



**Fire District of Sun City West
Financial Statements
June 30, 2007**

**Fire District of Sun City West
TABLE OF CONTENTS
June 30, 2007**

Independent Auditors' Report.....1
Management's Discussion and Analysis.....3 - 10

BASIC FINANCIAL STATEMENTS

Government-Wide Financial Statements

Statement of Net Assets.....12
Statement of Activities.....13

Fund Financial Statements - Governmental Funds

Balance Sheet.....14
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets.....15
Statement of Revenues, Expenditures and Changes in Fund Balances.....16
Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances to the Statement of Activities.....17
Notes to the Basic Financial Statements.....18 - 28

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - General Fund.....30



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, 2007, 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. 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, 2007, 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 10 and the Budgetary Comparison Schedule on page 30 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.

A handwritten signature in dark ink that reads "Breecher & Company PC". The signature is written in a cursive style.

December 14, 2007

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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, 2007**

As management of the Fire District of Sun City West (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, 2007. 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.

Financial Highlights

- The assets of the Fire District of Sun City West exceeded its liabilities at the close of the fiscal year by \$5,232,843 (net assets). Of this amount, \$3,036,873 (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 \$871,500, primarily due to increases in the governmental type activities net assets.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$3,432,193 an increase of \$95,459 in comparison with the prior year. Approximately 8% percent of this total amount, or \$270,397, is available for spending at the government's discretion (unreserved, undesignated fund balance). The remaining fund balance has been designated for capital projects.
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$270,397, or 3% percent of total general fund expenditures for the fiscal year.
- The District's total debt decreased by \$307,040 (8%) during the current fiscal year. The key factor in this decrease was the repayment of existing debt and no new debt was incurred in the current year.
- At the onset of budget preparation for the year ended June 30, 2007, the District's Board of Directors mandated that the District maintain the Tax Levy Rate at the same rate as set during the prior fiscal year. The budget for the year ended June 30, 2007 accomplished this task, affecting no change to the tax levy rate of \$2.0480 per \$100 of secondary assessed valuation. However, during the year ended June 30, 2007, actual fire district property tax revenues increased by approximately 7.5%, from \$6,543,551 to \$7,026,156, a slight increase over the previous year. This increase was directly attributed to growth within the District.
- Significant capital asset additions for the year ended June 30, 2007 included: (i) the completion, and placement into service, of the Administrative/Fleet Services Building, located at 18818 North Spanish Garden Drive, (ii) the completion of the architectural design for the renovation of Station 101, located at 19001 North Camino Del Sol, and contracting with a construction company for renovation services for this station; (iii) continued work on the architectural designs for the renovation of Station 102, located at 20622 Stardust Boulevard; and (iv) equipment purchases, which included a new Ford ambulance.

Overview of the Financial Statements

This discussion and analysis are 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.

Fire District of Sun City West
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2007

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 a financial statement of a private-sector business.

The *statement of net assets* presents information on all of the District's assets and liabilities, 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 government's net assets changed the most 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.

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.

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 inflows and outflows 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 financing requirements.

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 financing 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.

The District maintains two individual government funds. Information is presented separately in the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, and the capital projects fund, which are considered to be the major funds. There are no non-major governmental funds.

The District adopts an annual appropriated budget for its general fund and the capital projects fund. Budgetary comparison statements have been provided for the fund to demonstrate compliance with the budget.

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.

Other Information - In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning a comparison of the District's budget to actual revenues and expenditures.

**Fire District of Sun City West
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2007**

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 \$5,232,843 as of June 30, 2007. The District's net assets increased by \$871,500 for the fiscal year ended June 30, 2007.

However, the largest portion (\$2,195,970 or 42%) reflects the District's investment in capital assets (e.g. land, buildings, machinery, 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.

At June 30, 2007, the Fire District had set aside \$3,348,946 in the Capital Reserve Fund. A portion of these funds, approximately \$1.3 Million, have been designated to complete the renovation of Station 101. The balance of funds are held in reserve for financing the 2008 – 2012 Five-Year Operational Objectives Plan, which details the scheduled renovation of Station 102, and includes replacement purchases of specified apparatus, fire and medical equipment, and communications and office equipment.

