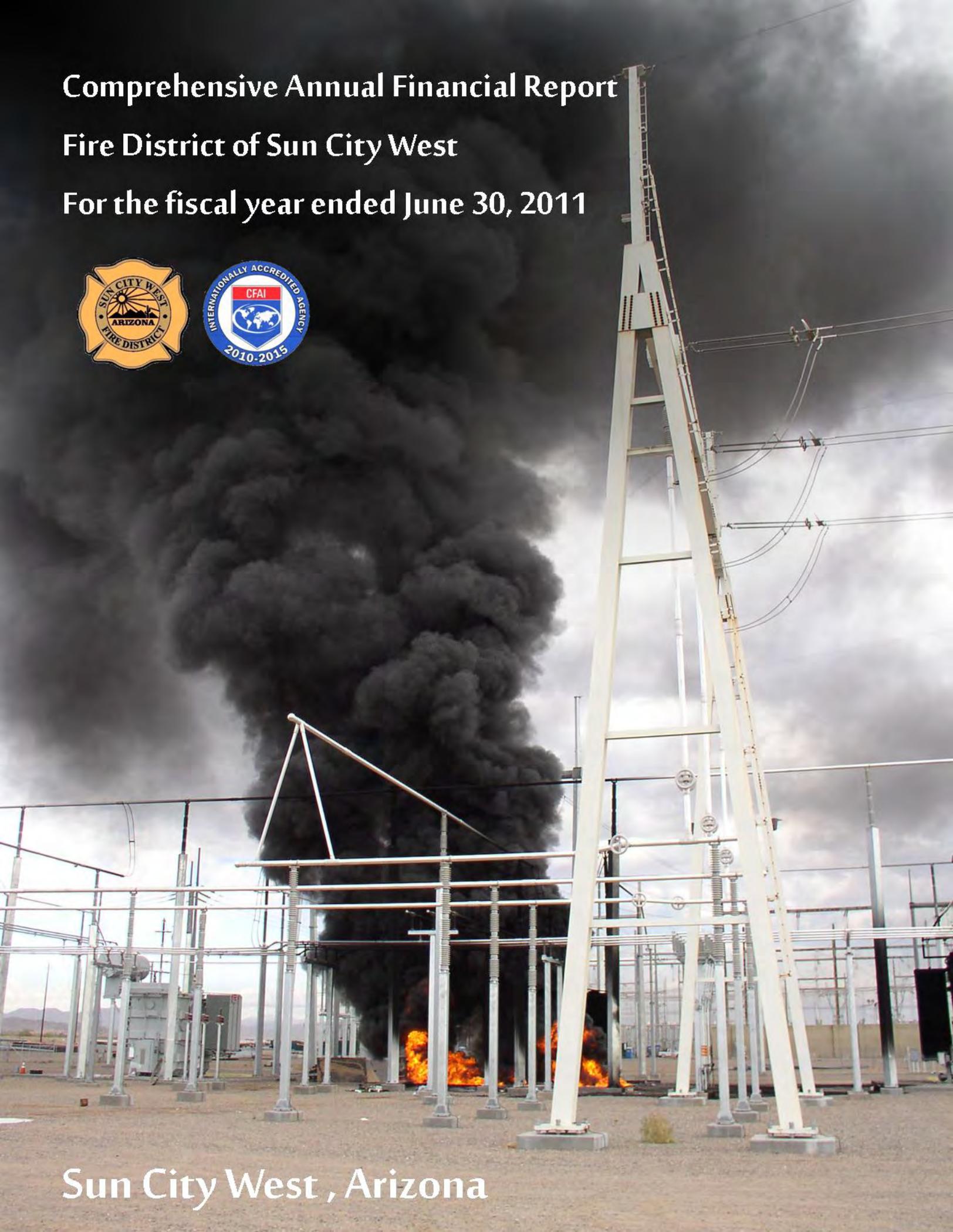


# Comprehensive Annual Financial Report

## Fire District of Sun City West

### For the fiscal year ended June 30, 2011



Sun City West , Arizona

**Fire District of Sun City West  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
For the Year Ended June 30, 2011**

**GOVERNING BOARD**

**David Wilson  
Chairman**

**William Hamel  
Clerk**

**Dusty Rhodes  
Member**

**Jack Meyer  
Member**

**Dennis Lake  
Member**

---

**Robert L. Biscoe  
Fire Chief**

**Prepared by the Financial Services Section  
Coaleen Poland, Accounting Supervisor**

**Fire District of Sun City West  
18818 N. Spanish Garden Drive  
Sun City West, Arizona 85375**

**Fire District of Sun City West  
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# INTRODUCTORY SECTION



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...Caring People Providing Quality Service



## SUN CITY WEST FIRE DISTRICT

**18818 N. Spanish Garden Drive, Sun City West, Arizona 85375**

Business: (623) 584-3500 – Fax: (623) 546-8613 – [www.scwfire.org](http://www.scwfire.org)

December 21, 2011

To the Governing Board of the  
Fire District of Sun City West  
Sun City West, Arizona

Arizona state law requires that all special districts with annual budgets in excess of \$1 million publish within 240 days of the close of their fiscal year a complete set of financial statements presented in conformance with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to this requirement, it is our pleasure to submit to you the Comprehensive Annual Financial Report of the Fire District of Sun City West for the fiscal year ended June 30, 2011

The responsibility for the completeness, fairness, and accuracy of the data presented and all accompanying disclosures rests with the District. To provide a reasonable basis for making these representations, District management have established a comprehensive internal control framework design both to protect District assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP). Because the cost of internal controls should not outweigh their benefits, the District's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The District's financial statements have been audited by Assurance Professionals, P.C., a certified public accounting firm. The goal of the independent audit was to provide reasonable assurance that the financial statements for the fiscal year ended June 30, 2011 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the District financial statements for the fiscal year ended June 30, 2011 are fairly presented in conformity with accounting principles generally accepted in the United States of America. The independent auditor's report is presented as the first component of the financial section of this report.

Accounting principles generally accepted in the United States of America require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the report of the independent auditors.

The District is a special taxing district established to provide a full range of fire protection and emergency response services to its citizens. This report has been prepared in accordance with accounting principles generally accepted in the United States of America and follows guidelines recommended by the Government Finance Officers Association of the United States of America and Canada.

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*Proudly serving the communities of Sun City West, Coldwater Ranch, Corte Bella, Cross River, Dos Rios,  
Rancho Cabrillo, Rio Sierra and other unincorporated portions of Maricopa County.*

## Profile of the District

The District operates under Arizona Revised Statutes (ARS) § Title 48, Chapter 5. The District is a community service organization funded through secondary assessed value property taxes. It is governed by a five member Board of Directors comprised of a Board Chairman, a Board Clerk and three Directors. The Board members serve four year terms, with elections held every two years for the alternating two or three positions whose terms have been completed. The Board hires a Fire Chief/Administrator to manage day-to-day operations of the District. The Fire Chief, in turn, hires other key managers and employees to support the District.

The community of Sun City West was established in 1978 as an unincorporated master planned area for active adults 55 years of age or older by the Del E. Webb Corporation. Sun City West was initially, and continues to be, primarily comprised of residents 55 and older. As an unincorporated community in Maricopa County, Sun City West property owners did not receive emergency services from either the county or a municipal based fire department. Prompted by a large house fire in 1981, a group of Sun City West residents formed a committee to address the specific needs of Sun City West regarding emergency services. Subsequently, the Sun City West Fire District was formed.

On April 17, 1981, an election pursuant to ARS §48-261 was held for the purpose of creating the Sun City West Fire District. At a duly noticed meeting on May 12, 1981, the Maricopa County Board of Supervisors resolved that the Sun City West Fire District be organized and established based on the results of the April election. Shortly thereafter, the newly appointed Governing Board voted to hire the private "for profit" fire protection services provider known as Rural Metro Corporation to supply fire and emergency medical service for the District's estimated 9,000 residents.

In 1992, the Del E. Webb Corporation expanded the community of Sun City West. This expansion added another two square miles and brought the total area protected by the Fire District to roughly twelve square miles and approximately 20,000 residents. In 1993, the contract with Rural Metro was scheduled for renewal. Rural Metro proposed a ten year contract with no additional personnel or services to be added to support the recently expanded District boundaries. As a result, the Fire District Governing Board voted to end the contract and hire its own employees.

In July of 1994, the Sun City West Fire District began operations with its own personnel (most of the Rural Metro employees that had been working in the community remained during this transition). Computer aided dispatching services and recruit fire training was contracted through the Phoenix Fire Department and the Fire District established mutual-aid agreements with nearly all of the Phoenix Metropolitan area fire departments. The District also began to provide emergency medical transportation to its residents through the use of full-time manned ambulances.

The Fire District continued to expand both its population and its boundaries. By the end of 2001, approximately ten square miles of state trust land and private property had been annexed into the District and the population had grown to well over 30,000 residents. Furthermore, by this time, the District operations included three full-time fire stations and a full complement of emergency response apparatus and ambulances.

In 2003, the Fire District completed a comprehensive evaluation from the Insurance Services office (ISO) and as a result, the District's rating was reduced from a Class 5/9 to a Class 2 Public Protection Classification. ISO has established a Public Protection Classification system to rate fire protection agencies between Class 1, agencies providing the highest possible service to an area and class 10, areas having no fire protection available to them. The District is one of only five fire departments in the state rated as ISO Class 2 or better.

In early 2010, the Fire District completed the process to annex an additional ten square miles of privately owned property to the north and east of the previous District boundaries. The completion of this annexation increased the size of the District to roughly thirty-five square miles with a population of approximately 45,000 residents.

The District prides itself on providing the best service possible to its residents and has developed and adopted the following mission statement to direct its service goals:

**As a team of highly trained and dedicated professionals, it is our mission to provide the highest standard of service to all those who may seek our help. We are a service provider and we stand ready to provide fire suppression, fire prevention and education, rescue services and emergency medical care, and transport. We will faithfully provide these vital services, promptly and safely, to any person that resides in, works in, or visits the Fire District. As a family of individuals committed to serving others, we will always provide for the welfare of our personnel through a healthy and rewarding work environment. We are dedicated to respect, integrity, compassion, and leadership amongst ourselves so that we may proudly serve others.**

In order to accomplish this mission, the District has emerged as a multi-service district with services and programs tailored to meet the needs of the community it serves. The District provides fire prevention, fire education, and emergency service operations, which includes fire suppression, emergency medical services and transportation, and a Wildland fire suppression team. Educational programs and community services offered to District residents include the following:

- Continuous Chest Compression (CCC) and Cardio Pulmonary Resuscitation (CPR) Training, Heart Saver Adult/First Aid Training, and Heart Saver Automated External Defibrillator (AED) Certification Classes
- Desert pest removals
- Blood pressure checks
- Home safety inspections
- Fire extinguisher demonstrations and safety training
- Smoke alarm inspections and replacement programs
- Lock Box installation and maintenance programs
- Wildland interface programs
- Commercial safety and pre-planning inspections
- Construction inspections
- Public education presentation programs
- Child safety seat installation and inspection programs
- Disaster preparedness programs
- Citizens Corps Program
- Fire Corps Volunteer Program

The District currently operates one administrative/apparatus maintenance facility and three strategically placed stations. The District's stations are staffed 24-hours a day, 365 days a year with over fifty full-time state certified firefighters and almost twenty full-time emergency medical personnel that are all either state certified Paramedics or Emergency Medical Technicians. The District's first out front-line apparatus include: one regional command unit, one 105' ladder truck, one ladder-tender, two fire engine pumpers, one brush unit and three ambulances, accompanied by several other pieces of equipment. These apparatus are complemented by additional reserve units, which are utilized for training, maintenance, and other uses. These facilities, apparatus and personnel are supported by an additional dozen support and administrative staff members to ensure the continued smooth operations of the District.

The District is proud to announce that in August of 2010, it was awarded one of the highest certifications any fire protection agency can obtain. After several years of self-evaluation, adopting, following and refining policies and procedures to govern District operations, the District submitted to outside scrutiny and evaluation by a peer assessment team from the Commission on Fire Accreditation International of the Center for Public Safety Excellence. As a result of this peer assessment, the Commission has validated that our organization has met all criteria to become an internationally accredited fire agency. This status verifies that the District has met the standards for effectiveness and efficiency in responding to emergencies and makes the District among a select few entities nationally that have recognized the importance of aligning its programs with the national industry best practices for fire and emergency services. There are fewer than 150 accredited agencies out of approximately 33,000 fire protection agencies throughout the country and less than a dozen accredited agencies in Arizona.

By state statute, the District derives its funding through secondary assessed property tax revenues. The tax rate is established each year as a result of the District's adopted Annual Budget and Operational Plan. The budget is required to be adopted and submitted to the Maricopa County Board of Supervisor's by August 10th of each year.

## Local Economy

The Fire District of Sun City West is composed of a varied economic environment with a majority of Sun City West Proper residents being of the 55 and older age group and almost entirely retired persons living on a fixed income. Consequently, an overwhelming number of the residential properties within this area of the District are owned outright by their occupants. The balance of the District, generally those areas annexed over the last several years, are typical working inhabitants whose homes are still under mortgage. As a direct result of the majority of the population, there have been very few foreclosures within the District boundaries. However, the District, like many other political sub divisions of the State of Arizona, is still facing the significant economic challenges at local levels.

Secondary assessed property values play a significant part in the revenue production of the District. Previously, the District has maintained steady growth, increasing an average of approximately 10% annually since the District's inception in 1981. However, the District experienced significant decreases in property valuations over the course of the last three fiscal years, 9.7% in 2009, 4.8% in 2010 and 10.4% in 2011. Maricopa County has advised the District to anticipate an 8.5% decrease in its net assessed valuation (NAV) for tax year 2012 and estimated five to ten percent decreases in each of the following years to come. Major valuation highlights in recent years began in the tax year 2008, during which there were significant increases in property values (55.8%) and robust development activity. This trend reversed in the tax year 2009 with declines in development-related fee revenues, property values, and falling interest rates. These trends, in conjunction with the continued economic downturn, provide a sobering outlook for the next several years.

However, the affect of this decline in assessed valuations on the Fire District was significantly reduced as a direct result of the annexations the District completed in January 2010. These annexations attributed an additional \$40,918,582 in net assessed value to the previous valuation of the District. Without this annexation, the District would have experienced an approximate 14% decrease in its assessed value during 2010.

As previously stated, the District structures the Annual Budget and Operational Plan to minimize the taxation impact to property owners within the District. However, due to varying changes in individual property values each year, the District is unable to set a tax rate that would maintain the identical property taxes assessed to property owners each year. The District established a tax rate for fiscal year ending June 30, 2012 of \$2.4280 per \$100 of secondary assessed valuation, (A.R.S. § 48-807F states that the tax levy cannot exceed \$3.25 per \$100.00 of assessed value). The average assessed value of a home within the Fire District was decreased by the Maricopa County Assessor from \$147,800 in 2010 to a value of \$142,100 for 2011, a reduction of approximately 3.9% of assessed value in one year. Given the tax rate for fiscal year ending June 30, 2012 of \$2.4280 per \$100 of secondary assessed valuation, a District resident who owns a median valued home realized a slight increase in their Fire District Tax for the 2011 tax year.

