment Earnings	<u>33,577</u>	<u>1</u>	<u>-</u>	<u>33,578</u>
Total Additions	<u>37,925</u>	<u>1</u>	<u>21,696</u>	<u>59,622</u>
DEDUCTIONS				
Payouts	-	2,119	39,566	41,685
Distributions	-	-	-	-
Total Deductions	<u>-</u>	<u>2,119</u>	<u>39,566</u>	<u>41,685</u>
Change in Net Position	37,925	(2,118)	(17,870)	17,937
Net Position - Beginning	<u>171,743</u>	<u>2,118</u>	<u>17,870</u>	<u>191,731</u>
Net Position - Ending	<u>\$ 209,668</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 209,668</u>

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

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**GOLDEN SHORES FIRE DISTRICT
TOPOCK, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The District is a local governmental unit formed as a political subdivision of the local county which is a political subdivision of the State of Arizona. The District was formed under the provisions of Title 48 of Arizona Revised Statutes. The District operates under the guidance of an elected board, which is the policy making body of the District. The purpose of the District is to provide fire protection, emergency medical and related services to the residents and guests of the District and the surrounding area. The day to day operations are supervised by a fire chief and his staff.

The District has the power to issue bonds, levy taxes, bill for services and raise revenues with the power of the County government. The District has the power to expend public funds for any legitimate purpose required to further its needs. The District operates as an independent governmental agency directly responsible to the local taxpayers and voters.

Introduction

Accounting principles generally accepted in the United States of America require that the reporting entity include the primary government, all organizations for which the primary government is financially accountable, and other organizations which by nature and significance of their relationship with the primary government would cause the financial statements to be incomplete or misleading if excluded. Blended component units, although legally separate entities, are, in substance, part of the government's operations; therefore, data from these units are combined with data of the primary government. Based on these criteria, there are no component units requiring inclusion in these financial statements.

Basic Financial Statements

The accounting policies for the District conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies are described below.

Government -wide Statements

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

Financial Statements Amounts

Cash & Cash Equivalents

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

Prepaid Items

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

Capital Assets

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

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

Property, plant and equipment are depreciated using the straight-line method over the following useful lives:

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then.

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

Compensated Absences

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

Long-Term Obligations

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

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

Net Position/Fund Equity

Net Position on Government Wide Financial Statements – Exhibit A

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

- λ Restricted—amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- λ Unrestricted – this balance is the amount of equity which is not included in the Restricted fund balance and the Investments in Capital Assets balances.
- λ Investment in Capital Assets, Net of Related Debt – This consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

Fund Balances on Government Fund Financial Statements – Exhibit C

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

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

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

Accounting Estimates

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

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

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

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

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

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

NOTE 3 - DEPOSITS, INVESTMENT RISK & CASH MANAGEMENT

Deposits and Investments

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

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

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

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

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

Financial institutions accepting governmental monies in the State of Arizona are required to collateralize at 102% all government deposits which exceed the FDIC insurance limit. The current FDIC limit is \$250,000 for the total of all interest bearing accounts and \$250,000 for the total of all demand deposit accounts. The collateralization is required to be separately identifiable securities and be held by a third party financial institution or trust agency. ARS (Title 35) requires this to be monitored by the State Treasurer's Office.

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

The following is a summary of the Cash and Cash Equivalents held by financial institutions at June 30, 2017:

DEPOSITORY ACCOUNTS:

	<u>General</u> <u>Fund</u>	<u>Fiduciary</u> <u>Fund</u>	<u>Total</u>
Insured Deposits (FDIC)	\$ 80,974	\$ 6,482	\$ 87,456
Uninsured & Uncollateralized	<u>136,375</u>	<u>203,186</u>	<u>339,561</u>
Total Deposits	217,349	209,668	427,017
In Transit Items	<u>(3,751)</u>	<u>(0)</u>	<u>(3,751)</u>
Total Cash & Cash Equivalents	<u>\$ 213,598</u>	<u>\$ 209,668</u>	<u>\$ 423,266</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	\$136,375
TD Ameritrade	Unrated	Not Applicable	\$203,186

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, 2017:

For Pool 5	26 Days
For Pool 7	22 Days
For Pool 500	1.94 Years
For Pool 700	2.34 Years

Risk Management

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

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

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 \$74,608 with an allowance for bad debt of \$22,266 at June 30, 2017. This gave a net of \$52,342, before contractual write offs and was expected to be collectable.

