

# Comprehensive Annual Financial Report

Fire District of Sun City West

For the Fiscal Year Ended

June 30, 2014



## Sun City West, Arizona

An Insurance Services Office (ISO)  
Class 1 Rated Fire District



**Fire District of Sun City West  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
For the Year Ended June 30, 2014**

**GOVERNING BOARD**

**David Wilson  
Chairman**

**Dusty Rhodes  
Clerk**

**William Hamel  
Member**

**John 'Jack' Meyer  
Member**

**Russell 'Smitty' Smith  
Member**

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**Robert L. Biscoe  
Fire Chief**

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

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

## Table of Contents

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	<u>Page</u>
<b>Introductory Section</b>	
Letter of Transmittal .....	i-xii
Organizational Chart.....	xiii
Elected and Appointed Officials.....	xiv
District Map .....	xv
Certificate of Achievement for Excellence in Financial Reporting.....	xvi
<b>Financial Section</b>	
Independent Auditor’s Report.....	1-3
<b>Required Supplementary Information-Management’s Discussion and Analysis .....</b>	<b>4-17</b>
<b>Basic Financial Statements</b>	
<i>Government-wide Financial Statements</i>	
Statement of Net Position .....	18
Statement of Activities .....	19
<i>Fund Financial Statements</i>	
Balance Sheet-Governmental Funds.....	20
Reconciliation of the Balance Sheet to the Statement of Net Position .....	21
Statement of Revenues, Expenditures and Changes in Fund Balances-Governmental Funds .....	22

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities .....	23
Notes to Financial Statements.....	24-39
<b>Required Supplementary Information</b>	
Budgetary Comparison Schedule–General Fund .....	40
Notes to Required Supplementary Information .....	41
<b>Statistical Section</b>	
Statistical Section Schedules.....	42
Condensed Summary of Net Position .....	43
Changes in Net Position.....	44
Fund Balances of Governmental Funds .....	45
Summary of Revenue, Expenditures and Changes in Fund Balance - Governmental Funds....	46
Assessed Value and Estimated Actual Value of Taxable Property .....	47
Direct and Overlapping Rates .....	48
Principal Property Tax Payers.....	49
Property Tax Levies and Collections .....	50
Outstanding Debt and Debt Limitations .....	51
County-Wide Demographic and Economic Statistics.....	52
Summary of Emergency Responses.....	53
Summary of District Assets and Employees.....	54



# **Introductory Section**



*...Caring People Providing Quality Service*



## SUN CITY WEST FIRE DISTRICT

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18818 N. Spanish Garden Drive, Sun City West, Arizona 85375  
Business: (623) 544-5400 – Fax: (623) 546-8613 – [www.scwfire.org](http://www.scwfire.org)

December 16, 2014

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

Arizona state law requires that all special districts with annual budgets in excess of \$1 million publish within 240 days of the close of their fiscal year a complete set of financial statements presented in conformance with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to this requirement, it is our pleasure to submit to you the Comprehensive Annual Financial Report (CAFR) of the Fire District of Sun City West for the fiscal year ended June 30, 2014.

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

The District's financial statements have been audited by Walker & Armstrong, LLP, a certified public accounting firm. The goal of the independent audit was to provide reasonable assurance that the financial statements for the fiscal year ended June 30, 2014 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the District financial statements for the fiscal year ended June 30, 2014 are fairly presented in conformity with accounting principles generally accepted in the United States of America. The independent auditor's report is presented as the first component of the financial section of this report.

Accounting principles generally accepted in the United States of America require that management provide a narrative introduction, overview, and analysis to accompany the basic

financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the report of the independent auditors.

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

### **Profile of the District**

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

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

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

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

In July of 1994, the Sun City West Fire District began operations with its own personnel (most of the Rural Metro employees that had been working in the community remained during this

transition). Computer aided dispatching services and recruit fire training was contracted through the Phoenix Fire Department and the Fire District established mutual-aid agreements with nearly all of the Phoenix Metropolitan area fire departments. The District also began to provide emergency medical transportation to its residents through the use of full-time staffed ambulances.

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

In 2002, the Fire District completed a comprehensive evaluation from the Insurance Services office (ISO) and as a result, the District's rating was reduced from a Class 5/9 to a Class 2 Public Protection Classification. ISO has established a Public Protection Classification system to rate fire protection agencies between Class 1, agencies providing the highest possible service to an area and class 10, areas having no fire protection available to them. During 2014, the District received an Insurance Services Office (ISO) grading of Class 1 which is an upgrade from previous years. This grading reduces the risk loss for property owners and helps keep fire insurance premiums lower for District property taxpayers. The District is the first and only fire service provider within the state of Arizona to achieve this Class 1 grading.

In early 2010, the Fire District completed the process to annex an additional ten square miles of privately owned property to the north and east of the previous District boundaries. The completion of this annexation increased the size of the District to roughly thirty-five square miles with a population of approximately 45,000 residents. Since 2010, the District Fire Board has been requested by single and multi-parcel property owners outside of current boundaries to be annexed into the District in order to receive fire and emergency medical services. The Board approves several individual annexations each year, continuously expanding District boundaries and broadening the tax base.

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

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

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

- Chest Compression Only (CCO) and Cardio Pulmonary Resuscitation (CPR) Training, American Health and Safety Institute (AHSI), CPR/ Basic First Aid Training, AHSI Automated External Defibrillator (AED), and AHSI Basic Life Support (BLS) Certification Classes
- Desert pest removals
- Blood pressure checks
- Home safety inspections
- Fire extinguisher demonstrations and safety training
- Smoke alarm inspections and replacement programs
- Lock Box installation and maintenance programs
- Wildland interface programs
- Commercial safety, operational and fire pre-planning inspections
- Construction plan reviews, permits and inspections
- Public education presentation programs
- Fall Prevention Programs
- Child safety seat loaner, installation and inspection programs
- Disaster/Emergency preparedness programs
- Citizens Corps Council
- Fire Corps Volunteer Program

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

The District is proud to announce that in August of 2010, it was awarded one of the highest certifications any fire protection agency can obtain. After several years of self-evaluation, adopting, following and refining policies and procedures to govern District operations, the District submitted to outside scrutiny and evaluation by a peer assessment team from the Commission on Fire Accreditation International of the Center for Public Safety Excellence. As a result of this peer assessment, the Commission has validated that our organization has met all

criteria to become an internationally accredited fire agency. This status verifies that the District has met the standards for effectiveness and efficiency in responding to emergencies and makes the District among a select few entities nationally that have recognized the importance of aligning its programs with the national industry best practices for fire and emergency services. There are fewer than 150 accredited agencies out of approximately 49,000 fire protection agencies throughout the country and less than a dozen accredited agencies in Arizona.