Fire District of Sun City West's Net Assets

	<u>Governmental Activities</u>	
	<u>2007</u>	<u>2006</u>
Cash and cash equivalents	\$ 3,348,946	\$ 3,337,720
Other assets	510,992	212,765
Capital assets, net	<u>5,534,255</u>	<u>5,064,643</u>
Total assets	<u>9,394,193</u>	<u>8,615,128</u>
Liabilities	<u>4,161,350</u>	<u>4,253,785</u>
Net Assets		
Invested In capital assets	2,195,970	2,369,798
Unrestricted	<u>3,036,873</u>	<u>1,991,545</u>
Total Net Assets	<u>\$ 5,232,843</u>	<u>\$ 4,361,343</u>

**Fire District of Sun City West
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2007**

Governmental Activities - Governmental activities increased the District's net assets by \$871,500. Key elements of this increase are as follows:

- Fees for services increased due to a steady increase in ambulance transport revenues, wildland revenues, contractual and fees for District program revenues such as plan, permit, and inspection fees.
- Tax revenues increased slightly due to an increase in property value assessments and growth within the District.

Fire District of Sun City West's Changes in Net Assets

	Governmental Activities	
	2007	2006
REVENUES		
Program Revenues:		
Charges for services	\$ 2,273,940	\$ 1,808,802
Capital grants and contributions	45,706	157,429
General revenues:		
Property Taxes	7,026,156	6,556,820
Centrally assessed taxes	94,937	123,017
County aid	293,801	298,600
Other	<u>155,293</u>	<u>178,118</u>
Total revenues	<u>9,889,833</u>	<u>9,122,786</u>
EXPENSES		
Public safety	<u>9,018,333</u>	<u>8,392,341</u>
Total expenses	<u>9,018,333</u>	<u>8,392,341</u>
Increase in net assets	871,500	730,445
Net assets, beginning, as restated	<u>4,361,343</u>	<u>3,630,898</u>
Net assets, endings	<u>\$ 5,232,843</u>	<u>\$ 4,361,343</u>

The cost of all governmental activities for the year ended June 30, 2007 was \$9,018,333. Property Taxes and Fire District Assistance Taxes (County Aid) provided funding of \$7,026,156 and \$293,801, respectively. Additional revenue was realized from interest in the amount of \$154,618. Ambulance revenues and related charges for services provided funding of \$1,403,522; charges for licenses, fees and other revenues totaled \$649,990.

**Fire District of Sun City West
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2007**

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 usable resources. Such information is useful in assessing the District's financing requirements. Specifically, unreserved 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 unreserved fund balance of the General Fund was \$270,397. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures.

At June 30, 2007, the governmental funds of the District reported a combined fund balance of \$3,432,193, an increase over last year of \$95,459 or 3%. Included in this change in fund balances are increases in fund balance in both the General and Capital Projects Funds.

Budgetary Highlights

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

Budgetary Comparison - General Fund

Revenues were slightly less than the budgeted amounts primarily because some grant funds that the District originally had expected to receive became unavailable. However, expenditures were held in check to compensate for the lack of funding and the District was able to comply with its budgetary requirements.

Capital Asset and Debt Administration

Capital Assets - The District's investment in capital assets for its governmental type activities as of June 30, 2007, totaled \$5,534,255 (net of accumulated depreciation). These assets include buildings, improvements, apparatus and general equipment.

Major capital asset transactions during the year include the following:

- Completion and entry into service of the District's Administration and Maintenance facility;
- Continued progress for the renovation of Station 102, construction is planned to begin in 2008;
- Purchase of a modular building for use as temporary quarters during station renovations and future needs;
- Purchase of a new first out ambulance;
- Purchase of an Orthogon microwave communications system to stabilize live data transfers between stations.
- Purchase of an emergency medical services electronic charting and reporting system.

**Fire District of Sun City West
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2007**

Additionally, review of prior year financial statements resulted in the removal of joint venture assets which did not meet the criteria for capitalization. As a result of this detailed review, the District formalized its stewardship and capitalization threshold policy. Consequently, the threshold for capitalization was increased from \$1,500 to \$5,000, which is consistent with the minimum threshold as recommended by the Governmental Financial Officers Association (GFOA).

