

GOLDEN VALLEY FIRE DISTRICT

FINANCIAL STATEMENTS

June 30, 2015

**Saunders Company, Ltd.
6008 West Cortez Street
Glendale, Arizona 85304
Fax 602-926-2431
Phone 623-476-8660**

THIS PAGE

IS

DELIBERATELY LEFT BLANK

**GOLDEN VALLEY FIRE DISTRICT
GOLDEN VALLEY, ARIZONA
FINANCIAL STATEMENTS
JUNE 30, 2015**

TABLE OF CONTENTS

	<u>PAGE</u>	<u>EXHIBIT</u>
TABLE OF CONTENTS	1	
INDEPENDENT AUDITOR 'S REPORT	5	
MANAGEMENT'S DISCUSSION AND ANALYSIS	11	
BASIC FINANCIAL STATEMENTS:	19	
Government -Wide Financial Statements		
Statement of Net Position	20	A
Statement of Activities	21	B
Fund Financial Statements		
Balance Sheet - Governmental Funds	22	C
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	23	D
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position	24	E
Reconciliation of the Statement of Revenues, Expenditures And Changes in Fund Balances - Governmental Funds To the Statement of Activities	25	F
Statement of Net Position - Fiduciary Funds	26	G
Statement of Changes in Fiduciary Net Position	27	H
Notes to the Financial Statements	29	

**THIS PAGE
IS
DELIBERATELY LEFT BLANK**

**GOLDEN VALLEY FIRE DISTRICT
GOLDEN VALLEY, ARIZONA
FINANCIAL STATEMENTS
JUNE 30, 2015**

	<u>PAGE</u>	<u>EXHIBIT</u>
REQUIRED SUPPLEMENTARY INFORMATION	51	
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (GAAP Basis) General Fund	52	I
Pension Financial Disclosures	53	
Notes to the Required Supplementary Information	56	
OTHER SUPPLEMENTARY INFORMATION	57	
Arizona Annual Report Information	58	
Volunteer Pension Disbursement	59	
GOVERNMENT AUDIT STANDARDS SECTION	61	
GOVERNMENT AUDIT STANDARDS TABLE OF CONTENTS	63	
Report On Internal Control Over Financial Reporting and On Compliance and Other Matters Based On An Audit Of Financial Statements Performed In Accordance with <i>Government Auditing Standards</i>	65	
INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH ARS 48-805.02	69	

**THIS PAGE
IS
DELIBERATELY LEFT BLANK**

SAUNDERS COMPANY, LTD

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

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

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

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

Arizona Association of Licensed Private Investigators
AICPA Government Audit Quality Center

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

INDEPENDENT AUDITOR'S REPORT

To the Governing Board
Golden Valley Fire District
Golden Valley, Arizona

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Golden Valley Fire District, Golden Valley, Arizona, as of and for the year ended June 30, 2015, 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 Valley Fire District, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**THIS PAGE
IS
DELIBERATELY LEFT BLANK**

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.

Implementation of New Accounting Standards

As disclosed in the footnotes to the financial statements, the District implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, And GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, during the fiscal year 2015.

Other Legal and Regulatory Requirements

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

Arizona Revised Statutes require disclosure of certain additional supplementary information required to comply with section 9-956 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Arizona State Fire Marshal as mandated by statute as an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**THIS PAGE
IS
DELIBERATELY LEFT BLANK**

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 18, 2016, 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
January 18, 2016

**THIS PAGE
IS
DELIBERATELY LEFT BLANK**

Golden Valley Fire District

Management's Discussion and Analysis of Basic Financial Statements June 30, 2015

The following discussion and analysis of the Golden Valley Fire District financial performance presents Management's overview of the District's financial activities for the fiscal year ending June 30, 2015. Please read it in conjunction with the District's basic financial statements which begin 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 Valley Fire District provides Fire, Rescue, Paramedic Hazardous Materials, Rope Rescue and Confined Space Rescue services to businesses, homes, property and persons within the District boundaries, as well as services to locations and persons outside the District thru mutual aid agreements and contracts.

Results of Operations (Chief)

Overview of 2014-2015 fiscal year Fire District initiatives to better serve the community through planned improvements and strategic initiatives to keep the Golden Valley Fire District proactive and in a constant state of development and self-evaluation.