By state statute, the District derives a majority of its funding through secondary assessed property tax revenues. The tax rate is established each year as a result of the District's adopted Annual Budget and Operational Plan. The budget is required to be adopted and submitted to the Maricopa County Board of Supervisor's by August 1st of each year.

### **Local Economy**

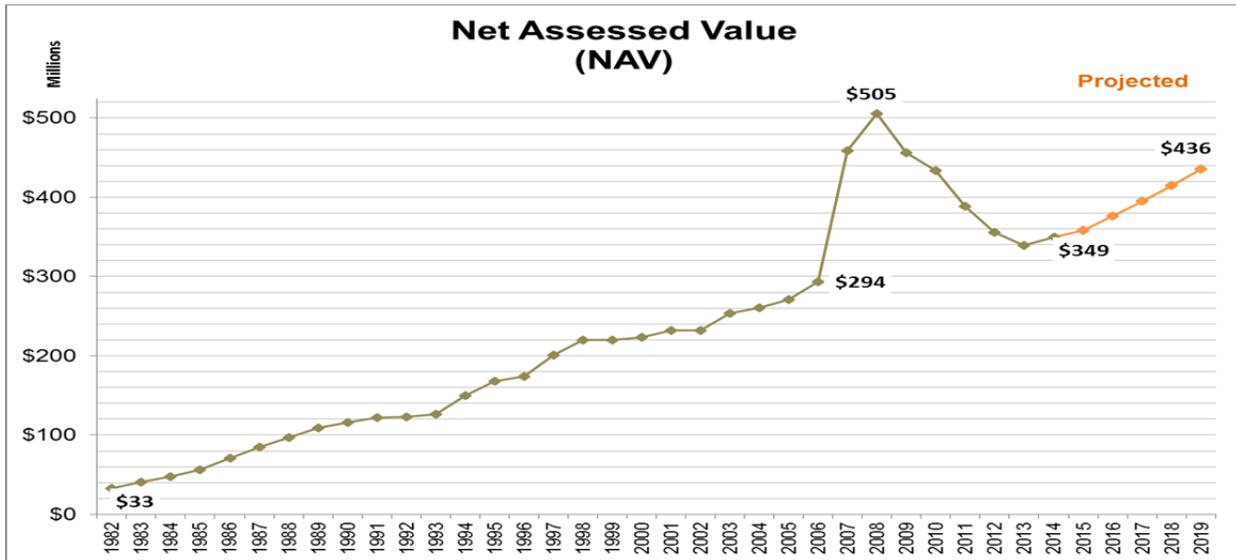
The Fire District of Sun City West is composed of a varied economic environment with a majority of Sun City West proper residents being of the 55 and older age group and almost entirely retired persons living on a fixed income. Consequently, an overwhelming number of the residential properties within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

Secondary assessed property values play a significant part in the revenue production of the District. Previously, the District has maintained steady growth, increasing an average of approximately 10% annually since the District's inception in 1981. However, the District experienced significant decreases in property valuations over the course of the last five fiscal years; 4.6% in 2013, 8.5% in 2012, 10.4% in 2011, 4.8% in 2010, and 9.7% in 2009. Finally during tax year 2014, the District experienced a slight increase in the net assessed valuation (NAV) of 3.0%. Maricopa County has advised the District that it may again experience an additional increase of 2.6% in its NAV for tax year 2015.

It is important to note that during the Arizona General election held in November 2012, Arizona voters approved Proposition 117 which moves previous special district tax calculation from secondary (full cash) value to primary (limited) value. Furthermore, it limits the annual increase of property valuations to a maximum of 5% over the previous year's value. Valuation associated with annexations, growth, development and property improvements are not retarded by this new legislation.

The county has estimated that property values may begin to increase in the years to come. Major valuation highlights in recent years began in the tax year 2008, during which there were significant increases in property values (56.3%) and robust development activity. This trend reversed in the tax year 2009 with declines in development-related fee revenues, property values, and falling interest rates. These trends provide a sobering outlook for the next several years and District administrators remain cautious in long-term financial planning. The chart below

demonstrates the District's net assessed value from inception through the current year and projections through 2019.



The effect of the deterioration of assessed valuations over the last five years resulted in almost \$166 Million dollars or 32.8% decline in property values since 2008. However, the Fire District was somewhat buffered from experiencing a significantly higher reduction in values as a direct result of the annexations the District completed in January 2010. These annexations attributed an additional \$40,918,582 in net assessed value to the previous valuation of the District. Without this annexation, the District would have experienced an approximate 14% decrease rather than 4.8% in its assessed value during 2010.

As previously stated, the District structures the Annual Budget and Operational Plan to minimize the taxation impact to property owners within the District. However, due to varying changes in individual property values each year, the District is unable to set a tax rate that would maintain the identical property taxes assessed to property owners each year. The District established a tax rate for fiscal year ending June 30, 2014 of \$2.9177 per \$100 of secondary assessed valuation. (A.R.S. § 48-807F states that the tax levy cannot exceed \$3.25 per \$100.00 of assessed value, before any statutorily allowable overrides). The average assessed value of a home within the Fire District was decreased by the Maricopa County Assessor from \$130,300 in tax year 2012 to a value of \$122,700 for tax year 2013, a reduction of approximately 5.8% of assessed value in one year. Given the tax rate for fiscal year ending June 30, 2014 of \$2.9177 per \$100 of secondary assessed valuation, a District resident who owns a median valued home realized a slight increase, approximately 1.1%, in their Fire District Tax for the 2013 tax year.

