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**CAMP VERDE FIRE DISTRICT**

**INDEPENDENT AUDITOR'S REPORT  
AND ANNUAL REPORT**

**YEAR ENDED JUNE 30, 2013**

# CAMP VERDE FIRE DISTRICT

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Camp Verde Fire District  
Camp Verde, Arizona

We have audited the accompanying Annual Report – Part D and E – Cash Basis of the Camp Verde Fire District, for the year ended June 30, 2013, and the related notes to the report.

### Management's Responsibility for the Schedule

Management is responsible for the preparation and fair presentation of the aforementioned Annual Report - Part D and E presented on the basis of accounting, described in Note 1, prescribed by the State of Arizona i.e., cash basis. Management is also responsible for 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 an opinion on the schedule based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the schedule is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the schedule, 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 schedule 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 schedule.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

*(continued)*

### **Basis for Qualified Opinion**

As more fully described in Note 1 to the financial statements, the Company has prepared its financial statements on the basis of fund accounting on the cash basis. In our opinion, accounting principles generally accepted in the United States of America require that financial statements be presented on the accrual basis.

### **Qualified Opinion**

In our opinion, except for the effects of fund accounting on the cash basis of accounting, the Annual Report - Part D and E referred to above presents fairly, in all material respects, Part D and E of Camp Verde Fire District as of June 30, 2013, in accordance with accounting principles generally accepted in the United States of America.

### **Other Matter**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Camp Verde Fire District's basic financial statements. The non-accounting information, Part A – Governing Board Members and Officers of the District, Part B – Schedule of District Governing Board Regular Meetings and Part C – Legal Description of Boundary Changes Occurring During Fiscal Year 2012-2013 sections which are the responsibility of management are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Part A – Governing Board Members and Officers of the District, Part B – Schedule of District Governing Board Regular Meetings and Part C – Legal Description of Boundary Changes Occurring During Fiscal Year 2012-2013 introductory section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

*Regina Cant + Monroe, L.L.P.*

October 17, 2013  
Tucson, Arizona

**YAVAPAI COUNTY, ARIZONA  
CAMP VERDE FIRE DISTRICT  
ANNUAL REPORT  
Year Ended June 30, 2013**

**STREET OR P.O. BOX:** 26 B Salt Mine Road  
**CITY:** Camp Verde, Arizona 86322  
**BUSINESS TELEPHONE:** (928) 567-9401  
**COMPLETED BY:** Robyn Cook  
**TITLE:** Administrative Assistant

**PART A – GOVERNING BOARD MEMBERS AND OFFICERS OF THE DISTRICT**

<u>Name</u>	<u>Occupation</u>	<u>Business Telephone</u>
Clayton Young	Fire Chief	(928) 567-9401
Jack E. Blum	Board Member	(928) 567-9401
Gwen Gunnell	Board Member	(928) 567-9401
Linda Welsch	Board Member	(928) 567-9401
Steve Darby	Board Secretary	(928) 567-9401
George Kleindienst	Board Member	(928) 567-9401
Robyn Cook	Administrative Manager	(928) 567-9401

**YAVAPAI COUNTY, ARIZONA  
CAMP VERDE FIRE DISTRICT  
ANNUAL REPORT  
Year Ended June 30, 2013**

**PART B – SCHEDULE OF DISTRICT GOVERNING BOARD REGULAR MEETINGS**

<u>Date</u>	<u>Time</u>	<u>Location of Meeting</u>	<u>Location of Public Notices</u>
07/12/12	2:30 PM	26B Salt Mine Road	*
08/16/12	2:30 PM	26B Salt Mine Road	*
09/20/12	2:30 PM	26B Salt Mine Road	*
10/18/12	2:30 PM	26B Salt Mine Road	*
11/15/12	2:30 PM	26B Salt Mine Road	*
12/13/12	2:30 PM	26B Salt Mine Road	*
01/16/13	2:30 PM	26B Salt Mine Road	*
02/21/13	2:30 PM	494 S. Main Street	*
03/28/13	2:30 PM	494 S. Main Street	*
04/18/13	2:30 PM	494 S. Main Street	*
05/16/13	2:30 PM	494 S. Main Street	*
06/20/13	2:30 PM	494 S. Main Street	*

