



**Fire District of Sun City West  
Financial Statements  
June 30, 2009**

**Fire District of Sun City West  
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## 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, 2009, 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, 2009, 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 12 and the Budgetary Comparison Schedule on page 34 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.

*Breecher & Company P.C.*

December 9, 2009

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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, 2009**

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, 2009. 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 \$6,298,354 (net assets). Of this amount, \$2,672,099 (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 \$610,770, 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 \$4,636,014 a decrease of \$1,228,457 in comparison with the prior year. Approximately 27% percent of this total amount, or \$1,260,272, is available for spending at the government's discretion (unreserved, undesignated fund balance). The remaining fund balance is either legally restricted to, or has been designated for, capital projects.
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$1,260,272, or 13% percent of total general fund expenditures for the fiscal year.
- The District's total debt decreased by \$319,202 (5%) during the current fiscal year due to the satisfaction of scheduled lease payments.
- At the onset of budget preparation for the year ended June 30, 2009, 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, 2009 accomplished this task. However, the tax levy rate changed from \$1.6670 to \$1.7574 per \$100 of secondary assessed valuation, generating an estimated annual fire district tax of \$359 based on the median home value of \$204,500. During the year ended June 30, 2009, actual fire district property tax revenues increased by approximately 17%, from \$7,592,110 to \$8,876,270, an increase over the previous year. This increase can be attributed to growth within the District.
- Significant capital asset additions for the year ended June 30, 2009 included: (i) the begriming and continued renovation of Station 102, located at 20622 Stardust Blvd, (ii) the contracting with Rosenbauer America, LLC for the production of two new apparatus: an engine pumper and a 100' mid-mount platform ladder, both of which, are currently in production.

**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.

**Fire District of Sun City West**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2009**

**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.

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 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.

**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 governmental 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. A budgetary comparison statement for the general fund has been provided as part of supplementary information following the basic financial statements 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, 2009**

**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 \$6,298,354 as of June 30, 2009. The District's net assets increased by \$610,770 for the fiscal year ended June 30, 2009.

However, the largest portion (\$3,626,255 or 58%) 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, 2009, the District has an aggregated \$1,834,929 in general revenues monies, and has another \$1,824,220 in restricted amounts from the issuance of debt, available in the *Capital Projects Fund*. A portion of these funds, approximately \$1.5 Million, has been designated for the completion and purchase of the new apparatus currently in production through Rosenbaur America, LLC. The balance of funds are held in reserve for financing the "2010 – 2014 Five-Year Operational Objectives Plan", which details the scheduled replacement purchases of specified apparatus, fire and medical equipment, and communications and office equipment.

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

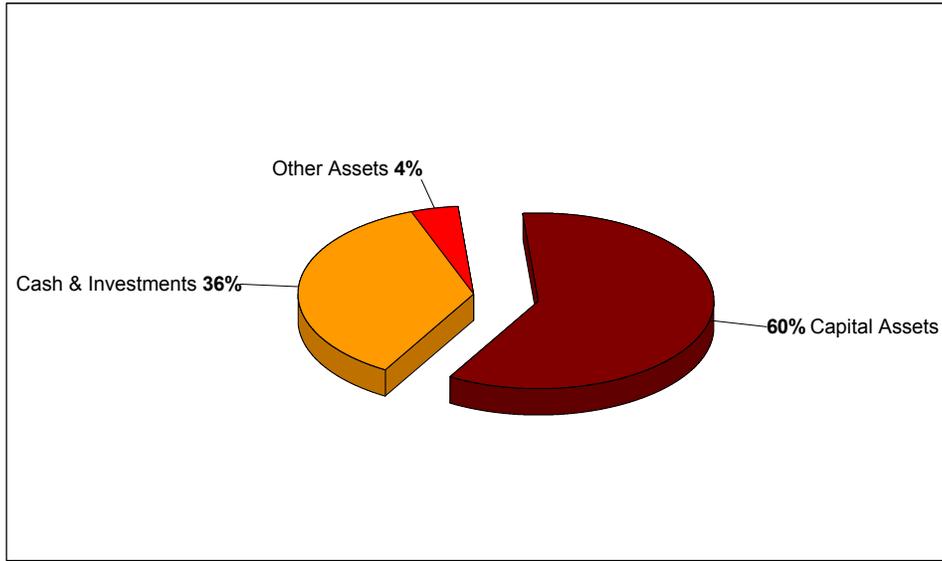
	Governmental Activities	
	2009	2008
<b>ASSETS</b>		
Cash and investments	\$ 4,938,846	\$ 5,870,457
Other assets	602,886	455,111
Capital assets, net	8,240,692	6,754,129
Total assets	13,782,424	13,079,697
<b>LIABILITIES</b>		
Accrued expenses	583,808	219,034
Compensated absences	461,605	415,220
Purchase leases	6,438,657	6,757,859
Total liabilities	7,484,070	7,392,113
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	3,626,255	3,578,279
Unrestricted	2,672,099	2,109,305
Total Net Assets	\$ 6,298,354	\$ 5,687,584