Historically, the District has established a tax rate that is among the lowest in the Phoenix metropolitan area for districts of equivalent size, while providing services that are among the highest. Of the four other fire districts that are similar in size to the Fire District of Sun City West, only three provide both fire suppression and ambulance transport services. For instance, residents of the Sun City Fire District must pay a for-profit provider for their ambulance transport needs. However, tax rates are just a factor used to allocate a government's tax levy to

the taxpayer relative to property value and should not be used as a key performance indicator. Other factors such relative median home should be used to analyze the average cost per home owner. The fiscal year ending June 30, 2014 (tax year 2013) legal tax rates for comparable fire districts, as well as the Fire District of Sun City West, are listed below:

<b>District</b>	<b>2013 Tax Year Tax Rate</b>	<b>Estimated annual tax based on home value of:</b>		
		<b>\$100,000</b>	<b>\$150,000</b>	<b>\$200,000</b>
Sun City Fire District	\$3.2500	\$325.00	\$487.50	\$650.00
Daisy Mountain Fire District*	3.2500	325.00	487.50	650.00
Sun Lakes Fire District*	3.1880	318.80	478.20	637.60
Buckeye Valley Fire District*	3.1000	310.00	465.00	620.00
Superstition Fire & Medical	2.9500	295.00	442.50	590.00
Fire District of Sun City West*	2.9177	291.77	437.66	583.54

\* Denotes that the district provides ambulance service.

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

### **Long-term financial Planning**

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

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

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

### **Strategic and Planning Matters**

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

In August 2010, the District completed the accreditation process and achieved Accredited Agency status. There are fewer than 150 accredited agencies out of approximately 49,000 fire departments throughout the country and less than a dozen accredited agencies in Arizona. This accreditation status verifies that District has met the highest standards for effectiveness and efficiency in responding to emergencies. With the receipt of this recognition, the District possesses a major resource for continuous improvement. The Commission on Fire Accreditation International (CFAI), its professionalism and its quality of service lend credence to the District's administrative and operational performance. Formal receipt of accreditation has the potential of raising the District's standing in the application process for the receipt of grant funds.

### **Financial Policies**

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

The District's budget is closely aligned with the financial policies established by the Governing Board. These policies serve to strengthen the current and long-term financial health of the

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

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

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

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

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

use external borrowing for operational requirements. The District identifies and allocates funding resources amongst various service needs. It is increasingly important to incorporate a long-term perspective and to monitor the performance of programs competing to receive funding.

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

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

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

In 2013 the Arizona State Legislature passed House Bill 2619 enacting the mandatory Arizona Pooled Pledging Program, all qualified public depository entities are required to hold collateral for all public funds on a pooled basis in a custody account established for the Arizona State Treasurer's Office as the State of Arizona Pool Pledging State Administrator. All District accounts held by banking entities other than the Maricopa County or the Arizona State Treasurer are collateralized through pledges to and monitored by the Arizona State Treasurer's Office.

*Risk Management:* The District maintains insurance coverage for worker's compensation through CopperPoint Western Insurance Company, formerly known as the State Compensation Fund (SCF) of Arizona Premier, and professional and general liability insurance through Volunteer Firefighter Insurance Services (VFIS) of Arizona. In addition, the District participates in the Fire Department Safety Officer's Association (FDSOA) and supports a successful employee safety program which includes regular employee safety training, worksite safety inspections, Incident Safety Officer's in the field daily, accident investigation procedures, and the use of the DriveCam program in all of the District's apparatus.

## **Pension and Other Post-Employment Benefits**

The District contributes to the Public Safety Personnel Retirement System (PSPRS), agent multiple-employer public employee retirement system that acts as a common investment and administrative agent to provide retirement, death and disability benefits for all eligible suppression personnel. All benefit provisions and other requirements are established by state statutes. Employees were required to contribute 10.35% of their wages to PSPRS in the fiscal year ending June 30, 2014. The District is required to contribute the remaining amounts necessary to fund PSPRS, as determined by the actuarial basis specified by statute. The employer rate for the fiscal year ending June 30, 2014 was 22.69% of covered payroll.

All non-suppression employees contribute to the Arizona State Retirement System (ASRS). The ASRS is a cost sharing, multiple-employer, public employee, tax qualified, defined benefit plan (with the exception of the defined contribution portion). The ASRS Board is the governing body of the ASRS and is responsible for the administration and management of the ASRS and its trust fund. For the fiscal year ending June 30, 2014, participating employees were required to contribute 11.30% for retirement and 0.24% for long-term disability. The District is required to contribute the same.

## **Awards and Acknowledgements**

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

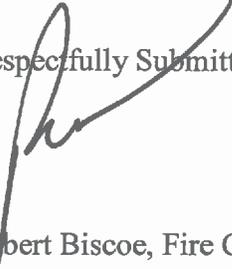
Reports submitted to the CAFR program are reviewed by selected members of the GFOA professional staff and the GFOA Special Review Committee (SRC), which comprises individuals with expertise in public-sector financial reporting and includes financial statement reviewers, independent auditors, academics,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

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Fire District of Sun City West for its comprehensive annual financial report for the fiscal year ended June 30, 2013. This is the fourth consecutive year that the District has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principle and applicable legal requirements.

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

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

Respectfully Submitted,



Robert Biscoe, Fire Chief



Coaleen Poland, Accounting Supervisor

# District Organizational Chart

PUBLIC

GOVERNING BOARD

Fire Chief  
(1)

Assistant  
Chief (1)

Assistant  
Chief (1)

EMERGENCY  
SERVICES DIVISION

SUPPORT  
SERVICES DIVISION

ADMINISTRATION

COMMUNITY RISK  
MGMT. DIVISION

Battalion  
Chiefs (3)  
Shifts A, B, C

EMS  
Coordinator  
(1)

Support  
Services  
Coordinator  
(1)

FINANCIAL  
SERVICES DIVISION

ADMINISTRATIVE  
SERVICES DIVISION

Fire Marshal  
(1)

BSO (3)  
Shifts A, B, C

Facilities  
Management  
(PM)

Accounting  
Supervisor  
(1)

Admin.  
Coordinator  
(1)

