

**GOLDEN SHORES FIRE DISTRICT**

**FINANCIAL STATEMENTS**

**June 30, 2018**

**Saunders Company, Ltd.  
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**GOLDEN SHORES FIRE DISTRICT  
TOPOCK, ARIZONA  
FINANCIAL STATEMENTS  
JUNE 30, 2018**

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FINANCIAL STATEMENTS  
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# SAUNDERS COMPANY, LTD

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

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CERTIFIED PUBLIC ACCOUNTANT

CERTIFIED FRAUD EXAMINER

CERTIFIED GOVERNMENT FINANCIAL MANAGER

LICENSED PRIVATE INVESTIGATOR S #01534603, # 1003706

CERTIFIED IN FINANCIAL FORENSICS

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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

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## INDEPENDENT AUDITOR'S REPORT

To the Governing Board  
Golden Shores Fire District  
Topock, Arizona

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Golden Shores Fire District, Topock, Arizona, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Golden Shores Fire District, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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## **Other Matters**

### *Required Supplementary Information*

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

### **Other Legal and Regulatory Requirements**

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

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

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2018, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

**Saunders Company, Ltd.**

Glendale, Arizona  
December 18, 2018

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# **Golden Shores Fire District**

## **Management's Discussion and Analysis of Basic Financial Statements June 30, 2018**

The following discussion and analysis of the Golden Shores Fire District (the district's) financial performance presents management's overview of the District's financial activities for the year ended June 30, 2018. Please read it in conjunction with the District's basic financial statements which begin immediately following this analysis. This annual financial report consists of two parts, Management's Discussion and Analysis (this section) and the Basic Financial Statements.

### **Nature of Operations**

The Golden Shores Fire District provides Fire, Ambulance, and Paramedic services to homes, property and persons residing within the District boundaries, as well as services to locations and persons outside the District through mutual aid agreements and contracts.

### **Results of Operations**

Description of things District has done in 2017-2018 fiscal year

- § 145 Fire and other non medical runs
- § 377 Ambulance runs
- § AutoPulse was purchased in April 2018
- § Two members completed paramedic program and successfully passed National Registry
- § Fire Safety week at Topock Elementary School, Trunk or Treat, Toys for Joy, Fire Department BBQ

### **Financial Highlights**

- § District investment in capital assets decreased by \$39,080 or 5.14%.
- § The District's net position increased \$108,659 or 11.31% from the previous fiscal year.
- § Total revenues increased \$33,327 or 4.25% over the previous fiscal year.
- § At the end of the current fiscal year, unrestricted net position for the Governmental Activities was \$238,850.

## **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, 2018**

	BALANCE JUNE 30, 2017	BALANCE JUNE 30, 2018
Invested in Capital Assets, Net of Related Debt	\$ 672,952	\$ 665,203
Restricted	137,487	171,037
Unrestricted	<u>150,543</u>	<u>238,849</u>
Total Net Position	<u>\$ 960,982</u>	<u>\$ 1,075,089</u>

### **Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Golden Shores Fire District, assets exceeded liabilities by \$1,069,641 at the close of the most recent fiscal year.

The largest portion of the District's net position reflects its investment in capital assets (e.g., land, construction in progress, buildings, machinery, vehicles, and equipment); less any related debt still outstanding used to acquire those assets. The District uses these capital assets to provide services to Citizens, consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The following page contains a comparative analysis between the current and the prior fiscal year for the government-wide statements.

#### **Condensed Statement of Net Position**

	<b>Governmental Activities</b>	
	<b>2017</b>	<b>2018</b>
Assets		
Current and other assets	\$ 479,719	\$ 528,268
Capital assets	760,734	721,654
Total assets	1,240,453	1,249,922
Deferred outflows of resources	156,653	224,651
Current and other liabilities		
Current and other liabilities	119,183	68,519
Long-term liabilities	61,900	34,708
Total liabilities	181,083	103,227
Deferred inflows of resources	255,041	296,257
Net position:		
Net investment in capital assets	672,952	665,203
Restricted	137,487	171,037
Unrestricted	150,543	238,849
Total net position	<u>\$ 960,982</u>	<u>\$ 1,075,089</u>

The unrestricted net position of \$238,849 is available to meet the District's ongoing obligations to citizens and creditors.

### Governmental Activities

Governmental Activities net position increased by \$115,812. Key elements of this increase are reported below:

#### Condensed Statement of Activities

	<b><u>Governmental Activities</u></b>	
	<b><u>2017</u></b>	<b><u>2018</u></b>
<b>Revenues:</b>		
Program revenue:		
Charges for services	\$ 189,421	\$ 152,433
Capital grants	32,574	0
Total program revenues	<u>221,995</u>	<u>152,433</u>
General revenues:		
Property taxes	492,259	530,369
Fire district assistance tax	52,311	55,427
Interest	1,276	63,477
Other income	15,840	73,891
Total general revenues	<u>561,686</u>	<u>723,164</u>
Total revenues	783,681	875,597
<b>Expenses:</b>		
Fire protection and emergency services	<u>884,901</u>	<u>759,785</u>
Total expenses	<u>884,901</u>	<u>759,785</u>
Change in net position	(101,220)	115,812
Net position, beginning	<u>1,062,202</u>	<u>959,277</u>
Net position, ending	<u><u>\$ 960,982</u></u>	<u><u>\$ 1,075,089</u></u>

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

§ Ambulance revenue was \$168,704 (cash basis) and decreased by \$23,585 from the previous year. Fidelity Medical Billing specializes in medical billing providing effective claim submittal to ensure timely payment. Ambulance revenues are regulated by the Arizona Department of Health Services.

### **General Fund Budgetary Highlights**

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

- § Over the course of the year there were no amendments to the budget.
- § The District's business-type activities remained virtually unchanged as a result of the year's operations.
- § The District stayed within the budget.
- § The Budget was \$994,732. Total revenue was \$825,208. Included in the total revenue is the Hall-Parker credit of \$45,879. Total expenses were \$757,884.
- § Revenues increased by \$21,397, and expenses decreased by \$12,737.
- § Operating reserve was \$112,782 and capital reserve was \$21,789.
- § PSPRS Hall-Parker: Vast changes were implemented by PSPRS which impacted the District budget. Because the plans administered by PSPRS are 401(a) qualified plans, PSPRS was not allowed to return the contributions directly to members or employers. Instead, the District was directed to absorb the liability, return the excess contributions to members, and then take advantage of credit memos that would eventually be set up by PSPRS to offset future employer contributions. To avoid any interest payments, the District returned the contributions to the members on June 30, 2017. Starting November 2017, PSPRS offered credit memos equal to the contributions plus pre-judgment interest. The district used these credit memos in lieu of sending employer contributions until the credit was satisfied in 2018.