\*26B Salt Mine Road  
Town of Camp Verde  
Chamber of Commerce Camp Verde

**YAVAPAI COUNTY, ARIZONA**  
**CAMP VERDE FIRE DISTRICT**  
**ANNUAL REPORT**  
Year Ended June 30, 2013

**PART C – LEGAL DESCRIPTION OF BOUNDARY CHANGES OCCURRING DURING  
FISCAL YEAR 2012-2013**

**Annexation 1:**

1. Lot 15, of EL RANCHO ACRES, according to the plat of record in the office of the County Recorder of Yavapai County Arizona in Book 12 of Maps, Page 59.
  
2. All that portion of Lot 4, Section 3, Township 14 North, Range 4 East of the Gila and Salt River Base and Meridian, Yavapai County, Arizona and more particularly described as follows:  
BEGINNING at the Northwest corner of said Lot 4;  
THENCE Easterly along the North line of said Section 3, a distance of 284.43 feet;  
THENCE South 00<sup>0</sup>03' West, a distance of 1115.40 feet;  
THENCE South 89<sup>0</sup>03'30" East, a distance of 68.05 feet to the TRUE POINT OF BEGINNING;  
THENCE continuing South 89<sup>0</sup>03'30" East, a distance of 171.00 feet;  
THENCE South 00<sup>0</sup>03' West, a distance of 217.80 feet to a point on the South line of said Lot 4;  
THENCE North 89<sup>0</sup>03'30" West along said South line, a distance of 183.00 feet;  
THENCE North 00<sup>0</sup>56'30" East, a distance of 64.00 feet;  
THENCE South 89<sup>0</sup>03'30" East, a distance of 17.00 feet;  
THENCE North 02<sup>0</sup>10'52" West, a distance of 154.00 feet to the TRUE POINT OF BEGINNING.
  
3. The following is a description of a parcel of land located within the Northeast quarter of Section 3, Township 14 North, Range 4 East, of the Gila and Salt River Base and Meridian, Yavapai County, Arizona, being a portion of the parcel of land described in Book 2572, page 861-862, Records of the Yavapai County Recorder's Office, (Source #1 "R"), said parcel being more particularly described as follows:

Beginning for reference at the found BLM cap marking the Northeast corner of said Section 3, from which a BLM brass cap marking the North quarter corner of said Section 3 bears North 89 degrees 18 minutes 15 seconds West (Basis of Bearing "R1") at a distance of 2,617.76 feet;

Thence South 00 degrees 04 minutes 05 seconds West, a distance of 1,390.96 feet, along the East Line of said Section 3, to a found 3/4 inch pipe marking the locally accepted Northeast corner of the Northeast quarter of the Southeast quarter of the Northeast quarter of Section 3, also being the Northeast corner of that parcel of land described in "R1" and the True Point of Beginning;

*(continued)*

**YAVAPAI COUNTY, ARIZONA**  
**CAMP VERDE FIRE DISTRICT**  
**ANNUAL REPORT**  
Year Ended June 30, 2013

**PART C – LEGAL DESCRIPTION OF BOUNDARY CHANGES OCCURRING DURING  
FISCAL YEAR 2012-2013 (CONTINUED)**

**Annexation 1 (continued):**

Thence South 00 degrees 03 minutes 40 seconds West, a distance of 588.12 feet, along the East Line of said Section 3, to the North right-of-way line Middle Verde Road and a plastic cap atop a ½ inch rebar stamped L.S. 26925;

Thence North 48 degrees 41 minutes 30 seconds West, a distance of 192.42 feet along the said North right-of-way line, to a plastic cap atop a ½ inch rebar stamped L.S. 26925;