λ **Response Information:**

○ Fire incidents	89	(4%)
○ Emergency Medical incidents	1,681	(65%)
○ Hazardous Materials incidents	13	(1%)
○ Service Calls	586	(22%)
○ Good Intent incidents	102	(4 %)
○ False Alarms	83	(3%)
○ Special Incidents / other	2	(1%)
○ Total Calls for service	<u>2557 incidents</u>	

λ **Personnel :**

- No additional staffing added

λ **Specializ ed Teams:**

- Technical Rescue Team – performs Rope Rescue and Confined Space Rescues
- Hazardous Material Team
- Fire Investigation Team

- λ **Budget:**
 - Improved detailed budget
 - Assignment of budget Project Managers for specific areas or responsibility

- λ **Community awareness programs:**
 - Annual meetings with local industrial corridor leadership
 - Bi-Monthly meetings community groups
 - Annual Fire Prevention Week
 - Golden Valley Days parade participation
 - Participant in Veterans Day parades & activities in Golden Valley & Kingman areas
 - Golden Valley Days parade participation
 - Participant in “Pink Heals” cancer awareness activities in region October
 - All District personnel wear pink uniforms for Breast Cancer Awareness month
 - Improved Fire District website at www.GoldenValleyFire.org

- λ **Other initiatives:**
 - Improved / web-based training program
 - Business Community partnerships improved
 - Improved succession planning for all job descriptions
 - Continued Economic development partnership with Mohave County officials

- λ **New apparatus:**
 - None

- λ **Out of District contracts for services:**

○ Griffith Energy	\$295,000.00
○ Arizona State Prison – MTC Kingman in-kind services	120,000.00 cash / \$247,000.82
○ Western Wind Energy	\$3,593.00
○ UniSource / Black Mountain Energy	\$150,368.00
○ Nucor Steel	\$33,357.00
○ Total added compensation for services <u>(Cash & Services)</u>	<u>\$602,318.00 / \$849,318.82</u>

- λ **ISO reduction plan:**
 - Fire Marshal Inspection / Code Enforcement Program
 - Improved daily / annual firefighter training
 - Improvements in water hauling apparatus
 - Budget for future apparatus improvements / refurbishment

- λ **Public Education & Training:**
 - Active participation in local school Annual Fire Prevention Week activities

Financial Highlights

- λ District investment in capital assets decreased by \$310,413 or 9.30%.
- λ The District's net position decreased by \$2,561,908 or 47.96% from the previous year.
- λ Total revenue decreased by \$477,374 or 16.05% over the previous fiscal year.
- λ At the end of the current fiscal year, unrestricted net position for the Governmental activities was \$(247,859).

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, 2015

	<u>BALANCE JUNE 30, 2014</u>	<u>BALANCE JUNE 30, 2015</u>
Invested in Capital Assets, Net of related Debt	\$ 3,338,664	\$ 3,028,251
Unrestricted	<u>2,003,636</u>	<u>(247,859)</u>
Total Net Position	<u>\$ 5,342,300</u>	<u>\$ 2,780,392</u>

Governmental Activities

Most of the revenues for the District were derived from assessed property taxes and Fire District Assistance Tax from the County. Additional revenues were generated through several Out of District contracts as well as response to major wild land fires.

General Fund Budgetary Highlights

The Golden Valley Fire District stayed within the approved budget for fiscal year 2014-2015.

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, 2015 the District had no new asset purchases.

Capital Assets, Net of Depreciation June 30, 2015

	BALANCE <u>06/30/2014</u>	BALANCE <u>06/30/2015</u>
<u>Depreciable Assets</u>		
Vehicles	\$2,505,354	\$ 2,505,354
Buildings	1,762,827	1,762,827
Building Improvements	84,028	84,028
Equipment, Admin	102,464	102,464
Equipment, Fire	<u>408,464</u>	<u>408,464</u>
Total Historical Costs	<u>4,863,137</u>	<u>4,863,137</u>
Less Accumulated Depreciation		
Vehicles	1,243,181	1,427,139
Buildings	226,193	275,986
Building Improvements	14,333	18,437
Equipment, Admin	32,863	49,353
Equipment, Fire	<u>187,257</u>	<u>243,325</u>
Less: Total Accumulated Depreciation	<u>1,703,827</u>	<u>2,014,240</u>
Depreciable Capital Assets, Net	3,159,310	2,848,897
<u>Non-Depreciable Assets</u>		
Land	<u>179,354</u>	<u>179,354</u>
Capital Assets, Net	<u>\$3,338,664</u>	<u>\$ 3,028,251</u>

Long Term Debt

At the end of the current fiscal year, the District had debt outstanding of \$62,519. All of the debt is backed by the full faith and credit of the District.

Outstanding Debt

	Balance <u>June 30, 2014</u>	Balance <u>June 30, 2015</u>
None	\$ <u>0</u>	\$ <u>0</u>
Total Lease Obligations	0	0
Compensated Absences	<u>86,943</u>	<u>62,519</u>
Totals	<u>\$ 86,943</u>	<u>\$ 62,519</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.