PSPRS receivable is a result of the Hall Parker lawsuit against PSPRS. The District was required to payout to members, \$40,676, which the District will collect against future payments to the system.

NOTE 6 – PROPERTY TAX REVENUE RECEIVABLES

Property Tax Receivables arise when property taxes are levied but not currently collected. The collectible portion (taxes levied less estimated uncollectible) are recorded as deferred inflow of resources in the period when an enforceable legal claim to the assets arise.

NOTE 7 - CAPITAL ASSETS

Capital asset activity for the year ended.

	<u>BALANCE</u> <u>06/30/20 16</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE</u> <u>06/30/20 17</u>
<u>Depreciable Assets</u>				
Vehicles	\$1,020,107	\$ 0	\$ 0	\$ 1,020,107
Buildings	534,599	0	0	534,599
Equipment, Fire	<u>253,216</u>	<u>0</u>	<u>0</u>	<u>253,216</u>
Total Historical Costs	<u>1,807,922</u>	<u>0</u>	<u>0</u>	<u>1,807,922</u>
Less Accumulated Depreciation				
Vehicles	765,021	33,634	0	798,655
Buildings	109,906	10,692	0	120,598
Equipment, Fire	<u>159,836</u>	<u>21,099</u>	<u>0</u>	<u>180,935</u>
Less: Total Accumulated Depreciation	<u>1,034,763</u>	<u>65,425</u>	<u>0</u>	<u>1,100,188</u>
Depreciable Capital Assets, Net	773,159	(65,425)	0	707,734
<u>Non-Depreciable Assets</u>				
Land	<u>53,000</u>	<u>0</u>	<u>0</u>	<u>53,000</u>
Capital Assets, Net	<u>\$ 826,159</u>	<u>\$ (65,425)</u>	<u>\$ 0</u>	<u>\$ 760,734</u>

NOTE 8 - DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

Pursuant to GASB Statement No. 63, “*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*,” and GASB Statement No. 65, “*Items Previously Reported as Assets and Liabilities*,” the District recognized deferred outflows of resources in the governmentwide statements. These items are a consumption of net position by the District that is applicable to a future reporting period. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. The District reports the deferred inflows and outflows as follows:

	Governmentwide <u>Activities</u>
Governmentwide Deferred Outflows	
Deferred Pensions	\$ <u>156,653</u>
Total Governmentwide Activities	\$ <u>156,653</u>
Governmentwide Deferred Inflows	
Deferred Pensions	\$ <u>255,041</u>
Total Governmentwide Activities	\$ <u>255,041</u>
	Governmental <u>Activities</u>
Governmental Deferred Outflows	
Deferred Property Taxes	\$ <u>26,318</u>
Total Governmental Activities	\$ <u>26,318</u>

NOTE 9 - 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 10 – SHORT-TERM INDEBTEDNESS

The District utilizes a credit line with Wells Fargo thru the Mohave County Treasurer. Interest on this line of credit is based on a percentage of the Prime rate at the time the line of credit is utilized.

Changes in Short-Term Indebtedness:

	Balance <u>June 30, 2016</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2017</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 11 – ACCUMULATED COMPENSATED ABSENCES

Accumulated unpaid Vacation, Sick Leave and Paid Time Off (PTO) are 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 grants full-time administrative or non-shift suppression members 40 hours, accruing on January 1st. Full-time shift suppression members shall receive 120 hours, accruing on January 1st. The maximum sick leave is 360 hours.

The District policy on vacation allows individuals various amounts of hours per year, based on the number of service years and job type. The vacation is not allowed to be carried over to a new calendar year, and is cashed out at that time.

The District policy on PTO allows employees to be compensated for their PTO time. The PTO hours shall not be carried over to a new calendar year. At June 30, 2017, the total amount of accumulated PTO was \$3,474.

NOTE 12 – 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

Building: The District entered into a lease/purchase agreement for a Fire Station Building with Zion Bank. The lease/purchase was dated August 7th, 2012, in the amount of \$167,992 with an interest rate of 5.029%. It has a semi-annual payment of \$12,156, starting in December 1st, 2012, with a final payment due on December 1st, 2020.

Powerload: The District entered into a lease/purchase agreement for a Powerload Gurney with Stryker. The lease/purchase was dated March 31st, 2014, in the amount of \$24,748 with an interest rate of 4.935%. It has an annual payment of \$5,717, starting in April 15th, 2015, with a final payment due on April 15th, 2019.