HR  
Generalist  
(1)

Community  
Outreach  
Specialist  
(1)

Account  
Clerk  
(1)

Admin  
Assistant  
(1)

Fire  
Inspectors  
(Volunteer)

Station 101  
Shifts A, B, C  
Captains (3)  
Engineers (3)  
Firefighters (6)  
FF Rovers (3)  
EMS (6)

Station 102  
Shifts A, B, C  
Captains (3)  
Engineers (6)  
Firefighters (3)  
FF Rovers (3)  
EMS (8)

Station 103  
Shifts A, B, C  
Captains (3)  
Engineers (3)  
Firefighters (6)  
FF Rovers (3)

Station 104  
Captains (3)  
Firefighters (3)  
  
HALO  
(1)

**SUN CITY WEST FIRE DISTRICT**  
Revised 4/2014  
Total Proposed Positions: 84 FTE  
Positions may not be funded and/or  
filled on effective date.  
Staffing plan subject to change to meet  
the needs of the Fire District.

Information  
Technology  
(Contract)

**Fire District of Sun City West  
ELECTED AND APPOINTED OFFICIALS  
June 30, 2014**

<u>Elected Officials</u>	<u>Board Title</u>	<u>Originally Elected</u>	<u>Current Term Expires</u>
David Wilson	Board Chairman	November 2004	November 2016
Dusty Rhodes	Board Clerk	November 2004	November 2016
William Hamel	Board Member	November 2002	November 2018
John 'Jack' Meyer	Board Member	November 2006	November 2018
Russell 'Smitty' Smith	Board Member	November 2012	November 2016

<u>Appointed Officials</u>	<u>Title</u>	<u>Section</u>
Robert L. Biscoe	Fire Chief	District-wide

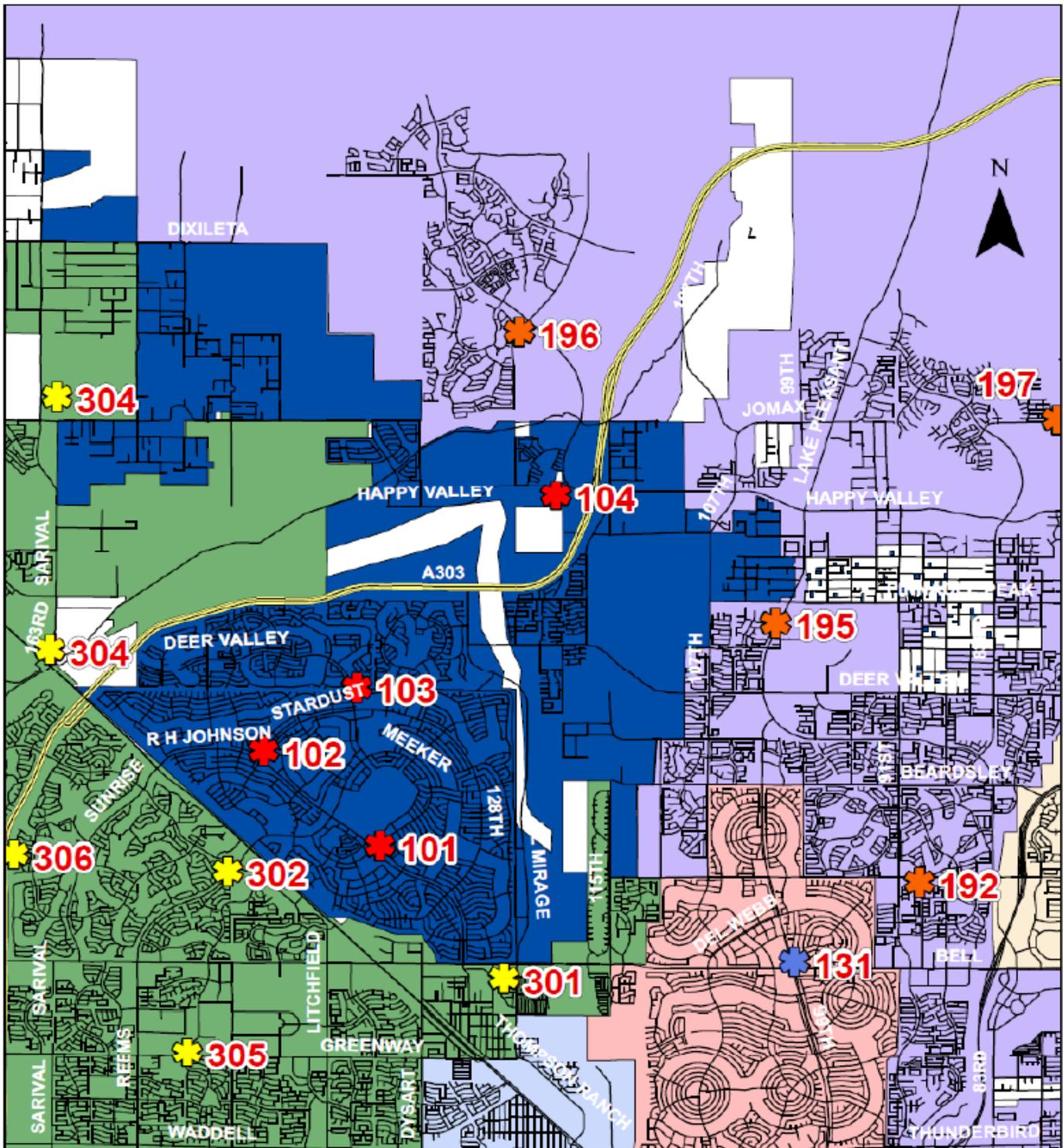
**ADMINISTRATIVE OFFICES**

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

**LEGAL COUNSEL**

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

# District Service Area



## Service Area Boundaries

-  SUN CITY WEST FIRE DISTRICT
-  EL MIRAGE
-  GLENDALE
-  PEORIA
-  SUN CITY
-  SURPRISE

# Sun City West Fire District Service Area Map



Drawn by Keith Tanner, SCWFD on 4/16/14



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**Fire District of Sun City West  
Arizona**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2013**

Executive Director/CEO

# Financial Section



## **Independent Auditor's Report**

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Fire District of Sun City West, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Fire District of Sun City West as of June 30, 2014, and the respective changes in financial position for the year then ended in accordance with U.S. generally accepted accounting principles.