### **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, 2018 the District purchased, had contributed, or constructed the following assets:

- § Down payment for purchase of property located at 5078 East Bonita Place, Topock, Arizona 86436. Balance to be paid in July 2018.

**Capital Assets, Net of Depreciation June 30, 2018**

	BALANCE <u>06/30/2017</u>	BALANCE <u>06/30/2018</u>
<u>Depreciable Assets</u>		
Vehicles	\$1,020,107	\$ 1,020,107
Buildings	534,599	534,599
Equipment, Fire	<u>253,216</u>	<u>268,337</u>
Total Historical Costs	<u>1,807,922</u>	<u>1,823,043</u>
Less Accumulated Depreciation		
Vehicles	798,655	830,626
Buildings	120,598	131,290
Equipment, Fire	<u>180,935</u>	<u>199,846</u>
Less: Total Accumulated Depreciation	<u>1,100,188</u>	<u>1,161,762</u>
Depreciable Capital Assets, Net	707,734	661,281
<u>Non-Depreciable Assets</u>		
Land	<u>53,000</u>	<u>60,373</u>
Capital Assets, Net	<u>\$ 760,734</u>	<u>\$ 721,654</u>

**Long Term Debt**

At the end of the current fiscal year, the District had debt outstanding of \$78,438. All of the debt is backed by the full faith and credit of the District.



**Outstanding Debt**

	Balance <u>June 30, 2017</u>	Balance <u>June 30, 2018</u>
Building	\$ 77,141	\$ 56,451
Powerload	<u>10,641</u>	<u>0</u>
Total Lease Obligations	87,782	56,451
Compensated Absences	<u>\$ 38,693</u>	<u>\$ 21,986</u>
Totals	<u>\$ 126,475</u>	<u>\$ 78,438</u>

**Factors Affecting Future Results**

The District is subject to general economic conditions such as increases or declines in property tax value or other types of revenues that vary with economic conditions.

- § There are some additional new homes being built in the District.
- § Increase in property value.
- § Topock 66 Spa and Resort expansion project.
- § Possible solar plant.

**Contacting the District**

This financial report is designed to provide an overview of the District's finances for anyone with an interest in the government's finances. Any questions regarding this report or requests for additional information may be directed to Golden Shores Fire District at 12950 Oatman Highway, PO Box 66, Topock, Arizona 86436.

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## **BASIC FINANCIAL STATEMENTS**

**GOLDEN SHORES FIRE DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2018**

Exhibit A

	<b><u>Governmental Activities</u></b>
<b>ASSETS</b>	
Cash & Cash Equivalents (Note 3)	\$ 280,922
Receivables:	
Property Taxes (Note 7)	36,788
Ambulance, Net (Note 6)	39,521
Overfunded Pension Liability	171,037
Total Capital Assets, Net (Note 8)	<u>721,654</u>
 Total Assets	 1,249,922
<b>DEFERRED OUTFLOW OF RESOURCES</b>	
Deferred Pension Outflows	<u>224,651</u>
 Total Assets and Deferred Outflow of Resources	 <u>1,474,573</u>
<b>LIABILITIES</b>	
Accounts Payable	3,357
Payroll Taxes Payable	3,950
Wages Payable	6,126
Capital Purchase Payable	11,356
Compensated Absences (Note 13)	21,987
Lease/Purchases (Note 13)	
Due in less than one year	21,743
Due in more than one year	<u>34,708</u>
 Total Liabilities	 103,227
<b>DEFERRED INFLOW OF RESOURCES</b>	
Deferred Pension Inflows	<u>296,257</u>
 Total Liabilities and Inflow of Resources	 <u>399,484</u>
<b>NET POSITION</b>	
Invested in Capital Assets, Net of related Debt	665,203
Restricted (Note 15)	171,037
Unrestricted (Note 15)	<u>238,849</u>
 <b>Total Net Position</b>	 <b><u>\$ 1,075,089</u></b>

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

**GOLDEN SHORES FIRE DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2018**

Exhibit B

	<b><u>Governmental Activities</u></b>
<b>EXPENSES</b>	
Public Safety - Fire/EMS Protection	
Personnel Services	\$ 578,440
Materials & Services	119,771
Depreciation	<u>61,574</u>
Total Program Expenses	<u>759,785</u>
<b>PROGRAM REVENUES</b>	
Operating and Capital Grants	-
Charges for Service	<u>152,433</u>
Total Program Revenues	<u>152,433</u>
Net Program Expense	<u>607,352</u>
<b>GENERAL REVENUES</b>	
Property Taxes	530,369
Fire District Assistance	55,427
Investment Earnings	63,477
Miscellaneous	<u>73,891</u>
Total General Revenues	<u>723,164</u>
Increase (Decrease) in Net Position	115,812
<b>NET POSITION-BEGINNING OF THE YEAR</b>	<u>959,277</u>
<b>NET POSITION-END OF THE YEAR</b>	<u><u>\$ 1,075,089</u></u>

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

**GOLDEN SHORES FIRE DISTRICT  
BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2018**

Exhibit C

**General**

**ASSETS**

Cash and Cash Equivalents (Note 3)	\$ 280,922
Receivables:	
Property Taxes (Note 7)	36,788
Ambulance, Net (Note 6)	<u>39,521</u>
 Total Assets	 <u><u>\$ 357,231</u></u>

**LIABILITIES**

Accounts Payable	\$ 3,357
Payroll Taxes Payable	3,950
Wages Payable	6,126
Capital Purchase Payable	<u>11,356</u>
 Total Liabilities	 24,789

**DEFERRED INFLOW OF RESOURCES**

Deferred Property Taxes Inflows	<u>22,869</u>
 Total Liabilities and Inflow of Resources	 <u>47,658</u>

**FUND BALANCES**

Assigned (Note 15)	240,306
Unassigned (Note 15)	<u>69,267</u>
 Total Fund Balances	 <u>309,573</u>
 Total Liabilities, Deferred Inflow of Resources & Fund Balances	 <u><u>\$ 357,231</u></u>

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

**GOLDEN SHORES FIRE DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED  
JUNE 30, 2018**

Exhibit D

	<u><b>General</b></u>
<b>REVENUE</b>	
Property Taxes	\$ 530,369
Fire District Assistance Tax	55,427
Fees for Service	155,883
Interest	1,438
Miscellaneous	<u>73,891</u>
Total Revenues	<u>817,008</u>
<b>EXPENDITURES</b>	
Current:	
Public Safety	690,917
Administration	47,799
Debt Service	
Principal	26,403
Interest	<u>3,623</u>
Total Expenditures	<u>768,742</u>
Excess (Deficiency) of Revenues over Expenditures	<u>48,266</u>
Net Change in Fund Balances	48,266
<b>Fund Balances-Beginning of Year</b>	<u>261,307</u>
<b>Fund Balances-End of Year</b>	<u><u>\$ 309,573</u></u>