Changes in Long-Term Indebtedness :

	<u>Balance</u> <u>June 30, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2017</u>
Building	\$ 96,828	\$ 0	\$ 19,687	\$ 77,141
Powerload	<u>15,589</u>	<u>0</u>	<u>4,948</u>	<u>10,641</u>
Total Lease Obligations	112,417	0	24,635	87,782
Compensated Absences	<u>\$ 23,781</u>	<u>\$ 14,912</u>	<u>\$ 0</u>	<u>\$ 38,693</u>
Totals	<u>\$ 136,198</u>	<u>\$ 14,912</u>	<u>\$ 24,635</u>	<u>\$ 126,475</u>

NOTE 13 - 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, 2017, were as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 25,882	\$ 4,147	\$ 30,029
2019	27,192	2,838	30,030
2020	22,850	1,462	24,312
2021	<u>11,858</u>	<u>298</u>	<u>12,156</u>
Total Obligation	87,782	<u>\$ 8,745</u>	<u>\$ 96,527</u>
Less amount due within 1 year	<u>25,882</u>		
Amount due after 1 year	<u>\$ 61,900</u>		

NOTE 14 – NET POSITION/FUND BALANCE

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

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

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

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

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

Unassigned or unrestricted fund balances are amounts that are available for any purpose. Positive amounts are reported only in the general fund.

Net Position :

Invested in Capital Assets, Net of Related Debt	\$ 672,952
Restricted – Overfunded Pension Liability	137,487
Unrestricted	<u>150,543</u>
 Total Net Position	 <u>\$ 960,982</u>

Governmental Fund Balances :

Assigned -Payroll	\$ 79,026
Assigned -Capital	<u>111,342</u>
 Total Assigned Fund Balances	 190,368
 Total Unassigned Fund Balance	 <u>70,938</u>
 Total Fund Balance	 <u>\$ 261,306</u>

NOTE 15 - PROPERTY TAXES

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

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

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

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

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

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

NOTE 16 – EMPLOYEE RETIREMENT SYSTEMS AND POST EMPLOYMENT PLANS

The District and employees contribute to two retirement plans. These plans are the Public Safety Personnel Retirement System (PSPRS) and a volunteer pension and relief fund as established under Title 9 of the Arizona Revised Statutes. For public safety personnel, state statute regulates retirement, death, long-term disability, and survivor insurance premium benefits.

At June 30, 2016, the District reported the following aggregate amounts related to pensions for which it contributes:

	PSPRS
Net pension liability	\$ (137,487)
Deferred outflows of resources	156,653
Deferred inflows of resources	255,041
Pension expense	3,477

A. Public Safety Personnel Retirement System

Plan Description – The District entered into a Joinder Agreement with the Arizona State Public Safety Personnel Retirement System (PSPRS), an agent multiple-employer defined benefit pension plan, to overall full-time personnel engage in fire suppression activities and/or fire support. A seven-member board known as the Board of Trustees and the participating local boards govern the PSPRS according to the provisions of A.R.S. Title 38, Chapter 5, Article 4.

The PSPRS issues a publicly available financial report that includes their financial statements and required supplementary information of PSPRS. The reports are available on the PSPRS Web site at www.psprs.com.

Benefits Provided – The PSPRS provides retirement, health insurance premium supplement, disability, and survivor benefits. State statute establishes benefit terms. Retirement, disability, and survivor benefits are calculated on the basis of age, average monthly compensation, and service credit as follows:

<u>Retirement and Disability</u>	Initial membership date:	
	<u>Before January 1, 2012</u>	<u>On or after January 1, 2012</u>
Years of service and age required to receive benefit	20 years any age 15 year age 62	25 years age 52.5
Final average salary is based on	Highest 36 consecutive months of last 20 years	Highest 60 consecutive months of last 20 years
Benefit percent Normal Retirement	50% less 2.0% for each year of credited service less than 20 years OR plus 2.0% to 2.5% for each year of credited service over 20 years, not to exceed 80%	2.5% per year of credited service, not to exceed 80%
Accidental Disability Retirement	50% or normal retirement, whichever is greater	
Catastrophic Disability Retirement	90% for the first 60 months then reduced to either 62.5% or normal retirement, whichever is greater	
Ordinary Disability Retirement	Normal retirement calculated with actual years of credited service or 20 years of credited service, whichever is greater, multiplied by years of credited service (not to exceed 20 years) divided by 20	

Survivor Benefit

Retired Members	80% to 100% of retired members pension benefit
Active Members	80% to 100% of accidental disability retirement benefit or 100% of average monthly compensation if death was the result of injuries received on the job

For members hired after July 1, 2017:

Normal retirement may be taken after 15 years of service and attainment of age 55. Early retirement may be taken after 15 years of service and attainment of age 52.5. Benefits are one sixtieth of the highest five consecutive years out of the last 15 years of service.