## **Emphasis of Matter**

As discussed in Note 1 to the basic financial statements, during the year ended June 30, 2014, Fire District of Sun City West adopted the provisions of GASB Statement Number 65, *Items Previously Reported as Assets and Liabilities* that changed the classification of items reported on the balance sheets.

As described in Note 12 to the financial statements, Fire District of Sun City West restated beginning net position as of July 1, 2013, to correct a misstatement in accumulated depreciation in its previously issued financial statements.

Our opinions were not modified with respect to these matters.

## **Other Matters**

### *Required Supplementary Information*

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 4 through 17, the budgetary comparison information on pages 40 through 41, and the schedule of agent retirement plan's funding progress on page 38, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Fire District of Sun City West's basic financial statements. The introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

*Compliance with Title 48, Chapter 5, Article 1 Applicable to Debt and Warrant Issuance Limitations*

In connection with our audit, nothing came to our attention that caused us to believe that Fire District of Sun City West failed to comply with the provisions of Title 48, Chapter 5, Article 1 limiting the amount of certain debt and warrants that can be issued by Fire District of Sun City West, insofar as such compliance relates to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding Fire District of Sun City West's noncompliance with Title 48, Chapter 5, Article 1, insofar as they relate to accounting matters.

The communication related to compliance with the provisions of Title 48, Chapter 5, Article 1 referred to in the preceding paragraph is intended solely for the information and use of members of the Arizona State Legislature, the Board of Directors, management, and other responsible parties within Fire District of Sun City West and is not intended to be and should not be used by anyone other than these specified parties.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2014, on our consideration of Fire District of Sun City West's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Fire District of Sun City West's internal control over financial reporting and compliance.

*Walker & Armstrong LLP*

Phoenix, Arizona  
December 16, 2014



# **Management's Discussion and Analysis**

(Required Supplementary Information)

**Fire District of Sun City West  
Management's Discussion and Analysis  
June 30, 2014**

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As management of Fire District of Sun City West (the "District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2014. We encourage readers to consider the information presented here in conjunction with District's financial statements, which begin on page 18.

**Financial Highlights**

- The assets of the District exceeded its liabilities at the close of the most recent fiscal year by \$9,528,958. Of this amount, \$1,718,302 is invested in capital assets, net of related debt, and \$7,759,429 is unrestricted.
- During the year, the District's total net position increased by \$630,833. These activities include increased collections from property tax and program revenues such as annual operational inspection and permit services, Wildland services, and the newly implemented Interfacility, Non-Emergency Ambulance Transport Services. This combined with the due diligence of the District to minimize budget expenses for personnel services, supplies, general operating expenses and unspent contingency funds during the year ended June 30, 2014 also contributed to the overall increase in net position for this fiscal period.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$8,112,613, an increase of \$2,069,911 from prior year. Approximately 15.7% of this total amount, or \$1,275,677, is available for spending at the government's discretion (unassigned fund balance). Of the remaining fund balance, \$18,685 is nonspendable, \$431,315 is assigned for the employee benefit liability account, \$51,227 is legally restricted (from donations) for community service and safety programs, the remaining balance of \$6,335,709 has been committed to future capital projects.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$1,275,677 or 10.2% of the 2014 fiscal year's total budgeted operating expenditures.
- At the onset of budget preparation for the year ended June 30, 2014, 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, 2014 accomplished this task.
- Due to the 4.6% decrease in the net assessed valuation of the District and the 4.0% increase in the budget the tax levy rate changed from \$2.7189 to \$2.9177 per \$100 of secondary assessed valuation, generating an estimated annual fire district tax of \$358 per home based on the reduced median home value of \$122,700.

## Management's Discussion and Analysis - Continued

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### **Financial Highlights - Continued**

It is important to note that despite the increase in the overall budget, the District limited the tax levy increase to 2.3% as a result of increased alternative revenue sources. However, the median taxpayer still realized a slight increase in their District tax bill for the budget year ended June 30, 2014. This is a direct result of the combination of the decreased net assessed valuation of the District as a whole and the decrease in the median home values. Actual fire district property tax revenues increased by approximately 2%, from \$9,735,426 to \$9,959,620. This increase can be attributed to a combination of property annexations and the increase in the District's tax levy.

### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements which are comprised of three components: (1) government-wide financial statements, (2) fund financial statements and (3) notes to the basic financial statements. This report also contains required supplementary information in addition to the basic financial statements themselves.

### **Government-wide Financial Statements**

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

The *statement of net position* presents information on all of the District's assets and liabilities with the difference between them reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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

## Management's Discussion and Analysis - Continued

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### **Fund Financial Statements**

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Management establishes governmental funds based on the application of generally accepted accounting principles and the evaluation of applicable laws, regulations and reporting objectives.

### ***Governmental Funds***

*Governmental funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable 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 three (3) individual governmental funds: the general fund, the capital projects fund and the special projects fund (a special revenue fund). Information is presented separately in the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balances for each of these funds, all of which are considered to be the major funds of the District; the concept and determination of major funds has been established by the Governmental Accounting Standards Board (GASB). While the special revenue fund is a nonmajor fund, it is the only fund meeting this criterion and is thus discreetly reported.

The District adopts an annual appropriated budget to levy taxes and provide for its general fund. A budgetary comparison statement for the general fund has been provided as part of the supplementary information following the basic financial statements to demonstrate compliance with the budget and is presented on pages 40 and 41. The District revises the capital improvement plan annually to outline anticipated replacements and capital projects to be completed during the year for the capital projects fund.

## Management's Discussion and Analysis - Continued

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There is no budget generated for the special revenue fund as it is generally comprised of restricted monies that carryover from year-to-year for the purpose of supporting specified projects or programs as related to the funding received. Detailed tracking of these resources and the associated expenditures are continuously maintained to ensure funds are used for their intended purpose.

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

### *Notes to Basic Financial Statements*

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 24-39 of this report.