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

**GOLDEN SHORES FIRE DISTRICT  
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2018**

Exhibit E

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

Fund Balances - Total Governmental Funds (Exhibit C)	\$ 309,573
Amounts reported for governmental activities in the statement of net position are different because:	
Capital Assets used in governmental activities are not financial resources and, therefore are not reported in the other funds.	
Governmental Capital Assets	1,883,416
Less: Accumulated Depreciation	<u>(1,161,762)</u>
	721,654
Deferred Outflows of Resources	224,651
Overfunded Pension Liability	171,037
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	(78,438)
Deferred Inflows of Resources	<u>(273,388)</u>
Net Position of Governmental Activities (Exhibit A)	<u><u>\$ 1,075,089</u></u>

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



**GOLDEN SHORES FIRE DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED  
JUNE 30, 2018**

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)	\$	48,266

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.		(39,080)
--	--	----------

Net Change in Deferred Outflows and Inflows of Resources		154,664
--	--	---------

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.		(48,038)
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Change in Net Position of Governmental Activities (Exhibit B)	\$	<u>115,812</u>
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-The Notes to the Financial Statements are an Integral Part of This Statement-

**GOLDEN SHORES FIRE DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2018**

Exhibit G

	<b><u>Volunteer Pension Fund</u></b>
<b>ASSETS</b>	
Cash & Cash Equivalents	<u>\$ 224,337</u>
Total Assets	<u>224,337</u>
<b>LIABILITIES</b>	
Accounts Payable	<u>-0-</u>
Total Liabilities	<u>-0-</u>
<b>NET POSITION</b>	
Held in trust for pension and other purposes	<u><u>\$ 224,337</u></u>

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

**GOLDEN SHORES FIRE DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2018**

Exhibit H

	<b>Volunteer Pension Fund</b>
	<hr/>
<b>ADDITIONS</b>	
Other	
Contributions	\$ 3,964
State Fire Marshal	261
Total Other Contributions	<hr/> 4,225 <hr/>
Investment Earnings:	
Interest & Dividends	8,220
Gain on Investments	15,550
Total Investment Earnings	<hr/> 23,770 <hr/>
Less Investment Expense	(3,214)
Net Investment Earnings	<hr/> 20,556 <hr/>
Total Additions	<hr/> 24,781 <hr/>
<b>DEDUCTIONS</b>	
Payouts	-
Distributions	10,112
Total Deductions	<hr/> 10,112 <hr/>
Change in Net Position	14,669
<b>Net Position - Beginning</b>	<hr/> 209,668 <hr/>
<b>Net Position - Ending</b>	<hr/> <b>\$ 224,337</b> <hr/>

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

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**GOLDEN SHORES FIRE DISTRICT**  
**TOPOCK, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**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 90 days are considered to be cash equivalents.

### **Prepaid Items**

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

### **Capital Assets**

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

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

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

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

### **Deferred Outflows/Inflows of Resources**

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

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

### **Compensated Absences**

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

### **Long-Term Obligations**

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

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



## **Net Position/Fund Equity**

### **Net Position on Government Wide Financial Statements – Exhibit A**

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

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

### **Fund Balances on Government Fund Financial Statements – Exhibit C**

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

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

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

### **Accounting Estimates**

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

## **NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

### **Budgetary Information**

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

Pursuant to ARS 48.805.2(d), all fire district are required to submit certain information accompanying the budget which has been certified to by the chairman and clerk of the District Board. The budget and the accompanying certification are required to be submitted to the County Board of Supervisors no later than August 1<sup>st</sup> 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. The risk category (defined below) cannot be determined, as the District does not own identifiable securities, but only as a shareholder in a County Investment 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, 2018:

DEPOSITORY ACCOUNTS:

	<u>General Fund</u>	<u>Fiduciary Fund</u>	<u>Total</u>
Insured Deposits (FDIC)	\$ 1,516	\$ 7,074	\$ 8,590
Uninsured & Uncollateralized	<u>281,445</u>	<u>0</u>	<u>281,445</u>
Total Deposits	282,961	7,074	290,035
In Transit Items	<u>(2,039)</u>	<u>(0)</u>	<u>(2,039)</u>
Total Cash & Cash Equivalents	280,922	7,074	287,996
Mutual Funds & Investments	<u>0</u>	<u>217,263</u>	<u>217,263</u>
Total Cash & Investments	<u>\$ 280,922</u>	<u>\$ 224,337</u>	<u>\$ 505,259</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.

Foreign Currency Risk. Arizona Revised Statutes do not allow foreign investments.

Investment Policy. The District does not have a formal policy with respect to credit risk, custodial credit risk, concentration of credit risk, interest rate risk, or foreign currency risk.

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	\$281,445
TD Ameritrade	Unrated	Not Applicable	\$217,263

*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.

#### **NOTE 4 – 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.

#### **NOTE 5 - INVENTORIES**

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

#### **NOTE 6 - RECEIVABLES**

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

Ambulance receivables were \$42,529 with an allowance for bad debt of \$3,008 at June 30, 2018. This gave a net of \$39,521, before contractual write offs and was expected to be collectable.

#### **NOTE 7 – 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 8 - CAPITAL ASSETS**

Capital asset activity for the year ended.