Long-term Debt - The District continues to retire and manage debt to fund various capital projects which support program services. As of June 30, 2007, the District had total long-term debt outstanding of \$3,479,606 resulting directly from several purchase lease agreements. This debt currently requires annual debt service payments of \$466,467, which are anticipated to decrease during the year ended June 30, 2011, and again during the year ended June 30, 2013, provided no additional debt is issued. All debt is backed by the full faith and credit of the District.

Subsequent to June 30, 2007, the District reinstated its practice of internal financial support of capital projects. Through careful planning and monitoring of the District's capital asset replacement schedule, the District has determined the annual funding requirements to provide for the timely replacement of a majority of the District's larger and more expensive apparatus and equipment. It is anticipated that the capital projects funding requirement, for the year ended June 30, 2008, will be \$233,934, as determined by the District's capital asset replacement schedule.

Economic Factors and Next Year's Budgets and Rates

Arizona Revised Statutes limit the amount the District can assess to \$3.25 per \$100 of secondary assessed value. However, the District works hard to keep the tax rate as low as feasibly possible while providing quality public safety services. In fact, 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 rates lower.

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 communities of Corte Bella and Dos Rios have completed construction within their housing developments, ensuring that the balance of the finished homes will be placed on the taxation rolls.
- Additional District housing developments include the communities of Cross River, Rio Sierra, Ranch Silverado Units I & II, and Sundern.
- 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 year, which will result in additional tax revenues.
- A large portion of the District's emergency response calls were medical related responses, which resulted in increased ambulance transport revenues.

During the year ended June 30, 2007, 81.2% of the District's actual revenues were derived from real property and Fire District Assistance taxes. Due to increased housing development within its boundaries, the District is well positioned to benefit from the following elements:

- Potential additional property annexations into the District;
- Completion of additional housing developments within the District's boundaries; and,
- Continued increases in program service revenues, specifically ambulance transports, within the District.

**Fire District of Sun City West
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2007**

The budgeted expenditures for the year ended June 30, 2008 are \$11.6 Million with \$1.6 Million to be expended from the capital fund and \$600,000 to be provided for retirement of debt and for future capital projects funding, leaving a net operating budget of \$9.4 Million which represents a 6% increase over the current year's net operating budget. Due to additional growth combined with an increase in net assessed property valuations as set by the Maricopa County Assessor's Office, this operating budget caused a significant decrease in the property tax levy rate, reducing the rate down to \$1.67 per \$100 of secondary assessed valuation.

Compared to the year ended June 30, 2007, there is anticipated to be slight changes in debt service and capital outlay due to the renovation of Station 101 and the planned renovation of Station 102. These capital investments are being made to assist in maintaining quality services for the residents of the District.

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.



**BASIC
FINANCIAL
STATEMENTS**

**Fire District of Sun City West
STATEMENT OF NET ASSETS
June 30, 2007**

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 3,159,649
Cash and cash equivalents, restricted	189,297
Accounts receivable, net	388,817
Taxes receivable	45,296
Prepaid expenses	76,879
Capital assets:	
Non-depreciable	355,166
Depreciable (net)	<u>5,179,089</u>
Total assets	<u>9,394,193</u>
LIABILITIES	
Accounts payable	72,469
Accrued payroll and related liabilities	109,623
Accrued expenses	74,943
Long-term liabilities:	
Due within one year	568,698
Due in more than one year	<u>3,335,617</u>
Total liabilities	<u>4,161,350</u>
NET ASSETS	
Invested in capital assets, net of related debt	2,195,970
Restricted for:	
Capital Projects	-
Unrestricted	<u>3,036,873</u>
Total net assets	<u>\$ 5,232,843</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, 2007**

	<u>Governmental Activities</u>
EXPENSES	
Public safety, fire protection:	
Emergency services	\$ 7,585,385
Administrative and support services	834,356
Depreciation	379,838
Interest	<u>218,754</u>
Total program expenses	<u>9,018,333</u>
PROGRAM REVENUES	
Charges for services	2,273,940
Operating grants and contributions	<u>45,706</u>
Total program revenues	<u>2,319,646</u>
Net program expenses	<u>6,698,687</u>
GENERAL REVENUES	
Property taxes	7,026,156
Centrally assessed taxes	94,937
County aid	293,801
Investment earnings	<u>155,293</u>
Total general revenues	<u>7,570,187</u>
Increase in net assets	871,500
Net assets, July 1, 2006, as restated	<u>4,361,343</u>
Net assets, June 30, 2007	<u>\$ 5,232,843</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, 2007**