### *Other Information*

In addition to the basic financial statements and accompanying notes, this report includes required supplementary information, other than *Management's Discussion and Analysis*, concerning a comparison of the District's budget to actual revenues and expenditures, as described earlier and can be found on pages 40 and 41 of this report.

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

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Fire District of Sun City West, assets exceeded liabilities by \$9,528,958 at the close of the most recent fiscal year.

A portion of the District's net position (\$1,718,302 or 18.0%) reflects its investment in capital assets (e.g., land, construction in progress, buildings, machinery, vehicles, and equipment); less any related outstanding debt used to acquire those assets. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although, the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. \$51,227 of the District's net position is restricted funds for the purpose of supporting specified projects or programs related to donated funds. The remaining unrestricted net position totaling \$7,759,429 is unrestricted and may be used for apparatus purchases, future fire station property and construction costs, and to improve the quality of fire protection and emergency medical services within the District's boundaries.

## Management's Discussion and Analysis - Continued

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The District's \$8,302,665 million in capital assets consists of three fully staffed fire stations which are strategically placed throughout the District's thirty-five square mile service area and one dual purpose administration and fleet maintenance facility. The District maintains a fleet of approximately thirty fire apparatus, ambulances and staff vehicles, all of which are in above average condition. The District also has acquired state-of-the art medical and firefighting equipment which is all well-maintained in order to provide the highest level of care. The remaining assets consist mainly of cash and cash equivalents, investments and property tax receivables, ambulance transport and other program revenue receivables which are used to meet the District's ongoing obligations to its citizens.

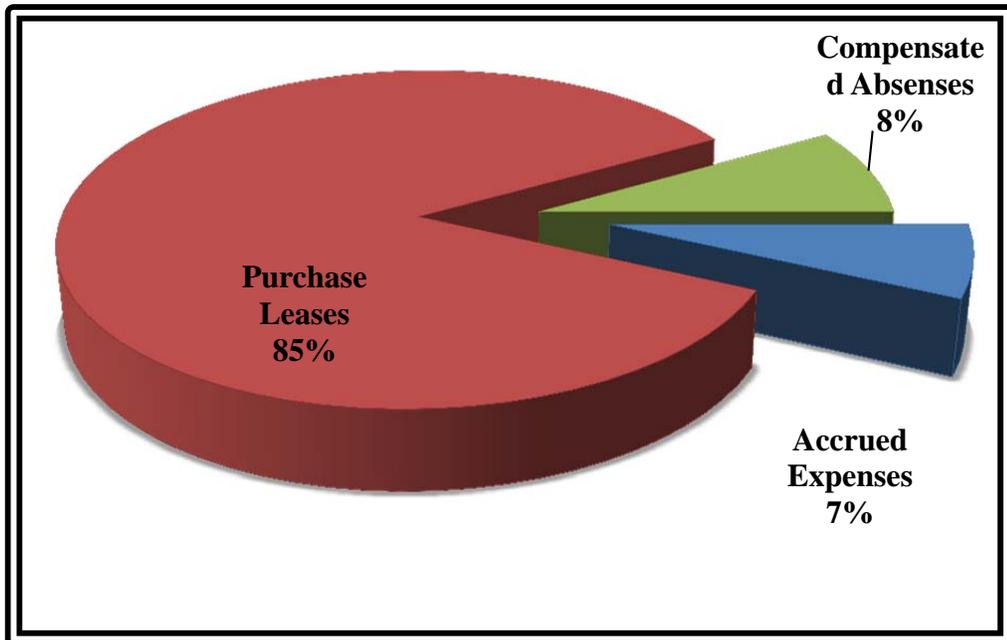
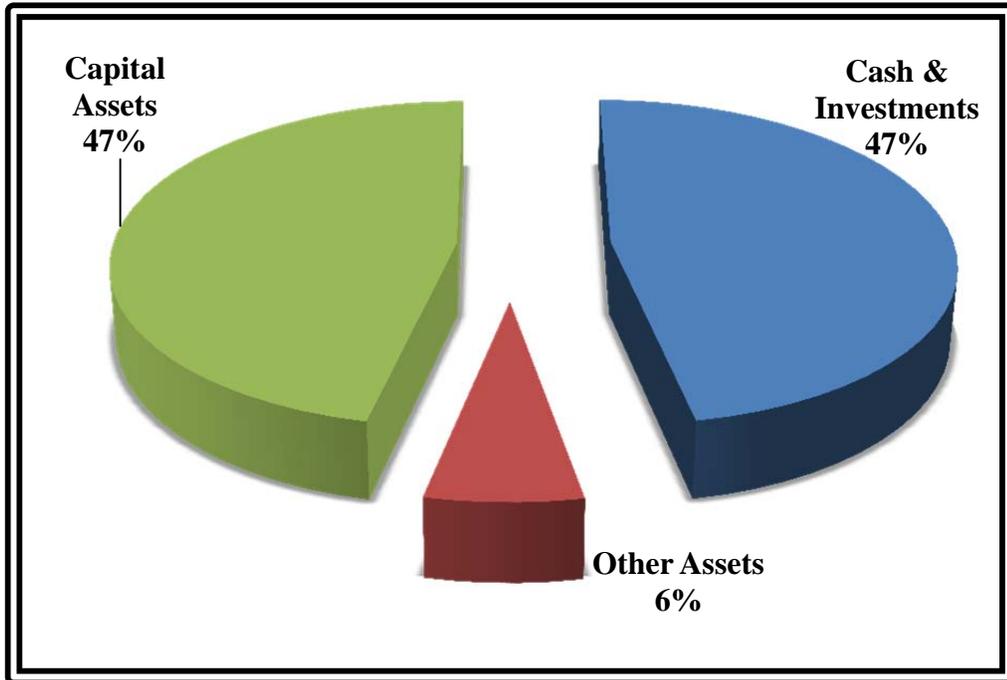
The following page contains a comparative analysis between the current and the prior fiscal year for the government-wide statements.