	BALANCE <u>06/30/2017</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	BALANCE <u>06/30/2018</u>
<u>Depreciable Assets</u>				
Vehicles	\$1,020,107	\$ 0	\$ 0	\$ 1,020,107
Buildings	534,599	0	0	534,599
Equipment, Fire	<u>253,216</u>	<u>15,121</u>	<u>0</u>	<u>268,337</u>
Total Historical Costs	<u>1,807,922</u>	<u>15,121</u>	<u>0</u>	<u>1,823,043</u>
Less Accumulated Depreciation				
Vehicles	798,655	31,971	0	830,626
Buildings	120,598	10,692	0	131,290
Equipment, Fire	<u>180,935</u>	<u>18,911</u>	<u>0</u>	<u>199,846</u>
Less: Total Accumulated Depreciation	<u>1,100,188</u>	<u>61,574</u>	<u>0</u>	<u>1,161,762</u>
Depreciable Capital Assets, Net	707,734	(46,453)	0	661,281
<u>Non-Depreciable Assets</u>				
Land	<u>53,000</u>	<u>7,373</u>	<u>0</u>	<u>60,373</u>
Capital Assets, Net	<u>\$ 760,734</u>	<u>\$ (39,080)</u>	<u>\$ 0</u>	<u>\$ 721,654</u>

**NOTE 9 - DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES**

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

	Governmentwide <u>Activities</u>
Governmentwide Deferred Outflows	
Deferred Pensions	\$ 224,651
Total Governmentwide Activities	<u>\$ 224,651</u>
 Governmentwide Deferred Inflows	
Deferred Pensions	\$ 296,257
Total Governmentwide Activities	<u>\$ 296,257</u>
	 Governmental <u>Activities</u>
Governmental Deferred Outflows	
Deferred Property Taxes	\$ 22,869
Total Governmental Activities	<u>\$ 22,869</u>

#### **NOTE 10 - 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 11 – SHORT-TERM INDEBTEDNESS**

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

Changes in Short-Term Indebtedness:

	Balance <u>June 30, 2017</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2018</u>
Line of Credit	\$ 0	\$ 0	\$ 0	\$ 0
Totals	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>



## **NOTE 12 – ACCUMULATED COMPENSATED ABSENCES**

Accumulated unpaid Vacation, Sick Leave and Paid Time Off (PTO) are accrued when incurred. The current portion of such amounts has been accrued in the governmental fund (using the modified accrual basis of accounting).

The District policy on sick leave grants full-time administrative or non-shift suppression members 40 hours, accruing on January 1<sup>st</sup>. Full-time shift suppression members shall receive 120 hours, accruing on January 1<sup>st</sup>. The maximum sick leave is 360 hours.

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

The District policy on PTO allows employees to be compensated for their PTO time. The PTO hours shall not be carried over to a new calendar year. At June 30, 2018, the total amount of accumulated PTO was \$1,788.

## **NOTE 13 – LONG-TERM INDEBTEDNESS**

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

### **General Obligation Bonds**

The District does not currently have any general obligation bonds.

### **Operating Leases**

The District does not currently have any operating leases.

### **Capital Leases**

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

**Powerload:** The District entered into a lease/purchase agreement for a Powerload Gurney with Stryker. The lease/purchase was dated March 31<sup>st</sup>, 2014, in the amount of \$24,748 with an interest rate of 4.935%. It has an annual payment of \$5,717, starting in April 15<sup>th</sup>, 2015, with a final payment due on April 15<sup>th</sup>, 2019. Paid off in Fiscal Year 17-18.

Changes in Long-Term Indebtedness :

	Balance <u>June 30, 2017</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2018</u>
Building	\$ 77,141	\$ 0	\$ 20,690	\$ 56,451
Powerload	<u>10,641</u>	<u>0</u>	<u>10,641</u>	<u>0</u>
Total Lease Obligations	87,782	0	31,331	56,451
Compensated Absences	<u>\$ 38,694</u>	<u>\$ 0</u>	<u>\$ 16,707</u>	<u>\$ 21,987</u>
Totals	<u>\$ 126,476</u>	<u>\$ 0</u>	<u>\$ 48,038</u>	<u>\$ 78,438</u>

**NOTE 14 - FUTURE MINIMUM LEASE/PURCHASE OBLIGATIONS**

The future minimum lease/purchase obligations and the net present value of these minimum lease/purchase payments as of June 30, 2018, were as follows :

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 21,743	\$ 2,569	\$ 24,312
2020	22,850	1,462	24,312
2021	<u>11,858</u>	<u>298</u>	<u>12,156</u>
Total Obligation	56,451	<u>\$ 4,329</u>	<u>\$ 60,780</u>
Less amount due within 1 year	<u>21,743</u>		
Amount due after 1 year	<u>\$ 34,708</u>		

**NOTE 15 – NET POSITION/FUND BALANCE**

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

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

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

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

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

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

Net Position :

Invested in Capital Assets, Net of Related Debt	\$ 665,203
Restricted – Overfunded Pension Liability	171,037
Unrestricted	<u>238,849</u>
Total Net Position	<u>\$ 1,075,089</u>

Governmental Fund Balances :

Assigned -Payroll	\$ 105,735
Assigned -Capital	<u>134,571</u>
Total Assigned Fund Balances	240,306
Total Unassigned Fund Balance	<u>69,267</u>
Total Fund Balance	<u>\$ 309,573</u>

#### **NOTE 16 - 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 17 – EMPLOYEE RETIREMENT SYSTEMS AND POST EMPLOYMENT PLANS**

The District and employees contribute to a retirement plan. This plan is Public Safety Personnel Retirement System (PSPRS). Benefits for non-public safety personnel are established based on contributions to the plan. For public safety personnel, state statute regulates retirement, death, long-term disability, and survivor insurance premium benefits.

At June 30, 2018, the District reported the following aggregate amounts related to pensions for which it contributes:

	<b><u>PSPRS</u></b>	<b><u>OPEB</u></b>	<b><u>TOTAL</u></b>
Net pension liability	\$ (169,911)	\$ (1,126)	\$ (171,037)
Deferred outflows of resources	223,728	923	224,651
Deferred inflows of resources	293,961	2,296	296,257
Pension expense	55,272	923	59,195

#### **A. Public Safety Personnel Retirement System**

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

District public safety employees who became PSPRS members before July 1, 2017 participate in the agent plans, and those who became members on or after July 1, 2017, participate in the cost-sharing plans (PSPRS Tier 3 Risk Pool).

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

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

**Initial membership date:**

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

Ordinary Disability Retirement	Normal retirement calculated with actual years of credited service or 20 years of credited service, whichever is greater, multiplied by years of credited service (not to exceed 20 years) divided by 20
--------------------------------	--

### **Survivor Benefit**

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

### **For members hired after July 1, 2017:**

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

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

Retirement and survivor benefits are subject to automatic cost-of-living adjustments based on inflation. In addition, the Legislature may enact permanent one-time benefit increases after a Joint Legislature Budget Committee analysis of the increases effects on the plan. PSPRS also provides temporary disability benefits of 50 percent of the member's compensation for up to 12 months.

Health insurance premium benefits are available to retired or disabled members with 5 years of credited service. The benefits are payable only with respect to allowable health insurance premiums for which the member is responsible. Benefits range from \$150 per month to \$260 per month depending on the age of the member and dependents.