1) Fire District Revenue

- a. The most recent economic forecast indicates property values may continue on a slight decline for the 2014 – 2015 budget years. The District will plan accordingly by seeking alternative revenue streams such as:
 - i. Property annexations to offset the decline for the foreseeable future
 - ii. Investment and involvement in Statewide Wildland Mobilizations
 - iii. Out of District Contract for Services Agreements
 - iv. Reduction of overtime costs through alternative staffing models

2) New Fire Station(s):

- a. The District, having already purchased property on Yucca Road, will re-evaluate the future community needs for an additional fire station in the industrial corridor around Griffith Road and Interstate -40. In addition, Administration will keep in mind a fire station to the north central area of the District, which could affect the population concentration to the North of Hwy-68

3) Training Center

- a. Since the acquisition and completed interior remodel of Golden Valley Fire District’s Public Safety Training Center (PSTC), the planning and acquisition of “Props” begins in FY 2015-2016 to fill the remaining 10-acres with Firefighter training props to include the following:
 - i. Flashover chamber
 - ii. Confined Space Rescue
 - iii. Helicopter Landing Zone
 - iv. Vehicle Extrication area
 - v. Liquefied Petroleum Gas (LPG) prop
 - vi. Emergency Vehicle Driving course
 - vii. Large Area Search prop inside the gymnasium

- b. The District will continue to work with other community organizations and public safety providers to collaborate with the District to allow for the largest use of this facility.

4) Specialized Teams

- a. The District will continue to support the following specialized District teams:
 - i. Hazardous Materials Response Team
 - ii. Technical Rescue Team
 - iii. Fire Investigations Team

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 Interim Fire Chief Jack Yeager, Golden Valley Fire District at 749 S Egar Road, Golden Valley, AZ 86413.

**THIS PAGE
IS
DELIBERATELY LEFT BLANK**

BASIC FINANCIAL STATEMENTS

**GOLDEN VALLEY FIRE DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2015**

Exhibit A

	Governmental Activities
ASSETS	
Cash & Cash Equivalents (Note 3)	\$ 1,258,573
Receivables:	
Property Taxes (Note 6)	619,913
Rental Receivable (Note 5)	8,439
Grants Receivable (Note 5)	7,799
Contracts Receivable (Note 5)	898
General (Note 5)	17,136
Total Capital Assets, Net (Note 7)	3,028,251
 Total Assets	 4,941,009
DEFERRED OUTFLOW OF RESOURCES	
Deferred Pension	551,203
Total Deferred Outflow of Resources	551,203
LIABILITIES	
Accounts Payable	34,392
Payroll Taxes Payable	62,231
Wages Payable	47,428
Use Tax Payable	884
Net Pension Liability	1,793,119
Compensated Absences (Note 11)	
Portion due within one year	15,630
Portion due after one year	62,519
Total Liabilities	2,016,203
DEFERRED INFLOW OF RESOURCES	
Deferred Pension	138,106
Deferred Property Taxes	557,511
Total Deferred Inflow of Resources	695,617
NET POSITION	
Invested in Capital Assets, Net of related Debt	3,028,251
Unrestricted (Note 13)	(247,859)
 Total Net Position	 \$ 2,780,392

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

**GOLDEN VALLEY FIRE DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015**

Exhibit B

**Governmental
Activities**

EXPENSES

Public Safety - Fire/EMS Protection	
Personnel Services	\$ 3,046,693
Materials & Services	945,275
Depreciation	<u>310,413</u>
Total Program Expenses	<u>4,302,381</u>

PROGRAM REVENUES

Charges for Service	<u>603,106</u>
Total Program Revenues	<u>603,106</u>
Net Program Expense	<u>3,699,275</u>

GENERAL REVENUES

Property Taxes	1,563,213
Fire District Assistance	158,133
Investment Earnings	9,837
Miscellaneous	<u>162,263</u>
Total General Revenues	<u>1,893,446</u>

Increase (Decrease) in Net Position	(1,805,829)
-------------------------------------	-------------

NET POSITION-BEGINNING OF THE YEAR	<u>4,586,221</u>
---	------------------

NET POSITION-END OF THE YEAR	<u><u>\$ 2,780,392</u></u>
-------------------------------------	----------------------------

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

**GOLDEN VALLEY FIRE DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2015**

Exhibit C

General

ASSETS

Cash and Cash Equivalents (Note 3)	\$ 1,258,573
Receivables:	
Property Taxes (Note 6)	619,913
Rental Receivable (Note 5)	8,439
Grants Receivable (Note 5)	7,799
Contracts Receivable (Note 5)	898
General (Note 5)	<u>17,136</u>
 Total Assets	 <u><u>\$ 1,912,758</u></u>

LIABILITIES

Accounts Payable	\$ 34,392
Payroll Taxes Payable	62,231
Wages Payable	47,428
Use Tax Payable	884
Compensated Absences (Note 11)	<u>15,630</u>
 Total Liabilities	 <u>160,565</u>

DEFERRED INFLOW OF RESOURCES

Unavailable Property Tax Revenue	<u>557,511</u>
 Total Deferred Inflow of Resources	 <u>557,511</u>

FUND BALANCES

Unassigned (Note 13)	<u>1,194,682</u>
 Total Fund Balances	 <u>1,194,682</u>
 Total Liabilities & Fund Balances	 <u><u>\$ 1,912,758</u></u>