**Fire District of Sun City West  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2009**

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

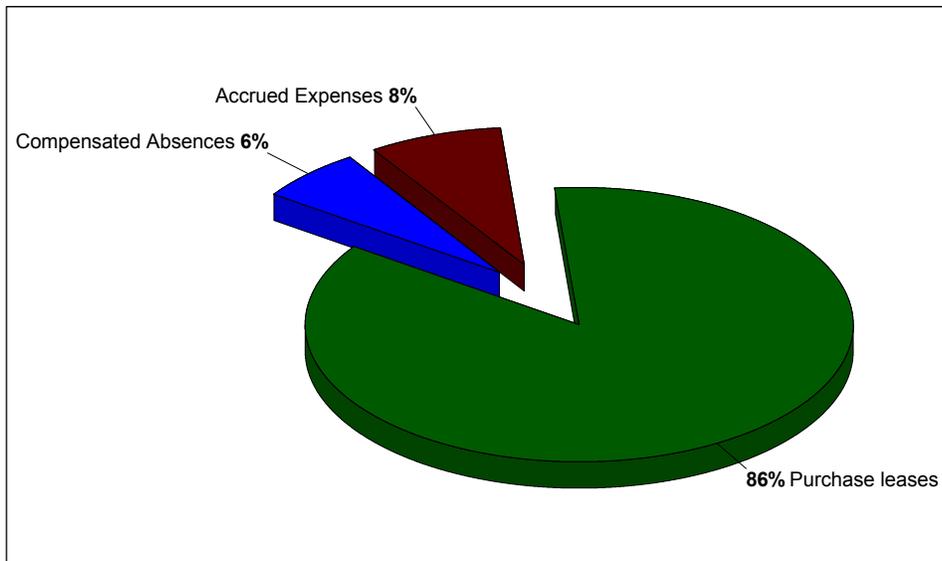
**Assets**

June 30, 2009



**Liabilities**

June 30, 2009



**Fire District of Sun City West  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2009**

**Governmental Activities** - Governmental activities increased the District's net assets by \$610,770. Key elements of this increase are as follows:

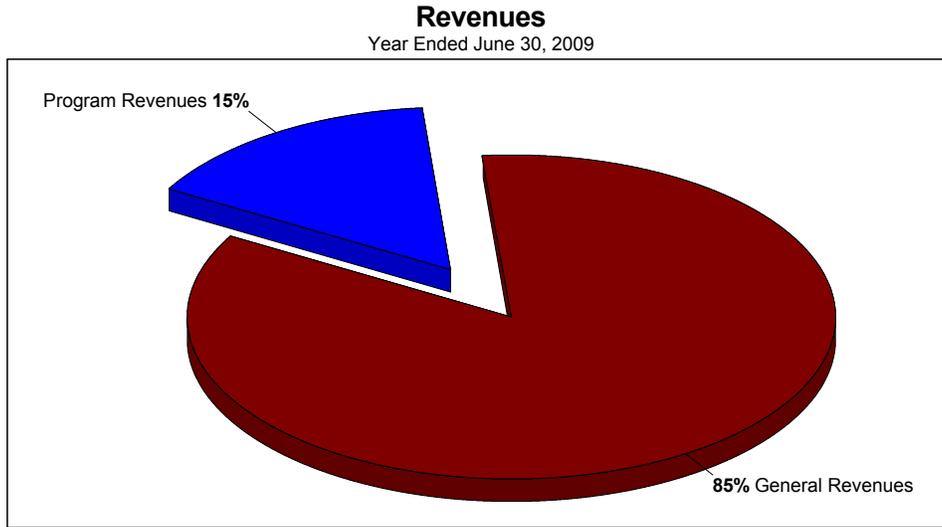
- District program revenues such as plan reviews, construction permits and inspection fees decreased for the year, consistent with the overall decrease in new construction. However, the District continues to experience a steady increase in ambulance transport revenues, wildland revenues, and other inter-governmental and contractual arrangements.
- Tax revenues increased due to an increase in property value assessments and growth within the District.