**Employees covered by benefit terms** – At June 30, 2018, the following employees were covered by the agent pension plan’s benefit terms:

	<b><u>PSPRS</u></b>	
	<b><u>Pension</u></b>	<b><u>Health</u></b>
Inactive employees or beneficiaries currently receiving benefits	0	0
Inactive employees entitle to but not yet receiving benefits	4	0
DROP	0	0
Active employees	<u>6</u>	<u>6</u>
Total	<u>10</u>	<u>6</u>

**Contributions** – State statutes establish the pension contribution requirements for active PSPRS employees. In accordance with state statutes, annual actuarial valuations determine employer contribution requirements for PSPRS pension and health insurance premium benefits. The combined active members and employer contribution rates are expected to finance costs of accrued liability. Contribution rates for the year ended June 30, 2018, are indicated below. Rates are a percentage of active members’ annual covered payroll.

	Active member <b><u>Pension</u></b>	District <b><u>Pension</u></b>	Health insurance <b><u>Premium benefit</u></b>
Active members - pension	7.65%		
District:			
Pension	15.30%		0.26%
Tier 3 Risk Pool	9.94%	9.68%	0.26%

Also, statute required the District to contribute at the actuarially determined rate of 9.94 percent (9.68 percent for pension and .26 percent for health insurance premium benefit) of the annual covered payroll of employees who were PSPRS Tier 3 Risk Pool members, in addition to the required contributions to the PSPRS Tier 3 Risk Pool.

In addition, statute required the District to contribute at the actuarially determined rate of 15.56 percent for the PSPRS of annual covered payroll (15.30% for pension and .26% for health insurance) of retired members who worked in positions that would typically be filled by an employee who contributes to the PSPRS.

District contributions to the plans for the year ended June 30, 2018, were:

	<u>Net pension</u>	<u>Net OPEB</u>
PSPRS	\$ 55,272	\$ 923

***Pension Liability*** – The net pension liabilities were measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liabilities as of June 30, 2018, reflect the following changes of benefit terms and actuarial assumptions:

- § In February 2014, the Arizona Supreme Court affirmed a Superior Court ruling that a 2011 law that changed the mechanism for funding permanent benefit increases was unconstitutional. As a result, the plans changed benefit terms to reflect the prior mechanism for funding permanent benefit increases and revised actuarial assumptions to explicitly value future permanent benefit increases.
- § Based on an actuarial experience study for the 5-year period ended on June 30, 2016 the wage inflation assumption was decreased from 4.0 percent to 3.5 percent. The investment rate of return was reduced from 7.5 percent to 7.4 percent. The mortality, withdrawal, disability, and retirement assumptions were revised.

***Annual Pension Cost (APC)*** – The District’s annual and required contributions for the year ended June 30, 2018, were \$ 56,195. The District’s most recent actuarial valuation is for the year ended June 30, 2017. Information related to this valuation follows.

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

<i>Actuarial valuation date</i>	June 30, 2017
<i>Actuarial cost method</i>	Entry Age Normal
<i>Actuarial Assumptions:</i>	
Investment rate of return	7.40%
Wage inflation	3.5% for pensions/not applicable for OPEB
Price inflation	2.5% for pensions/not applicable for OPEB
Permanent benefit increase	Included for pensions/not applicable for OPEB
Mortality rates	RP-2014 tables using MP-2016 improvement scale with adjustments to match current experience
Healthcare cost trend rate	Not applicable

The long-term expected rate of return on PSPRS pension plan investments was determined to be 7.40 using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:



<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return *</b>
Short Term investments	2%	.25%
Absolute return	5%	3.75%
Risk parity	4%	5.00%
Fixed Income	7%	1.25%
Real assets	8%	4.52%
GTAA	10%	3.96%
Private equity	11%	6.75%
Real estate	10%	3.75%
Credit opportunities	13%	5.83%
Non-U.S. equity	14%	8.70%
U.S. equity	<u>16%</u>	7.60%
Total	<u>100%</u>	

\*Geometric Real Rate of Return. Based on inflation assumption of 2.75%

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

**Pension/OPEB**  
**Changes in the Net Pension Liability**

	Pension			Health insurance premium benefit		
	Total Pension	Increase (Decrease)	Net Pension	Total OPEB	Increase (Decrease)	Net OPEB
	Liability	Plan Fiduciary	Liability	Liability	Plan Fiduciary	Liability
		Net Position			Net Position	
<b>Balances At June 30, 2017</b>	\$ 985,881	\$ 1,123,368	\$ (137,487)	\$ 33,541	\$ 32,202	\$ 1,339
Changes for the current year:						
Service Cost	75,973	0	75,973	1,314	0	1,314
Interest on the total pension liability	76,790	0	76,790	2,565	0	2,565
Changes of benefit terms	14,470	0	14,470	0	0	0
Differences between expected and actual experience in the measurement of the total liability	(36,306)	0	(36,306)	(185)	0	(185)
Change of assumptions or other inputs	47,900	0	47,900	(1,080)	0	(1,080)
Contributions – Employer	0	33,798	(33,798)	0	1,253	(1,253)
Contributions – Employee	0	42,349	(42,349)	0	0	0
Net investment income	0	136,699	(136,699)	0	3,860	(3,860)
Benefit payments, including refunds of employee contributions	0	0	0			
Other changes	0	(1,595)	1,595	0	(34)	34
<b>Net Changes</b>	<b>178,827</b>	<b>211,251</b>	<b>(32,424)</b>	<b>2,614</b>	<b>5,079</b>	<b>(2,465)</b>
<b>Balances at June 30, 2018</b>	<b>\$ 1,164,708</b>	<b>\$ 1,334,619</b>	<b>\$ (169,911)</b>	<b>\$ 36,155</b>	<b>\$ 37,281</b>	<b>\$ (1,126)</b>

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

	1% Decrease 6.40%	Current Discount Rate 7.40%	1% Increase 8.40%
Net OPEB liability	\$ 4,564	\$ (1,126)	\$ (5,782)
Net pension liability	\$ 43,817	\$ (169,911)	\$ (340,687)

**Pension plan fiduciary net position** – Detailed information about the pension plan’s fiduciary net position is available in the separately issued PSPRS financial report. The report is available on the PSPRS website at [www.psprs.com](http://www.psprs.com).

**Pension expense and deferred outflows/inflows of resources** – For the year ended June 30, 2018, the District recognized pension expense for PSPRS of \$ 55,272 and \$ 923 as OPRB expense.