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

**GOLDEN VALLEY FIRE DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED
JUNE 30, 2015**

Exhibit D

	General
REVENUE	
Property Taxes	\$ 1,563,213
Fire District Assistance Tax	158,133
Fees for Service	603,106
Interest	9,837
Miscellaneous	162,263
Total Revenues	2,496,552
EXPENDITURES	
Current:	
Public Safety	2,872,190
Administration	536,037
Capital Outlay	35,350
Total Expenditures	3,443,577
Excess (Deficiency) of Revenues over Expenditures	(947,025)
Net Change in Fund Balances	(947,025)
Fund Balances-Beginning of Year	2,141,707
Fund Balances-End of Year	\$ 1,194,682

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

**GOLDEN VALLEY FIRE DISTRICT
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2015**

Exhibit E

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

Fund Balances - Total Governmental Funds (Exhibit C)		\$ 1,194,682
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
<p>Capital Assets used in governmental activities are not financial resources and, therefore are not reported in the other funds.</p>		
Governmental Capital Assets	5,042,491	
Less: Accumulated Depreciation	<u>(2,014,240)</u>	
		3,028,251
Deferred Outflows of Resources		551,203
<p>Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.</p>		(62,519)
Net Pension Liability Restated per GASB #68		(1,793,119)
Deferred Inflows of Resources		<u>(138,106)</u>
Net Position of Governmental Activities (Exhibit A)		<u><u>\$ 2,780,392</u></u>

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

**GOLDEN VALLEY 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, 2015**

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)	\$ (947,025)
---	--------------

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.	(310,413)
--	-----------

Net Change in Deferred Outflows and Inflows of Resources	(523,968)
--	-----------

The issuance of long-term debt (e.g., bonds, leases, leave) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.	<u>(24,423)</u>
---	-----------------

Change in Net Position of Governmental Activities (Exhibit B)	<u><u>\$ (1,805,829)</u></u>
---	------------------------------

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

**GOLDEN VALLEY FIRE DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2015**

Exhibit G

**Volunteer
Pension
Fund**

ASSETS

Cash & Cash Equivalents	\$	444
Investments, at fair value		
Mutual Funds		<u>53,781</u>
Total Assets		<u>54,225</u>

LIABILITIES

Accounts Payable		<u>-0-</u>
Total Liabilities		<u>-0-</u>

NET POSITION

Held in trust for pension and other purposes	\$	<u><u>54,225</u></u>
---	----	----------------------

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

**GOLDEN VALLEY FIRE DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015**

Exhibit H

	Volunteer Pension Fund
ADDITIONS	
Contributions	\$ -0-
Investment Earnings:	
Interest & Dividends	1,883
Total Investment Earnings	1,883
Less Net Decrease in the fair value of investments	1,316
Net Investment Earnings	567
Total Additions	567
DEDUCTIONS	
Distributions	388
Total Deductions	388
Change in Net Position	179
Net Position - Beginning	54,046
Net Position - Ending	\$ 54,225

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

**THIS PAGE
IS
DELIBERATELY LEFT BLANK**

GOLDEN VALLEY FIRE DISTRICT
GOLDEN VALLEY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

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 Asset 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 Non-spendable 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, 2015:

DEPOSITORY ACCOUNTS:

	<u>General Fund</u>	<u>Fiduciary Fund</u>	<u>Total</u>
Insured Deposits (FDIC)	\$ 101,087	\$ 0	\$ 101,087
Uninsured & Uncollateralized	<u>1,202,670</u>	<u>54,225</u>	<u>1,256,895</u>
Total Deposits	1,303,757	54,225	1,357,982
In Transit Items	<u>(45,184)</u>	<u>0</u>	<u>(45,184)</u>
Total Cash & Cash Equivalents	<u>\$ 1,258,573</u>	<u>\$ 54,225</u>	<u>\$ 1,312,798</u>

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

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

<u>Custodial Credit Risk For:</u>	<u>Rating</u>	<u>Rating Agency</u>	<u>Amount</u>
County Treasurer Pool	Unrated	Not Applicable	\$1,202,670
American Funds	Unrated	Not Applicable	\$54,225

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, 2015:

For Pool 5	40 days
For Pool 7	47 days
For Pool 500	1.54 years
For Pool 700	1.73 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.

Rental receivables were \$8,439 with an allowance for bad debt of \$0 at June 30, 2015. This gave a net of \$8,439 which was expected to be collectable.

Grants receivables were \$7,799 with an allowance for bad debt of \$0 at June 30, 2015. This gave a net of \$7,799 which was expected to be collectable.

Contracts receivables were \$898 with an allowance for bad debt of \$0 at June 30, 2015. This gave a net of \$898 which was expected to be collectable.

General receivables were \$17,136 with an allowance for bad debt of \$0 at June 30, 2015. This gave a net of \$17,136 which was expected to be collectable.