Historically, the District has established a tax rate that is among the lowest in the Phoenix metropolitan area for districts of equivalent size, while providing services that are among the highest. Of the four other fire districts that are similar in size to the Fire District of Sun City West, only three provide both fire suppression and ambulance transport services. For instance, residents of the Sun City Fire District must pay a for-profit provider for their ambulance transport needs. However, tax rates are just a factor used to allocate a government's tax levy to the taxpayer relative to property value and should not be used as a key performance indicator. Other factors such relative median home should be used to analyze the average cost per home owner. The fiscal year ending June 30, 2012 (tax year 2011) legal tax rates for comparable fire districts, as well as the Fire District of Sun City West, are listed below:

District	2011 Tax Year	Estimated annual tax based on home value of:		
	Tax Rate	\$100,000	\$150,000	\$200,000
Sun City Fire District	\$ 3.1475	\$ 314.75	\$ 472.13	\$ 629.50
Buckeye Valley Fire District *	3.1000	310.00	465.00	620.00
Daisy Mountain Fire District *	2.9793	297.93	446.90	595.86
Sun Lakes Fire District *	2.8720	287.20	430.80	574.40
Fire District of Sun City West *	2.4280	242.80	364.20	485.60

\* Denotes that the district provides ambulance service.

NOTE: The table above provides information so that readers can perform an analysis of fire district cost for homes of similar value in various districts within the Phoenix metropolitan area.

## **Long-term financial Planning**

The District has utilized consultants and internal studies to assist in the development of long range financial forecasting programs. Financial policies are essential to the effective fiscal management of the District; however, they must be coupled with strategic, long-term planning processes in order to support an effective organization. The District uses three core documents to facilitate its long-range planning process and to its goals and objectives annually. These core documents are identified as the Strategic Plan, the Business Plan and the Annual Budget and Operational Plan. The Strategic Plan is a foundation document that serves as a blueprint to build and improve the organization. The Strategic Plan provides a vision based framework for the District that is evaluated and updated every five years. The Business Plan covers the five year projection period of the Strategic Plan and is reviewed and revised annually in conjunction with the annual budget process. The Annual Budget and Operational Plan is generated annually and guides the District in providing and allocating financial resources and enables the District to deliver its vital services at present service levels.

The Business Plan outlines strategic Priorities and action item objectives that assist in prioritization of annual budget requests and the overall allocation of resources. Input from financial forecasting is a vital tool used to help shape and define the District's vision for the future, to identify critical issues, and to seek out revenue sources to support services and outline future service priorities. The Business Plan includes a long term financial forecast that helps the District to address the challenges of balancing revenue and expenditures for the services provided by the District beyond the on year perspective offered by the Annual Budget and Operational Plan. This long term financial forecast is a five-year projection using calculations based on a combination of historical revenue and expenditure levels, known operational needs, and analytical data to produce annual revenue and expenditure estimations. District staff reviews and updates these documents and programs based on identified legislative and economic factors and their potential impact on the District's financial and strategic goals for the future.

The Capital Improvement Plan (CIP) is a component of the District's Business Plan. The purpose of the CIP is to systematically identify, plan, schedule, finance, track capital assets, and to monitor capital projects to ensure cost effectiveness as well as conformance with established policies and priorities. The CIP outlines direct costs associated with recommended capital projects and asset purchases. The CIP outlines anticipated capital projects and the replacement schedules for current capital assets for a period of ten years. Asset purchases and replacements are identified in detail for the first five-year period and in summary for the following five-year period. Capital project purchases and asset replacements for the current fiscal year are identified and summarized with both anticipated initial capital outlay and ongoing operational costs for each project, allowing the Governing Board the opportunity to determine the feasibility of each project. Funding sources for each project are also acknowledged within the Capital Improvement Plan.

## **Financial Policies**

Establishing and following sound fiscal policies enhances the District's financial health as well as its image and credibility with its citizens and the public in general. The Board is charged with establishing financial policies and the staff is responsible for implementing those policies in the day-to-day management of District finances.

The District's budget is closely aligned with the financial policies established by the Governing Board. These policies serve to strengthen the current and long-term financial health of the organization and are visited, at a minimum, on an annual basis to ensure they represent the most current and realistic framework for decision-making. A balanced budget is the foundation of the District's financial policies. The Board and District staff members define a balanced budget as one that matches required expenditures necessary to provide the District's established service goals with available, sustainable resources. The Board and the staff spend an extensive period of time detailing expenditures and identifying and verifying the revenue sources that are available to support those expenditures. As revenues fluctuate, so must expenditures. However, the Board and staff strive to ensure that these fluctuations do not negatively impact emergency service levels.

Fund Balance: During the beginning months of each fiscal year, generally between July and October, the District receives little or no property tax revenues. This is a direct result of the State of Arizona's property tax billing and collection cycle. Property taxes are levied and billed to taxpayers annually and payments are due in two installments. The first installment is due during October and the balance is due in April of each fiscal year. The Board and administrative staff are charged with determining, on a monthly basis during these times of revenue shortfalls, if the District should utilize the cash available in the capital projects fund or obtain short-term borrowing.

The capital projects fund monies, can be borrowed to serve as working capital for the first few months of the fiscal year. The District may also choose to use short-term borrowing or registered warrants obtained through the Maricopa County Treasurer's Office. A combination of both options has been used in recent years. During times of low earnings interest rates, it is generally more beneficial for the District to borrow from the capital projects fund than to pay the interest costs associated with registered warrants. During times where the District can invest funds to earn higher interest rates, short-term borrowing usually results in lower costs when compared against the high interest revenues produced from the investment of capital funds. After sufficient property taxes are received through Maricopa County to support monthly expenditures, any monies borrowed are returned to the capital projects fund.

Capital Improvement Plan: The purpose of the Capital Improvement Plan (CIP) is to systematically identify, plan, schedule, finance, track capital assets, and to monitor capital projects to ensure cost effectiveness as well as conformance with established policies and priorities. The CIP is reviewed and updated annually, at a minimum, and outlines direct costs associated with capital projects and asset purchases. Required ongoing operational costs are identified and presented as a part of each project allowing the Board the opportunity to determine the feasibility of each project. Funding sources for each project or purchase are acknowledged within the plan.

Fiscal Planning and Budgeting: The Fire District's policy concerning fiscal planning and budgeting is to govern the preparation, monitor the expenditures, and analyze the effectiveness of the Annual Budget and Operational Plan. Part of this process includes incorporating a long-term perspective and a system of identifying available and sustainable resources and allocating those resources among competing purposes. The District presents an annual operating budget that is balanced, meaning that planned expenditures are equal to or less than current revenues and that ongoing expenditures will only be paid for with ongoing revenues. The District will not postpone expenditures, use one-time (non-recurring) revenue sources to fund ongoing (recurring) uses or use external borrowing for operational requirements. The District identifies and allocates funding resources amongst various service needs. It is increasingly important to incorporate a long-term perspective and to monitor the performance of programs competing to receive funding.

The District's audited, fund basis, financial statements are presented using the modified accrual basis of reporting; therefore, District budgeting is also done on a modified accrual basis. Under the modified accrual basis, expenditures are recorded when goods or services are actually received, rather than when the invoices are paid. The exception to this general rule is interest on general long-term debt, which is recognized when due. Revenues are recorded in the accounting period in which they become measurable and available.

Expenditure Control: The District has established policies which govern the compliance of the legally adopted budget by instituting processes for setting and modifying appropriation and expenditure limits and safeguarding the organization from possible "overspending". The operating budget is controlled at the organizational level, but the Capital Improvement Plan is controlled at the project level.

Cash Management and Investing: The Maricopa County Treasurer serves as the District's fiduciary agent, and is responsible for custody of tax levy monies. Maricopa County collects real property taxes and Fire District Assistance Taxes (FDAT) on behalf of the District and the District recognizes tax receipts after notification by the Maricopa County Treasurer. Tax revenues are deposited by the Maricopa County Treasurer and invested in a pooled account called the Local Government Investment Pool (LGIP). The District maintains a Secondary General Fund account for fees for services collected, a Payroll Fund account for payroll processing, an Ambulance Fund account for ambulance transport fees collected, Capital Projects Fund account, and the Special Revenue Fund account at a locally accessible banking institution. The District participates in Automated Clearing House (ACH) and check fraud protection, as well as collateralization of its accounts and Federal Deposit Insurance Corporation (FDIC) insurance protection through its financial institutions.

Risk Management: The District maintains insurance coverage for worker's compensation through State Compensation Fund (SCF) of Arizona Premier, and professional and general liability insurance through VFIS of Arizona. In addition, the District participates in the Fire Department Safety Officer's Association (FDSOA) and supports a successful employee safety program which includes regular employee safety training, worksite safety inspections, Incident Safety Officer's in the field daily, accident investigation procedures, and the use of the DriveCam program in each of the District's first-response apparatus.

## Pension and Other Post-Employment Benefits

The District contributes to the Public Safety Personnel Retirement System (PSPRS), agent multiple-employer public employee retirement system that acts as a common investment and administrative agent to provide retirement, death and disability benefits for all eligible suppression personnel. All benefit provisions and other requirements are established by state statutes. Employees were required to contribute 7.65% of their wages to PSPRS in the fiscal year ending June 30, 2011. The District is required to contribute the remaining amounts necessary to fund PSPRS, as determined by the actuarial basis specified by statute. The employer rate for the fiscal year ending June 30, 2011 was 18.33% of covered payroll.

All non-suppression employees contribute to the Arizona State Retirement System (ASRS). The ASRS is a cost sharing, multiple-employer, public employee, tax qualified, defined benefit plan (with the exception of the defined contribution portion). The ASRS Board is the governing body of the ASRS and is responsible for the administration and management of the ASRS and its trust fund. For the fiscal year ending June 30, 2011, participating employees were required to contribute 9.6% for retirement and 0.25% for long-term disability. The District is required to contribute the same.

## Awards and Acknowledgements

Awards: The Government Finance Officers Association of the United States and Canada (GFOA) created the Certificate of Achievement for Excellence in Financial Reporting (CAFR Program) in 1945 to encourage and assist state and local governments to go beyond the minimum requirements of generally accepted accounting principles to prepare Comprehensive Annual Financial Reports (CAFR) that evidence the spirit of transparency and full disclosure and then to recognize individual governments that succeed in achieving that goal.

Reports submitted to the CAFR program are reviewed by selected members of the GFOA professional staff and the GFOA Special Review Committee (SRC), which comprises individuals with expertise in public-sector financial reporting and includes financial statement reviewers, independent auditors, academics, and other finance professionals.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Fire District of Sun City West for its comprehensive annual financial report for the fiscal year ended June 30, 2010. This was the first year that the District has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principle and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgements: The preparation of this report would not have been possible without the efficient and dedicated service of the entire staff of the Financial Services Section and the District Administrative staff. We wish to express our appreciation to all members of the District who assisted and contributed to the preparation of this report. Appreciation is also extended to the District's Governing Board, the employees and citizens of the District whose continued support is vital to the financial health of the Fire District of Sun City West.

Respectfully Submitted,

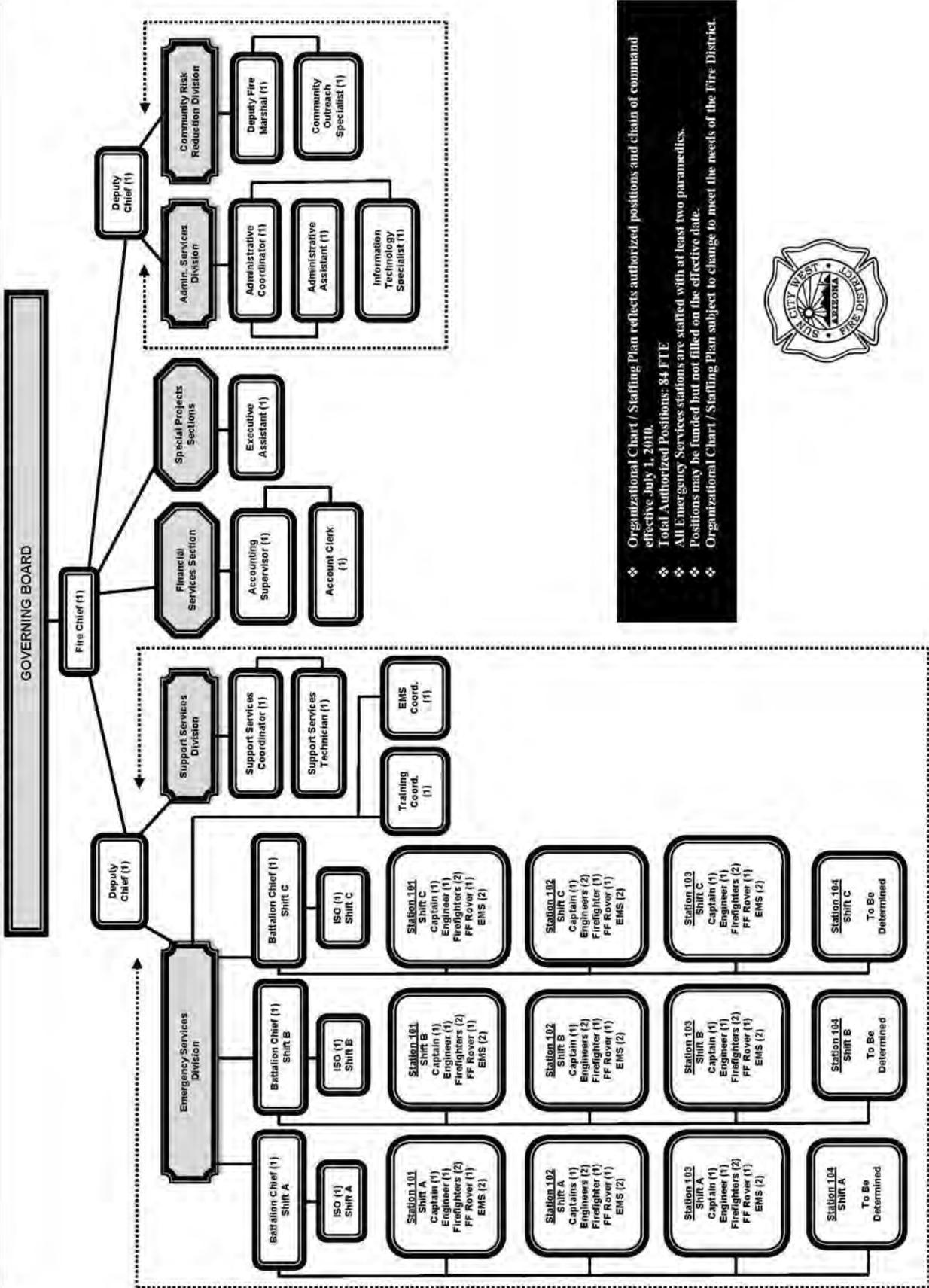


Robert Biscoe, Fire Chief



Coaleen Poland, Accounting Supervisor

# FIRE DISTRICT ORGANIZATIONAL CHART / STAFFING PLAN



❖ Organizational Chart / Staffing Plan reflects authorized positions and chain of command effective July 1, 2010.  
 ❖ Total Authorized Positions: 84 FTE  
 ❖ All Emergency Services stations are staffed with at least two paramedics.  
 ❖ Positions may be funded but not filled on the effective date.  
 ❖ Organizational Chart / Staffing Plan subject to change to meet the needs of the Fire District.