At June 30, 2018, the District reported deferred inflows of resources related pensions from the following sources:

	Pension		Health Insurance	Premium Benefit
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 11,054	\$ 244,043	\$ 0	\$ 172
Changes of assumption or other inputs	90,129	0	0	1,005
Net difference between project and actual earnings on pension plan investments	67,273	49,918	0	1,119
Contributions subsequent to the measurement date	<u>5,272</u>	<u>0</u>	<u>923</u>	<u>0</u>
Total	<u>\$ 223,728</u>	<u>\$ 293,961</u>	<u>\$ 923</u>	<u>\$ 2,296</u>

The amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	Pension Net Deferred Outflows of Resources	OPEB Net Deferred Inflows of Resources
Year Ending June 30:		
2019	\$ (11,028)	\$ (368)
2020	((829)	(368)
2021	(9,763)	(368)
2022	(26,233)	(367)
2023	(16,302)	(88)
Thereafter	<u>(61,260)</u>	<u>(737)</u>
	<u>\$ (125,415)</u>	<u>\$ (1,296)</u>

#### **NOTE 18 – PENSION AND RELIEF TRUST FUNDS**

##### **ARS 9-981. Authority to purchase alternative pension and benefit plan**

A. In lieu of pension and relief benefits provided for under the provisions of article 3 of this chapter, a city, town or fire district may provide for an alternative pension and benefit program for fire fighters not covered under the provisions of article 3 of this chapter or under the public safety personnel retirement system.

B. The fire insurance premium tax received by the city, town or district under section 9-952, contributions from the city, town or district, and deductions from the salaries or compensation of firemen may be used to purchase a private pension or benefit program for firemen. Firemen not covered under the public safety personnel retirement system may elect to be covered under the provisions of the alternative pension and benefit program upon filing a request in writing with the city, town or district.

C. The terms, conditions, benefits, eligibility requirements and contribution rates of the alternative pension and benefit program shall be established by:

1. For a city or town, by the adoption of a resolution of the city or town council.
2. For a fire district with a board, by the adoption of a resolution of the board.
3. For a fire district without a board, by the adoption of a resolution of the board of trustees of the firemen's relief and pension fund and the approval of the board of supervisors.

D. Notwithstanding any other provision of law, pension and benefit programs authorized under this article shall not be construed to be a contract between the employee and employer and are subject to annual appropriations of the city, town or district.

Pursuant to ARS, the District contributes to a pension and relief fund for volunteer firefighters. The funds are 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.

#### **NOTE 19 - 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.

## **NOTE 20 – PRIOR PERIOD ADJUSTMENT**

A 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 for OPEB, to comply with GASB Statement #75.

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

	Governmental <u>Activities</u>
Net position at July 1, 2017	\$ 960,982
Net pension liability adjustment	<u>(1,705)</u>
Net restated position at June 30, 2017	<u>\$ 959,277</u>

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**GOLDEN SHORES FIRE DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND  
FOR THE YEAR ENDED  
JUNE 30, 2018**

Exhibit I

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Taxes	\$ 527,106	\$ 527,106	\$ 530,369	\$ (3,263)
Fire District Assistance	53,528	53,528	55,427	(1,899)
Fees for Service	200,500	200,500	155,883	44,617
Interest		-	1,438	(1,438)
Miscellaneous	-	-	73,891	(73,891)
Total Revenues	<u>781,134</u>	<u>781,134</u>	<u>817,008</u>	<u>(35,874)</u>
Expenditures:				
Current:				
Public Safety	916,082	916,082	690,917	225,165
Administration	52,650	52,650	47,799	4,851
Capital Outlay	<u>26,000</u>	<u>26,000</u>	<u>30,026</u>	<u>(4,026)</u>
Total Expenditures	<u>994,732</u>	<u>994,732</u>	<u>768,742</u>	<u>225,990</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(213,598)</u>	<u>(213,598)</u>	<u>48,266</u>	<u>261,864</u>
Net Change in Fund Balances	(213,598)	(213,598)	48,266	261,864
Fund Balances at Beginning of Year	<u>213,598</u>	<u>213,598</u>	<u>261,307</u>	<u>47,709</u>
Fund Balances at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 309,573</u>	<u>\$ 309,573</u>

See Accompanying Notes To The Budgetary Comparison Schedule

**GOLDEN SHORES FIRE DISTRICT  
NOTES TO BUDGETARY COMPARISON SCHEDULE  
FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 1 – BUDGETARY REQUIREMENTS AND BASIS OF ACCOUNTING**

In accordance with the Arizona Revised Statutes, the District is required to adopt an annual operating budget no later than August 1<sup>st</sup>. The budget is adopted on a basis consistent with generally accepted accounting principles and appropriations lapse at year-end.

**GOLDEN SHORES FIRE DISTRICT**  
**Schedule of Changes in the District's Net Pension Liability and Related Ratios**  
**Agent Plans (PSPRS) Last Ten Fiscal Years**  
**Year Ended June 30, 2018**

**PSPRS**

	<b>FISCAL YEAR</b>				
Reporting Year Measurement Date	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	2014 THROUGH 2007
<b>Total Pension Liability</b>					Information not available
Service Cost	\$ 75,973	83,158	91,161	75,169	
Interest on total pension liability	76,790	61,192	73,559	69,034	
Changes of benefit terms	14,470	104,068	-	(2,579)	
Difference between expected and actual experience in the measurement of the pension liability	(36,306)	13,800	(220,404)	(67,391)	
Changes of assumptions or other inputs	47,900	45,835	-	13,181	
Benefit payments including refund of employee contributions	0	(120,209)	(75,520)	-	
Net change in pension liability	178,827	187,844	(131,204)	87,414	
Total pension liability - beginning	985,881	798,037	929,241	841,827	
Total pension liability - ending (a)	<u>\$ 1,164,708</u>	<u>\$ 985,881</u>	<u>\$ 798,037</u>	<u>\$ 929,241</u>	
<b>Plan Fiduciary net position</b>					
Contributions - employer	\$ 33,798	50,754	44,782	45,495	
Contributions - employee	42,349	54,183	47,095	39,849	
Net investment income	136,699	6,173	40,896	123,715	
Benefit payments, including refunds of employee contributions	0	(120,209)	(75,520)	-	
Pension plan administrative expense	(1,610)	(1,288)	(1,388)	-	
Other changes	15	(4,186)	(817)	(19,775)	
Net change in plan fiduciary net position	211,251	(14,573)	55,048	189,284	
Plan fiduciary net position - beginning	1,123,368	1,137,941	1,082,893	893,609	
Plan fiduciary net position - ending (b)	<u>\$ 1,334,619</u>	<u>\$ 1,123,368</u>	<u>\$ 1,137,941</u>	<u>\$ 1,082,893</u>	

See accompanying notes to the Pension Schedules

**GOLDEN SHORES FIRE DISTRICT**  
**Schedule of Changes in the District's Net Pension Liability and Related Ratios**  
**Agent Plans (PSPRS) Last Ten Fiscal Years**  
**Year Ended June 30, 2018**