NOTE 6 – PROPERTY TAX REVENUE RECEIVABLES

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

NOTE 7 - CAPITAL ASSETS

Capital asset activity for the year ended.

	<u>BALANCE</u> <u>06/30/20 14</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE</u> <u>06/30/20 15</u>
<u>Depreciable Assets</u>				
Vehicles	\$2,505,354	\$ 0	\$ 0	\$ 2,505,354
Buildings	1,762,827	0	0	1,762,827
Building Improvements	84,028	0	0	84,028
Equipment, Admin	102,464	0	0	102,464
Equipment, Fire	<u>408,464</u>	<u>0</u>	<u>0</u>	<u>408,464</u>
Total Historical Costs	<u>4,863,137</u>	<u>0</u>	<u>0</u>	<u>4,863,137</u>
Less Accumulated Depreciation				
Vehicles	1,243,181	183,958	0	1,427,139
Buildings	226,193	49,793	0	275,986
Building Improvements	14,333	4,104	0	18,437
Equipment, Admin	32,863	16,490	0	49,353
Equipment, Fire	<u>187,257</u>	<u>56,068</u>	<u>0</u>	<u>243,325</u>
Less: Total Accumulated Depreciation	<u>1,703,827</u>	<u>310,413</u>	<u>0</u>	<u>2,014,240</u>
Depreciable Capital Assets, Net	3,159,310	(310,413)	0	2,848,897
<u>Non-Depreciable Assets</u>				
Land	<u>179,354</u>	<u>0</u>	<u>0</u>	<u>179,354</u>
Capital Assets, Net	<u>\$3,338,664</u>	<u>\$ (310,413)</u>	<u>\$ 0</u>	<u>\$ 3,028,251</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 has two items that are reportable on the Governmentwide Statement of Net Position: the first item relates to outflows from changes in the net pension liability and the second item relates to property taxes.

Deferred outflows of resources balances for the year ended June 30, 2015 were as follows:

Governmentwide Deferred Outflows	
	Government <u>Activities</u>
Pensions	<u>\$ 551,203</u>
Total Governmental Activities	<u>\$ 551,203</u>

Deferred Inflows of Resource balances for the year ended June 30, 2015 were as follows:

Governmentwide Deferred Inflows	
	Government <u>Activities</u>
Property Taxes	\$ 557,511
Pensions	<u>138,106</u>
Total Governmental Activities	<u>\$ 695,617</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 a limit of \$1,861,562.00. As of June 30, 2015, the balance outstanding was approximately \$0.00 and \$1,861,562.00 was available. The interest rate, at year end, was approximately 0.57% of prime. The District routinely pays the balance in full when funds are available.

Changes in Short-Term Indebtedness:

	Balance <u>June 30, 2014</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2015</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 and leave time is accrued when incurred. The current portion of such amounts has been accrued in the governmental fund (using the modified accrual basis of accounting).

The District policy on sick leave allows employees to be compensated for a portion of their accrued unused sick time when they retire, based on a schedule which varies with length of service and type of employee. At June 30, 2015, the total amount of accumulated sick leave is \$53,845.

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

The District does not currently have any capital leases.

Changes in Long-Term Indebtedness :

	Balance <u>June 30, 2014</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2015</u>
None	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
Total Lease Obligations	0	0	0	0
Compensated Absences	<u>86,943</u>	<u>0</u>	<u>24,423</u>	<u>62,519</u>
Totals	<u>\$ 86,943</u>	<u>\$ 0</u>	<u>\$ 24,423</u>	<u>\$ 62,519</u>

NOTE 13 – NET POSITION/FUND BALANCE

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

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

Non-spendable are amounts that are not in a spendable form (such as inventory or prepaid expenses) or are required to be maintained intact.

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

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

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

Net Position :

Invested in Capital Assets, Net of Related Debt	\$ 3,028,251
Unrestricted	<u>(247,859)</u>
Total Net Position	<u>\$ 2,780,392</u>

Governmental Fund Balances :

Unassigned Fund Balances	<u>\$ 1,194,682</u>
Total Fund Balance	<u>\$ 1,194,682</u>

NOTE 14 - PROPERTY TAXES

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

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

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

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

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

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

NOTE 15 – DEFERRED COMPENSATION PLAN

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

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

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

Plan Descriptions

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

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

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

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

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

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

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

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

NOTE 17 – PENSIONS – Liabilities, Expenses and Deferred Cash Flows

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2015, the District recognized no pension expense. Pension expense represents the change in the net pension liability during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gain/loss, actuarial gain/loss, actuarial assumptions or method, and plan benefits. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows Of Resources</u>	<u>Deferred Inflows Of Resources</u>
Differences between expected and actual experience	\$ 98,819	\$ 0
Changes in assumptions	452,384	0
Net difference between projected and actual earning on retirement plan investments	0	138,106
Changes in proportion and differences between District contributions and proportionate share of contributions	<u>0</u>	<u>0</u>
Total	<u>\$ 551,203</u>	<u>\$ 138,106</u>

Deferred outflows of resources and deferred inflows of resources above represent the unamortized portion of changes to net pension liability to be recognized in future periods in a systematic and rational manner.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2016	\$ 24,098
2017	24,098
2018	24,098
2019	24,098
2020	58,624
Thereafter	<u>258,081</u>
Total	<u>\$ 413,097</u>

NOTE 18 – PENSION

Actuarial Assumptions - PSPRS

The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions. Total pension liability represents the portion of the actuarial present value of projected benefit payments attributable to past periods of service for current and inactive employees.

