



HENRY & HORNE, LLP
Certified Public Accountants

December 12, 2014

Board of Directors and
Paul Bourgeois, Fire Chief
Superstition Fire & Medical District

We have audited the financial statements of Superstition Fire & Medical District for the year ended June 30, 2014, and have issued our report thereon dated December 12, 2014. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under Auditing Standards Generally Accepted in the United States of America

As stated in our engagement letter dated May 21, 2014, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your responsibilities.

Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement.

As part of our audit, we considered the internal control of Superstition Fire & Medical District. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. Such matters are communicated in the remainder of this letter or have previously been communicated during other phases of the audit. However, the standards do not require us to design procedures specifically to identify such matters.

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Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Superstition Fire & Medical District are described in Note 1 to the financial statements. No new accounting policies were adopted and application of existing policies was not changed during the year ended June 30, 2014. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. Due to the nature of the District and its operations, there are no estimates that are particularly sensitive.

The disclosures in the financial statements are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Attached is a summary of adjustments made to the financial statements that have been recorded by management. Other than those that are trivial, we did not identify any uncorrected misstatements to the financial statements.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the attached copy of the management representation letter dated December 12, 2014.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to Management's Discussion and Analysis which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the Combining Budgetary Comparison Schedules, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

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This communication is intended solely for the information and use of Superstition Fire & Medical District's Board of Directors and management and is not intended to be and should not be used by anyone other than these specified parties.

Henry + Horne LLP

Casa Grande, Arizona
December 12, 2014



Superstition Fire & Medical District

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December 12, 2014

Henry & Horne, LLP
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This representation letter is provided in connection with your audit(s) of the financial statements of Superstition Fire & Medical District, which comprise the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of December 12, 2014, the following representations made to you during your audit.

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated May 21, 2014, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
- 3) We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.

- 6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
- 7) Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements.
- 8) The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole for each opinion unit. A list of the uncorrected misstatements is attached to the representation letter.
- 9) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- 10) Guarantees, whether written or oral, under which the District is contingently liable, if any, have been properly recorded or disclosed. We have provided you with:
 - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
 - b) Additional information that you have requested from us for the purpose of the audit.
 - c) Unrestricted access to persons within the District from whom you determined it necessary to obtain audit evidence.
 - d) Minutes of the meetings of Board of Directors or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 11) All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- 12) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 13) We have no knowledge of any fraud or suspected fraud that affects the District and involves:
 - Management,
 - Employees who have significant roles in internal control, or
 - Others where the fraud could have a material effect on the financial statements.
- 14) We have no knowledge of any allegations of fraud or suspected fraud affecting the District's financial statements communicated by employees, former employees, regulators, or others.
- 15) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
- 16) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- 17) We have disclosed to you the identity of the District's related parties and all the related party relationships and transactions of which we are aware.
- 18) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.

- 19) We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- 20) The District has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
- 21) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and legal and contractual provisions for reporting specific activities in separate funds.
- 22) We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
- 23) We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
- 24) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
- 25) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
- 26) As part of your audit, you assisted with preparation of the financial statements and related notes. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and related notes.
- 27) The District has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 28) The District has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 29) The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
- 30) The financial statements properly classify all funds and activities, in accordance with GASB Statement No. 34.
- 31) All funds that meet the quantitative criteria in GASBS Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.

- 32) Components of net position (net investment in capital assets; restricted; and unrestricted) , and components of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
- 33) Investments, derivative instruments, and land and other real estate held by endowments are properly valued.
- 34) Provisions for uncollectible receivables have been properly identified and recorded.
- 35) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
- 36) Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- 37) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
- 38) Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.
- 39) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.
- 40) We have appropriately disclosed the District's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
- 41) We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.
- 42) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
- 43) With respect to the Combining Budgetary Comparison Schedules:
 - a) We acknowledge our responsibility for presenting the Combining Budgetary Comparison Schedules in accordance with accounting principles generally accepted in the United States of America, and we believe the Combining Budgetary Comparison Schedules, including their form and content, are fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the Combining Budgetary Comparison Schedules have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
 - b) If the Combining Budgetary Comparison Schedules are not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditor's report thereon.

Signature: Phil Boyd
Title: Fire Chief

Signature: Roger Wood
Title: Finance Manager

Client: **0409904 - Superstition Fire & Medical District**
 Engagement: **0409904 - Superstition Fire & Medical District**
 Period Ending: **6/30/2014**
 Trial Balance: **05.00 - Trial Balance**
 Workpaper: **05.02 - Adjusting Journal Entry Report**

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entry JE # 1		P100		
Client entry to correct deferred revenues.				
500-10-41050-10	Unsecured Personal Property Taxes	J078	4,208.00	
500-10-26000-10	Deferred Revenue			4,208.00
Total			<u>4,208.00</u>	<u>4,208.00</u>
Adjusting Journal Entry JE # 2		A100		
Client entry to correct amounts not collected as of YE.				
100-10-13000-10	Accounts Receivable	J072	42,473.00	
100-10-10100-10	Fund Cash - General (M&O)			
Total			<u>42,473.00</u>	<u>42,473.00</u>
Adjusting Journal Entry JE # 3		V100		
Client entry to correct medical insurance expense.				
100-10-53910-10	Medical Insurance	J076	33,096.00	
100-10-45900-10	Other Income			
Total			<u>33,096.00</u>	<u>33,096.00</u>
Adjusting Journal Entry JE # 4				
To reverse GASB entry made before YE.				
800-10-41000-10	Real & Secured Property Taxes	J079	179,064.00	
800-10-41050-10	Unsecured Pers. Property Taxes		127,672.00	
800-10-26000-10	Deferred Revenue			127,672.00
800-10-26000-10	Deferred Revenue			179,064.00
Total			<u>306,736.00</u>	<u>306,736.00</u>
Adjusting Journal Entry JE # 17		Q100		
To reduce unammortized bond premium.				
900-10-26600-10	Unammortized Bond Premium ST	J080	27,693.00	
900-10-27200-10	Unammortized Bond Premium LT		14,375.00	
900-10-31000-10	Fund Balance - Long Term Debt			42,068.00
Total			<u>42,068.00</u>	<u>42,068.00</u>
Adjusting Journal Entry JE # 18		V100		
Client entry to consolidate accounts.				
100-10-63120-10	General Contingency Account	J077	16,070.00	
100-10-63100-15	Fees (Recording / Permits / Filing / Miscellaneous)			
Total			<u>16,070.00</u>	<u>16,070.00</u>

All of these journal entries have been posted.