Thence North 54 degrees 53 minutes 37 seconds West, a distance of 67.30 feet, along the said North right-of-way line, to a plastic cap atop a ½ inch rebar stamped L.S. 26925;

Thence North 59 degrees 23 minutes 43 seconds West, a distance of 268.64 feet, along the said North right-of-way, line to a plastic cap atop a ½ inch rebar stamped L.S. 26925;

Thence North 62 degrees 56 minutes 50 seconds West, a distance of 109.09 feet, along the said North right-of-way line, to a plastic cap atop a ½ inch rebar stamped L.S. 26925;

Thence North 65 degrees 14 minutes 42 seconds West, a distance of 138.48 feet; along the said North right-of-way line, to the West line of said parcel of land described in "R1" and a plastic cap atop a ½ inch rebar stamped L.S. 26925;

Thence North 00 degrees 08 minutes 16 seconds East, a distance of 190.03 feet, along the west Line of said parcel of land described in "R1" and a found 5/8 inch rebar, marking the Northwest Corner thereof, also being the locally accepted C-E-NE corner of said Section 3;

Thence South 88 degrees 56 minutes 50 seconds East, a distance of 654.00 feet, along the North Line of said parcel of land described in "R1" and the True Point of Beginning.



**YAVAPAI COUNTY, ARIZONA**  
**CAMP VERDE FIRE DISTRICT**  
**ANNUAL REPORT**  
Year Ended June 30, 2013

**PART D - SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - CASH BASIS**

**BASIS OF ACCOUNTING: CASH**

	General Fund	Capital Reserve Fund
<b>REVENUES</b>		
Taxes	\$ 2,353,590	\$ -
Fire district assistance tax	325,954	
Charges for services	833,823	1,241
Grant income	55,313	-
Wildlife billing	23,726	-
Sale of assets	9,834	-
Miscellaneous	825	-
Interest	1,756	2,192
	<u>3,604,821</u>	<u>3,433</u>
Total revenues		
<b>EXPENDITURES</b>		
Salaries and wages	1,880,469	-
Payroll taxes	44,781	-
Employee benefits	738,742	-
Dues and subscriptions	5,405	-
Administration	48,365	-
Professional services	104,950	-
Utilities and communications	177,246	-
Laundry and uniforms	24,055	-
Insurance	43,436	-
Repairs and maintenance	52,487	-
Supplies	170,369	-

*(continued)*

*The Notes to Financial Statements are an integral part of these statements*

**YAVAPAI COUNTY, ARIZONA  
CAMP VERDE FIRE DISTRICT  
ANNUAL REPORT  
Year Ended June 30, 2013**

**PART D - SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - CASH BASIS (CONTINUED)**

	General Fund	Capital Reserve Fund
<b>EXPENDITURES (continued)</b>		
Training	48,282	-
Capital outlays - machinery and equipment	515,667	-
Capital outlays - building improvements	473,480	-
Debt service		
Principal retirement	92,016	-
Interest and fiscal charges	15,482	-
	4,435,232	-
<b>EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES</b>	<b>(830,411)</b>	<b>3,433</b>
<b>OTHER FINANCING SOURCES</b>		
Loan proceeds	369,631	-
Operating transfers in	391,892	-
Operating transfers out	-	(352,104)
	761,523	(352,104)
<b>DEFICIT OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES</b>	<b>(68,888)</b>	<b>(348,671)</b>
<b>BEGINNING FUND BALANCE, JUNE 30, 2012</b>	<b>594,012</b>	<b>850,330</b>
<b>ENDING FUND BALANCE, JUNE 30, 2013</b>	<b>\$ 525,124</b>	<b>\$ 501,659</b>