**Fire District of Sun City West  
ELECTED AND APPOINTED OFFICIALS  
June 30, 2011**

<b><u>Elected Officials</u></b>	<b><u>Board Title</u></b>	<b><u>Originally Elected</u></b>	<b><u>Current Term Expires</u></b>
David Wilson	Chairman	November 2004	November 2012
William Hamel	Clerk	November 2002	November 2014
Dusty Rhodes	Member	November 2004	November 2012
Jack Meyer	Member	November 2006	November 2014
Dennis Lake	Member	November 2008	November 2012

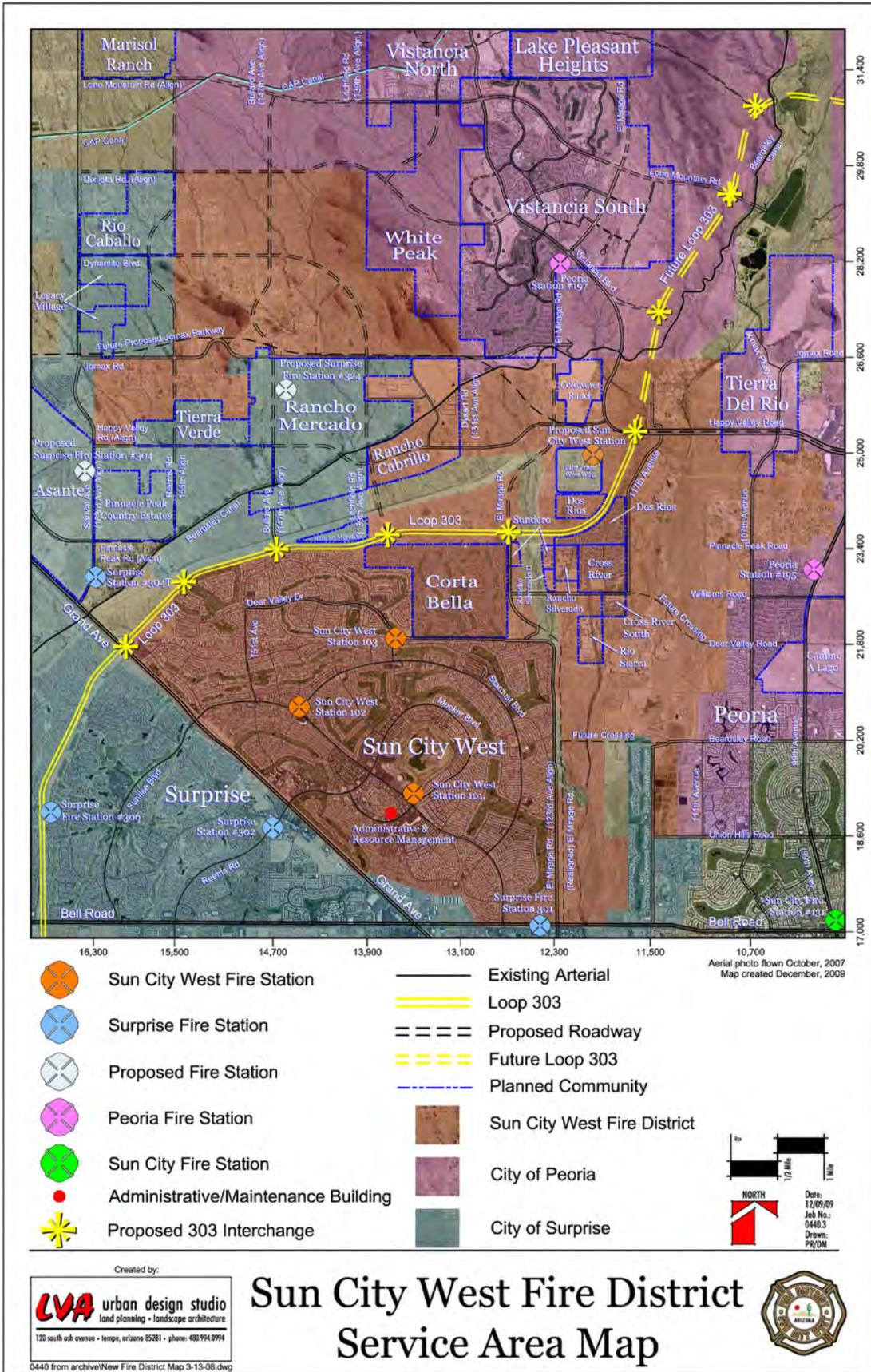
<b><u>Appointed Officials</u></b>	<b><u>Title</u></b>	<b><u>Section</u></b>
Robert Biscoe	Fire Chief	Districtwide

**ADMINISTRATIVE OFFICES**

18818 North Spanish Garden Drive  
Sun City West, Arizona 85375

**LEGAL COUNSEL**

Bonnett, Fairbourn, Friedman & Balint, P.C.  
2901 North Central Avenue, Suite 1000  
Phoenix, Arizona 85012



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Fire District of Sun City West  
Arizona

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Linda C. Davison*

President

*Jeffrey R. Emer*

Executive Director

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# FINANCIAL SECTION



Sun City West , Arizona  
Administration Offices



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Assurance Professionals, P.C.  
Certified Public Accountants

## INDEPENDENT AUDITORS' REPORT

To the Governing Board of the  
Fire District of Sun City West  
Sun City West, Arizona

We have audited the accompanying financial statements of the governmental activities and each major fund of the Fire District of Sun City West (the District), as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and of each major fund of the Fire District of Sun City West, as of June 30, 2011, and the respective changes in financial position thereof for the year then ended, in conformity with U.S. generally accepted accounting principles.

Management's Discussion and Analysis on pages 3 through 15 and the Budgetary Comparison Schedule on page 38 are not a required part of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section and statistical section listed in the table of contents are presented for the purposes of additional analysis and are not part of the basic financial statements. These sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

In accordance with *Government Auditing Standards*, we will also issue our report 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 at a future date. 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* and should be considered in assessing the results of our audit.

Assurance Professionals, P.C.

December 20, 2011

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# **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**(Required Supplementary Information)**

**Fire District of Sun City West**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2011**

As management of the Fire District of Sun City West (the District), we offer readers of these financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2011. This discussion and analysis is intended to be an easily readable breakdown of the District's financial activities based on currently known facts, decisions and conditions. Readers are encouraged to consider the information presented here in conjunction with the financial statements as a whole, which follow this narrative.

The basic governmental fund financial statements can be found on pages 18 - 23 of this report.

**Financial Highlights**

- The assets of the Fire District of Sun City West exceeded its liabilities at the close of the fiscal year by \$7,882,094 (net assets). Of this amount, \$4,416,018 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens, creditors and further the purpose of the District.
- The District's total net assets increased by \$1,090,535, primarily due to increases in the governmental type activities. These activities include increased collections from property tax and program revenue source revenues such as significantly greater than expected charges for services, and a debt reduction of \$442,000. This combined with the due diligence of the District to minimize budget expenditures for personnel services, supplies, general operating expenditures and unspent contingency funds during the year ended June 30, 2011 also contributed to the overall increase in net assets for this fiscal period.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$4,369,755 an increase of \$597,602 in comparison with the prior year. Approximately 3% percent of this total amount, or \$110,039, is available for spending at the government's discretion (unassigned fund balance in the General Fund). Of the remaining fund balance, \$92,900 is nonspendable, \$33,042 is legally restricted (from donations) for community service and safety programs, the remaining balance of \$4,133,774 has been committed to future capital projects.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$110,039, or 0.01% percent of total general fund expenditures for the fiscal year.
- The District's total debt decreased by \$441,857 (7%) during the current fiscal year due to the satisfaction of scheduled lease payments for the De Lage Landen Lease Purchase Agreement and and the early retirement of the Marquette Lease Purchase Agreement.
- At the onset of budget preparation for the year ended June 30, 2011, the District's board of directors mandated that the District maintain adequate controls over the budgeting process to minimize any potential for increased burden on the District's taxpayers. The budget for the year ended June 30, 2011 accomplished this task. However, due to the 4.8% decrease in the Net Assessed Valuation of the District and the 6.4% increase in the budget the tax levy rate changed from \$1.9660 to \$2.2555 per \$100 of secondary assessed valuation, generating an estimated annual fire district tax of \$333 based on the reduced median home value of \$147,800. It is important to note that despite the increase in the tax levy, as a result of annexations and increased alternative revenue sources, the median tax payer realized a decrease in their District tax bill for the budget year ended June 30, 2011. Actual fire district property tax revenues increased by approximately 10.9%, from \$8,838,269 to \$9,797,874. This increase can be attributed to a combination of property annexations and the increase in the District's tax levy.
- Significant capital asset additions for the year ended June 30, 2011 included: (i) the completion of equipping and placing into service in July 2010 of the 105' mid-mount platform ladder purchased from Rosenbauer America, LLC, (ii) the construction, delivery, equipping and placing into service of a Battalion Chief's first response apparatus in February 2011, and (iii) the construction, delivery and equipping of two new Type 1 Advanced Life Support (ALS) ambulances which were not placed into service until August of 2011.

**Fire District of Sun City West**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2011**

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. These basic financial statements consist of three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplemental information in addition to the financial statements themselves.

**Government-wide Financial Statements** - The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, similar in format to financial statements of a private-sector business. Consequently, the entity-wide presentation utilizes the accrual basis of accounting and consolidates all governmental funds of the District.

The **statement of net assets** presents information on all of the District's assets (resources available for future economic benefit) and liabilities (obligations to be paid in the future), with the difference between the two reported as net assets. Over time, increases and decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets 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. (e.g., uncollected taxes and program revenues, and earned but unused vacation leave) .

The government-wide financial statements can be found on pages 18 - 19 of this report.

**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, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Management establishes governmental funds based on the application of generally accepted accounting principles and the evaluation of applicable laws, regulations and reporting objectives.

**Governmental Funds** – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term acquisition and use of expendable resources, as well as on balances of expendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial requirements. Thus, the emphasis is placed on measurable and available financial resources rather than on the net changes in assets.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financial decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

**Fire District of Sun City West**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2011**

The District maintains three governmental funds: the General Fund, the Capital Projects Fund and the Special Revenue Fund. Information is presented separately in the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balances for each of these funds, all of which are considered to be the major funds of the District; the concept and determination of major funds has been established by the Governmental Accounting Standards Board (GASB). While the Special Revenue Fund is a non-major fund, it is the only non-major fund and is thus discreetly reported.

The District adopts an annual appropriated budget to levy taxes and provide for its General Fund. A budgetary comparison statement for the general fund has been provided as part of the supplementary information following the basic financial statements to demonstrate compliance with the budget and is presented on page 38. The District revises the Capital Improvement Plan annually to outline anticipated replacements and capital projects to be completed during the year for the Capital Projects Fund. There is no budget generated for the Special Revenue Fund as it is generally comprised of restricted monies that carryover from year-to-year for the purpose of supporting specified projects or programs as related to the funding received. Detailed tracking of these resources and the associated expenditures are continuously maintained to ensure funds are used for their intended purpose.

The basic governmental fund financial statements can be found on pages 20 - 23 of this report.

**Notes to the Financial Statements** – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 24 - 35 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information, other than *Management's Discussion and Analysis*, concerning a comparison of the District's budget to actual revenues and expenditures, as described earlier and can be found on page 38 of this report.

### **Government-Wide Financial Analysis**

As noted earlier, net assets may serve over time as one useful indicator of the District's financial condition. The assets of the District exceeded liabilities by \$7,882,094 as of June 30, 2011. The District's net assets increased by \$1,090,535 for the fiscal year ended June 30, 2011.

However, the largest portion (\$3,433,034 or 44%) reflects the District's investment in capital assets (e.g. land, buildings, apparatus, and equipment), less any related debt still outstanding that was issued to acquire those items. 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 capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. \$33,042 of the District's net assets are restricted funds for the purpose of supporting specified projects or programs related to donated funds. Of the remaining net assets, \$4,416,018 is unrestricted, but may be used for apparatus purchases, future fire station property and construction costs, and to improve the quality of fire protection and emergency medical services within the District's boundaries.

**Fire District of Sun City West  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2011**

The District's \$9,085,299 million in capital assets consists of three fully staffed fire stations which are strategically placed throughout the District's thirty-five square mile service area and one dual purpose administration and fleet maintenance facility. The District maintains a fleet of approximately thirty fire apparatus, ambulances and staff vehicles, all of which are in above average condition. The District also has acquired state-of-the art medical and firefighting equipment which is all well-maintained in order to provide the highest level of care. The remaining assets consist mainly of cash and cash equivalents, investments and property tax receivables, ambulance transport and other program revenue receivables which are used to meet the District's ongoing obligations to its citizens.

The following table present a comparative summary of the District's assets, liabilities and net assets for the current and preceding fiscal years.

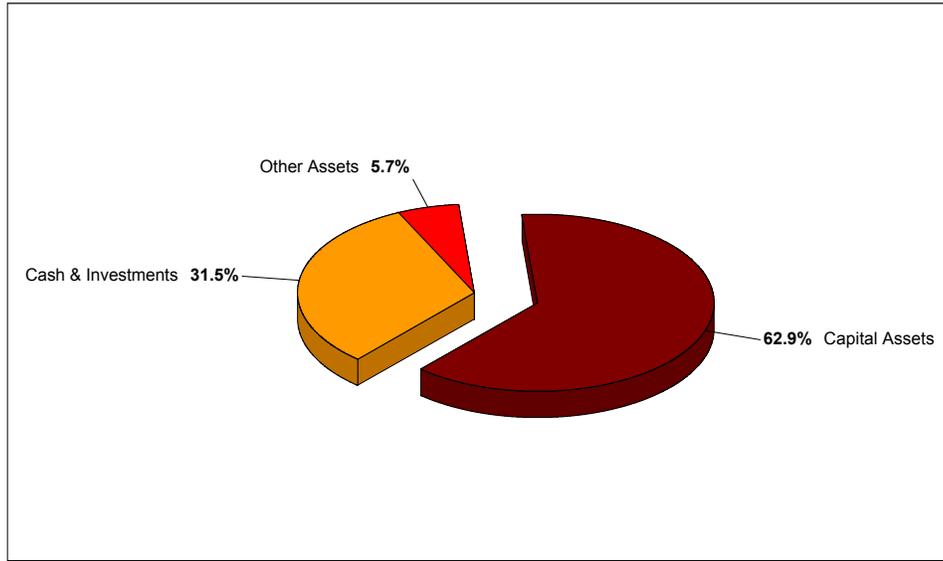
	<u>Governmental Activities</u>	
	<u>2011</u>	<u>2010</u>
<b>ASSETS</b>		
Cash and investments	\$ 4,543,154	\$ 3,927,803
Other assets	816,577	489,307
Capital assets, net	<u>9,085,299</u>	<u>9,250,168</u>
 Total assets	 <u>14,445,030</u>	 <u>13,667,278</u>
<b>LIABILITIES</b>		
Accrued expenses	467,338	330,173
Compensated absences	443,333	451,424
Purchase leases	<u>5,652,265</u>	<u>6,094,122</u>
 Total liabilities	 <u>6,562,936</u>	 <u>6,875,719</u>
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	3,433,034	3,512,632
Restricted for community services	33,042	-
Unrestricted	<u>4,416,018</u>	<u>3,278,927</u>
 Total Net Assets	 <u>\$ 7,882,094</u>	 <u>\$ 6,791,559</u>

**Fire District of Sun City West  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2011**

The following charts highlight the significant assets and liabilities of the District.