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 345,148	\$ 2,814,501	\$ 3,159,649
Cash and cash equivalents, restricted	-	189,297	189,297
Accounts receivable, net	238,717	150,100	388,817
Taxes receivable	45,296	-	45,296
Due from other funds	-	157,998	157,998
Prepaid expenses	<u>76,879</u>	<u>-</u>	<u>76,879</u>
Total assets	<u>\$ 706,040</u>	<u>\$ 3,311,896</u>	<u>\$ 4,017,936</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 72,468	\$ -	\$ 72,468
Accrued payroll and related liabilities	109,623	-	109,623
Accrued expenses	15,617	-	15,617
Deferred revenues	52,537	150,100	202,637
Deferred taxes	27,400	-	27,400
Due to other funds	<u>157,998</u>	<u>-</u>	<u>157,998</u>
Total liabilities	<u>435,643</u>	<u>150,100</u>	<u>585,743</u>
Fund balances:			
Unreserved, designated, reported in:			
Capital projects fund	-	3,161,796	3,161,796
Unreserved, undesignated, reported in:			
General fund	270,397	-	270,397
Capital projects funds	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>270,397</u>	<u>3,161,796</u>	<u>3,432,193</u>
Total liabilities and fund balances	<u>\$ 706,040</u>	<u>\$ 3,311,896</u>	<u>\$ 4,017,936</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, 2007

Fund balances - total governmental funds		\$ 3,432,193
<p>Amounts reported for governmental activities in the Statement of Net Assets are different because:</p>		
<p>Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet.</p>		5,534,255
<p>Receivables which are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds balance sheet.</p>		230,037
<p>Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds balance sheet, specifically:</p>		
Capital lease payable	(3,335,617)	
Compensated absences	(568,698)	
Interest payable	(59,327)	
		(3,963,642)
Net assets of governmental activities		\$ 5,232,843

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, 2007

	General Fund	Capital Projects Fund	Total Governmental Funds
REVENUES			
Property taxes	\$ 7,028,692	\$ -	\$ 7,028,692
Fire district assistance taxes	293,801	-	293,801
Intergovernmental	68,360	-	68,360
Charges for services	1,402,913	-	1,402,913
Firefighter relief and pension	94,937	-	94,937
Licenses, permits and other fees	38,161	422,229	460,390
Contributions	5,019	-	5,019
Interest income	61,001	93,617	154,618
Other revenue	47,397	-	47,397
	<u>9,040,281</u>	<u>515,846</u>	<u>9,556,127</u>
Total revenues			
EXPENDITURES			
Current:			
Public safety, fire protection:			
Emergency services	7,456,428	-	7,456,428
Administrative and support services	834,356	-	834,356
Debt service:			
Principal	307,040	-	307,040
Interest	159,427	-	159,427
Capital outlay	703,417	-	703,417
	<u>9,460,668</u>	<u>-</u>	<u>9,460,668</u>
Total expenditures			
Excess (deficiency) of revenues over (under) expenditures	<u>(420,387)</u>	<u>515,846</u>	<u>95,459</u>
OTHER FINANCING SOURCES/(USES)			
Transfers in	7,768	-	7,768
Transfers out	-	(7,768)	(7,768)
	<u>7,768</u>	<u>(7,768)</u>	<u>-</u>
Total other financing sources and uses			
Net changes in fund balances	(412,619)	508,078	95,459
Fund balances, beginning, July 1, 2006	<u>683,016</u>	<u>2,653,718</u>	<u>3,336,734</u>
Fund balances, ending, June 30, 2007	<u>\$ 270,397</u>	<u>\$ 3,161,796</u>	<u>\$ 3,432,193</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, 2007

Net change in fund balances - total governmental funds	\$ 95,459
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.	849,450
Depreciation expense on capital assets is reported in the statement of activities, but it does not require the use of current financial resources (excludes depreciation expense included in net income from internal service funds).	(379,838)
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.	187,673
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.	307,040
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	(128,957)
Interest expense	<u>(59,327)</u>
Change in net assets of governmental activities	<u>\$ 871,500</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, 2007

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 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, 2007

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.

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, United States Treasury Bills, Notes or Bonds 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.