Methods and Assumptions Used to Determine Total Pension Liability:

Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value of Assets
Inflation	4.00%
Price Inflation	3.0% - 4.0% - approximate; No explicit price inflation assumption is used in this valuation.
Salary Increases	4.00% to 8.00% including inflation
Investment Rate of Return	7.85%, net of investment and administrative expenses
Retirement Age	Experience-based table of rates that is specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period July 1, 2006 – June 30, 2011.
Mortality	RP-2000 mortality table projected to 2015 using projection scale AA (adjusted by 105% for both males and females).

Other Information:

Assumed Future Permanent Benefit Increases	Members retired on or before July 1, 2011: 2% compounded on average. Members Retired on or after August 1, 2011: 0.5% compounded on average. Since all current retirees receive the same dollar increase amount, approximation techniques were used to develop the assumed PBI for each member.
--	---

A detailed description of the actuarial assumptions and methods can be found in the June 30, 2014 Arizona Public Safety Personnel Retirement System annual actuarial valuation report.

NOTE 19 - 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.

Although the Golden Valley Fire District does not have a written policy providing other Post Retirement Benefits, The District has an undocumented agreement with 2 former employees to provide them with Healthcare Benefits thru the Public Safety Personnel Retirement System (PSPRS). One of these employees is on medical retirement and the other one is on regular retirement. This agreement was put in place prior to the current District administration and no documentation has been found to provide detail of the agreement. No actuarial information has been provided.

NOTE 20 - NEW ACCOUNTING PRONOUNCEMENTS

The following Governmental Accounting Standards Board (GASB) Statements have been implemented in the current financial statements:

Statement No. 68	<i>“Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27”</i>	The provisions of this statement are effective for financial statements for fiscal years beginning after June 15, 2014.
Statement No. 69	<i>“Government Combinations And Disposals of Government Operations”</i>	The provisions of this statement are effective for financial statements for periods beginning after December 15, 2013.
Statement No. 71	<i>“Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 27”</i>	The provisions of this statement are effective for financial statements for fiscal years beginning after June 15, 2014.

NOTE 21 – PRIOR PERIOD ADJUSTMENT

The prior period adjustment was made to adjust the governmental activities beginning net position. The adjustment was made to reflect the prior period costs related to the implementation of the net pension liability, to comply with GASB Statement #68.

The restatement of beginning net position of the governmental activities is summarized as follows:

	Governmental <u>Activities</u>
Net position at July 1, 2014	\$ 5,342,300
Net pension liability adjustment	(807,208)
Net property tax adjustment	<u>51,129</u>
Net restated position at July 1, 2014	<u>\$ 4,586,221</u>

NOTE 22- 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.

**THIS PAGE
IS
DELIBERATELY LEFT BLANK**

**REQUIRED SUPPLEMENTARY
INFORMATION**

**GOLDEN VALLEY FIRE DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL (GAAP BASIS)
GENERAL FUND
FOR THE YEAR ENDED
JUNE 30, 2015**

Exhibit I

	Budgeted Amounts		Actual	Variance with Final
	Original	Final		Budget Positive (Negative)
Revenues:				
Property Taxes	\$ 1,779,301	\$ 1,779,301	\$ 1,563,213	\$ (216,088)
Fire District Assistance	166,255	166,255	158,133	(8,122)
Fees for Service	566,000	566,000	603,106	37,106
Grant Revenue	250,000	250,000	-	(250,000)
Miscellaneous	434,450	434,450	162,263	(272,187)
Interest	12,000	12,000	9,837	(2,163)
Total Revenues	3,208,006	3,208,006	2,496,552	(711,454)
Expenditures:				
Current:				
Public Safety	3,891,170	3,891,170	2,872,190	1,018,980
Administration	531,450	531,450	536,037	(4,587)
Capital Outlay	985,386	985,386	35,350	950,036
Total Expenditures	5,408,006	5,408,006	3,443,577	1,964,429
Excess (Deficiency) of Revenues over Expenditures	(2,200,000)	(2,200,000)	(947,025)	1,252,975
Net Change in Fund Balances	(2,200,000)	(2,200,000)	(947,025)	1,252,975
Fund Balances at Beginning of Year	2,200,000	2,200,000	2,141,707	(58,293)
Fund Balances at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,194,682</u>	<u>\$ 1,194,682</u>