	Governmental Activities	
	2009	2008
<b>REVENUES</b>		
Program Revenues:		
Charges for services	\$ 1,685,837	\$ 1,855,738
Capital grants and contributions	3,758	34,568
General revenues:		
Property Taxes	8,876,270	7,592,110
Centrally assessed taxes	115,164	96,407
County aid	291,383	295,715
Net gain (loss) on disposals	-	-
Other	75,481	117,050
Total revenues	11,047,893	9,991,588
<b>EXPENSES</b>		
Public safety	10,437,123	9,536,847
Total expenses	10,437,123	9,536,847
Increase in net assets	610,770	454,741
Net assets, beginning	5,687,584	5,232,843
Net assets, ending	\$ 6,298,354	\$ 5,687,584

The cost of all governmental activities for the year ended June 30, 2009 was \$10,437,123. Property Taxes and Fire District Assistance Taxes (County Aid) provided funding of \$8,876,270 and \$291,383, respectively. Additional revenue was realized from interest in the amount of \$75,481. Ambulance revenues and related charges for services provided funding of \$1,432,415; charges for licenses, fees and other revenues totaled \$76,981.

**Fire District of Sun City West  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2009**

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 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 \$1,260,272. 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, 2009, the governmental funds of the District reported a combined fund balance of \$4,636,014, a decrease under last year of \$1,228,457 or (21)%. Included in this change in fund balances are decreases in fund balance in both the General and Capital Projects Funds.

**Fire District of Sun City West  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2009**

**Budgetary Highlights**

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

**Budgetary Comparison - General Fund**

Revenues were less than the budgeted amounts due to a combination of fewer ambulance transports than estimated and dramatic drops in new construction permits. 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, 2009, totaled \$8,240,692 (net of accumulated depreciation). These assets include buildings, improvements, apparatus and general equipment.

Major capital asset transactions during the year include the following:

- Continued progress for the renovation of Station 102, construction is planned to be completed in August 2009;
- Contracting with Rosenbauer America, LLC for the production of a new engine pumper and a new 100' aerial apparatus to be delivered in February of 2010.

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).

Subsequent to June 30, 2009, 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, 2009, was \$400,000, as determined by the District's capital asset replacement schedule.

**Long-term Debt** - The District continues to retire and manage debt to fund various capital projects which support program services. As of June 30, 2009, the District had total long-term debt outstanding of \$6,438,657 resulting directly from two outstanding purchase lease agreements. This debt currently requires annual debt service payments of \$602,000, which are anticipated to increase to \$616,000 during the year ended June 30, 2010. Payments will remain at that level until the year ending June 30, 2023, at which point all debts 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.

**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.

**Fire District of Sun City West**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2009**

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 Sundero.
- 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 were medical related responses, which resulted in increased ambulance transport revenues.

During the year ended June 30, 2009, 85% of the District's actual revenues were derived from real property 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 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.

The budgeted expenditures for the year ended June 30, 2010 are \$11.1 Million with \$1 Million to be provided for retirement of debt and for future capital projects funding. This leaves a net operating budget of \$10.1 Million which represents a 0.01% increase over the current year's net operating budget. Due to additional growth combined with a (10.9%) 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 \$1.9660 per \$100 of secondary assessed valuation.