*The Notes to Financial Statements are an integral part of these statements*

**YAVAPAI COUNTY, ARIZONA  
CAMP VERDE FIRE DISTRICT  
ANNUAL REPORT  
Year Ended June 30, 2013**

**PART E - SCHEDULE OF REVENUES, EXPENSES, AND CHANGES  
IN FUND BALANCE - CASH BASIS**

**BASIS OF ACCOUNTING: CASH**

	<u>Alternative Pension/Benefit Trust Fund</u>
<b>OPERATING REVENUE</b>	
Investment income	\$ 22,925
Premium tax contributions/company contributions	-
Total operating revenue	<u>22,925</u>
<b>OPERATING EXPENSES</b>	
Benefits paid	9,200
Administration costs	<u>4,984</u>
Total operating expenses	<u>14,184</u>
Operating gain	8,741
<b>BEGINNING FUND BALANCE, JUNE 30, 2012</b>	<u>254,295</u>
<b>ENDING FUND BALANCE, JUNE 30, 2013</b>	<u><u>\$ 263,036</u></u>

*The Notes to Financial Statements are an integral part of these statements*

**YAVAPAI COUNTY, ARIZONA  
CAMP VERDE FIRE DISTRICT  
NOTES TO ANNUAL REPORT**

June 30, 2013

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Arizona Revised Statutes ("A.R.S.") requires special districts to prepare Annual Reports on prescribed forms. Pursuant to Laws 1992, Chapter 248, A.R.S. Section 48-253, Part D – Cash Basis of the Annual Report must be audited for districts with annual budgets in excess of \$1,000,000. The more significant accounting policies of Camp Verde Fire District (the "District") are described below.

*Nature of Operations*

The District was organized pursuant to Title 48, A.R.S. The District provides fire protection and rescue services for residents of Camp Verde and the surrounding area. The Firefighters' Relief and Pension Fund is a component unit of the District because of the significance of its operational and financial relationships with the District. The District receives revenue primarily from property taxes.

*Financial Reporting Entity*

In accordance with GASB Statement No. 14, the financial reporting entity consists of a primary government and its component units. The District is a primary government because it is a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. Furthermore, there are no component units combined with the District for financial statement presentation purposes, and it is not included in any other governmental reporting entity. Consequently, the District's Annual Report includes only the funds of those organizational entities for which its elected governing board is financially accountable.

*Basis of Accounting*

The cash basis of accounting is followed by the District. The cash basis of accounting is a comprehensive basis of accounting, other than generally accepted accounting principles. Revenue is recorded in the period received. Amounts received and held by the County for the benefit of the District are reflected as revenue when received by the County; consequently, the Annual Report does not reflect accounts receivable including billings for emergency medical services and property taxes. Expenditures are recorded in the period they are paid; consequently, the Annual Report does not reflect expenditures paid in advance of services provided or goods received, prepaid assets and inventory, and does not reflect expenditures incurred but not yet paid, accounts payable, accrued payroll and employee benefits.

*(continued)*

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### *Fund Accounting*

The accounts of the District are maintained in accordance with the principles of fund accounting to ensure observance of limitations and restrictions on the resources available. The principles of fund accounting require that resources be classified for accounting and reporting purposes into funds in accordance with the activities or objectives specified for the resources. Each fund is considered a separate accounting entity and its operations are accounted for in a separate set of self-balancing accounts.

### *General Fund*

The General Fund accounts for all resources used to finance the District services except those required to be accounted for in other funds.

### *Capital Fund*

The Capital Fund accounts for the proceeds received on the bond issue and the subsequent payment of approved capital expenditures.

### *Use of Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of support, revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

### *Budgetary Data*

The general statutes of Arizona require that the District adopt an annual budget for the general fund.

### *Other Matters*

Financial instruments that potentially subject the funds to concentrations of credit risk consist principally of cash. The funds place its cash with creditworthy, high-quality financial institutions.

(continued)

## **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

### *Property Tax Revenues*

Property taxes are recognized as revenues in the year they are received.

The County levies real and personal property taxes on or before the third Monday in August, which become due and payable in two equal installments. The first installment is due on the first 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.

However, a lien against real and personal property assessed attaches on the first day of January preceding assessment and levy thereof.