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, 2007, was \$99,435, which represents 43% 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. 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.

Fire District of Sun City West
NOTES TO FINANCIAL STATEMENTS
June 30, 2007

G. 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.

H. 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

I. 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.

J. 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.

K. Fund equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

L. 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.

Fire District of Sun City West
NOTES TO FINANCIAL STATEMENTS
June 30, 2007

M. 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.

N. 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 the legally mandated basis for budgetary purposes.

All annual appropriations lapse at fiscal year end. The District is subject to expenditure limitations under Arizona Revised Statutes. This law does not permit the District to spend more than the budgeted revenues plus the prior year's carry-over of unrestricted cash. The limitation is applied to the total of the combined funds.

NOTE 2 - DEPOSITS AND INVESTMENTS

As of June 30, 2007, the District had the following deposits:

	Carrying Amount	Bank Balance
General Fund		
Funds held by County Treasurer's Office	\$ 247,308	\$ 334,186
Demand and time deposits	97,640	137,190
Cash on hand	200	-
	345,148	471,376
Capital Projects Fund		
Demand and time deposits	3,003,798	3,110,688
 Total cash and cash equivalents	 \$ 3,348,946	 \$ 3,582,064

Credit Risk. State law limits deposits and investments to the Arizona State Treasurer's local government investment pool (LGIP); interest bearing savings accounts, certificates of deposit; United States Treasury Bills, notes or bonds 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, this is the risk that in the event of a bank failure, the District's deposits may not be returned. As of June 30, 2007, the District's carrying amount of demand deposits was \$3,101,438 and the bank balance was \$3,247,878. The Federal Deposit Insurance Corporation protects the District against loss on the first \$100,000 of demand deposits and \$100,000 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. In addition, the District maintained \$200 in cash on hand.

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 deposits and investments.

Fire District of Sun City West
NOTES TO FINANCIAL STATEMENTS
June 30, 2007

NOTE 3 - RECEIVABLES

Receivables as of June 30, 2007 for the District's general fund, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Capital Projects	Total
Taxes	\$ 45,296	\$ -	45,296
Program services	229,808	-	229,808
Other fee and reimbursements	<u>108,345</u>	<u>150,100</u>	<u>258,445</u>
Gross receivables	383,449	150,100	533,549
Less: allowance for uncollectibles	<u>(99,435)</u>	<u>-</u>	<u>(99,435)</u>
Net total receivables	<u>\$ 284,014</u>	<u>\$ 150,100</u>	<u>\$ 434,114</u>

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, 2007, deferred revenue consisted of the following:

	General Fund	Capital Projects	Total
Deferred revenues (not received within 60 days)	\$ 79,936	\$ 150,100	\$ 230,036
Unearned revenue	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred/unearned revenues	<u>\$ 79,936</u>	<u>\$ 150,100</u>	<u>\$ 230,036</u>

Fire District of Sun City West
NOTES TO FINANCIAL STATEMENTS
June 30, 2007

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2007 was as follows:

	Beginning Balance (as restated)	Increases	Decreases	Ending Balance
Governmental Activities:				
Land, not depreciated	\$ 355,166	\$ -	\$ -	\$ 355,166
Construction in progress, not depreciated	1,532,246	418,847	(1,767,060)	184,033
Buildings and improvements	2,728,966	1,817,400	-	4,546,366
Apparatus	2,758,610	136,496	(20,865)	2,874,241
Operations equipment	318,829	158,901	(97,908)	379,822
Communications and computer equipment	<u>47,711</u>	<u>84,866</u>	<u>-</u>	<u>132,577</u>
Total capital assets	<u>7,741,528</u>	<u>2,616,510</u>	<u>(1,885,833)</u>	<u>8,472,205</u>
Less accumulated depreciation for:				
Buildings and improvements	(857,847)	(109,484)	-	(967,331)
Apparatus	(1,553,456)	(217,607)	20,865	(1,750,198)
Operations equipment	(241,955)	(47,213)	97,908	(191,260)
Communications and computer equipment	<u>(23,627)</u>	<u>(5,534)</u>	<u>-</u>	<u>(29,161)</u>
Total accumulated depreciation	<u>(2,676,885)</u>	<u>(379,838)</u>	<u>118,773</u>	<u>(2,937,950)</u>
Total capital assets, net	<u>\$ 5,064,643</u>	<u>\$ 2,236,672</u>	<u>\$ (1,767,060)</u>	<u>\$ 5,534,255</u>

Depreciation expense for the period was \$379,838; all depreciation was expensed to the public safety function.