### Condensed Statement of Net Position

	<b>Governmental Activities</b>	
	<b>2014</b>	<b>2013 (as restated)</b>
<b>Assets:</b>		
Current and investments	\$ 8,382,912	\$ 6,340,437
Other assets	602,631	484,032
Capital assets, net	8,302,665	8,866,789
Total assets	17,288,208	15,691,258
<b>Liabilities:</b>		
Current liabilities	532,567	492,984
Compensated absences	642,320	541,956
Capital leases	6,584,363	5,758,193
Total liabilities	7,759,250	6,793,133
<b>Net position:</b>		
Net investment in capital assets	1,718,302	3,108,596
Restricted for community services	51,227	37,150
Unrestricted	7,759,429	5,752,379
Total net position	\$ 9,528,958	\$ 8,898,125

## Management's Discussion and Analysis - Continued

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



## Management's Discussion and Analysis - Continued

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During 2014, governmental activities increased the District's net position by \$630,833. Key elements of this increase are as follows:

- District program revenues such as plan reviews, construction permits, and inspection fees have increased for the year, which is consistent with increases in new and remodel construction within the District. The District also continued to experience a steady increase in emergency ambulance transport revenues and other intergovernmental and contractual arrangements. The District generated wildland revenues and maintained an inter-governmental agreement (IGA) with the Glendale Fire Department to provide staffing personnel for their helicopter air-medical logistical operations (HALO) program. The District generated additional program revenues through the operational permitting program, providing annual fire inspections and operational permits to commercial occupancies within District boundaries. Additionally, the District began experiencing a significant increase in the inter-facility non-emergency ambulance transport services, both programs began late in the year ended June 30, 2014.
- Budgeted tax revenues increased due to the need to cover the increase in the adopted budget expenses.
- The District acquired capital assets in the amount of \$73,595, which included: (i) the purchase of a new Thermal Imaging Camera (TIC) (ii) continued construction-in-progress related to construction of Station 104 and the renovation of Station 103, and (iii) the construction-in-progress of the new Tyler Technologies Encode Accounting and Human Resource Information Systems (HRIS) software system.
- Due to continued increases in call volumes and both emergency and non-emergency ambulance transports, some operating expenses such as fuel, utilities, communications and dispatching services, and medical supplies increased. In addition, the District saw ongoing increases in employee health insurance, workmen's compensation insurance, and building maintenance supply expenses. However, in spite of these increases, expenses were well managed and fell below budgeted expense totals, with savings in administration and support services, salaries and benefits, operations, services and supplies.

## Management's Discussion and Analysis - Continued

- The receipt of the previously mentioned unanticipated revenues, combined with the District's efforts to strictly and effectively manage expenses during the year ended June 30, 2014, impacted the District by notably increasing fund balance. As a result, District management increased the employee benefit liability account to utilize current resources to begin funding the previously unfunded liabilities associated with compensated absences the remaining increase in fund balance was committed to being transferred into the capital projects fund to support future capital projects.

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

### Condensed Statement of Changes in Net Position

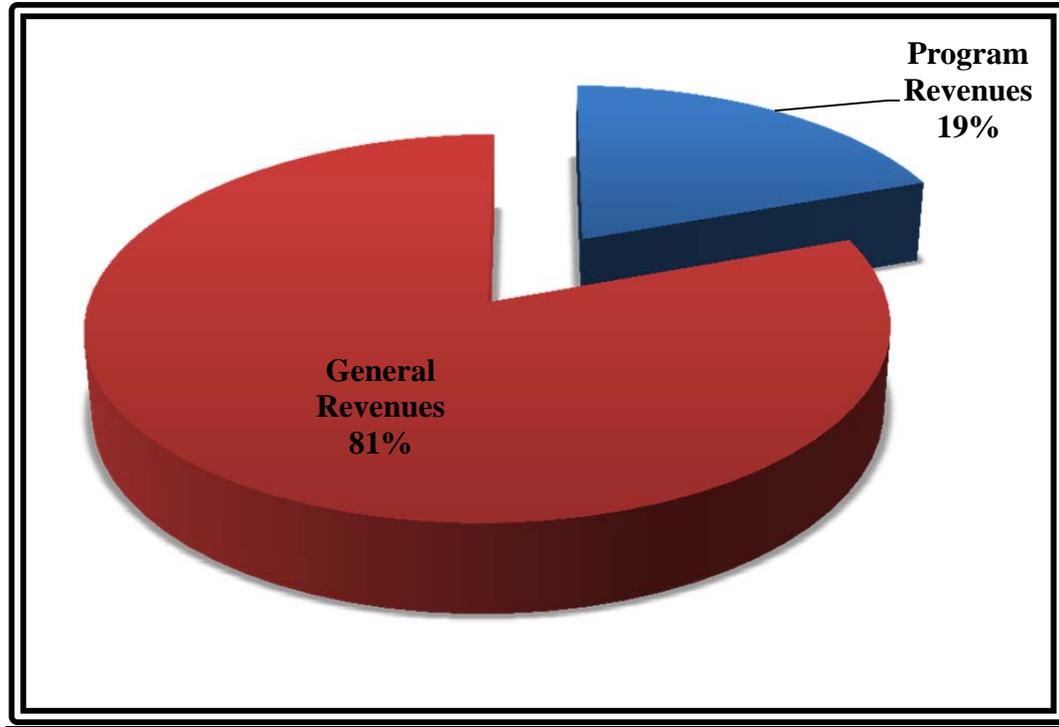
	<b>Governmental Activities</b>	
	<b>2014</b>	<b>2013 (as restated)</b>
<b>Revenues:</b>		
Program revenue:		
Charges for services	\$ 2,536,503	\$ 1,863,374
Operating grants and contributions	16,111	116,575
General revenues:		
Taxes	10,461,160	10,244,184
Investment and other	103,112	681
Total revenues	13,116,886	12,224,814
<b>Expenses:</b>		
Public safety	12,486,053	11,727,504
Total expenses	12,486,053	11,727,504
Increase in net position	630,833	497,310
Net position, beginning	8,898,125	8,400,815
Net position, ending	\$ 9,528,958	\$ 8,898,125

The cost of all governmental activities for the year ended June 30, 2014 was \$12,486,053. Property taxes, fire district assistance taxes (county aid) and fire insurance premium taxes provided funding of \$9,956,685, \$396,646, and \$107,829, respectively. Due to legislative changes in 2011, the District is now eligible to receive \$400,000 in county aid revenue annually, an increase of \$100,000 over the previous legislative limit. Ambulance revenues combined with other program revenues such as permits provided net revenues of \$2,536,503.