Retirement and survivor benefits are subject to automatic cost-of-living adjustments based on excess investment earning. PSPRS also provides temporary disability benefits of 50 percent of the member's compensation for up to 12 months.

Employees covered by benefit terms – At June 30, 2015, the following employees were covered by the agent pension plan's benefit terms:

Inactive employees or beneficiaries currently receiving benefits	0
Inactive employees entitle to but not yet receiving benefits	1
DROP	0
Active employees	9
Total	<u>10</u>

Contributions – State statutes establish the pension contribution requirements for active PSPRS employees. In accordance with state statutes, annual actuarial valuations determine employer contribution requirements for PSPRS pension and health insurance premium benefits. The combined active members and employer contribution rates are expected to finance costs of accrued liability. Contribution rates for the year ended June 30, 2016, active PSPRS members were required to contribute 7.65% of the members' annual covered payroll. The District is required to contribute at an actuarially determined rate. The rate for the year ended June 30, 2016, was 7.14% for the pension plan, and 0.17 for the health insurance premium benefit. Total contributions made during the year were \$ 107,238.

Pension Liability – The net pension liabilities were measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liabilities as of June 30, 2016, reflect the following changes of benefit terms and actuarial assumptions:

- λ In February 2014, the Arizona Supreme Court affirmed a Superior Court ruling that a 2011 law that changed the mechanism for funding permanent benefit increases was unconstitutional. As a result, the plans changed benefit terms to reflect the prior mechanism for funding permanent benefit increases and revised actuarial assumptions to explicitly value future permanent benefit increases.
- λ The wage growth actuarial assumption was decreased from 4.5 percent to 4.0 percent.

Annual Pension Cost (APC) – The District’s annual and required contributions for the year ended June 30, 2016, were \$ 54,183. The District’s most recent actuarial valuation is for the year ended June 30, 2016. Information related to this valuation follows.

Pension actuarial assumptions – The significant actuarial assumptions used to measure the total pension liability are as follows:

Actuarial valuation date	June 30, 2016
Actuarial cost method	Entry age normal
Amortization Method	Level percentage of payroll,
Remaining Amortization	closed
Period	22 Years
Asset Valuation Method	7-Year smoothed market; 20%
	corridor
Wage Growth	4.00%
Price Inflation	3.0%; no explicit price inflation
	assumption is used in this
Salary Increases	valuation
Investment Rate of Return	4.00% to 8.00% including
Retirement Age	Inflation
	7.85%, net of expenses
	Experience -based table of rates
	that is specific to the type of
	eligibility condition
Mortality rates	RP-2000 mortality table (adjusted
	105% for both males and
	females)

The long-term expected rate of return on PSPRS pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Short Term investments	2%	.75%
Absolute return	5%	4.11%
Risk parity	4%	5.13%
Fixed Income	7%	2.92%
Real assets	8%	4.77%
GTAA	10%	4.38%
Private equity	11%	9.50%
Real estate	10%	4.48%
Credit opportunities	13%	7.08%
Non-U.S. equity	14%	8.25%
U.S. equity	<u>16%</u>	6.23%
Total	<u>100%</u>	

Pension Discount Rates – The projection of cash flows used to determine the PSPRS discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the actuarially determined contribution rate and the member rate. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability

	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances At June 30, 2015	\$ 798,037	\$ 1,137,941	\$ (339,904)
Changes for the current year:			
Service Cost	83,158	0	83,158
Interest on the total pension liability	61,192	0	61,192
Changes of benefit terms	104,068	0	104,068
Differences between expected and actual experience in the measurement of the pension liability	13,800	0	13,800
Change of assumptions or other inputs	45,835	0	48,835
Contributions – Employer	0	50,754	(50,754)
Contributions – Employee	0	54,183	(54,183)
Net investment income	0	6,173	(6,173)
Benefit payments, including refunds of employee contributions	(120,209)	(120,209)	0
Other changes	0	(5,474)	5,474
Net Changes	<u>187,844</u>	<u>(14,573)</u>	<u>202,417</u>
Balances at June 30, 2016	<u>\$ 985,881</u>	<u>\$ 1,123,368</u>	<u>\$ (187,487)</u>

Sensitivity of the District’s net pension liability to changes in the discount rate – The following table presents the District’s net pension liability calculated using the discount rates noted above, as well as what the District’s net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
Net pension liability	<u>\$ 40,896</u>	<u>\$ (187,487)</u>	<u>\$ (282,036)</u>

Pension plan fiduciary net position – Detailed information about the pension plan’s fiduciary net position is available in the separately issued PSPRS financial report.