Construction and purchase commitments

The District has an active construction project and related commitments for the remodel of Station 101. At year end, the District had approximately \$1.3 Million in commitments to contractors for the construction project.

NOTE 5 - LONG-TERM DEBT

Long-term debt activity for the year ended June 30, 2007 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Capital leases	\$ 3,786,646	\$ -	\$ (307,040)	\$ 3,479,606	\$ 321,377
Compensated absences	<u>295,752</u>	<u>128,957</u>	<u>-</u>	<u>424,709</u>	<u>247,321</u>
Total governmental liabilities	<u>\$ 4,082,398</u>	<u>\$ 128,957</u>	<u>\$ (307,040)</u>	<u>\$ 3,904,315</u>	<u>\$ 568,698</u>

Fire District of Sun City West
NOTES TO FINANCIAL STATEMENTS
June 30, 2007

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.

A portion of one purchase lease agreement was used to fund a joint infrastructure agreement with the City of Phoenix (See Note 8). However, rights to the assets acquired under the joint venture do not qualify for capitalization under generally accepted accounting principles and, accordingly, disbursements related to this agreement were recorded as expenses in prior years. These rights, acquired during the year ended June 30, 2003, totaled \$622,000

Assets capitalized and acquired through capital leases are as follows:

	Governmental Activities
Buildings and improvements	\$ 2,001,433
Vehicles and equipment	<u>1,224,355</u>
	3,225,788
Less accumulated depreciation	<u>(602,323)</u>
Total	<u>\$ 2,623,465</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2007, are as follows:

Year ended June 30,	
2008	\$ 466,467
2009	466,467
2010	466,467
2011	330,100
2012	330,100
2013-2017	1,088,098
2018-2022	945,619
2023-2025	<u>567,357</u>
Total minimum lease payments	4,660,675
Less amount representing interest	<u>(1,181,069)</u>
Present value of future minimum payments	<u>\$ 3,479,606</u>

**Fire District of Sun City West
NOTES TO FINANCIAL STATEMENTS
June 30, 2007**

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 6 - DESIGNATIONS OF FUND BALANCE

The District has adopted a policy whereby it will transfer any unused revenues to the capital projects fund to provide for future planned acquisitions of apparatus, vehicles, buildings and improvements. Such transfers are not restricted by statute and can be transferred back to the general fund if needed.

NOTE 7 - 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, 2007 are as follows

	Governmental Activities
Gross program service revenues/charges	\$ 3,379,053
Contractual adjustments and uncompensated services	1,975,531
Net program service revenues	\$ 1,403,522

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.

Fire District of Sun City West
NOTES TO FINANCIAL STATEMENTS
June 30, 2007

NOTE 8 - 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, 2007 was \$189,798. 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 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.

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 9 - 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, 2007, active ASRS members and the District were each required by statute to contribute at the actuarially determined rate of 9.10 percent (8.6 percent retirement and 0.5 percent long-term disability) of the members' annual covered payroll. The District's contributions to ASRS for the years ended June 30, 2007, 2006 and 2005 were \$114,780, \$82,919 and \$54,986, 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.

Fire District of Sun City West
NOTES TO FINANCIAL STATEMENTS
June 30, 2007

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, 2007, 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 11.28 %.

Annual Pension Cost: For the year ended June 30, 2007, the District's annual pension cost of \$421,723 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, 2007, the most recent available actuarial valuation, and related information follow.

Contribution rates	
Plan members	7.65 %
District	11.28 %
Actuarial cost method	Projected Unit Cost
Investment rate of return	8.50 %
Projected salary increases *	5.50 % - 8.5 %
* Includes inflation at	5.00 %
Amortization method	Level percent closed for unfunded actuarial accrued liability, open for excess
Remaining amortization period	29 years for unfunded actuarial accrued liability, 20 years for excess
Asset valuation method	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
2007	\$ 421,273	100%	\$ -
2006	299,286	100%	-
2005	430,194	100%	-

Fire District of Sun City West
NOTES TO FINANCIAL STATEMENTS
June 30, 2007

Funding progress: 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
2007	\$ 8,246,269	\$ 13,577,223	\$ 5,330,954	61 %	\$ 3,846,769	139 %
2006	7,580,338	11,137,235	3,556,897	68 %	3,583,893	99 %
2005	7,083,722	9,510,076	2,426,354	74 %	3,333,361	99 %

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, 2007 totaled \$54,333.