Roger Wood

Client: **0409904 - Superstition Fire & Medical District**
 Engagement: **0409904 - Superstition Fire & Medical District**
 Period Ending: **6/30/2014**
 Trial Balance: **05.00 - Trial Balance**
 Workpaper: **05.01 - GASB Journal Entry Report**

Account	Description	W/P Ref	Debit	Credit
GASB Journal Entry JE # 5				
To record beginning of year capital assets.				
000-00-18100-00	Capital assets not being depreciated		1,241,808.00	
000-00-18200-00	Capital assets being depreciated		20,684,397.00	
000-00-18900-00	Accumulated depreciation			7,903,809.00
000-00-31000-00	Net Assets			14,022,394.00
Total			21,926,203.00	21,926,203.00 ✓
GASB Journal Entry JE # 6				
To record depreciation expense.				
000-10-70000-00	Depreciation expense/Capital-Admin		56,509.00	
000-20-70000-00	Depreciation expense/Capital-Technical		17,535.00	
000-30-70000-00	Depreciation expense/Capital-Communication		326,336.00	
000-40-70000-00	Depreciation expense/Capital-Emergency		568,268.00	
000-50-70000-00	Depreciation expense/Capital-Community		232.00	
000-00-18900-00	Accumulated depreciation			968,880.00
Total			968,880.00	968,880.00 ✓
GASB Journal Entry JE # 7				
To record additions to capital assets.				
000-00-18200-00	Capital assets being depreciated		1,310,284.00	
000-10-70000-00	Depreciation expense/Capital-Admin			220,387.00
000-40-70000-00	Depreciation expense/Capital-Emergency			1,089,897.00
Total			1,310,284.00	1,310,284.00 ✓
GASB Journal Entry JE # 8				
To record the change in compensated absences.				
000-40-50000-00	Expense-Emergency		263,736.00	
000-00-27500-00	Comp Absences-LT			263,736.00
Total			263,736.00	263,736.00 ✓
GASB Journal Entry JE # 9				
To record beg. of year debt.				
000-00-31000-00	Net Assets		9,063,365.00	
000-00-26300-00	Loan Payable ST			390,000.00
000-00-26400-00	Capital Lease ST			19,369.00
000-00-27200-00	Deferred Bond Premium			312,717.00
000-00-27300-00	Loan Payable LT			7,095,000.00
000-00-27400-00	Capital Lease LT			19,375.00
000-00-27500-00	Comp Absences-LT			1,226,904.00
Total			9,063,365.00	9,063,365.00 ✓
GASB Journal Entry JE # 10				
To record change in debt.				
000-00-26300-00	Loan Payable ST		390,000.00	
000-00-27200-00	Deferred Bond Premium		28,443.00	
000-40-50000-00	Expense-Emergency			28,443.00
000-40-60000-00	Expense Emergency Debt Service			390,000.00
Total			418,443.00	418,443.00 ✓
GASB Journal Entry JE # 11				

Roger Wood

Client: **0409904 - Superstition Fire & Medical District**
 Engagement: **0409904 - Superstition Fire & Medical District**
 Period Ending: **6/30/2014**
 Trial Balance: **05.00 - Trial Balance**
 Workpaper: **05.01 - GASB Journal Entry Report**

Account	Description	W/P Ref	Debit	Credit
To record beginning deferred revenues.				
000-00-26000-00	Deferred Revenue		369,876.00	
000-00-31000-00	Net Assets			369,876.00
Total			369,876.00	369,876.00 ✓
GASB Journal Entry JE # 12				
To record the investment in joint venture.				
000-00-17500-00	Investment in joint venture		246.00	
000-00-17500-00	Investment in joint venture		44,572.00	
000-00-31000-00	Net Assets			44,572.00
000-10-70000-00	Depreciation expense/Capital-Admin			246.00
Total			44,818.00	44,818.00 ✓
GASB Journal Entry JE # 13				
To record the change in deferred revenues.				
000-10-41000-10	Property tax revenue		62,985.00	
000-00-26000-00	Deferred Revenue			62,985.00
Total			62,985.00	62,985.00 ✓
GASB Journal Entry JE # 15				
To record current year payments on capital leases.				
000-00-26400-00	Capital Lease ST		19,534.00	
200-70-72630-30	Mobile Computer Terminal (MCT) - 10			19,534.00
Total			19,534.00	19,534.00 ✓
GASB Journal Entry JE # 16				
Move LT debt to ST debt.				
000-00-27300-00	Loan Payable LT		405,000.00	
000-00-27400-00	Capital Lease LT		19,375.00	
000-00-27500-00	Comp Absences-LT		648,287.00	
000-00-26300-00	Loan Payable ST			405,000.00
000-00-26400-00	Capital Lease ST			19,375.00
000-00-26500-00	Comp Absences-ST			648,287.00
Total			1,072,662.00	1,072,662.00 ✓

Roger Wood