### *Transfers*

Transfers from the Capital Fund to the General Fund are used to pay for the costs of certain modifications, rehabilitation, and reconstruction of the District's special purpose buildings. Transfers from the Capital Fund to the General Fund are always authorized by the District's board members.

## **2. DEPOSITS/CASH**

State statutes require that deposits with financial institutions be insured by the Federal Deposit Insurance Corporation. Deposits in excess of the insured amount shall be collateralized by approved securities. As of June 30, 2013, the District had \$600,329 of cash in excess of collateralized amounts.

## **3. CONCENTRATIONS**

The District generates 56.5% of its revenues from property taxes. A change in land value due to a downturn in the housing market or poor economic conditions could cause a severe-impact loss.

*(continued)*

#### 4. LEASE COMMITMENTS

The District has a nine year lease for its Fire Engine with annual principal and interest payments of \$59,476 per year, which expires December 1, 2013. The assets and liabilities under the lease will not be reported as the District's financial statements are reported on cash basis. Rent expenses for June 30, 2013 has been recorded at cost of \$59,476.

The following represents future minimum lease payments as of June 30:

2013	<u>\$ 59,476</u>
Subtotal	59,476
Less interest	<u>(2,397)</u>
Present value of minimum lease payments	<u>\$ 57,079</u>

#### 5. PROMISSORY NOTE

The District has obtained a fifteen year promissory note with Zions First National Bank to pay the costs of certain modifications, rehabilitation, and reconstruction to a special facility located at 494 S. Main St, Camp Verde, AZ 86322 with a fixed interest rate of 4.14%. The assets and liabilities under the promissory note will not be reported as the District's financial statements are reported on cash basis. Principle and interest commence in 2013.

The following represents future principal and interest payments as of June 30:

	<u>Principal</u>	<u>Interest</u>
2013	\$ 38,780	\$ 17,088
2014	40,385	15,483
2015	42,057	13,811
2016	43,799	12,070
2017	45,612	10,256
2018 and thereafter	<u>202,129</u>	<u>21,345</u>
Total	<u>\$ 412,762</u>	<u>\$ 90,053</u>

(continued)

**5. PROMISSORY NOTE (continued)**

The District has obtained a five year promissory note with Zions First National Bank to pay the costs of Monitors and SCBA equipment with a fixed interest rate of 2.72%. The assets and liabilities under the promissory note will not be reported as the District's financial statements are reported on cash basis. Principle and interest commence in 2014.

The following represents future principal and interest payments as of June 30:

	<u>Principal</u>	<u>Interest</u>
2014	\$ 43,305	\$ 6,219
2015	43,483	5,041
2016	45,693	3,830
2017	46,936	2,588
2018	<u>48,213</u>	<u>1,311</u>
Total	<u>\$ 227,630</u>	<u>\$ 18,989</u>

The District has obtained a five year promissory note with Zions First National Bank to pay the costs of an ambulance with a fixed interest rate of 2.59%. The assets and liabilities under the promissory note will not be reported as the District's financial statements are reported on cash basis. Principal and interest commence in 2014.

The following represents future principal and interest payments as of June 30:

	<u>Principal</u>	<u>Interest</u>
2014	\$ 26,776	\$ 3,652
2015	27,470	2,958
2016	28,181	2,247
2017	28,911	1,517
2018	<u>29,660</u>	<u>768</u>
Total	<u>\$ 140,998</u>	<u>\$ 11,142</u>

**6. INCOME TAX**

As a primary government unit, no income tax reporting is required by the District.

*(continued)*



**7. RETIREMENT PLAN**

The District provides retirement benefits to its suppression employees through a multi-employer state Public Safety Personnel Retirement System covering all full-time employees from the first day hired. The District contributes 14.91 percent of gross wages. Contributions to the plan during the year ended June 30, 2013, aggregated \$242,969.

**8. SUBSEQUENT EVENTS**

Subsequent events were evaluated through October 17, 2013, which is the date the financial statements were available to be issued.