### **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) and EMS accreditation through the Commission on Accreditation of Ambulance Services (CAAS). Attaining accreditation in fire and EMS areas 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. Both accreditation procedures take approximately eighteen months to complete and consist of comprehensive internal self evaluations 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. Upon completion of the accreditation process, the District will possess a major resource for the continuous improvement of the District. Its professionalism and its quality of service lend credence to the District's administrative and operational performance. Formal receipt of accreditation in both fire and EMS services also has the potential of raising the District's standing in the application process for the receipt of grant funds.

**Fire District of Sun City West  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2009**

**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, 2009**

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and investments	\$ 3,114,626
Cash and investments, held by fiscal agent	1,824,220
Accounts receivable, net	491,268
Taxes receivable	111,618
Capital assets:	
Non-depreciable	2,579,470
Depreciable (net)	<u>5,661,222</u>
Total assets	<u>13,782,424</u>
<b>LIABILITIES</b>	
Accounts payable	356,260
Accrued payroll and related liabilities	177,163
Unearned Revenue	21,505
Accrued expenses	28,880
Long-term liabilities:	
Due within one year	374,056
Due in more than one year	<u>6,526,206</u>
Total liabilities	<u>7,484,070</u>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	3,626,255
Unrestricted	<u>2,672,099</u>
Total net assets	<u>\$ 6,298,354</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, 2009**

	<u>Governmental Activities</u>
<b>EXPENSES</b>	
Public safety, fire protection:	
Emergency services	\$ 8,749,010
Administrative and support services	948,604
Depreciation	456,387
Interest	<u>283,122</u>
Total program expenses	<u>10,437,123</u>
<b>PROGRAM REVENUES</b>	
Charges for services	1,685,837
Operating grants and contributions	<u>3,758</u>
Total program revenues	<u>1,689,595</u>
Net program expenses	<u>8,747,528</u>
<b>GENERAL REVENUES</b>	
Property taxes	8,876,270
Centrally assessed taxes	115,164
County aid	291,383
Investment earnings	75,481
Net gain (loss) on disposal of capital assets	<u>-</u>
Total general revenues	<u>9,358,298</u>
Increase in net assets	610,770
Net assets – beginning	<u>5,687,584</u>
Net assets – ending	<u>\$ 6,298,354</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, 2009**

	General Fund	Capital Projects Fund	Total Governmental Funds
	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>			
Cash and investments	\$ 1,279,697	\$ 1,834,929	\$ 3,114,626
Cash and investments, held by fiscal agent	-	1,824,220	1,824,220
Accounts receivable, net	340,768	150,500	491,268
Taxes receivable	<u>111,618</u>	<u>-</u>	<u>111,618</u>
 Total assets	 <u>\$ 1,732,083</u>	 <u>\$ 3,809,649</u>	 <u>\$ 5,541,732</u>
 <b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 72,853	\$ 283,407	\$ 356,260
Accrued payroll and related liabilities	177,163	-	177,163
Accrued expenses	28,880	-	28,880
Unearned Revenue	21,505	-	21,505
Deferred revenues	90,249	150,500	240,749
Deferred taxes	<u>81,161</u>	<u>-</u>	<u>81,161</u>
Total liabilities	<u>471,811</u>	<u>433,907</u>	<u>905,718</u>
 Fund balances:			
Unreserved, designated, reported in:			
Capital projects fund	-	3,375,742	3,375,742
Unreserved, undesignated, reported in:			
General fund	<u>1,260,272</u>	<u>-</u>	<u>1,260,272</u>
Total fund balances	<u>1,260,272</u>	<u>3,375,742</u>	<u>4,636,014</u>
 Total liabilities and fund balances	 <u>\$ 1,732,083</u>	 <u>\$ 3,809,649</u>	 <u>\$ 5,541,732</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, 2009**

Fund balances - total governmental funds		\$ 4,636,014
<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>		8,240,692
<p>Receivables which are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds balance sheet.</p>		321,910
<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	(6,438,657)	
Compensated absences	(461,605)	
Interest payable	<u>                  -</u>	
		<u>(6,900,262)</u>
Net assets of governmental activities		<u>\$ 6,298,354</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, 2009**