GOLDEN VALLEY 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)
2003	\$1,503,009	\$1,085,791	\$(417,248)	138.4%	\$639,026	0.0%
2004	1,593,231	1,363,990	(229,241)	116.8%	649,274	0.0%
2005	1,679,199	1,516,766	(162,433)	110.7%	676,836	0.0%
2006	1,681,614	1,598,153	(83,461)	105.2%	658,405	0.0%
2007	1,763,568	2,194,010	430,442	80.4%	853,082	50.5%
2008	1,983,282	2,428,718	445,436	81.7%	1,046,539	42.6%
2009	2,219,650	2,733,238	513,588	81.2%	1,023,734	50.2%
2010	2,436,086	2,972,074	535,988	82.0%	1,203,012	44.6%
2011	2,732,262	3,490,705	758,443	78.3%	1,273,732	59.5%
2012	3,078,658	3,997,499	918,841	77.0%	1,395,830	65.8%
2013	3,411,393	4,247,204	835,811	80.3%	1,473,406	56.7%
2014	3,691,463	5,433,396	1,741,933	67.9%	1,666,338	104.5%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended June 30	Annual Required Contribution
2003	23,904
2004	34,179
2005	37,869
2006	34,162
2007	55,814
2008	83,273
2009	167,362
2010	150,076
2011	(est.)145,165
2012	(est.)185,851
2013	(est.)213,592
2014	(est.)254,842
2015	(est.)253,417
2016*	(est.)337,753

*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, 2014
Actuarial cost method:	Entry Age Normal
Amortization Method:	Level percent-of-pay closed
Remaining amortization period:	22 years for underfunded 20 years for overfunded
Asset valuation method:	7-year smoothed market 80%/120% market
Actuarial Assumptions:	
Investment Rate of Return:	7.85%
Projected Salary increases	4.0% - 8.0%
Payroll Growth	4.0%
Permanent Benefit Increases	Members Retired on or before July 1, 2011: 2% compounded on average. Members Retired on or after August 1, 2011: 0.5% compounded on average. Since all current retirees receive the same dollar increase amount, approximation techniques were used to develop the assumed PBI for each member.

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	\$88,560	\$88,560	0.00%	658,405	13.45%
2007	0	131,394	131,394	0.00%	853,082	15.40%
2008	0	125,190	125,190	0.00%	1,046,539	11.96%
2009	0	70,072	70,072	0.00%	1,023,734	6.84%
2010	0	76,566	76,566	0.00%	1,203,012	6.36%
2011	0	105,055	105,055	0.00%	1,273,732	8.25%
2012	0	109,755	109,755	0.00%	1,395,830	7.86%
2013	0	122,343	122,343	0.00%	1,473,406	8.30%
2014	147,301	135,990	(11,311)	108.32%	1,666,338	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	0.53%	0.82%	1.35%	\$14,128
2007	2009	0.60%	0.72%	1.32%	\$13,814
2008	2010	0.56%	0.58%	1.14%	\$11,931
2009	2011	0.59%	0.32%	0.91%	\$10,369
2010	2012	0.62%	0.32%	0.94%	\$12,586
2011	2013	0.46%	0.44%	0.90%	\$12,639
2012	2014	0.41%	0.42%	0.83%	\$12,773
2013	2015	0.41%	0.48%	0.89%	\$14,320
2014	2016	0.36%	(0.08)%	0.28%	\$5,046

Health Insurance Subsidy Payment Reported for FY 2014: \$3,600

BENEFITS

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

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

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

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

A complete copy of the actuarial valuation as of June 30, 2014 is available from the Arizona Public Safety Personnel Retirement System, Phoenix, Arizona or from Gabriel Roeder Smith & Company, One Towne Square, Suite 800 Southfield, MI 48076.

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, 2014 issued October 27th, 2014.

-See Accountant's Report-

**GOLDEN VALLEY FIRE DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION
FISCAL YEAR ENDED JUNE 30, 2015**

1. BUDGETARY BASIS OF PRESENTATION

The budget included in these financial statements represents the original budget and amendments approved by the Board of Directors. The budgetary basis is the modified accrual basis of accounting with encumbrances included as actual. Accordingly, for the purpose of comparing budgeted expenditures to actual amounts, prior and current year encumbrances have been integrated with the amounts shown on the *Statement of Revenues, Expenditures, and Changes in Fund Balances*.

Various reclassifications have been made to the actual amounts to conform to classifications included in the budget approved by the Board of Directors.

The legal level of budgetary control attributed to the Board of Directors is considered at the objective or natural classification level, presented as subtotals in the schedule of budget to actual (e.g., total revenue, total salaries and benefits, total services and supplies, etc.).

2. PUBLIC SAFETY PENSION DISCLOSURE INFORMATION

All Public Safety Pension disclosure information has been furnished by the actuary for the Districts' Public Safety Pension Fund. This information has been excerpted directly from the actuarial report and is the responsibility of the actuary.