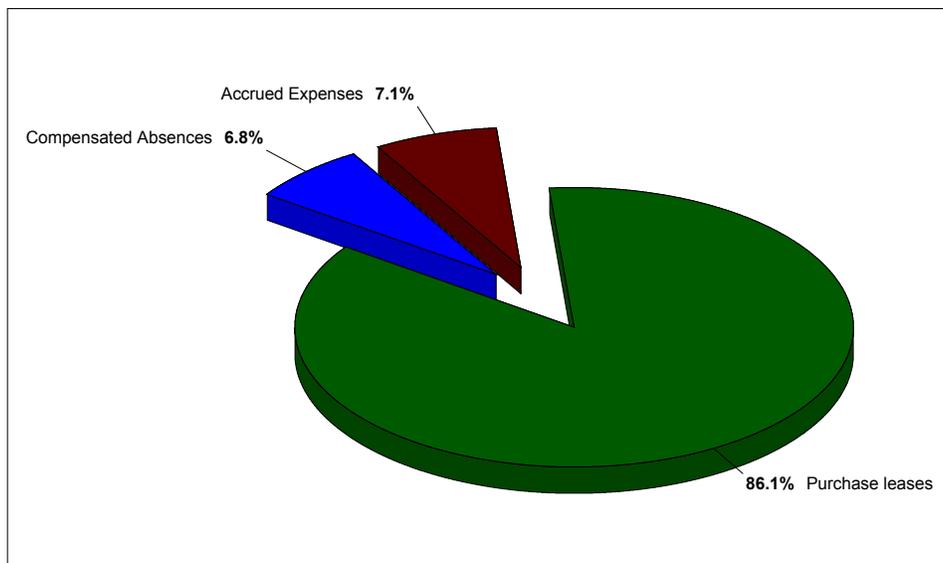
**Assets**

June 30, 2011



**Liabilities**

June 30, 2011



**Fire District of Sun City West**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2011**

**Governmental Activities** - Governmental activities increased the District's net assets by \$1,090,535. Key elements of this increase are as follows:

- District program revenues such as plan reviews, construction permits, and inspection fees have increased for the year, which is consistent with increases in new and remodel construction occurring within the District. The District also continued to experience a steady increase in ambulance transport revenues and other inter-governmental and contractual arrangements. Additionally, the District experienced a significant increase in wildland revenues and entered into an Inter-Governmental Agreement (IGA) with the Glendale Fire Department to provide staffing personnel for their Helicopter Air-Medical Logistical Operations (HALO) program, generating additional unanticipated program revenues during the year ended June 30, 2011.
- Tax revenues increased due to a budgeted increase in the tax levy and growth within the District.
- The District acquired capital assets in the amount of \$407,000, which included: (i) the completion of equipping and placing into service in July 2010 of the 105' mid-mount platform ladder purchased from Rosenbauer America, LLC, (reclassified from Construction-In-Progress), (ii) the construction, delivery, equipping and placing into service of a Battalion Chief's first response apparatus in February 2011, and (iii) the construction, delivery and equipping of two new Type 1 Advanced Life Support (ALS) ambulances which were not placed into service until August of 2011.
- Due to increases in call volumes and ambulance transports, some operating expenditures such as fuel, utilities, communications and dispatching services, and medical supplies increased. In addition, the District saw ongoing increases in employee health insurance, workmen's compensation insurance, and building maintenance supply expenditures. However, in spite of these increases, expenditures were well managed and fell below budgeted expenditure totals, with savings in administration and support services, salaries and benefits, operations, services and supplies.
- The receipt of the previously mentioned unanticipated revenues, combined with the District's efforts to strictly and effectively manage expenditures during the year ended June 30, 2011, impacted the District by generating a significantly higher revenues-over-expenditures than experienced in previous fiscal years. As a result, District management authorized the early retirement of one of the District's two Lease Purchase Agreements held by Marquette Bank and committed the balance of these funds to be transferred into the Capital Projects Fund to support future capital projects.

**Fire District of Sun City West  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2011**

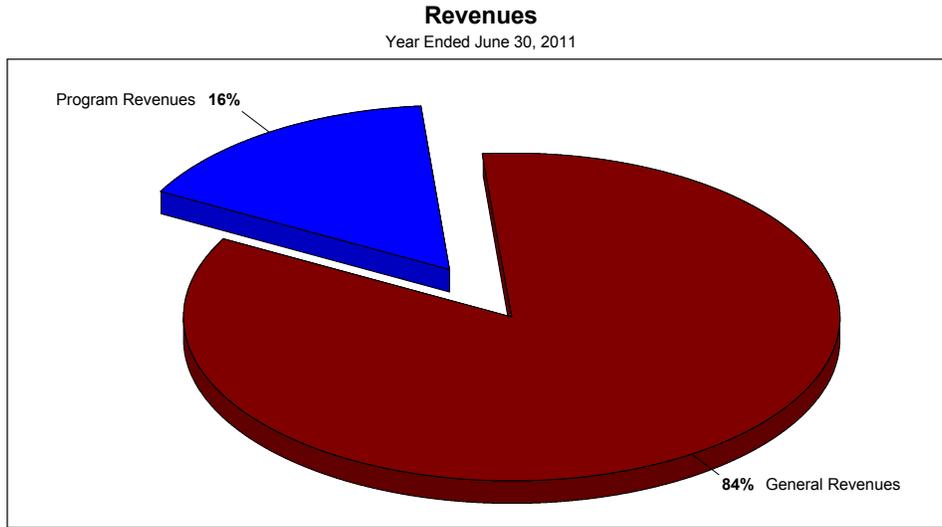
The following table presents a comparative summary of the District's revenues and expenses for the current and preceding fiscal years.

	<u>Governmental Activities</u>	
	<u>2011</u>	<u>2010</u>
<b>REVENUES</b>		
Program Revenues:		
Charges for services	\$ 1,870,785	\$ 1,579,398
Operating grants and contributions	29,655	12,094
Capital grants and contributions	-	134,679
General revenues:		
Property Taxes	9,797,874	8,838,269
Centrally assessed taxes	93,279	103,238
County aid	300,965	297,640
Net gain (loss) on disposals	-	15,859
Other	<u>23,585</u>	<u>25,098</u>
Total revenues	<u>12,116,143</u>	<u>11,006,275</u>
<b>EXPENSES</b>		
Public safety	<u>11,025,608</u>	<u>10,513,070</u>
Total expenses	<u>11,025,608</u>	<u>10,513,070</u>
Increase in net assets	1,090,535	493,205
Net assets, beginning	<u>6,791,559</u>	<u>6,298,354</u>
Net assets, ending	<u>\$ 7,882,094</u>	<u>\$ 6,791,559</u>

The cost of all governmental activities for the year ended June 30, 2011 was \$11,025,608. Property Taxes and Fire District Assistance Taxes (County Aid) provided funding of \$9,797,874 and \$300,965, respectively. Additional revenue was realized from interest in the amount of \$23,585. Ambulance revenues and related charges for services provided net revenues of \$1,566,806; charges for licenses, fees and other revenues totaled \$303,979.

**Fire District of Sun City West  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2011**

The following chart highlights the significant sources of revenues.



**Financial Analysis of the District's Funds**

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds** - The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. Specifically, *unassigned fund balances* can be a useful measure of a District's net resources available for spending at the end of the fiscal year.

The General Fund is the chief operating fund of the District. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$110,039. As a measure of the General Fund's liquidity, it may be useful to compare the unassigned fund balance to total fund expenditures.

The Capital Projects Fund accounts for the accumulation of financial resources allocated for the following: future construction costs for new and existing facilities; for the purchase or replacement of fire, emergency medical response, staff and maintenance apparatus; significant fire and emergency medical services equipment replacements such as Self Contained Breathing Apparatus (SCBA) Equipment and Heart Monitor/Defibrillators; communications equipment such as 800 MHz radios; and major administrative management equipment such as copiers and computer servers. As of June 30, 2011, the ending fund balance in the Capital Projects Fund was \$2,888,274. The District's Governing Board has determined that cash available in the General Fund as of the fiscal year ended June 30, 2011, net of encumbrances, totaling of \$1,245,500 would be transferred into the Capital Projects Fund and committed to future capital development.

**Fire District of Sun City West  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2011**

The Special Revenue Fund is for the collection and disbursement of funds for specified programs such as Paramedic Training, Fire Corps, Fire & Life Safety, and the Child Safety Seat Loaner Programs. These funds are contributed by citizens and local organizations for a specific purpose and are strictly utilized in accordance with the donor's wishes. Program funding and expenditures generally cross over fiscal years and therefore are managed within the Special Revenue Fund. As of June 30, 2011, the ending fund balance in the Special Revenue Fund was \$33,042.

At June 30, 2011, the governmental funds of the District reported a combined fund balance of \$4,369,755, an increase from last year of \$597,602 or 16%. Included in this change in fund balances are increases in the fund balances of the General, Capital Projects and Special Revenue Funds. The General Fund balance increased by \$315,568 as a result of the increased revenues and decreased expenditures. The Capital Projects Fund increased by \$248,992 due to transfers from the General Fund, in excess of capital outlay, during the fiscal year. The Special Revenue Fund balance increased by \$33,042, as these funds were previously held within the General Fund and were transferred into the Special Revenue Fund in order to more effectively manage these restricted resources. The General Fund and the (unrestricted) Capital Projects Fund had a combined ending fund balance of \$4,336,713 or 99% of the District's total governmental fund balance. Of this amount, \$110,039 is classified as unassigned fund balance, which is available for spending at the District's discretion; \$92,900 is classified as nonspendable for prepaid expenses; and \$4,133,774 of the combined fund balance is committed by the Governing Board for capital projects.

#### **Budgetary Highlights**

During the current year, the District did not have any amendments to the originally adopted budget.

#### **Budgetary Comparison - General Fund**

Revenues were significantly higher than the budgeted amounts due to a combination of several wildland deployments late in the fiscal year, higher than budgeted plan review and permit fees, and unbudgeted revenues received from the Inter-Governmental Agreement (IGA) with Glendale Fire Department for Helicopter Air-Medical Logistical Operations (HALO) staffing. Despite significant additional revenues during the year ended June 30, 2011, the District strictly managed expenditures due to the current economic conditions. This blend of additional revenues and under-expenditure of operational projections generated a substantial influx of funding to be transferred into the Capital Projects Fund to further support the District's future capital development. For additional information, see the budget to actual comparisons on page 38.

#### **Capital Asset and Debt Administration**

**Capital Assets** - The District's investment in capital assets for its governmental type activities as of June 30, 2011, totaled \$9,085,299 (net of accumulated depreciation). These assets include land, buildings and improvements, apparatus and general fire, emergency medical, communications and administrative equipment.

Major capital asset transactions during the year include the following:

- The completion of equipping and placing into service in July 2010 of the 105' mid-mount platform ladder purchased from Rosenbauer America, LLC, (reclassified from Construction-In-Progress);
- The construction, delivery, equipping and placing into service of a Battalion Chief's First Response apparatus in February 2011;
- The construction, delivery and equipping of two new Type 1 Advanced Life Support (ALS) Ambulances which were not placed into service until August of 2011 (Classified as Construction-In-Progress).

**Fire District of Sun City West**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2011**

The District depreciates capital assets, except for land and construction in progress, consistent with generally accepted accounting principles, utilizing the straight-line depreciation method. The cost of the asset is divided by the expected useful life in years and the result is charged to expense each year until the asset is fully depreciated. Major outlays for capital assets and improvements are capitalized as projects are completed and placed into service. The District's threshold for capitalization was maintained at \$5,000 which is consistent with the minimum threshold as recommended by the Governmental Financial Officers Association (GFOA). Additional information on the District's capital assets can be found in **Note - 5 Capital Assets** in the basic financial statements on page 29.

Subsequent to June 30, 2011, the District continued its practice of significant capital project funding to ensure the highest level of services to the public. Through careful planning and monitoring of the District's capital asset replacement schedule, the District has determined an annual funding requirement to provide for the timely replacement of a majority of the District's larger, and more expensive, apparatus and equipment. The capital projects funding requirement, for the year ended June 30, 2011, was a minimum of \$400,000 as determined by the District's capital asset replacement schedule. In addition to the minimum annual funding requirement, the District's Governing Board has stated that any General Fund unencumbered fund balance is to be transferred into the Capital Projects Fund to support future capital development.

**Long-term Debt** - The District continues to retire and manage debt to fund various capital projects which support program services. As of June 30, 2011, the District had total long-term outstanding debt of \$5,652,265 resulting directly from one purchase lease agreement held by De Lage Landen. During the year ended June 30, 2011, District Management was able to provide for the early retirement of the purchase lease agreement held by Marquette Bank. This debt was previously scheduled to be retired in April of 2013. This decision allowed the District to retire \$43,000 of debt earlier than expected saving several thousand dollars in interest expense. In light of the anticipated continuation of decreases in the District's Net Assessed Valuations, this will further assist in decreasing the District's need for increasing the property tax levy during the next two fiscal years. The remaining debt requires reduced debt service payments of \$573,000 during the next two fiscal years, at which point it will again increase to \$616,000 per fiscal year. Payments will remain at that level until the year ending June 30, 2023, when all debt will have been paid in full, provided no additional debt is issued. All debt is backed by the full faith and credit of the District and pledged assets.

**Economic Factors and Next Year's Budgets and Rates**

Arizona Revised Statutes limit the amount the District can assess property tax revenues to \$3.25 per \$100 of secondary assessed value. Additionally, with the passage of Senate Bill 1421, fire districts are now limited to an 8% annual property tax levy increase based on the 2008 tax levy; this increase is cumulative, even if not fully utilized in one year, and adjusted annually for annexations and new construction. Each year the maximum levy limit is recalculated based on the aforementioned factors. As of June 30, 2011, the District has a maximum tax levy limit of approximately \$12.0 million, with unused levy capacity of approximately \$2.6 million; however, the maximum levy amount still cannot exceed the tax rate of \$3.25 per \$100 of Net Assessed Value.

The District continues to work hard to keep the tax levy as low as feasibly possible while providing quality public safety services. Some of the initiatives the District has undertaken to maintain its financial stability include:

- The District maintains an Insurance Services Office (ISO) grading of Class 2. This grading reduces the risk loss for property owners and helps keep fire insurance premiums lower for District property owners.
- Maintaining a strong General Fund position, combined with additional revenue flexibility from the unrestricted Capital Projects Fund, which is committed by the Governing Board to capital project purchases outlined in the Capital Improvement Plan (CIP), and a low debt service burden are factors that are helping the District to remain financially stable.

**Fire District of Sun City West  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2011**

- In August 2010, the District was awarded Accredited Agency Status by the Commission on Fire Accreditation International (CFAI). There are fewer than 150 accredited agencies out of approximately 33,000 fire departments throughout the country and less than a dozen accredited agencies in Arizona. This accreditation status verifies that the District has met the highest standards for effectiveness and efficiency in responding to emergencies. With receipt of this recognition, the District possesses a major resource for continuous improvement. The CFAI, its professionalism and its quality of service lend credence to the District's administrative and operational performance.
- Additionally, in 2010, the District generated its first ever Comprehensive Annual Financial Report (CAFR) and submitted it to the Government Finance Officers Association (GFOA) for participation in their Certificate of Achievement for Excellence in Financial Reporting Award Program. The District was successful in receiving this award for the fiscal year ended June 30, 2010.