	General Fund	Capital Projects Fund	Total Governmental Funds
	<u>          </u>	<u>          </u>	<u>          </u>
<b>REVENUES</b>			
Property taxes	\$ 8,837,614	\$ -	\$ 8,837,614
Fire district assistance taxes	291,383	-	291,383
Charges for services	1,563,378	-	1,563,378
Firefighter relief and pension	115,164	-	115,164
Licenses, permits and other fees	35,789	-	35,789
Contributions	3,758	-	3,758
Interest income	31,273	44,208	75,481
Other revenue	<u>45,478</u>	<u>-</u>	<u>45,478</u>
Total revenues	<u>10,923,837</u>	<u>44,208</u>	<u>10,968,045</u>
<b>EXPENDITURES</b>			
Current:			
Public safety, fire protection:			
Emergency services	8,661,234	-	8,661,234
Administrative and support services	948,604	-	948,604
Debt service:			
Principal	319,202	-	319,202
Interest	283,122	-	283,122
Capital outlay	<u>-</u>	<u>1,984,341</u>	<u>1,984,341</u>
Total expenditures	<u>10,212,162</u>	<u>1,984,341</u>	<u>12,196,503</u>
Excess (deficiency) of revenues over (under) expenditures	<u>711,675</u>	<u>(1,940,133)</u>	<u>(1,228,458)</u>
<b>OTHER FINANCING SOURCES/(USES)</b>			
Proceeds from issuance of debt	-	-	-
Transfers in	-	97,127	97,127
Transfers out	<u>(97,127)</u>	<u>-</u>	<u>(97,127)</u>
Total other financing sources and uses	<u>(97,127)</u>	<u>97,127</u>	<u>-</u>
Net changes in fund balances	614,548	(1,843,006)	(1,228,458)
Fund balances – beginning	<u>645,724</u>	<u>5,218,748</u>	<u>5,864,472</u>
Fund balances – ending	<u>\$ 1,260,272</u>	<u>\$ 3,375,742</u>	<u>\$ 4,636,014</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, 2009**

Net change in fund balances - total governmental funds	\$ (1,228,458)
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.	1,942,950
Depreciation expense on capital assets is reported in the statement of activities, but it does not require the use of current financial resources.	(456,387)
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.	79,848
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.	319,202
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	(46,385)
Interest expense	-
Change in net assets of governmental activities	\$ 610,770

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, 2009**

**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, 2009**

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 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, 2009, was \$312,260, which represents 64% 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, 2009**

**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.

**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:

Type of asset	Threshold	Years
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.

**L. 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.

**Fire District of Sun City West**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**

**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.

**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, 2009, the District's carrying amount of deposits with the County Treasurer's LGIP was \$935,418, while demand and time deposits with local financial institutions totaled \$2,153,282 and the bank balance was \$2,168,780. In addition, the District has \$25,926 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, 2009, \$1,645,617 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.

**Fire District of Sun City West**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**

**Investments** – The District's investments as of June 30, 2009 were as follows:

<u>Investment Type</u>	<u>Rating</u>	<u>Agency</u>	<u>Amount</u>	<u>Maturity</u>
US Government Securities	AAA	S&P	\$ 1,824,220	Less than 1 year

These investments were made pursuant to a purchase lease agreement which required the proceeds from the agreement to be held in trust and invested in US Government Securities.

*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, 2009 for the District's governmental funds, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General Fund</u>	<u>Capital Projects</u>	<u>Total</u>
Taxes	\$ 111,618	\$ -	111,618
Program services	485,433	-	485,433
Other fees and reimbursements	<u>167,595</u>	<u>150,500</u>	<u>318,095</u>
Gross receivables	764,646	150,500	915,146
Less: allowance for uncollectibles	<u>(312,260)</u>	<u>-</u>	<u>(312,260)</u>
Net total receivables	<u>\$ 452,386</u>	<u>\$ 150,500</u>	<u>\$ 602,886</u>