**PSPRS**

	<b>FISCAL YEAR</b>				
Reporting Year Measurement Date	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	2014 THROUGH 2007
District's net pension liability - ending (a) - (b)	<u>\$ (169,911)</u>	<u>\$ (137,487)</u>	<u>\$ (339,904)</u>	<u>\$ (153,652)</u>	
Plan fiduciary net position as a percentage of the total pension liability	114.59%	113.95%	142.59%	116.54%	
Covered-employee payroll	\$ 355,181	\$ 465,089	\$ 413,519	\$ 481,525	
District's net pension liability as a percentage of covered-employee payroll	-47.84%	-29.56%	-82.20%	-31.91%	

See accompanying notes to the Pension Schedules

**GOLDEN SHORES FIRE DISTRICT**  
**Schedule of Changes in the District's Net Pension Liability and Related Ratios**  
**Agent Plans ( PSPRS) Last Ten Fiscal Years**  
**Year Ended June 30, 2018**

**OPEB**

	<b>FISCAL YEAR</b>				
Reporting Year Measurement Date	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	2014 THROUGH 2007
<b>Total Pension Liability</b>		Information not available	Information not available	Information not available	Information not available
Service Cost	\$ 1,314				
Interest on total pension liability	2,565				
Changes of benefit terms	0				
Difference between expected and actual experience in the measurement of the pension liability	(185)				
Changes of assumptions or other inputs	(1,080)				
Benefit payments including refund of employee contributions	0				
Net change in pension liability	2,614	-	-	-	
Total pension liability - beginning	33,541				
Total pension liability - ending (a)	<u>\$ 36,155</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
<b>Plan Fiduciary net position</b>					
Contributions - employer	\$ 1,253				
Contributions - employee	-				
Net investment income	3,860				
Benefit payments, including refunds of employee contributions	0				
Pension plan administrative expense	(34)				
Other changes	0				
Net change in plan fiduciary net position	5,079	-	-	-	
Plan fiduciary net position - beginning	32,202				
Plan fiduciary net position - ending (b)	<u>\$ 37,281</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	

See accompanying notes to the Pension Schedules

**GOLDEN SHORES FIRE DISTRICT**  
**Schedule of Changes in the District's Net Pension Liability and Related Ratios**  
**Agent Plans ( PSPRS) Last Ten Fiscal Years**  
**Year Ended June 30, 2018**

**OPEB**

	<b>FISCAL YEAR</b>				
Reporting Year Measurement Date	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	2014 THROUGH 2007
District's net pension liability - ending (a) - (b)	<u>\$ (1,126)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
Plan fiduciary net position as a percentage of the total pension liability	103.11%				
Covered-employee payroll	\$ 355,181				
District's net pension liability as a percentage of covered-employee payroll	-0.32%				

See accompanying notes to the Pension Schedules

**GOLDEN SHORES FIRE DISTRICT**  
**Schedule of Contributions**  
**Year Ended June 30, 2018**

**PSPRS - Pension**

	<b>2018 Measurement Date (2017)</b>	<b>2017 Measurement Date (2016)</b>	<b>2016 Measurement Date (2015)</b>	<b>2015 Measurement Date (2014)</b>	<b>2006 through 2013</b>
Actuarially determined contribution	\$ 33,798	\$ 50,754	\$ 44,782	\$ 45,495	Information not available
District's contributions in relation to the actuarially determined contribution	33,798	50,754	44,782	45,495	
District's contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
District's covered-employee payroll	<u>\$ 355,181</u>	<u>\$ 465,089</u>	<u>\$ 413,519</u>	<u>\$ 481,525</u>	
District's contributions as a percentage of covered-employee payroll	<u>9.52%</u>	<u>10.91%</u>	<u>10.83%</u>	<u>9.45%</u>	

See accompanying notes to the Pension Schedules

**GOLDEN SHORES FIRE DISTRICT**  
**Schedule of Contributions**  
**Year Ended June 30, 2018**

**PSPRS - OPEB**

	<b>2018</b> <b>Measurement</b> <b>Date (2017)</b>	<b>2017</b> <b>Measurement</b> <b>Date (2016)</b>	<b>2016</b> <b>Measurement</b> <b>Date (2015)</b>	<b>2015</b> <b>Measurement</b> <b>Date (2014)</b>	<b>2006</b> <b>through</b> <b>2013</b>
Actuarially determined contribution	\$ 1,253	Information	Information	Information	Information
District's contributions in relation to the		not	not	not	not
actuarially determined contribution	1,253	available	available	available	available
District's contribution deficiency (excess)	<u>\$ -</u>	<u></u>	<u></u>	<u></u>	
District's covered-employee payroll	<u>\$ 355,181</u>	<u></u>	<u></u>	<u></u>	
District's contributions as a percentage of					
covered-employee payroll	<u>0.35%</u>	<u></u>	<u></u>	<u></u>	

See accompanying notes to the Pension Schedules



**GOLDEN SHORES FIRE DISTRICT  
NOTES TO PENSION PLAN SCHEDULES  
FISCAL YEAR ENDED JUNE 30, 2018**

Actuarial determined contribution rates for PSPRS are calculated as of June 30 two years prior to the end of the fiscal year in which contributions are made. The actuarial methods and assumptions used to establish the contribution requirements are as follows:

Actuarial cost method:	Entry age Normal
Amortization method:	Level percent-of-pay, closed
Remaining amortization period:	20 years; if the actuarial value of assets exceeded the actuarial accrued liability, the excess was amortized over an open period of 19 years and applied as a credit to reduce the normal cost which otherwise would be payable.
Asset valuation method:	7-year smoothed market value; 80%/120% market corridor
Wage growth:	In the 2014 actuarial valuation, wage growth was decreased from 4.5% to 4.00%. In the 2013 actuarial valuation, wage growth was decreased from 5.0% to 4.5%.
Projected Salary Increases:	In the 2014 actuarial valuation, projected salary increases were decreased from 4.5%-8.5% to 4.0%-8.0%. In the 2013 actuarial valuation, projected salary increases were decreased from 5.0%-9.0% to 4.5%-8.5%. PSPRS members with initial membership date before July 1, 2017: In the 2016 actuarial valuation the investment rate of return was decreased from 7.85% to 7.5%. In the 2013 actuarial valuation, the investment rate of return was decreased from 8.0% to 7.85%. PSPRS members with initial membership on or after July 1, 2017: 7%.
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 (adjusted by 105% for both males and females)
Assumed future permanent benefit increases:	Members retire on or before July 1, 2011: 2% of overall average benefit compounded annually. All members receive the same dollar amount of increase. Members retired on or after August 1, 2011: 0.5% of overall average benefit compounded annually. All members receive the same dollar amount of increase.