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, 2007 totaled \$162,997.

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.

NOTE 10 - PRIOR PERIOD ADJUSTMENTS

The District's net assets as of June 30, 2006 totaling \$5,634,019, have been restated to correct for prior accounting of capital assets and a retroactive change in capitalization threshold. Adjustments to the beginning net assets, not related to the change in the capitalization threshold included (i) corrections for prior accounting for capital assets related to a reduction in land value, (ii) the removal of costs associated with a non-equity joint venture with the City of Phoenix for communications and infrastructure, which does not meet the criteria for capitalization, and (iii) to correct accounts receivable for contractual adjustments, uncompensated services and allowances for bad debt.

Governmental Activities Net Assets

Adjustment to accounts receivable	\$ (180,875)
Land value reduced due to an adjustment in estimated cost	(541,665)
Assets previously capitalized, subsequently removed	(516,952)
Aggregate effect of change in capitalization threshold	<u>(33,184)</u>
Total adjustments	(1,272,676)
Net assets as of June 30, 2006, as previously reported	<u>5,634,019</u>
Net assets as of June 30, 2006, as restated	<u>\$ 4,361,343</u>



REQUIRED SUPPLEMENTARY INFORMATION

(Other than Management's Discussion and Analysis)

**Fire District of Sun City West
BUDGET AND ACTUAL - GENERAL FUND
Year Ended June 30, 2007**

	<u>Budgeted Amounts</u>		Actual Amounts (budgetary basis)	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
REVENUES:				
Property taxes	\$ 7,101,805	\$ 7,101,805	\$ 7,028,692	\$ (73,113)
Fire district assistance taxes	300,000	300,000	293,801	(6,199)
Firefighter relief and pension	125,000	125,000	94,937	(30,063)
Charges for services	1,400,000	1,400,000	1,402,913	2,913
Intergovernmental	127,730	127,730	68,360	(59,370)
Interest income	25,000	25,000	61,001	36,001
Other revenue	250,000	250,000	47,397	(202,603)
Licenses, permits and other fees	42,040	42,040	38,161	(3,879)
Contributions	-	-	5,019	5,019
Total revenues	<u>9,371,575</u>	<u>9,371,575</u>	<u>9,040,281</u>	<u>(331,294)</u>
EXPENDITURES:				
Current:				
Wages and benefits	7,354,847	7,354,847	7,161,382	193,465
Operations	1,274,431	1,274,431	1,129,402	145,029
Contingencies	100,000	100,000	-	100,000
Grant revenues	127,730	127,730	-	127,730
Debt service:				
Principal	307,040	307,040	307,040	-
Interest	159,427	159,427	159,427	-
Capital outlay	<u>1,925,933</u>	<u>1,925,933</u>	<u>703,417</u>	<u>1,222,516</u>
Total expenditures	<u>11,249,408</u>	<u>11,249,408</u>	<u>9,460,668</u>	<u>1,788,740</u>
Excess (deficiency) of revenues over expenditures	<u>(1,877,833)</u>	<u>(1,877,833)</u>	<u>(420,387)</u>	<u>1,457,446</u>
OTHER FINANCING SOURCES/(USES)				
Transfers In	1,627,833	1,627,833	7,768	(1,620,065)
Proceeds from long-term debt	<u>250,000</u>	<u>250,000</u>	<u>-</u>	<u>(250,000)</u>
Total other financing sources/(uses)	<u>1,877,833</u>	<u>1,877,833</u>	<u>7,768</u>	<u>(1,870,065)</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>(412,619)</u>	<u>(412,619)</u>
Fund balance, July 1, 2006	<u>(65,662)</u>	<u>(65,662)</u>	<u>683,016</u>	<u>-</u>
Fund balance, June 30, 2007	<u>\$ (65,662)</u>	<u>\$ (65,662)</u>	<u>\$ 270,397</u>	<u>\$ 336,059</u>