Pension expense and deferred outflows/inflows of resources – For the year ended June 30, 2016, the District recognized pension expense for PSPRS of \$ 3,477. At June 30, 2016, the District reported deferred inflows of resources related pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Differences between expected and actual experience	\$ 12,427	\$ 24,645
Changes of assumption or other inputs	51,552	0
Net difference between project and actual earnings on pension plan investments	<u>92,674</u>	<u>20,396</u>
Total	<u>\$ 156,653</u>	<u>\$ 255,041</u>

The amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	
<u> </u>	
2018	\$ (1,997)
2019	(1,995)
2020	8,204
2021	(730)
2022	(17,199)
Thereafter	<u>(84,671)</u>
	<u>\$ (98,388)</u>

Agent plan OPEB actuarial assumptions – The health insurance premium benefit contribution requirements for the year ended June 30, 2016 were established by the June 30, 2015 actuarial valuations, and those valuations were based on the following actuarial methods and assumptions.

Actuarial valuations involve estimates of the reported amounts' value and assumptions about the probability of events in the future. Amounts determined regarding the plan's funded status and the annual required contributions are subject to continual revision as actual results are compared to past expectations and new estimates are made. The required schedule of funding progress for the health insurance premium benefit presented as required supplementary information provides multiyear trend information that shows whether the actuarial value of the plan's assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Projections of benefits are based on (1) the plan as the District and plan's members understand them and include the types of benefits in force at the valuation date, and (2) the pattern of sharing benefit costs between the District and plan's members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The significant actuarial methods and assumptions used are the same for all PSPRS plan and related benefits (unless noted), and the following actuarial methods and assumptions were used to establish the fiscal year 2016 contribution requirements:

OPEB Contribution Requirements

Actuarial valuation date	June 30, 2016
Actuarial cost method	Entry age normal
Amortization method	Level percent of pay, closed
Remaining amortization period	20 years for underfunded 20 years for overfunded
Asset valuation method	7-year smoothed market value; 80%/120% market
Actuarial assumptions:	
Investment rate of return	7.50%
Projected salary increases	4.0%-8.0%
Wage growth	4.0%

Agent plan OPEB trend information – Annual OPEB cost information for the health insurance premium benefit for the current and 2 preceding years follows:

<u>PSPRS</u>	<u>Year ending June 30,</u>	<u>Annual OPEB Costs</u>	<u>Percentage Contributed</u>
Health Insurance	2016	\$ 1,861	100%
	2015	1,476	100%
	2014	2,500	100%

Agent Plan OPEB Funding Status (Required Supplementary Information) – The health insurance premium benefit plans’ funded status as of the most recent valuation date, June 30, 2015, along with the actuarial assumptions and methods used in those valuations follow:

Health Insurance						
Valuation Date June 30,	Actuarial Value of Plan Assets	Actuarial Accrued Liability	Funding Liability (Excess)	Funded Ratio	Annual Covered Payroll	Unfunded Liability as Percentage Of Covered Payroll
2014	\$ 25,583	\$ 35,843	\$ 10,260	71.4%	481,524	2.13%
2015	30,455	27,429	(3,026)	111.0%	413,519	0.00%
2016	34,922	33,541	(1,381)	104.1%	45,089	0.00%

The District provides neither administrative services nor investment advice. Accordingly, no fiduciary relationship exists between the District and the compensation plan. Therefore, plan assets, for either of the aforementioned plans, are not included as a fund of the District.

B. Volunteer Fire Pension Fund

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 Innis & Associates, 4302 E. Ray Road, Suite 117, Phoenix, AZ 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.

NOTE 17 - POST EMPLOYMENT BENEFITS

The government provides certain health care and insurance benefits for recently separated employees as required by the Federal law under COBRA. Any cost of health care and 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.