Although slower, the District is still anticipating continued growth over the next five years. The following factors are expected to play a role in the District's economic outlook:

- The housing communities of Corte Bella, Dos Rios, Cross River, Rio Sierra, Ranch Silverado Units I & II, and Sundero continue to support the District through their higher property values and some, as yet to be completed developments within these communities.
- Rancho Cabrillo and Coldwater Ranch sub-divisions, which had previously been in the planning stages, will begin actual construction of single-family residences during the coming fiscal years, which will result in additional tax revenues.
- A large portion of the District's emergency response calls continue to be medical related responses, which result in a steady stream of ambulance transport revenues.

During the year ended June 30, 2011, 84.1% of the District's actual revenues were derived from real property, fire insurance premium and fire district assistance taxes. Due to the potential for future increased housing development within its boundaries, the District is well positioned to benefit from the following elements:

- Potential development of frontier property within areas annexed into the District during recent fiscal years;
- Completion of additional housing developments within the District's boundaries; and,
- Continued increases in program service revenues, specifically ambulance transports, within the District.

The budgeted expenditures for the year ended June 30, 2012 are \$11.6 Million with \$1.0 Million to be provided for retirement of debt and for future capital projects funding. This leaves a net operating budget of \$10.6 Million which represents a 2.0% decrease compared to the current year's net operating budget. The District was also able to decrease the property tax levy by 3.5% from the current year. However, due to a 10.4% decrease in net assessed property valuations as set by the Maricopa County Assessor's Office, the District experienced an increase in the property tax levy rate, raising the rate up to \$2.4280 per \$100 of secondary assessed valuation.

During the annual budgeting process, the District Board considers the impact of the projected levy on the median valued homeowner. For Fiscal Year 2008 - 2009, the median valued homeowner paid \$354 in District taxes; Fiscal Year 2009 - 2010, the median valued homeowner paid \$341 in District taxes; Fiscal Year 2010 - 2011, the median valued homeowner paid \$333 in District taxes; and for Fiscal Year 2011 - 2012, the median valued homeowner will pay \$345 in District taxes. This is a slight increase from the previous year due to a decrease in the commercial assessment ratio which increased the tax burden for residential homeowners.

**Fire District of Sun City West  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2011**

**Strategic and Planning Matters**

During fiscal year 2007/2008, the District began the process of obtaining fire accreditation through the Center for Public Safety Excellence (CPSE). Attaining accreditation promotes excellence within the District, encourages quality improvement, defines missions and goals to personnel and the public, identifies strengths and weaknesses, fosters development of strategic plans, promotes pride within the District and to its customers. This accreditation procedure takes approximately eighteen months to complete and consist of comprehensive internal self evaluation and external peer evaluation systems. The initial steps to complete the self evaluation requires the generation of a self-assessment manual and a standards of coverage manual. The external evaluations are conducted by unbiased, objective reviewers who compare the District to a set of national standards and then make recommendations on how to elevate the professionalism and level of service delivery within the District.

In August 2010, the District completed the accreditation process and achieved Accredited Agency status. There are fewer than 150 accredited agencies out of approximately 33,000 fire departments throughout the country and less than a dozen accredited agencies in Arizona. This accreditation status verifies that District has met the highest standards for effectiveness and efficiency in responding to emergencies. With the receipt of this recognition, the District possesses a major resource for the continuous improvement. The Commission on Fire Accreditation International (CFAI), its professionalism and its quality of service lend credence to the District's administrative and operational performance. Formal receipt of accreditation has the potential of raising the District's standing in the application process for the receipt of grant funds.

**Request for Information**

The District's financial statements are designed to present users (citizens, taxpayers, government entities and creditors) with a general overview of the District's finances and to demonstrate the District's accountability. As always, we appreciate your feedback. We take your responses seriously. Please keep your ideas coming – both favorable and critical. If you have any questions about this report or need additional financial information, please contact the District's administrative office at (623) 584-3500. Copies of the District's annual financial reports can be obtained from the administrative office located at 18818 N Spanish Garden Drive, Sun City West, Arizona 85375.

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# **BASIC FINANCIAL STATEMENTS**

**Fire District of Sun City West  
STATEMENT OF NET ASSETS  
June 30, 2011**

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and investments	\$ 4,543,154
Accounts receivable, net	545,526
Taxes receivable	178,151
Prepaid expenses	92,900
Capital assets:	
Non-depreciable	665,570
Depreciable (net)	<u>8,419,729</u>
Total assets	<u>14,445,030</u>
<b>LIABILITIES</b>	
Accounts payable	170,539
Accrued payroll and related liabilities	274,518
Accrued expenses	22,281
Long-term liabilities:	
Due within one year	349,890
Due in more than one year	<u>5,745,708</u>
Total liabilities	<u>6,562,936</u>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	3,433,034
Restricted for:	
Community services	33,042
Unrestricted	<u>4,416,018</u>
Total net assets	<u>\$ 7,882,094</u>

The notes to the financial statements are an integral part of this statement.

**Fire District of Sun City West  
STATEMENT OF ACTIVITIES  
Year ended June 30, 2011**

	<u>Governmental Activities</u>
<b>EXPENSES</b>	
Public safety, fire protection:	
Emergency services	\$ 9,112,012
Risk reduction and community outreach	58,018
Administrative and support services	1,025,937
Depreciation	571,846
Interest	<u>257,795</u>
Total program expenses	<u>11,025,608</u>
<b>PROGRAM REVENUES</b>	
Charges for services	1,870,785
Operating grants and contributions	29,655
Capital grants and contributions	<u>-</u>
Total program revenues	<u>1,900,440</u>
Net program expenses	<u>9,125,168</u>
<b>GENERAL REVENUES</b>	
Property taxes	9,797,874
Centrally assessed taxes	93,279
County aid	300,965
Investment earnings	23,585
Net gain (loss) on disposal of capital assets	<u>-</u>
Total general revenues	<u>10,215,703</u>
Increase in net assets	1,090,535
Net assets – beginning	<u>6,791,559</u>
Net assets – ending	<u>\$ 7,882,094</u>

The notes to the financial statements are an integral part of this statement.

**Fire District of Sun City West  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2011**

	General Fund	Capital Projects Fund	Special Revenue Fund	Total Governmental Funds
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>				
Cash and investments	\$ 1,497,389	\$ 3,012,723	\$ 33,042	\$ 4,543,154
Accounts receivable, net	545,526	-	-	545,526
Taxes receivable	178,151	-	-	178,151
Due from other funds	124,449	-	-	124,449
Prepaid expenses	<u>92,900</u>	<u>-</u>	<u>-</u>	<u>92,900</u>
 Total assets	 <u>\$ 2,438,415</u>	 <u>\$ 3,012,723</u>	 <u>\$ 33,042</u>	 <u>\$ 5,484,180</u>
 <b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 170,539	\$ -	\$ -	\$ 170,539
Accrued payroll and related liabilities	274,518	-	-	274,518
Accrued expenses	22,281	-	-	22,281
Deferred revenues	382,494	-	-	382,494
Due to other funds	-	124,449	-	124,449
Deferred taxes	<u>140,144</u>	<u>-</u>	<u>-</u>	<u>140,144</u>
 Total liabilities	 <u>989,976</u>	 <u>124,449</u>	 <u>-</u>	 <u>1,114,425</u>
Fund balances:				
Nonspendable	92,900	-	-	92,900
Restricted	-	-	33,042	33,042
Committed	1,245,500	2,888,274	-	4,133,774
Assigned	-	-	-	-
Unassigned	<u>110,039</u>	<u>-</u>	<u>-</u>	<u>110,039</u>
 Total fund balances	 <u>1,448,439</u>	 <u>2,888,274</u>	 <u>33,042</u>	 <u>4,369,755</u>
 Total liabilities and fund balances	 <u>\$ 2,438,415</u>	 <u>\$ 3,012,723</u>	 <u>\$ 33,042</u>	 <u>\$ 5,484,180</u>

The notes to the financial statements are an integral part of this statement.

**Fire District of Sun City West**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS – BALANCE SHEET**  
**TO THE STATEMENT OF NET ASSETS**  
**June 30, 2011**

Fund balances - total governmental funds		\$ 4,369,755
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet.		9,085,299
Receivables which are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds balance sheet.		522,638
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds balance sheet, specifically:		
Capital lease payable	(5,652,265)	
Compensated absences	(443,333)	
Interest payable	<u>                  -</u>	
		<u>(6,095,598)</u>
Net assets of governmental activities		<u>\$ 7,882,094</u>

The notes to the financial statements are an integral part of this statement.

**Fire District of Sun City West**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**Year Ended June 30, 2011**

	General Fund	Capital Projects Fund	Special Revenue Fund	Total Governmental Funds
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>REVENUES</b>				
Property taxes	\$ 9,771,460	\$ -	\$ -	\$ 9,771,460
Fire district assistance taxes	300,965	-	-	300,965
Intergovernmental	14,158	-	-	14,158
Charges for services	1,517,254	-	-	1,517,254
Firefighter relief and pension	93,279	-	-	93,279
Licenses, permits and other fees	59,462	-	-	59,462
Contributions	-	-	9,364	9,364
Interest income	13,904	9,602	79	23,585
Other revenue	<u>118,762</u>	<u>-</u>	<u>-</u>	<u>118,762</u>
Total revenues	<u>11,889,244</u>	<u>9,602</u>	<u>9,443</u>	<u>11,908,289</u>
<b>EXPENDITURES</b>				
Current:				
Public safety, fire protection:				
Emergency services	8,985,608	-	-	8,985,608
Risk reduction and community outreach	53,261	-	4,757	58,018
Administrative and support services	1,025,937	-	-	1,025,937
Debt service:				
Principal	441,857	-	-	441,857
Interest	257,795	-	-	257,795
Capital outlay	<u>-</u>	<u>541,472</u>	<u>-</u>	<u>541,472</u>
Total expenditures	<u>10,764,458</u>	<u>541,472</u>	<u>4,757</u>	<u>11,310,687</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,124,786</u>	<u>(531,870)</u>	<u>4,686</u>	<u>597,602</u>
<b>OTHER FINANCING SOURCES/(USES)</b>				
Proceeds from issuance of debt	-	-	-	-
Transfers in	-	780,862	28,356	809,218
Transfers out	<u>(809,218)</u>	<u>-</u>	<u>-</u>	<u>(809,218)</u>
Total other financing sources and uses	<u>(809,218)</u>	<u>780,862</u>	<u>28,356</u>	<u>-</u>
Net changes in fund balances	315,568	248,992	33,042	597,602
Fund balances – beginning	<u>1,132,871</u>	<u>2,639,282</u>	<u>-</u>	<u>3,772,153</u>
Fund balances – ending	<u>\$ 1,448,439</u>	<u>\$ 2,888,274</u>	<u>\$ 33,042</u>	<u>\$ 4,369,755</u>

The notes to the financial statements are an integral part of this statement.

**Fire District of Sun City West**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**Year Ended June 30, 2011**

Net change in fund balances - total governmental funds	\$ 597,602
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense and allocate those costs over the lives of the assets and losses on the disposal of capital assets as expenditures. This is the amount by which capital outlays recorded exceeded losses on disposals in the current period.	511,525
Depreciation expense on capital assets is reported in the statement of activities, but it does not require the use of current financial resources.	(571,846)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds. This is the amount by which revenues reported in the statement of activities exceeded those amounts received and reported as current financial resources in the governmental funds.	103,306
Repayment of the principal of long-term debt is reported as an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	441,857
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds, specifically:	
Compensated absences	8,091
Interest expense	-
Change in net assets of governmental activities	<u>\$ 1,090,535</u>

The notes to the financial statements are an integral part of this statement.

**Fire District of Sun City West**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2011**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Fire District of Sun City West (the District) conform to U.S. generally accepted accounting principles applicable to governmental units adopted by the Governmental Accounting Standards Board (GASB). A summary of the District's more significant accounting policies follows:

**A. Reporting Entity**

The District, established in 1981 pursuant to Arizona Revised Statute Title 48, is a special purpose local government that is governed by an elected governing body, a legally separate entity, and is fiscally independent of other state and local governments. As required under generally accepted accounting principles, these financial statements present the activities of the District (a primary government) and its component units. Component units are legally separate entities for which the District is considered to be financially accountable. Blended component units, although legally separate entities, are in substance part of the District's operations. The District has no discretely presented or blended component units.

**B. Government-wide and fund financial statements**

The government-wide financial statements (i.e. the statement of net assets and the statement of activities) report the information on all of the nonfiduciary activities of the primary government and its component units. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from the 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 customers or applicants who purchase, use, or directly benefit from goods, services or privileges 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 (e.g. special assessments). Taxes and other revenues not included among program revenues are reported instead as general revenues.

**C. Measurement focus, basis of accounting, and financial statement presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Special assessments are recognized as revenues in the year for which the related capital projects are substantially complete. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded 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.

User fees, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual, and thus, have been recognized as revenues in the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

**Fire District of Sun City West**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2011**

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 general government, except those required to be accounted for in another fund.

The *Capital Project Fund* is used to account for funds received and expended for the construction of buildings and improvements as well as for the acquisition of apparatus and major equipment for use by the District.

The *Special Revenue Fund* is used to accounts for restricted donations and related expenditures for community service programs.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

#### **D. Cash and investments**

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Arizona Revised Statutes authorize special districts to invest public monies in the Arizona State Treasurer's local government investment pool, interest bearing savings accounts, certificates of deposit and in accounts of any savings and loan associations insured by an agency of the government of the United States, up to the amount of such insurance or pledged collateral. All investments are stated at fair value based on market prices.

#### **E. Receivables and payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "advances to/from other funds".

All program service receivables are shown net of an allowance for uncollectibles. The amount of the estimated uncollectible program service receivables at June 30, 2011, was \$245,923, which represents 48% of the current program service receivables balance.

The District levies real property taxes on or before the third Monday in August. Such levies, collected by Maricopa County, become due and payable in two equal installments; the first is due on the first day of October and the second is due on the first day of March in the subsequent year. There is no allowance for uncollectibles on taxes receivables as the District has a subordinated lien on all properties subject to the tax.

#### **F. Deferred Revenue**

Governmental funds report *deferred revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period; the period of availability for the District is 60 days. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

**Fire District of Sun City West**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2011**

**G. Prepaid items**

Certain payments to vendors reflect costs applicable to future periods and are recorded as prepaid items in both the government-wide and fund financial statements. Prepaids are accounted for on the purchase method.

**H. Restricted assets**

Certain proceeds of the District's long-term debt, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited by applicable debt covenants.

**I. Capital assets**

The District's capital assets, which include land, buildings and related improvements, furniture, vehicles, equipment, and construction in progress, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial individual cost greater than the established threshold and an estimated useful life in excess of one year.

Interest incurred during the construction phase of capital assets for governmental activities is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment of the District is depreciated using the straight line method over the following estimated useful lives:

<u>Type of asset</u>	<u>Threshold</u>	<u>Years</u>
Buildings	\$50,000	30 - 40
Improvements, other than building	\$50,000	30 - 40
Furniture, vehicles and equipment	\$5,000	3 - 15

**J. Compensated absences**

Compensated absences are accrued and reported as liabilities in the government-wide financial statements. Governmental funds report only the current portion of compensated absences payable as a result of employee termination, resignation or retirement.

**K. Long-term obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net assets and balance sheet.

**Fire District of Sun City West**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2011**

**L. Fund equity**

In the fund financial statements, governmental funds report fund balance as nonspendable, restricted, committed, assigned or unassigned based primarily on the extent to which the District is bound to honor constraints on how specific amounts can be spent.

**Nonspendable fund balance** - amounts that cannot be spent because they are either (a) not spendable in form (such as prepaid items or inventory) or (b) legally or contractually required to be maintained intact.