Arizona courts have ruled that provisions of a 2011 law changing the mechanism for funding permanent pension benefit increases and increased employee pension contribution rates were unconstitutional or a breach of contract because those provisions apply to individuals who were members as of the law's effective date. As a result, PSPRS changed benefit terms to reflect the prior mechanism for funding permanent benefit increases for those members and revised actuarial assumptions to explicitly value future permanent benefit increases. PSPRS also reduced those members' employee contribution rates. These changes are reflected in the plans' pension liabilities for fiscal year 2015 (measurement date 2014) for members who were retired as of the law's effective date and fiscal year 2018 (measurement date 2017) for members who retired or will retire after the law's effective date. These changes also increased the PSPRS-required pension contributions beginning in fiscal year 2016 for members who were retired as of the law's effective date. These changes will increase the PSPRS-required contributions beginning in fiscal year 2019 for members who retired or will retire after the law's effective date. Also, the District refunded excess employee contributions to PSPRS members. PSPRS allowed the District to reduce its actual employer contributions for the refund amounts. As a result, the District pension contributions were less than the actuarially or statutorily determined contributions for 2018.

See accompanying notes to the Pension Schedules

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## **OTHER SUPPLEMENTARY INFORMATION**

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**GOLDEN SHORES FIRE DISTRICT  
ANNUAL REPORT INFORMATION  
FISCAL YEAR ENDED JUNE 30, 2018**

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 27, 2017	2:00 p.m.	12950 Oatman Highway, Topock, AZ
August 24, 2017	10:00 a.m.	12950 Oatman Highway, Topock, AZ
Sept 28, 2017	10:00 a.m.	12950 Oatman Highway, Topock, AZ
October 26, 2017	2:00 p.m.	12950 Oatman Highway, Topock, AZ
Nov 16, 2017	2:00 p.m.	12950 Oatman Highway, Topock, AZ
December 28, 2017	2:00 p.m.	12950 Oatman Highway, Topock, AZ
January 25, 2018	2:00 p.m.	12950 Oatman Highway, Topock, AZ
February 22, 2018	2:00 p.m.	12950 Oatman Highway, Topock, AZ
March 22, 2018	2:00 p.m.	12950 Oatman Highway, Topock, AZ
April 26, 2018	2:00 p.m.	12950 Oatman Highway, Topock, AZ
May 24, 2018	2:00 p.m.	12950 Oatman Highway, Topock, AZ
June 28, 2018	2:00 p.m.	12950 Oatman Highway, Topock, AZ

**BOARD MEMBERS:**

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

**LOCATION OF POSTING OF MEETING NOTICES (all meetings):**

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

**LEGAL DESCRIPTION OF BOUNDARY CHANGES:**

NONE

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**GOLDEN SHORES FIRE DISTRICT  
ANNUAL REPORT INFORMATION  
VOLUNTEER PENSION DISTRIBUTIONS  
FISCAL YEAR ENDED JUNE 30, 2018**

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

<u>TYPE OF DISTRIBUTION</u>	<u>NAME</u>	<u>AMOUNT</u>
Article 4	Jim Boyle	\$ 10,000
Article 4	Wendell Ormiston	<u>112</u>
Total		<u>\$ 10,112</u>

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**GOLDEN SHORES FIRE DISTRICT**  
**GOVERNMENT AUDIT STANDARDS SECTION**  
**June 30, 2018**

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**GOLDEN SHORES FIRE DISTRICT  
TOPOCK, ARIZONA  
JUNE 30, 2018**

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# SAUNDERS COMPANY, LTD

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

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CERTIFIED FRAUD EXAMINER  
CERTIFIED GOVERNMENT FINANCIAL MANAGER  
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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 Shores Fire District  
Topock, Arizona

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Golden Shores Fire District, Topock, Arizona, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 18, 2018.

### 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2018-001.

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## **Independent Auditor's Report on Internal Control...**

**June 30, 2018**

**Page 2**

### **Golden Shores Fire District's Response to Findings**

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

### **Purpose of this Report**

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

**Saunders Company, Ltd.**

Glendale, Arizona  
December 18, 2018

**GOLDEN SHORES FIRE DISTRICT**  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2018

**Finding 2018-001**

**Compliance Finding – Over Personnel Records**

**Condition:** During the 2014-2015 Audit it was noted that of the 4 employee files checked, none contained an oath of office. On a recheck of those files, as well as 2 new employee files, during the 2015-2016 fieldwork the oath of office had been corrected and the new employees did not take the oath of office. During the 2016-2017 fieldwork, the district failed to obtain oaths of office. During the 2017-2018 fieldwork, 2 files were checked, and neither of them had an oath of office in them.

**Criteria:** ARS 32-231 requires an oath of office for all employees be completed and maintained by the District.

**Cause:** District Senior Management has not complied with State Statutes.

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

**Questioned Costs:** None

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

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



# SAUNDERS COMPANY, LTD

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TRICIA E. SAUNDERS, PI.

---

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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

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## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH STATE OF ARIZONA REGULATORY REQUIREMENTS

To the Governing Board  
Golden Shores Fire District  
Topock, Arizona

We have audited the basic financial statements of Golden Shores Fire District Fire District (the District) for the year ended June 30, 2018, and have issued our report thereon dated December 18, 2018. Our audit also include test work on the District's compliance with selected requirements identified in the State of Arizona Revised Statutes and the Arizona State Constitution including, but not limited to, Title 48, Chapter 5, Article 1.

The management of Golden Shores Fire District Fire District is responsible for the District's compliance with all requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit; accordingly, we make the following statements:

1. That the District has not incurred any debt or liability in excess of taxes levied and to be collected and the monies actually available and unencumbered at that time in the District general fund except for those liabilities as prescribed in section 48-805, subsection B, paragraph 2 and sections 48-806 and 48-807.
2. That the District complies with subsection F of section 48-805.
3. Whether the audit or report disclosed any information contrary to the certification made as prescribed by subsection D, paragraph 1 of section 48-805.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *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 material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the Golden Shores Fire District Fire District complied, in all material respects, with the requirements identified above for the year ended June 30, 2018.

The purpose of this report is solely to describe the scope of our testing of the applicable compliance requirements identified in the Arizona Revised Statutes as noted above and the results of that testing based on the state requirements. Accordingly, this report is not suitable for any other purpose.

Sincerely,

Saunders Company, Ltd.

Glendale, Arizona  
December 18, 2018

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