**REQUIRED SUPPLEMENTARY
INFORMATION**

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**GOLDEN SHORES FIRE DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL (GAAP BASIS)
GENERAL FUND
FOR THE YEAR ENDED
JUNE 30, 2017**

Exhibit I

	Budgeted Amounts		Actual	Variance with Final
	Original	Final		Budget Positive (Negative)
Revenues:				
Property Taxes	\$ 498,335	\$ 498,335	\$ 492,259	\$ 6,076
Fire District Assistance	52,387	52,387	52,311	76
Fees for Service	265,000	265,000	189,421	75,579
Grants	168,375	168,375	32,574	135,801
Interest	-	-	1,276	(1,276)
Miscellaneous	-	-	15,840	(15,840)
Total Revenues	984,097	984,097	783,681	200,416
Expenditures:				
Current:				
Public Safety	864,797	864,797	688,599	176,198
Administration	46,150	46,150	52,160	(6,010)
Capital Outlay	26,000	26,000	30,029	(4,029)
Total Expenditures	936,947	936,947	770,788	166,159
Excess (Deficiency) of Revenues over Expenditures	47,150	47,150	12,893	(34,257)
Net Change in Fund Balances	47,150	47,150	12,893	(34,257)
Fund Balances at Beginning of Year	64,192	64,192	248,413	184,221
Fund Balances at End of Year	<u>\$ 111,342</u>	<u>\$ 111,342</u>	<u>\$ 261,306</u>	<u>\$ 149,964</u>

GOLDEN SHORES FIRE DISTRICT

GASB STATEMENT NO. 27 SUPPLEMENTARY PENSION INFORMATION

SCHEDULE OF FUNDING PROGRESS

(EXCLUDING HEALTH INSURANCE SUBSIDY BEGINNING JUNE 30, 2008)

Year Date June 30	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)	AAL as a % of Covered Payroll (b)/(c)
2006	172,714	172,534	(180)	100.1%	332,851	0.0%	51.8%
2007	342,375	307,085	(35,290)	111.5%	317,820	11.1%	96.6%
2008	428,457	372,642	(55,815)	115.0%	353,971	0.0%	105.3%
2009	526,715	484,270	(42,445)	108.8%	387,544	0.0%	125.0%
2010	626,645	551,656	(74,989)	113.6%	348,504	0.0%	158.3%
2011	690,458	657,431	(33,027)	105.0%	393,051	0.0%	167.3%
2012	875,952	796,962	(78,990)	109.9%	397,801	0.0%	200.3%
2013	998,976	841,827	(157,149)	118.7%	377,601	0.0%	222.9%
2014	1,098,120	929,241	(168,879)	118.2%	481,524	0.0%	193.0%
2015	1,164,540	798,037	(366,503)	145.9%	413,519	0.0%	193.0%
2016	1,218,448	985,881	(232,567)	123.6%	465,089	0.0%	212.0%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended June 30	Annual Required Contribution
2008	\$ 28,149
2009	43,762
2010	35,917
2011	(est.)40,460
2012	(est.)37,121
2013	(est.)48,014
2014	(est.)51,182
2015	(est.)44,575
2016*	(est.)56,665
2017*	(est.)39,806
2018	(est.)69,118

*This is the estimated Annual Required Contribution before the phase-in plan.

-See Accountant's Report-

SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS

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

Valuation Date:	June 30, 2016
Actuarial cost method:	Entry Age Normal
Amortization Method:	Level percent-of-pay closed
Remaining amortization period:	20 years for underfunded 20 years for overfunded
Asset valuation method:	7-year smoothed market 80%/120% market
Actuarial Assumptions:	
Investment Rate of Return:	7.50%
Projected Salary increases	4.0% - 8.0%
Payroll Growth	4.0%
Permanent Benefit Increases	The cost-of-living adjustment will be based on the average annual percentage change in the Metropolitan Phoenix-Mesa Consumer Price Index published by the United States Department of Labor, Bureau of Statistics. We have assumed that to be 1.75% for this valuation.

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. 27.

SCHEDULE OF FUNDING PROGRESS

Date June 30	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
2006	\$0	\$3,821	\$3,821	0.00%	\$332,851	1.15%
2007	0	7,829	7,829	0.00%	317,820	2.46%
2008	0	7,475	7,475	0.00%	353,971	2.11%
2009	0	12,349	12,349	0.00%	387,544	3.19%
2010	0	13,115	13,115	0.00%	348,504	3.76%
2011	0	23,768	23,768	0.00%	393,051	6.05%
2012	0	26,553	26,553	0.00%	397,801	6.67%
2013	0	31,369	31,369	0.00%	377,601	8.31%
2014	25,583	35,843	10,260	71.4%	481,524	2.13%
2015	30,455	27,429	(3,026)	111.0%	413,519	0.00%
2016	34,922	33,541	(1,381)	104.1%	465,089	0.00%