**Restricted fund balance** - amounts with constraints placed on their use that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

**Committed fund balance** - amounts that can only be used for specific purposes determined by formal action of the District's decision making authority (the governing Board) and that remain binding unless removed in the same manner. The underlying action that imposed the limitation needs to occur no later than the close of the reporting period.

**Assigned fund balance** - amounts that are constrained by the District's intent to be used for specific purposes. The intent can be established at either the highest level of decision making, or an official designated for that purpose.

**Unassigned fund balance** - the residual classification for the District's General Fund that includes amounts not contained in other classifications.

**M. Intergovernmental grants and aid**

Monies received from other government agencies in the form of grants or aid based on an entitlement period are recorded as intergovernmental receivables and revenues when entitlement occurs. Reimbursement grants are recorded as intergovernmental receivables and revenues when the related expenditures are incurred.

**N. Use of estimates**

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates that affect amounts reported in the financial statements during the reporting period. Actual amounts may differ from such estimates.

**O. Budgetary accounting**

The District is required, under Arizona Revised Statutes, to adopt a budget each fiscal year and to submit it to the county treasurer and the county board of supervisors no later than the first day of August each year. The adopted budget is on the modified accrual basis of accounting, which is a legally allowable basis for budgetary purposes.

All annual appropriations lapse at fiscal year end. The District is subject to expenditure limitations under Arizona Revised Statutes. Statutes also do not permit the District to incur debt in excess of the tax levy outstanding and to be collected plus the available and unencumbered cash on deposit. The limitation is applied to the total of the combined governmental funds.

**Fire District of Sun City West**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2011**

**NOTE 2 - CASH AND INVESTMENTS**

Arizona Revised Statutes (ARS) require all monies levied by the District to be collected and held by the County Treasurer's Office and included in the County's Local Government Investment Pool (LGIP). Monies received by the District as part of services, contributions or proceeds from the issuance of long-term debt can be deposited with the LGIP or with local financial institutions.

*Credit Risk.* State law limits deposits and investments to the Arizona State Treasurer's Local Government Investment Pool (LGIP); interest bearing savings accounts, and certificates of deposit which have a maturity date of not more than one year and in accounts of any savings and loan associations insured by an agency of the government of the United States, up to the amount of such insurance or pledged collateral.

*Custodial Credit Risk - Deposits.* In the case of demand and time deposits, there is the risk that in the event of a bank failure, the District's deposits may not be returned. Statutes require collateral for demand deposits, certificates of deposit, and repurchase agreements at 101 percent of all deposits not covered by federal depository insurance.

**Deposits** – As of June 30, 2011, the District's carrying amount of deposits with the County Treasurer's LGIP was \$230,145, while demand and time deposits with local financial institutions totaled \$4,311,400 and the bank balance was \$2,600,155. In addition, the District has \$1,609 in cash on hand. The Federal Deposit Insurance Corporation protects the District against loss on the first \$250,000 of demand deposits and \$250,000 of time deposits located within the state. The remaining balance was covered by collateral held by the pledging financial institution's trust department in the District's name. As of June 30, 2011, \$819,181 of the District's bank balance was exposed to custodial credit risk as it was uninsured with collateral held by the pledging financial institution trustee department not in the District's name.

*Custodial Credit Risk - Investments.* For an investment, custodial credit risk is the risk that, in the event of the counterpart's failure, the District will not be able to recover the value of its investments or collateral securities that are in possession of the outside party.

The District does not have a formal investment policy with respect to credit risk, custodial credit risk, concentration of credit risk, or interest rate risk for investments.

**NOTE 3 - RECEIVABLES**

Receivables as of June 30, 2011 for the District's governmental funds, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Capital Projects	Total
Taxes	\$ 178,151	\$ -	178,151
Program services	507,163	-	507,163
Other fees and reimbursements	<u>284,286</u>	<u>-</u>	<u>284,286</u>
Gross receivables	969,600	-	969,600
Less: allowance for uncollectibles	<u>(245,923)</u>	<u>-</u>	<u>(245,923)</u>
Net total receivables	<u>\$ 723,677</u>	<u>\$ -</u>	<u>\$ 723,677</u>

**Fire District of Sun City West**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2011**

**NOTE 4 - DEFERRED REVENUE**

Governmental funds report *deferred revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. As of June 30, 2011, deferred revenue consisted of the following:

	General Fund	Capital Projects	Total
Deferred revenues (not received within 60 days)	\$ 522,638	\$ -	\$ 522,638
Unearned revenue	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred/unearned revenues	<u>\$ 522,638</u>	<u>\$ -</u>	<u>\$ 522,638</u>

**NOTE 5 - CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2011 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Land, not depreciated	\$ 355,166	\$ -	\$ -	\$ 355,166
Construction in progress, not depreciated	899,489	322,273	(911,358)	310,404
Buildings and improvements	7,636,784	-	-	7,636,784
Apparatus	2,621,296	979,013	(17,038)	3,583,271
Operations equipment	475,285	33,185	-	508,470
Communications and computer equipment	<u>155,208</u>	<u>17,049</u>	<u>(33,185)</u>	<u>139,072</u>
Total capital assets	<u>12,143,228</u>	<u>1,351,520</u>	<u>(961,581)</u>	<u>12,533,167</u>
Less accumulated depreciation for:				
Buildings and improvements	(1,012,901)	(262,916)	-	(1,275,817)
Apparatus	(1,536,307)	(211,397)	17,038	(1,730,666)
Operations equipment	(251,716)	(88,854)	-	(340,570)
Communications and computer equipment	<u>(92,136)</u>	<u>(25,272)</u>	<u>16,593</u>	<u>(100,815)</u>
Total accumulated depreciation	<u>(2,893,060)</u>	<u>(588,439)</u>	<u>33,631</u>	<u>(3,447,868)</u>
Total capital assets, net	<u>\$ 9,250,168</u>	<u>\$ 763,081</u>	<u>\$ (927,950)</u>	<u>\$ 9,085,299</u>

Depreciation expense for the period was \$571,846; all depreciation was expensed to the public safety function. Certain reclassifications of capital assets and related depreciation were made during the year ended June 30, 2011; only one asset was disposed of; with an original cost of \$17,038 and a net book value of zero.

**Construction and purchase commitments**

The District has acquired new apparatus (two Type I ambulances) which are still reported as construction in progress as they have not been placed in use. As of June 30, 2011, the ambulances had not been completed, awaiting installation of minor equipment (radios, etc.) and final inspections by the Arizona Department of Health Services in order to be placed into service; however, no purchase commitments have been made for further work on the apparatus.

**Fire District of Sun City West**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2011**

**NOTE 6 - LONG-TERM DEBT**

Long-term debt activity for the year ended June 30, 2011 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Purchase lease agreements	\$ 6,094,122	\$ -	\$ (441,857)	\$ 5,652,265	\$ 333,590
Compensated absences	<u>451,424</u>	<u>322,085</u>	<u>(330,176)</u>	<u>443,333</u>	<u>16,300</u>
Total governmental liabilities	<u>\$ 6,545,546</u>	<u>\$ 322,085</u>	<u>\$ (772,033)</u>	<u>\$ 6,095,598</u>	<u>\$ 349,890</u>

**A. Capital leases**

Purchase Leases: The District acquired buildings, vehicles and equipment by granting leasehold interests in the underlying assets to the creditors (the Bank). The Bank, in turn, leased the property to the District under long-term agreements. Under these agreements, the District is obligated to make lease payments to the Bank, subject to receiving Board appropriations, until the obligation to the Bank is satisfied. Once the obligations to the Bank are satisfied, all rights, title, and interest in the buildings, vehicles and equipment are transferred to the District. However, if the Board appropriations are not received, the District is relieved of any subsequent obligation and the obligations are considered in default. If the default is not cured, the District has agreed that the Bank may terminate the leases, take possession of, and liquidate, the assets pledged under the agreements.

During the year ended June 30, 2008, the District refinanced several purchase lease agreements in order to lower the effective interest rate of its financing activities. The interest rate on the existing loan is 4.3% with semi-annual payments ranging approximately \$287,000 to \$308,000 per year. As of June 30, 2011, tangible assets pledged or acquired through these purchase lease agreements are as follows:

	<u>Governmental Activities</u>
Buildings and improvements	\$ 5,838,769
Vehicles and equipment	<u>1,370,353</u>
	7,209,122
Less accumulated depreciation	<u>(695,822)</u>
Total	<u>\$ 6,513,300</u>

**Fire District of Sun City West**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2011**

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2011, are as follows:

Year ended June 30,	
2012	\$ 573,025
2013	573,025
2014	616,620
2015	616,620
2016	616,620
2017-2021	3,083,106
2022-2023	<u>1,231,756</u>
Total minimum lease payments	7,310,772
Less amount representing interest	<u>(1,658,507)</u>
Present value of future minimum payments	<u>\$ 5,652,265</u>

**B. Compensated absences**

All full-time employees of the District are allotted vacation leave on their anniversary date based on the amount stated in policy determined by their years of service. Vacation leave must be utilized within the twelve month period after date of issue or it is forfeited under current District policy. Upon separation from the District, accrued vacation is paid out.

Additionally, full-time employees receive an allotment of sick leave hours on their anniversary date, to be used throughout the year. Any unused allotments are accrued and carried forward to subsequent years. Upon separation from the District, accrued sick leave is forfeited per policy with the following exception: if (i) the employee has met all requirements of District policy, (ii) qualifies for normal retirement under the Arizona State Retirement System (ASRS) or the Public Safety Personnel Retirement System (PSPRS), and (iii) separates from the District for the purposes of formally retiring and immediately drawing retirement benefits, they will be eligible for a pay-out of remaining accrued sick leave at a predetermined ratio.

**NOTE 7 - TAX AND REVENUE ANTICIPATION LINE OF CREDIT**

On behalf of the District, the Maricopa County Treasurer's Office established a line of credit in the amount of \$3,000,000, with a local financial institution; interest is calculated at approximately 60% of the current Prime Rate. The line of credit can only be drawn on by the County Treasurer in order to pay warrants issued by the District prior to the collection of the property tax levy in the current year. Pursuant to Arizona Revised Statute §48-807(H), the balance on the line of credit may not exceed 90% of the District's tax levy outstanding and to be collected. The line of credit is paid by the County Treasurer upon receipt of property taxes in October and March, or as cash is available. During the year ended June 30, 2011, the District did not utilize the line of credit.

**NOTE 8 - COMMITMENTS OF FUND BALANCE**

The District has adopted a policy whereby it will transfer any unencumbered property tax revenues to the capital projects fund to provide for planned future acquisitions of apparatus, vehicles, buildings and improvements. Such transfers are not restricted by statute and can be transferred back to the general fund upon board approved changes to the District's policies. As of June 30, 2011, the District's governing board has committed \$1,245,500 of the General Fund balance to be transferred and used for future capital projects.

**Fire District of Sun City West**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2011**

**NOTE 9 - NET REVENUE**

The District provides emergency medical and transportation services within the same geographic region as it provides fire prevention and suppression services. Charges for such emergency medical and transportation services are recognized as service revenues. Net revenue is reported at the estimated net realizable amounts from patients, third-party payers, and others for services rendered, including estimated retroactive adjustments under reimbursement allowances with third-party payers, provisions for bad debt and uncompensated care.

The difference between customary charges and the contractually established rates is accounted for as a contractual adjustment. The District's customary charges, contractual adjustments, provision for bad debts and uncompensated services for the year ended June 30, 2011 are as follows:

	Governmental Activities
Gross program service revenues/charges	\$ 4,490,364
Contractual adjustments and uncompensated services	(2,923,558)
Net program service revenues	\$ 1,566,806

The District relies on payments from third-party payers, such as Medicare and commercial insurance carriers, to support the emergency medical services provided. Should these third-party payers not cover the entire amount of the services rendered, such differences are adjusted as uncompensated services with the remaining amounts necessary to support the program subsidized with tax revenues.

**NOTE 10 - COMMITMENTS AND CONTINGENCIES**

**A. Inter-governmental agreements and indemnifications**

The District has a cancelable agreement with the City of Phoenix for computer aided dispatching and mobile digital communications equipment. The agreement renews each year unless cancelled by one or both parties at least three months prior to the first of July for the upcoming year. Should the District not renew the contract, substantial costs would be incurred to construct the necessary dispatching and communications infrastructure. The annual expense under this agreement for the year ended June 30, 2011 was \$357,905. Additionally, the District is responsible for repairs and maintenance expenses related to equipment used in their District.

The District is party to a variety of inter-governmental agreements (IGA) entered into in the ordinary course of business pursuant to which it may be obligated to provide services outside of its geographic boundaries and/or receive assistance from other parties. As part of these agreements, the District is obligated to indemnify other parties for certain liabilities that arise out of, or relate to, the subject matter of the agreements. Additionally, the District has received a Certificate of Necessity from the Arizona Department of Health Services to provide ambulance services within the District's boundaries. Should the certificate be terminated, the District would be unable to provide the extended ambulance services currently provided within the community. Settled claims, if any, resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**Fire District of Sun City West**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2011**

**B. Risk management**

The District is contingently liable for claims and judgments resulting from lawsuits incidental to normal operations. In the opinion of the District's management, adverse decisions that might result, to the extent not covered by insurance, would not have a material effect on the financial statements. No provision has been made in the financial statements for possible losses of this nature.

**NOTE 11 - EMPLOYEE RETIREMENT SYSTEMS AND POST EMPLOYMENT PLANS**

The District contributes to multiple plans as described below. 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.

**A. Arizona State Retirement System**

Plan Description: The *Arizona State Retirement System* (ASRS) administers a cost-sharing multiple-employer defined benefit pension plan that covers general employees of the District. The ASRS is governed by the Arizona State Retirement System Board according to the provisions of ARS Title 28, Chapter 5, Article 2.

Funding Policy: For the year ended June 30, 2011, active ASRS members and the District were each required by statute to contribute at the actuarially determined rate of 9.85 percent (9.6 percent retirement and 0.25 percent long-term disability) of the members' annual covered payroll. The District's contributions to ASRS for the years ended June 30, 2011, 2010 and 2009 were \$144,818, \$142,403, and \$134,498, respectively, which were equal to the required contributions for the year.

The plan issues a publicly available financial report that includes its financial statements and required supplementary information. Reports may be obtained by writing or calling: Arizona State Retirement System, 3300 N. Central Avenue, Phoenix, Arizona 85012, (602) 240-2000.

**B. Public Safety Personnel Retirement System**

Plan Description: The *Public Safety Personnel Retirement System* (PSPRS) is an agent multiple-employer defined benefit pension plan that covers public safety personnel who are regularly assigned to hazardous duty as employees of the State of Arizona or one of its political subdivisions. The PSPRS, acting as a common investment and administrative agent, is governed by a five member board, known as the Fund Manager, and 162 local boards, according to the provisions of ARS Title 38, Chapter 5, Article 4. Reports may be obtained by writing or calling: Public Safety Personnel Retirement System, 3010 E. Camelback Road #200, Phoenix, Arizona 85016, (602) 255-5575.

Funding Policy: For the year ended June 30, 2011, PSPRS members were required by statute to contribute 7.65% of their annual covered compensation, and the District was required to contribute at the actuarially determined rate of 18.33%.

Contributions from other entities: Proceeds from the annual tax collected by the State of Arizona on fire insurance premiums are contributed to PSPRS and reallocated to participants based on actuarial estimates. For the year ended June 30, 2011, the amount credited to the District's plan, and included in the annual pension cost described below, totaled \$93,279.