**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, 2009, deferred revenue consisted of the following:

	<u>General Fund</u>	<u>Capital Projects</u>	<u>Total</u>
Deferred revenues (not received within 60 days)	\$ 171,410	\$ 150,500	\$ 321,910
Unearned revenue	<u>21,505</u>	<u>-</u>	<u>21,505</u>
Total deferred/unearned revenues	<u>\$ 192,915</u>	<u>\$ 150,500</u>	<u>\$ 343,415</u>

**Fire District of Sun City West**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**

**NOTE 5 - CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2009 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Land, not depreciated	\$ 355,166	\$ -	\$ -	\$ 355,166
Construction in progress, not depreciated	281,354	1,942,950	-	2,224,304
Buildings and improvements	5,674,443	-	-	5,674,443
Apparatus	2,800,041	-	-	2,800,041
Operations equipment	444,040	-	-	444,040
Communications and computer equipment	<u>132,577</u>	<u>-</u>	<u>-</u>	<u>132,577</u>
 Total capital assets	 <u>9,687,621</u>	 <u>1,942,950</u>	 <u>-</u>	 <u>11,630,571</u>
Less accumulated depreciation for:				
Buildings and improvements	(846,594)	(178,503)	-	(1,025,097)
Apparatus	(1,834,094)	(191,912)	-	(2,026,006)
Operations equipment	(206,818)	(69,147)	-	(275,965)
Communications and computer equipment	<u>(45,986)</u>	<u>(16,825)</u>	<u>-</u>	<u>(62,811)</u>
 Total accumulated depreciation	 <u>(2,933,492)</u>	 <u>(456,387)</u>	 <u>-</u>	 <u>(3,389,879)</u>
 Total capital assets, net	 <u>\$ 6,754,129</u>	 <u>\$ 1,486,563</u>	 <u>\$ -</u>	 <u>\$ 8,240,692</u>

Depreciation expense for the period was \$456,387; 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 102. However, at year end, the District had substantially completed the construction project; outstanding commitments under the contract are not significant. Station 102 received its occupancy permit on August 18, 2009.

**Fire District of Sun City West**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**

**NOTE 6 - LONG-TERM DEBT**

Long-term debt activity for the year ended June 30, 2009 was as follows:

Governmental Activities:	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Purchase lease agreements	\$ 6,757,859	\$ -	\$ (319,202)	\$ 6,438,657	\$ 344,482
Compensated absences	415,220	411,250	(364,865)	461,605	29,574
Total governmental liabilities	<u>\$ 7,173,079</u>	<u>\$ 411,250</u>	<u>\$ (684,067)</u>	<u>\$ 6,900,262</u>	<u>\$ 374,056</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. Interest rates on the existing loans range from 3.75% to 4.3%. Additionally, cash proceeds from the latest purchase agreement were deposited with a financial institution, in trust, to be invested and disbursed according to an escrow agreement. The balance on deposit with the fiscal agent, as of June 30, 2009, was \$1,824,220. As of June 30, 2009, tangible assets pledged or acquired through these purchase lease agreements are as follows:

	Governmental Activities
Buildings and improvements	\$ 5,541,696
Vehicles and equipment	<u>766,612</u>
	6,308,308
Less accumulated depreciation	<u>(785,457)</u>
Total	<u>\$ 5,522,851</u>

**Fire District of Sun City West**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2009, are as follows:

Year ended June 30,	
2010	\$ 616,620
2011	616,620
2012	616,620
2013	618,120
2014	616,620
2015-2019	3,083,105
2020-2023	<u>2,466,491</u>
Total minimum lease payments	8,634,196
Less amount representing interest	<u>(2,195,539)</u>
Present value of future minimum payments	<u>\$ 6,438,657</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.

	Beginning Balance	Additions	Reductions	Ending Balance
Line of credit	<u>\$ -</u>	<u>\$ 1,038,687</u>	<u>\$ (1,038,687)</u>	<u>\$ -</u>

**Fire District of Sun City West**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**

**NOTE 8 - 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 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.

**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, 2009 are as follows

	<u>Governmental Activities</u>
Gross program service revenues/charges	\$ 3,689,207
Contractual adjustments and uncompensated services	<u>(2,256,792)</u>
Net program service revenues	<u>\$ 1,432,415</u>

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, 2009**

**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, 2009 was \$276,162. Additionally, the District is responsible for repairs and maintenance expenses related to equipment used in their District. Settled claim, if any, resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

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. 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.