-See Accountant's Report-

ANNUAL REQUIRED CONTRIBUTION

VALUATION DATE JUNE 30,	FISCAL YEAR ENDED JUNE 30,	(a) NORMAL COST	(b) ACTUARIAL ACCRUED LIABILITY	TOTAL (a) +(b)	DOLLAR AMOUNT BASED ON COVERED PAYROLL
2006	2008	0.36%	0.07%	0.43%	\$1,522
2007	2009	0.42%	0.15%	0.57%	\$2,018
2008	2010	0.33%	0.13%	0.46%	\$1,628
2009	2011	0.42%	0.19%	0.61%	\$2,631
2010	2012	0.42%	0.23%	0.65%	\$2,521
2011	2013	0.32%	0.38%	0.70%	\$3,033
2012	2014	0.30%	0.40%	0.70%	\$3,070
2013	2015	0.34%	0.53%	0.87%	\$3,587
2014	2016	0.37%	0.11%	0.48%	\$2,500
2015	2017	0.39%	(0.06)%	0.33%	\$1,476
2016	2018	0.37%	0.00%	0.37%	\$1,861

Health Insurance Subsidy Payment Reported for FY 2016: \$0

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, 2016 issued November 29TH, 2016.

-See Accountant's Report-

GOLDEN SHORES FIRE DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION
FISCAL YEAR ENDED JUNE 30, 2017

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 District's Public Safety Pension Fund. This information has been excerpted directly from the actuarial report and is the responsibility of the actuary.

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OTHER SUPPLEMENTARY INFORMATION

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**GOLDEN SHORES FIRE DISTRICT
ANNUAL REPORT INFORMATION
FISCAL YEAR ENDED JUNE 30, 2017**

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 28, 2016	2:00 p.m.	12950 Oatman Highway, Topock, AZ
August 25, 2016	10:00 a.m.	12950 Oatman Highway, Topock, AZ
Sept 22, 2016	10:00 a.m.	12950 Oatman Highway, Topock, AZ
October 27, 2016	2:00 p.m.	12950 Oatman Highway, Topock, AZ
Nov 17, 2016	2:00 p.m.	12950 Oatman Highway, Topock, AZ
December 22, 2016	2:00 p.m.	12950 Oatman Highway, Topock, AZ
January 26, 2017	2:00 p.m.	12950 Oatman Highway, Topock, AZ
February 23, 2017	2:00 p.m.	12950 Oatman Highway, Topock, AZ
March 23, 2017	2:00 p.m.	12950 Oatman Highway, Topock, AZ
April 27, 2017	2:00 p.m.	12950 Oatman Highway, Topock, AZ
May 25, 2017	2:00 p.m.	12950 Oatman Highway, Topock, AZ
June 29, 2017	2:00 p.m.	12950 Oatman Highway, Topock, AZ

BOARD MEMBERS:

<u>Name</u>	<u>Business Phone Number</u>	<u>Occupation</u>
Darlen Spiegel	(928) 768-4546	Clerk
Larry Brown	(928) 768-4546	Member
Mark Adams	(928) 768-4546	Member
Sandra Tees	(928) 768-4546	Chairperson
Robert Millward	(928) 768-4546	Member

LOCATION OF POSTING OF MEETING NOTICES (all meetings):

Golden Shores Fire Department Website
Topock Elementary School
Golden Shores Community Center

LEGAL DESCRIPTION OF BOUNDARY CHANGES:

NONE

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GOLDEN SHORES FIRE DISTRICT
GOVERNMENT AUDIT STANDARDS SECTION
June 30, 2017

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**GOLDEN SHORES FIRE DISTRICT
TOPOCK, ARIZONA
JUNE 30, 2017**

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SAUNDERS COMPANY, LTD

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

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CERTIFIED FRAUD EXAMINER	GLENDALE, ARIZONA 85304	
CERTIFIED GOVERNMENT FINANCIAL MANAGER	Tel: (623) 476-8660	
LICENSED PRIVATE INVESTIGATOR S #01534603, # 1003706	Fax: (602) 926-2431	
CERTIFIED IN FINANCIAL FORENSICS	E-Mail: JamesH49@AOL.com	
CHARTERED GLOBAL MANAGEMENT ACCOUNTANT	Redheadedcutie10@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	AICPA Government Audit Quality Center	Arizona Association of Certified Fraud Examiners

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

To the Governing Board
Golden Valley Fire District
Topock, 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 Golden Valley Fire District, Topock, Arizona, as of and for the year ended June 30, 2017, 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 26, 2017.