**Fire District of Sun City West**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2011**

Annual Pension Cost: For the year ended June 30, 2011, the District's annual pension cost of \$708,869 for PSPRS was equal to the District's required and actual contributions. The District's actuarial assumptions for the pension fire personnel for the year ended June 30, 2011, the most recent available actuarial valuation, and related information follows.

Contribution rates	
Plan members	7.65 %
District (2010 - 2011)	18.33 %
Actuarial cost method	Entry Age Normal
Investment rate of return	8.25 %
Projected salary increases *	5.0 % - 8.0 %
* Includes inflation at	5.0 %
Amortization method	Level percent-of-pay closed
Remaining amortization period	25 years for unfunded actuarial accrued liability, 20 years for overfunded
Asset valuation method	7-year Smoothed market value

Three year trend information for PSPRS: The information for the agent plan was obtained from the three most recent actuarial valuations.

Year ended June 30,	APC	Percentage of APC Contributed	Net pension Obligation
2011	\$ 708,869	100%	\$ -
2010	696,193	100%	-
2009	877,594	100%	-

Funding progress (excluding health insurance subsidy): The information for the analysis of funding progress was obtained from the three most recent actuarial valuations.

Valuation date June 30,	Actuarial Value of Plan Assets	Actuarial Accrued Liability	Funding Liability (Excess)	Funded Ratio	Annual Covered Payroll	Unfunded Liability as Percentage of Covered Payroll
2011	\$ 12,562,289	\$ 19,368,821	\$ 6,806,532	65 %	\$ 3,815,526	178 %
2010	11,466,406	17,068,270	\$ 5,601,864	67 %	3,849,973	146 %
2009	10,235,126	15,319,790	5,084,664	67 %	4,110,075	124 %

**Fire District of Sun City West**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2011**

Funding progress (post-retirement health insurance subsidy only): The information for the analysis of funding progress was obtained from the three most recent actuarial valuations.

Valuation date June 30,	Actuarial Value of Plan Assets	Actuarial Accrued Liability	Funding Liability (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as % of Covered Payroll
2011	\$ -	\$ 644,643	\$ 644,643	- %	\$ 3,815,526	17 %
2010	-	512,164	\$ 512,164	- %	3,849,973	13 %
2009	-	477,796	477,796	- %	4,110,075	12 %

In accordance with GASB 45, assets within the PSPRS plan are not segregated to fund the post-retirement health insurance subsidy. Accordingly, these benefits may not be considered pre-funded. These liabilities are based on the same assumptions and actuarial costs methods as indicated for the plan. The District's health insurance subsidy payment reported for the fiscal years ending June 30, 2011 and 2010 was \$25,800, \$20,040, respectively.

Three year trend information with Actual Pension Cost (APC) and required contributions is not available as the plan does not segregate assets for the post-retirement health insurance subsidy.

**C. Deferred compensation and post employment health plans**

The District has established a defined contribution deferred compensation plan for all employees in order to provide for supplementary retirement benefits. Contributions to the plan are administered by a third-party, Nationwide Retirement Solutions (Nationwide). Contributions for the year ended June 30, 2011 totaled \$198,708.

The District has established a defined contribution deferred compensation plan for all employees in order to provide for post employment health benefits. Contributions to the plan are administered by a third-party, Nationwide Retirement Solutions (Nationwide). The plan provides for post-employment reimbursement of qualifying medical care expenses for the benefit of employees and their dependents. Contributions for the year ended June 30, 2011 totaled \$59,582.

In accordance with GASB Statement No. 32, the District provides neither administrative services nor investment advice. Consequently, no fiduciary relationship exists between the District and the compensation plan. Therefore, plan assets, for either of the aforementioned plans, are not included as a fund of the District.

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# **REQUIRED SUPPLEMENTARY INFORMATION**

(Other than Management's Discussion and Analysis)

**Fire District of Sun City West**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**Year Ended June 30, 2011**

	<u>Budgeted Amounts</u>		Actual Amounts (budgetary basis)	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
<b>REVENUES:</b>				
Property taxes	\$ 9,786,319	\$ 9,786,319	\$ 9,771,460	\$ (14,859)
Fire district assistance taxes	300,000	300,000	300,965	965
Firefighter relief and pension	104,962	104,962	93,279	(11,683)
Charges for services	1,553,781	1,553,781	1,517,254	(36,527)
Intergovernmental	-	-	14,158	14,158
Interest income	14,000	14,000	13,904	(96)
Other revenue	43,310	43,310	118,762	75,452
Licenses, permits and other fees	49,190	49,190	59,462	10,272
Contributions	-	-	-	-
	<u>11,851,562</u>	<u>11,851,562</u>	<u>11,889,244</u>	<u>37,682</u>
<b>EXPENDITURES:</b>				
Current:				
Wages and benefits	8,956,991	8,956,991	8,581,646	375,345
Operations	1,535,213	1,535,213	1,483,160	52,053
Revenue Stabilization	611,834	611,834	-	611,834
Debt service:				
Principal	358,826	358,826	441,857	(83,031)
Interest	257,798	257,798	257,795	3
Capital outlay	<u>130,900</u>	<u>130,900</u>	<u>-</u>	<u>130,900</u>
	<u>11,851,562</u>	<u>11,851,562</u>	<u>10,764,458</u>	<u>1,087,104</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>1,124,786</u>	<u>1,124,786</u>
<b>OTHER FINANCING SOURCES/(USES)</b>				
Transfers In/(out)	-	-	(809,218)	(809,218)
Proceeds from long-term debt	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>(809,218)</u>	<u>(809,218)</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>315,568</u>	<u>315,568</u>
Fund balance – beginning	<u>1,132,871</u>	<u>1,132,871</u>	<u>1,132,871</u>	<u>-</u>
Fund balance – ending	<u>\$ 1,132,871</u>	<u>\$ 1,132,871</u>	<u>\$ 1,448,439</u>	<u>\$ 315,568</u>

**Fire District of Sun City West**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended June 30, 2011**

**NOTE I - Budgetary basis of accounting**

The District prepares its annual budget on a basis which is consistent with GAAP. A budgetary comparison schedule for the General fund is included as required supplementary information to provide meaningful comparison of actual results to budget on a budget basis.

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# Statistical Section



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**Fire District of Sun City West  
STATISTICAL SECTION  
(UNAUDITED)  
June 30, 2011**

This part of the Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information say about the District's overall financial health.

**Contents**

Financial Trends.....Schedules 44 through 47  
These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.

Revenue Capacity.....Schedules 48 through 51  
These schedules contain information to help the reader assess the District's sources of revenue, specifically the most significant revenue source, property taxes.

Debt Capacity.....Schedule 52  
This schedule presents information to help the reader assess the District's current outstanding levels of debt and the District's ability to issue additional (bonded) debt in the future.

Demographic and Economic Information.....Schedule 53  
This schedule offers demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.

Operating Information.....Schedules 54 - 55  
These schedules contain service and capital asset data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities which it performs.

**Fire District of Sun City West**  
**CONDENSED SUMMARY OF NET ASSETS**  
**Last Eight (8) Years (as of June 30)**

	2011	2010	2009	2008	2007	2006	2005	2004
<b>ASSETS</b>								
Current	\$ 5,359,731	\$ 4,417,110	\$ 5,541,732	\$ 6,325,568	\$ 3,859,938	\$ 3,731,360	\$ 4,830,391	\$ 1,708,420
Capital	<u>9,085,299</u>	<u>9,250,168</u>	<u>8,240,692</u>	<u>6,754,129</u>	<u>5,534,255</u>	<u>6,156,444</u>	<u>4,521,844</u>	<u>4,396,203</u>
Total	14,445,030	13,667,278	13,782,424	13,079,697	9,394,193	9,887,804	9,352,235	6,104,623
<b>LIABILITIES</b>								
Other	910,671	781,597	1,045,413	634,254	681,744	467,139	573,114	393,432
Long-term debt	<u>5,652,265</u>	<u>6,094,122</u>	<u>6,438,657</u>	<u>6,757,859</u>	<u>3,479,606</u>	<u>3,786,646</u>	<u>4,056,422</u>	<u>1,760,436</u>
Total	6,562,936	6,875,719	7,484,070	7,392,113	4,161,350	4,253,785	4,629,536	2,153,868
<b>NET ASSETS</b>								
Invested. in capital assets, net of related debt	3,433,034	3,512,632	3,626,255	3,475,631	2,195,970	2,369,798	2,761,408	2,635,767
Restricted	33,042	-	-	-	-	-	-	-
Unrestricted	<u>4,416,018</u>	<u>3,278,927</u>	<u>2,672,099</u>	<u>2,211,953</u>	<u>3,036,873</u>	<u>3,264,221</u>	<u>1,961,291</u>	<u>1,314,988</u>
<b>TOTAL NET ASSETS</b>	<u>\$ 7,882,094</u>	<u>\$ 6,791,559</u>	<u>\$ 6,298,354</u>	<u>\$ 5,687,584</u>	<u>\$ 5,232,843</u>	<u>\$ 5,634,019</u>	<u>\$ 4,722,699</u>	<u>\$ 3,950,755</u>

**SOURCE:** Schedules 41 through 44 were prepared using current and prior year audited financial statements.

**NOTE:** The District adopted Governmental Accounting Standards Board (GASB) Statement No. 34, "Basic Financial Statements - and Management Discussion and Analysis - For State and Local Governments" during the fiscal year ended June 30, 2004. Thus, only eight (8) years of comparative information is present on the financial trend schedules (pages 41 through 44).

**Fire District of Sun City West**  
**SUMMARY OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS**  
**Last Eight (8) Years (For the Year Ending June 30)**

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
<b>EXPENSES</b>								
Public Safety	\$ 11,025,608	\$ 10,507,355	\$ 10,437,123	\$ 9,536,847	\$ 9,018,333	\$ 8,392,341	\$ 7,716,374	\$ 7,071,281
<b>PROGRAM REVENUES</b>								
Charges For Services	1,870,785	1,573,683	1,685,837	1,855,738	2,273,940	1,989,677	1,891,742	1,276,596
Capital Grants	-	134,679	-	-	-	157,429	-	-
Operating Grants	<u>29,655</u>	<u>12,094</u>	<u>3,758</u>	<u>34,568</u>	<u>45,706</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET PROGRAM EXPENSE</b>	(9,125,168)	(8,786,899)	(8,747,528)	(7,646,541)	(6,698,687)	(6,245,235)	(5,824,632)	(5,794,685)
<b>GENERAL REVENUES</b>								
Property Taxes	9,891,153	8,838,269	8,876,270	7,592,110	7,026,156	6,556,821	6,098,939	5,695,637
County Aid	300,965	297,640	291,383	295,715	293,801	298,600	292,846	296,886
Other Revenues	<u>23,585</u>	<u>144,195</u>	<u>190,645</u>	<u>213,457</u>	<u>250,230</u>	<u>301,134</u>	<u>204,791</u>	<u>161,843</u>
Total General Revenues	<u>10,215,703</u>	<u>9,280,104</u>	<u>9,358,298</u>	<u>8,101,282</u>	<u>7,570,187</u>	<u>7,156,555</u>	<u>6,596,576</u>	<u>6,154,366</u>
<b>TOTAL CHANGE IN NET ASSETS</b>	<u>\$ 1,090,535</u>	<u>\$ 493,205</u>	<u>\$ 610,770</u>	<u>\$ 454,741</u>	<u>\$ 871,500</u>	<u>\$ 911,320</u>	<u>\$ 771,944</u>	<u>\$ 359,681</u>

**Fire District of Sun City West  
FUND BALANCES  
GOVERNMENTAL FUNDS  
Last Eight (8) Years (As of June 30)**

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
<b>GENERAL FUND</b>								
Unassigned	\$ 110,039	\$ 1,125,881	\$ 1,260,272	\$ 574,402	\$ 193,518	\$ 683,016	\$ (65,662)	\$ (63,173)
Committed	1,245,500	-	-	-	-	-	-	-
Nonspendable	<u>92,900</u>	<u>6,990</u>	<u>-</u>	<u>71,321</u>	<u>76,879</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	1,448,439	1,132,871	1,260,272	645,723	270,397	683,016	(65,662)	(63,173)
<b>OTHER GOVERNMENTAL FUNDS</b>								
Restricted	33,042	-	-	-	-	-	-	-
Committed	<u>2,888,274</u>	<u>2,639,282</u>	<u>3,375,742</u>	<u>5,218,748</u>	<u>3,161,796</u>	<u>2,653,718</u>	<u>4,547,693</u>	<u>1,503,499</u>
Total	2,921,316	2,639,282	3,375,742	5,218,748	3,161,796	2,653,718	4,547,693	1,503,499
<b>TOTAL GOVERNMENTAL FUNDS</b>								
General Fund	1,448,439	1,132,871	1,260,272	645,723	270,397	683,016	(65,662)	(63,173)
Other Governmental Funds	<u>2,921,316</u>	<u>2,639,282</u>	<u>3,375,742</u>	<u>5,218,748</u>	<u>3,161,796</u>	<u>2,653,718</u>	<u>4,547,693</u>	<u>1,503,499</u>
<b>TOTAL</b>	<u>\$ 4,369,755</u>	<u>\$ 3,772,153</u>	<u>\$ 4,636,014</u>	<u>\$ 5,864,471</u>	<u>\$ 3,432,193</u>	<u>\$ 3,336,734</u>	<u>\$ 4,482,031</u>	<u>\$ 1,440,326</u>

**NOTE:** The District only maintained two governmental funds, the General Fund and the Capital Projects Fund until fiscal year ending June 30, 2010. Beginning with the fiscal year starting July 1, 2010, it was determined that it was necessary to create the Special Revenue Fund to better manage the collection and disbursement of funds for specified programs such as Paramedic Training, Fire Corps, Fire & Life Safety, and the Child Safety Seat Loaner Programs. These funds are donated by citizens and local organizations for restricted use and are strictly utilized in accordance with the donor's request.