OTHER SUPPLEMENTARY INFORMATION

**GOLDEN VALLEY FIRE DISTRICT
ANNUAL REPORT INFORMATION
FISCAL YEAR ENDED JUNE 30, 2015**

AZ Revised Statutes (ARS) requires certain additional information be attached to the audit report to comply with ARS 48-251 & 48-253 as required to meet the requirements of the AZ “Annual Report” of Special Districts. This information is included as other supplementary information.

REGULAR FIRE BOARD MEETINGS:

<u>Date</u>	<u>Time</u>	<u>Location</u>
July 17, 2014	5:00 p.m.	423 S Colorado St, Golden Valley, AZ
August 21, 2014	5:00 p.m.	423 S Colorado St, Golden Valley, AZ
Sept 18, 2014	6:00 p.m.	423 S Colorado St, Golden Valley, AZ
October 16, 2014	5:00 p.m.	423 S Colorado St, Golden Valley, AZ
Nov 19, 2014	7:00 p.m.	423 S Colorado St, Golden Valley, AZ
December 17, 2014	6:01 p.m.	423 S Colorado St, Golden Valley, AZ
January 21, 2015	6:00 p.m.	423 S Colorado St, Golden Valley, AZ
February 18, 2015	6:00 p.m.	423 S Colorado St, Golden Valley, AZ
March 18, 2015	6:00 p.m.	423 S Colorado St, Golden Valley, AZ
April 15, 2015	6:00 p.m.	423 S Colorado St, Golden Valley, AZ
May 21, 2015	6:00 p.m.	423 S Colorado St, Golden Valley, AZ
June 17, 2015	6:00 p.m.	423 S Colorado St, Golden Valley, AZ

BOARD MEMBERS:

<u>Name</u>	<u>Business Phone Number</u>	<u>Occupation</u>
Paul Gorham	928-565-3479	Retired
Earlene Mahr	928-565-3479	Court Recorder
Steve Robinson	928-565-3479	Tax Preparer
Mark Vanik	928-565-3479	Safety Manager
Jack Hommel	928-565-3479	Retired

LOCATION OF POSTING OF MEETING NOTICES (all meetings):

GVFD Admin Office	3327 N Mayer Rd	Golden Valley, AZ
Station 11	3480 N. Bacobi Rd.	Golden Valley, AZ
Station 12	749 S. Egar Rd.	Golden Valley, AZ
Station 13	2790 Oatman Rd	Golden Valley, AZ

LEGAL DESCRIPTION OF BOUNDARY CHANGES:

NONE

**GOLDEN VALLEY FIRE DISTRICT
ANNUAL REPORT INFORMATION
VOLUNTEER PENSION DISBURSEMENT
FISCAL YEAR ENDED JUNE 30, 2015**

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

TYPE OF DISTRIBUTION	NAME	AMOUNT
ARTICLE 4	M GORE	<u>\$ 388</u>
TOTAL		<u>\$ 388</u>

**THIS PAGE
IS
DELIBERATELY LEFT BLANK**

GOLDEN VALLEY FIRE DISTRICT
GOVERNMENT AUDIT STANDARDS SECTION
June 30, 2015

**THIS PAGE
IS
DELIBERATELY LEFT BLANK**

**GOLDEN VALLEY FIRE DISTRICT
GOLDEN VALLEY, ARIZONA
TABLE OF CONTENTS
GOVERNMENT AUDIT STANDARDS SECTION
JUNE 30, 2015**

	<u>PAGE</u>
GOVERNMENT AUDIT STANDARDS SECTION TABLE OF CONTENTS	63
Report On Internal Control Over Financial Reporting and On Compliance and Other Matters Based On An Audit Of Financial Statements Performed In Accordance with <i>Government Auditing Standards</i>	65
INDEPENDENT ACCOUNTANT’S REPORT ON COMPLIANCE WITH ARS 48-805.02	69

**THIS PAGE
IS
DELIBERATELY LEFT BLANK**

SAUNDERS COMPANY, LTD

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

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

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

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

Arizona Association of Licensed Private Investigators
AICPA Government Audit Quality Center

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

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

To the Governing Board
Golden Valley Fire District
Golden Valley, 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, Golden Valley, Arizona, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 18, 2016.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

**THIS PAGE
IS
DELIBERATELY LEFT BLANK**

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
January 18, 2016

**THIS PAGE
IS
DELIBERATELY LEFT BLANK**

SAUNDERS COMPANY, LTD

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

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

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

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

Arizona Association of Licensed Private Investigators
AICPA Government Audit Quality Center

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

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

To the Governing Board
Golden Valley Fire District
Golden Valley, Arizona

We have examined management's assertion that the Golden Valley Fire District has complied with Arizona Revised Statutes (ARS) 48-805.02(F) for the year ended June 30, 2015. 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 Districts 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 no 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
January 18, 2016

**THIS PAGE
IS
DELIBERATELY LEFT BLANK**