Internal Control over Financial Reporting

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

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

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

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Independent Auditor's Report on Internal Control...

June 30, 2017

Page 2

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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2017-001 and 2017-002.

Golden Valley Fire District's Response to Findings

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

Purpose of this Report

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

Saunders Company, Ltd.

Glendale, Arizona
December 26, 2017

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GOLDEN SHORES FIRE DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2017

Finding 2017-001

Compliance Finding – Over Personnel Records

Condition: Two documents required by statute for employees were missing. During the 2014-2015 Audit it was noted that of the 4 employee files checked, none contained an oath of office, and none of the files chosen had fingerprints submitted to the Department of Public Safety for a background check per state statute. On a recheck of those files, as well as 2 new employee files, during the 2015-2016 fieldwork none of these things had been corrected and the new employees did not take the oath of office nor was a background check done per statute. During the 2016-2017 fieldwork, the district failed to obtain oaths of office. The District had done the fingerprints 3 days prior to the fieldwork, but had not sent them in.

Criteria: ARS 32-231 requires an oath of office for all employees be completed and maintained by the District. ARS 48-805.3 require probationary employees in a paid sworn firefighter position, a reserve firefighter position or a volunteer firefighter position to submit a full set of fingerprints to the fire district. The fire district shall submit the fingerprints to the Department of Public Safety for the purpose of obtaining a state and federal criminal records check pursuant to section 41-1750 and Public Law 92-544. The department of public safety may exchange this fingerprint data with the federal bureau of investigation.

Cause: Significant turnover in administrative office staff and inadequate knowledge and care in recordkeeping for personnel of the District.

Effect: Non-compliance with laws and regulations which could result in significant fines and penalties for the District.

Questioned Costs: None

Recommendations: The District should review all employee personnel files and correct any deficiencies in the records.

District Response: The District will implement a review of all files.

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GOLDEN SHORES FIRE DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2017

Finding 2017-002

Compliance Finding – Vacation and Comp Time Payout

Condition: Two employees were terminated on September 30, 2016. As of the date of the fieldwork for the audit, records indicate the district failed to pay the employees their accumulated vacation pay and comp time pay. Discussion with the Fire Chief indicated the records were incomplete and no time was due the two employees.

Criteria: District policy states that “Upon termination of employment, the member will be entitled up to but not to exceed 72 hours of paid but unused vacation time”. This is under the Vacation section of the personnel policy, section J, page 143.

The District may not have complied with the Wage and Hour Law by not paying the accrued vacation and comp time.

In the event the employees were not due any vacation or comp time then the records were inaccurate and not reflective of actual circumstances.

Cause: At the end of the grant period, two employees may not have been paid for their accumulated vacation and comp time. A third employee was paid for their time.

Effect: Non-compliance with laws and regulations which could result in significant fines and penalties for the District.

Questioned Costs: None

Recommendations: The District should review all employee personnel files and correct any deficiencies in the records.

District Response: The District will implement a review of the files.

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SAUNDERS COMPANY, LTD

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

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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	AICPA Government Audit Quality Center	Arizona Association of Certified Fraud Examiners

INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH ARS 48-805.02

To the Governing Board
Golden Shores Fire District
Topock, Arizona

We have examined management's assertion that the Golden Shores Fire District has complied with Arizona Revised Statutes (ARS) 48-805.02(F) for the year ended June 30, 2017. This statute requires the District to comply with ARS 48-805 (B)(2), 48-806 and 48-807. These requirements relate to debt and liabilities incurred by the District. The District's management is responsible for the assertion and compliance with the provisions of these statutes. Our responsibility is to express an opinion on the assertion based on our examination.

Our examination as conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the District's compliance with the statutes referred to above and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In connection with our examination, nothing came to our attention that caused us to believe that the District's assertion of compliance with these statutes was inaccurate or that the District failed to comply with the provisions of ARS sections 48-805 (B)(2), 48-806, 48-807 and 48-805.02(F) as required, insofar as it relates to accounting matters. However, our examination was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the District's noncompliance with the above referenced conditions of the statute, insofar as they relate to accounting matters.

This report is intended solely for the information and use of the Governing Board and management of the District and the State of Arizona. This report is not intended to be and should not be used by anyone other than these specified parties.

Saunders Company, Ltd.

Glendale, Arizona

December 26, 2017

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