**Fire District of Sun City West**  
**SUMMARY OF REVENUE, EXPENSES AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**  
**Last Eight (8) Years (For the Year Ending June 30)**

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
<b>REVENUES</b>								
Property Taxes	\$ 10,072,425	\$ 8,845,395	\$ 8,837,614	\$ 7,588,003	\$ 7,028,692	\$ 6,526,885	\$ 6,098,939	\$ 5,672,583
Charges for Services	1,509,132	1,409,749	1,563,378	1,615,844	1,402,913	1,925,373	1,891,742	1,273,535
Other revenues	<u>318,610</u>	<u>736,683</u>	<u>567,053</u>	<u>775,715</u>	<u>1,124,522</u>	<u>757,163</u>	<u>497,637</u>	<u>458,729</u>
Total	11,900,167	10,991,827	10,968,045	9,979,562	9,556,127	9,209,421	8,488,318	7,404,847
<b>EXPENDITURES</b>								
Public Safety	10,061,441	9,708,503	9,609,838	9,056,778	8,290,784	7,682,597	7,174,784	6,464,443
Capital Projects	541,472	1,530,564	1,984,341	1,576,017	703,417	2,205,655	600,287	24,844
Debt Service								
Principal	441,857	344,535	319,202	321,377	307,040	269,786	206,861	172,450
Interest	<u>257,795</u>	<u>272,086</u>	<u>283,122</u>	<u>192,742</u>	<u>159,427</u>	<u>196,680</u>	<u>66,843</u>	<u>38,141</u>
Total expenditures	11,302,565	11,855,688	12,196,503	11,146,914	9,460,668	10,354,718	8,048,775	6,699,878
Excess of revenues								
Over/(Under) Expenditures	<u>597,602</u>	<u>(863,861)</u>	<u>(1,228,458)</u>	<u>(1,167,352)</u>	<u>95,459</u>	<u>(1,145,297)</u>	<u>439,543</u>	<u>704,969</u>
<b>OTHER FINANCING SOURCES/USES</b>								
Purchase lease proceeds	-	-	-	6,300,000	-	-	2,602,162	-
Payoff of lease from new debt proceeds	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,700,370)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL CHANGE IN FUND BALANCE</b>	<b><u>\$ 597,602</u></b>	<b><u>\$ (863,861)</u></b>	<b><u>\$ (1,228,458)</u></b>	<b><u>\$ 2,432,278</u></b>	<b><u>\$ 95,459</u></b>	<b><u>\$ (1,145,297)</u></b>	<b><u>\$ 3,041,705</u></b>	<b><u>\$ 704,969</u></b>
Debt Service as a percentage of non-capital expenditures	6.95 %	6.35 %	6.27 %	5.68 %	5.63 %	6.07 %	3.81 %	3.26 %

**Fire District of Sun City West**  
**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY**  
**Last Ten (10) Years**

Fiscal Year Ended June 30,	Secondary Net Assessed Value	Direct Rate	Estimated Actual Value	Ratio of Net Assessed To Estimated
2011	\$ 433,885,773	\$ 2.2555	\$ 4,318,955,713	10.0 %
2010	455,991,330	1.9660	4,450,495,119	10.2
2009	505,223,198	1.7800	4,964,405,414	10.2
2008	458,677,185	1.6670	4,448,423,105	10.3
2007	293,512,421	2.4080	2,788,336,307	10.5
2006	271,837,824	2.4080	2,574,213,367	10.6
2005	260,837,824	2.3417	2,481,682,515	10.5
2004	253,226,806	2.2483	2,425,530,150	10.4
2003	232,306,671	2.1699	2,202,428,072	10.5
2002	231,657,942	1.9684	2,176,073,172	10.6

**SOURCE:** Maricopa County Assessors Office

**NOTE:** Secondary Net Assessed (or Full Cash) Values (SNAV) are based on Estimated Actual Value with an applicable rate of 10% for residential property and 20% for non-public utility and commercial property. Public utility infrastructure is centrally assessed by the Arizona Department of Revenue. Secondary Assessed Values (Estimated Actual Values) are determined each calendar year. The tax rate of the district is determined by the approved budget applicable divided by the Secondary Assessed Value as of July 1st of the respective fiscal year.

**Fire District of Sun City West  
DIRECT AND OVERLAPPING RATES  
Last Ten (10) Years**

Fiscal Year Ended	Direct	Overlapping						
	Fire District Of Sun	State of AZ Dept. of Ed.	(Direct) Maricopa	Water Conservation	Community College	Peoria	Dysart	Other Special
June 30,	City West	Equalization	County	District	District	Unified <sup>1</sup>	Unified <sup>1</sup>	Districts <sup>2</sup>
2011	2.2555	0.3564	1.6981	0.1000	0.9728	3.2420	3.1654	N/A
2010	1.9660	0.3306	1.1629	0.1000	0.8844	2.9932	2.4608	N/A
2009	1.7800	N/A	1.2047	0.1000	0.9386	3.7657	1.8964	N/A
2008	1.6670	N/A	1.2970	0.1200	0.9760	3.8197	4.4326	N/A
2007	2.4080	N/A	1.4348	0.1200	1.0646	4.2913	3.3061	N/A
2006	2.4080	0.4358	1.4611	0.1200	1.0315	4.1286	5.4627	N/A
2005	2.3417	0.4560	1.4748	0.1200	1.0372	4.4575	5.0924	N/A
2004	2.2483	0.4717	1.5448	0.1200	1.0785	4.5554	4.5856	N/A
2003	2.1699	0.4889	1.5448	0.1300	1.1127	4.4072	4.0828	N/A
2002	1.9684	0.4974	1.5448	0.1300	1.1107	4.3204	4.3012	N/A

**SOURCE:** Maricopa County

**NOTE:** Arizona Revised Statute Title 48 limits the District's direct rate to a maximum of \$3.25 per \$100 of Secondary Net Assessed Value. Additionally, changes in statute during the 2009 Legislative Session established further limits which impacted the maximum yearly increase in the tax levy (in dollars) for special districts in Arizona. This amount is based on a calculation with established a "base year" for special districts. The annual levy may not exceed the base year tax levy (2008 tax year), with consideration for new additions to the valuation base, plus 8% per year from the base year, in the aggregate. For the fiscal year ending June 30, 2012 (Tax Year 2011), the maximum tax levy allowable under statute based on the 8% limitation is \$12,010,950 (an estimated tax rate of \$3.0887). However, the District's adopted tax levy for fiscal year ending June 30, 2012 is \$9,441,693, leaving the District with an excess levy capacity of approximately \$2,500,000. Future limits are established each year by the Arizona Property Tax Oversight Commission once the County Assessor has taken into account annexation and additions to the property within the District.

**REF (1):** Within the District, there are two separate unified school districts which many property owners reside in. These are the Peoria Unified School District #11, and the Dysart Unified School District #89. School district tax rates are assessed on the Primary (Limited) Value of properties.

**REF (2):** Other Special Districts include a healthcare district, special improvement district and another school district. However, information on these districts is not presented as historical information was not available and such districts only overlap an immaterial percentage of the fire district.

**Fire District of Sun City West  
PRINCIPAL PROPERTY TAX PAYERS  
Current Tax Year and Ten (10) Years Ago**

	2010 Tax Year			2001 Tax Year		
	Net Assessed Valuation	Rank	Percent of SNAV	Net Assessed Valuation	Rank	Percent of SNAV
Sun Health Properties Inc.	\$ 10,825,037	1	2.49 %	7,902,005	1	3.41 %
Roskamp/Sun Health Residential	9,786,350	2	2.26 %	6,773,530	3	2.92 %
Arizona Public Service Company	8,195,027	3	1.89 %	7,581,067	2	3.27 %
WSL Heritage Investors V, LLC	6,233,928	4	1.44 %	4,222,899	4	1.82 %
Patterson Farms, Inc	2,707,099	5	0.62 %	1,936,495	6	0.84 %
Rancho Cabrillo Development, LLC	2,300,960	6	0.53 %	1,238,124	10	0.53 %
Abart Properties	1,687,949	7	0.39 %	1,287,521	9	0.56 %
AAWC: Sun City West Water Division	1,633,218	8	0.38 %	2,003,703	7	0.86 %
Citation Madison House	1,558,111	9	0.36 %	1,368,619	8	0.59 %
Colfin WLH Land Acquisitions, LLC	1,275,057	10	0.29 %	684,132	-	- %
BNSF Railroad Company	-	-	- %	2,275,862	5	0.98 %

**SOURCE:** Maricopa County Assessor's Office

**Fire District of Sun City West  
PROPERTY TAX LEVIES AND COLLECTIONS  
Last Ten (10) Years**

Fiscal Year Ended June 30,	Tax Levied	Amount collected in Fiscal Year		Collected in Subsequent Yrs	Collected in Total	
		Amount	Percent		Amount	Percent
2011	\$ 9,820,062	\$ 9,679,521	98.6 %	\$ -	\$ 9,679,521	98.6 %
2010	8,964,790	8,766,705	97.8 %	107,213	8,873,918	99.0 %
2009	8,878,789	8,772,149	98.8 %	91,007	8,863,156	99.8 %
2008	7,646,158	7,562,203	98.9 %	61,167	7,623,370	99.7 %
2007	7,067,781	6,997,009	99.0 %	35,681	7,032,690	99.5 %
2006	6,543,502	6,490,470	99.2 %	45,553	6,536,023	99.9 %
2005	6,111,180	6,072,662	99.4 %	28,879	6,101,541	99.8 %
2004	5,693,294	5,649,339	99.2 %	28,965	5,678,304	99.7 %
2003	5,040,823	5,014,091	99.5 %	25,778	5,039,869	100.0 %
2002	4,559,951	4,477,136	98.2 %	27,869	4,505,005	98.8 %

**SOURCE:** Maricopa County Treasurer's Office

**NOTES:** (1) Amounts collected are on a cash basis. (2) Amounts reported are only for secured property, unsecured property payments are not consistently reported due to timing variances. However, over 95% of unsecured property taxes are collected within 90 days.

**Fire District of Sun City West**  
**OUTSTANDING DEBT AND DEBT LIMITATIONS**  
**Last Ten (10) Years**

Fiscal Year Ended June 30,	Purchase Lease Debt	General Obligation Bonds		Total Outstanding Debt			Debt Per Capita
		Outstanding	Legal Limit	Amount	% Subject to Limit	% of Estimated Actual Value	
2011	\$ 5,652,265	\$ -	\$ 26,033,146	\$ 5,652,265	- %	0.13 %	\$ 125.61
2010	6,094,122	-	27,359,480	6,094,122	- %	0.14 %	135.42
2009	6,438,657	-	30,313,392	6,438,657	- %	0.13 %	151.50
2008	6,757,859	-	27,520,631	6,757,859	- %	0.15 %	168.95
2007	3,479,606	-	17,610,745	3,479,606	- %	0.12 %	86.99
2006	3,786,646	-	16,310,269	3,786,646	- %	0.15 %	94.67
2005	4,056,422	-	15,650,269	4,056,422	- %	0.16 %	104.01
2004	1,760,436	-	15,193,608	1,760,436	- %	0.07 %	45.14
2003	1,932,686	-	13,938,400	1,932,686	- %	0.09 %	50.20
2002	422,206	-	13,899,477	422,206	- %	0.02 %	11.11

**SOURCE:** Outstanding debt was obtained from current and prior year financial statements. The legal limit is calculated based on Secondary Assessed Valuation using the 6% rate for the legal limit of bond indebtedness.

**NOTE:** The District's purchase lease agreements are backed by the full faith and credit of the District. Such amounts are not subject legal limits based on property valuation; rather, the debt service is required to be paid from the primary tax levy subject to levy limitations. General Obligation Bonds are limited to the lessor of 6% of secondary assessed value in the year they are issued or the maximum amount of the voter approved offering.

**Fire District of Sun City West**  
**COUNTY-WIDE DEMOGRAPHIC AND ECONOMIC STATISTICS**  
**Last Ten (10) Calendar Years**

Calendar Year Ended December 31,	Population	Personal Income	Per Capita Income	Unemployment Rate	Estimated District Population
2010	3,817,117	\$ N/A	\$ N/A	9.10 %	45,000
2009	4,023,132	142,091,618	35,319	8.60 %	45,000
2008	4,115,811	147,122,078	37,168	8.00 %	42,500
2007	3,987,942	139,665,253	36,135	4.30 %	40,000
2006	3,907,492	132,423,154	33,890	2.90 %	40,000
2005	3,792,675	120,716,738	31,829	3.60 %	40,000
2004	3,648,545	111,103,576	30,451	4.10 %	39,000
2003	3,752,460	102,277,852	27,256	4.40 %	39,000
2002	3,396,875	96,998,974	28,555	5.30 %	38,500
2001	3,296,300	93,544,549	28,379	5.00 %	38,000

**SOURCE:** The source for "Personal Income" and "Per Capita" information is the Bureau of Economic Analysis. The source for "Population" and "Unemployment Rate" information is the State of Arizona ([www.workforce.az.gov](http://www.workforce.az.gov)). The estimated district population is based on analysis of registered voters and other demographic information maintained by the district.

**NOTE:** N/A indicates information is not available. Population and demographic data are difficult to ascertain because significant portions of the Fire District are not a census designated area. The highest population concentration lies within the original twelve square miles of the Fire District (The Community of Sun City West) at approximately 2,500 population density per square mile. The original twelve square miles of the Fire District is also designated as an active adult community of 55 years of age and older with a median age of 73 as reported in the 2000 census. The remaining twenty-three square miles of the District are not age restricted and contain multi-family housing with an average population density of approximately 650 per square mile with an undetermined median age.

**Fire District of Sun City West  
SUMMARY OF EMERGENCY RESPONSES  
Last Ten (10) Fiscal Years**

Fiscal Year Ended June 30,	Medical	Fire	Special Ops	Service Calls <sup>1</sup>	Good Intent <sup>2</sup>	False Alarm	Total Calls	Ambulance Transports
2011	5,090	73	42	1,447	319	194	7,165	3,961
2010	4,736	111	53	1,393	254	184	6,731	3,838
2009	4,654	128	50	1,383	197	156	6,568	3,844
2008	4,517	106	130	1,321	215	139	6,428	2,749
2007	4,419	116	333	901	408	112	6,289	3,528
2006	4,502	113	165	914	401	118	6,213	3,397
2005	4,316	282	28	338	585	N/A	5,549	3,119
2004	N/A	N/A	N/A	N/A	N/A	N/A	5,283	3,438
2003	N/A	N/A	N/A	N/A	N/A	N/A	4,784	2,767
2002	N/A	N/A	N/A	N/A	N/A	N/A	4,301	2,444
2001	N/A	N/A	N/A	N/A	N/A	N/A	3,902	2,401

**SOURCE:** Emergency calls are tracked using the District's emergency call tracking database (FireHouse).

**NOTE:** Due to database changes, District calls tracked by response type are not currently available prior to 2005. Consequently, N/A indicates that data was not available for presentation purposes.

**REF (1):** Service Calls include, but are not limited to: lift assist, lock-out, water leak, animal problem/rescue, public service assist.

**REF (2):** Good Intent calls include, but are not limited to: dispatched & cancelled, wrong location, controlled burning.

**Fire District of Sun City West  
SUMMARY OF DISTRICT ASSETS AND EMPLOYEES  
Last Ten (10) Fiscal Years**

Fiscal Year Ended June 30,	<u>ALS<sup>1</sup> Fire Trucks &amp; Apparatus</u>	<u>ALS<sup>1</sup> Ambulances</u>	<u>Fire Stations</u>	<u>Fire Fighters<sup>2</sup></u>	<u>EMS Personnel<sup>2</sup></u>	<u>Admin Personnel</u>	<u>Total Employees</u>
2011	6	3	3	51	18	15	84
2010	6	3	3	51	18	15	84
2009	6	3	3	51	18	14	83
2008	6	3	3	51	18	14	83
2007	6	3	3	51	18	13	82
2006	6	3	3	51	18	13	82
2005	6	3	3	51	18	11	80
2004	5	3	3	51	12	11	74
2003	5	3	3	51	12	11	74
2002	5	3	3	57	9	10	76

**SOURCE:** District capital asset listing and human resource records.

**NOTE:** Fire trucks, apparatus and ambulance statistics are only presented for first response vehicles. A brush truck was added to the first response category during the year ended June 30, 2005. The personnel listed are the number of authorized positions as outlined in the District's Organizational Chart/Staffing Plan, which may or may not be filled during the fiscal year.

**REF (1):** All District fire apparatus and ambulances are equipped to provide Advanced Life Support (ALS) services.

**REF (2):** All District Fire Fighters and Emergency Medical Services (EMS) personnel are trained to a minimum level of Certified Emergency Medical Technician (EMT), with 59% of the personnel trained to the level of Certified Emergency Paramedic (CEP).

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