**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, 2009, active ASRS members and the District were each required by statute to contribute at the actuarially determined rate of 9.45 percent (8.9 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, 2009, 2008 and 2007 were \$134,498, \$130,830, and \$114,780, 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, 2009**

**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, 2009, 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 18.14%.

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, 2009, the amount credited to the District's plan, and included in the annual pension cost described below, totaled \$115,164.

Annual Pension Cost: For the year ended June 30, 2009, the District's annual pension cost of \$770,412 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, 2009, the most recent available actuarial valuation, and related information follow.

Contribution rates	
Plan members	7.65 %
District	18.14 %
Actuarial cost method	Projected Unit Credit
Investment rate of return	8.50 %
Projected salary increases *	5.50 % - 8.5 %
* Includes inflation at	5.5 %
Amortization method	Level percent-of-pay closed
Remaining amortization period	27 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
2009	\$ 770,412	100%	\$ -
2008	\$ 543,846	100%	\$ -
2007	421,273	100%	-

**Fire District of Sun City West  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009**

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
2009	\$ 10,235,126	\$ 15,319,790	\$ 5,084,664	67 %	\$ 4,110,075	124 %
2008	\$ 8,728,876	\$ 13,420,064	\$ 4,691,188	65 %	\$ 3,999,154	117 %
2007	8,246,269	13,577,223	5,330,954	61 %	3,846,769	139 %

**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, 2009 totaled \$181,207.

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, 2009 totaled \$60,403.

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**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**Year Ended June 30, 2009**

	<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	\$ 8,878,747	\$ 8,878,747	\$ 8,837,614	\$ (41,133)
Fire district assistance taxes	300,000	300,000	291,383	(8,617)
Firefighter relief and pension	-	-	115,164	115,164
Charges for services	1,720,871	1,720,871	1,563,378	(157,493)
Intergovernmental	175,914	175,914	-	(175,914)
Interest income	-	-	31,273	31,273
Other revenue	-	-	45,478	45,478
Licenses, permits and other fees	-	-	35,789	35,789
Contributions	-	-	3,758	3,758
	<u>11,075,532</u>	<u>11,075,532</u>	<u>10,923,837</u>	<u>(151,695)</u>
<b>EXPENDITURES:</b>				
Current:				
Wages and benefits	8,627,690	8,627,690	8,346,608	281,082
Operations	1,681,220	1,681,220	1,263,230	417,990
Debt service:				
Principal	406,272	406,272	319,202	87,070
Interest	360,350	360,350	283,122	77,228
Capital outlay	<u>1,158,323</u>	<u>1,158,323</u>	<u>-</u>	<u>1,158,323</u>
	<u>12,233,855</u>	<u>12,233,855</u>	<u>10,212,162</u>	<u>2,021,693</u>
Excess (deficiency) of revenues over expenditures	<u>(1,158,323)</u>	<u>(1,158,323)</u>	<u>711,675</u>	<u>1,869,998</u>
<b>OTHER FINANCING SOURCES/(USES)</b>				
Transfers In	158,323	158,323	(97,127)	(255,450)
Proceeds from long-term debt	<u>1,000,000</u>	<u>1,000,000</u>	<u>-</u>	<u>(1,000,000)</u>
	<u>1,158,323</u>	<u>1,158,323</u>	<u>(97,127)</u>	<u>(1,255,450)</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>614,548</u>	<u>614,548</u>
Fund balance – beginning	<u>645,724</u>	<u>645,724</u>	<u>645,724</u>	<u>-</u>
Fund balance – ending	<u>\$ 645,724</u>	<u>\$ 645,724</u>	<u>\$ 1,260,272</u>	<u>\$ 614,548</u>

**Fire District of Sun City West**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended June 30, 2009**

**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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