## Management's Discussion and Analysis - Continued

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The following chart highlights the significant sources of revenues.



### **Financial Analysis of the Governmental Funds**

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

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of fiscal year.

At the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$8,112,613 an increase of \$2,069,911 in comparison with the prior year's balance. The largest component of the increase is associated with the refinancing of the capital lease during 2014. Revenues increased by \$810,264 over the previous fiscal year which included a significant increase in ambulance revenues. Despite increases in expenditures during 2014, which were \$626,620 more than the prior year, the District realized an overall net increase in fund balances.

## Management's Discussion and Analysis - Continued

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Of the \$8,112,613 total combined governmental fund balance, the amount committed by the Board to capital projects totaled \$6,335,709; \$51,227 is legally restricted (from donations) for community service and safety programs. The remaining amount, comprised of nonspendable prepaid items totaling \$18,685, fund balance assigned to the employee benefit liability account in the amount of \$431,315 and \$1,275,677 is unassigned and available for future spending.

The general fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the general fund was \$1,275,677. As a measure of the general fund's liquidity, it may be useful to compare spendable fund balance to total fund expenditures. Spendable fund balance represents 10.8% of total general fund expenditures of \$11,847,379.

The capital projects fund accounts for the accumulation of financial resources allocated for the following: future construction costs for new and existing facilities; for the purchase or replacement of fire, emergency medical response, staff and maintenance apparatus; significant fire and emergency medical services equipment replacements such as Self Contained Breathing Apparatus (SCBA) equipment and heart monitor/defibrillators; communications equipment such as 800 MHz radios; and major administrative management equipment such as copiers and computer servers. As of June 30, 2014, the ending fund balance in the capital projects fund was \$5,591,163. The District's Governing Board has determined that cash available in the general fund as of the fiscal year ended June 30, 2014, net of encumbrances, totaling of \$744,546 would be transferred into the capital projects fund and committed to future capital development.

The special projects fund is a special revenue fund established for the collection and disbursement of funds for specified programs such as paramedic training, fire corps, fire and life safety, and the child safety seat loaner programs. These funds are contributed by citizens and local organizations for a specific purpose and are strictly utilized in accordance with the donors' wishes. Program funding and expenditures generally cross over fiscal years and therefore are managed within the special revenue fund. As of June 30, 2014, the ending fund balance in the special revenue fund was \$51,227.

### **Budgetary Highlights**

During fiscal year 2014 there were no modifications to the originally adopted budget. Total revenues were \$464,312 more than budgeted revenues while total expenditures were \$655,236 less than budgeted expenditures. The positive expenditure variance resulted primarily from an overall effort to reduce operating costs and the fact that the District did not incur expenditures that would necessitate the use of the contingency line item.

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

**Capital Assets** – The District's investment in capital assets as of June 30, 2014, totals \$8,302,665 (net accumulated depreciation). These assets include land, buildings and improvements, apparatus and general fire, emergency medical, communications and administrative equipment.

## Management's Discussion and Analysis - Continued

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Major capital asset transactions during the year include the following:

The District acquired capital assets in the amount of \$73,595, which included: (i) the purchase of a new Thermal Imaging Camera (TIC) (ii) continued construction-in-progress related to construction of Station 104 and the renovation of Station 103, and (iii) the construction-in-progress of the new Tyler Technologies Encode Accounting and Human Resource Information Systems (HRIS) software system.

The District depreciates capital assets, except for land and construction in progress, consistent with generally accepted accounting principles, utilizing the straight-line depreciation method. The cost of the asset is divided by the expected useful life in years and the result is charged to expense each year until the asset is fully depreciated. Major outlays for capital assets and improvements are capitalized as projects are completed and placed into service. The District's threshold for capitalization was maintained at \$5,000 to \$50,000 which is consistent with the minimum threshold as recommended by the Government Finance Officers Association (GFOA). Additional information on the District's capital assets can be found in Note 4 in the basic financial statements on page 32.

Subsequent to June 30, 2014, 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, 2014, was a minimum of \$446,000 as determined by the District's capital asset replacement schedule. In addition to the minimum annual funding requirement, the District's governing board has stated that any general fund unencumbered fund balance is to be transferred into the capital projects fund to support future capital development.

**Long-term Liabilities** - The District continues to retire and manage debt to fund various capital projects which support program services. As of June 30, 2014, the District had long-term outstanding debt of \$6,584,363 resulting from lease purchase agreements. The remaining debt requires debt service payments totaling \$557,738 during the fiscal year ending June 30, 2015 and through 2028.

The remaining capital lease pertaining to the solar panels requires annual payments of approximately \$45,000 until April 1, 2033, when this debt will be fully satisfied, provided no additional debt is issued and the current debt is not retired early. All debt is backed by the full faith and credit of the District and pledged assets. Additional information on the District's long-term liabilities can be found in Note 5 in the basic financial statements on page 33-34.

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

Arizona Revised Statutes limit the amount the District can assess property tax revenues to \$3.25 per \$100 of secondary assessed value. Additionally, with the passage of Senate Bill 1421, fire districts are now limited to an 8% annual property tax levy increase based on the 2008 tax levy; this increase is cumulative, even if not fully utilized in one year, and adjusted annually for annexations and new construction. Each year the maximum levy limit is recalculated based on the aforementioned factors. As of June 30, 2014, under Senate Bill 1421, the District has a maximum tax levy limit of approximately \$14.0 million; however, the maximum levy amount still cannot exceed the tax rate of \$3.25 per \$100 of net assessed value, which is approximately \$11.0 million.

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

- During 2014, the District received an Insurance Services Office (ISO) grading of Class 1 which is an upgrade from previous years. This grading reduces the risk loss for property owners and helps keep fire insurance premiums lower for District property taxpayers. The District is the first and only fire service provider within the state of Arizona to achieve this Class 1 grading.
- Maintaining a strong general fund position, combined with additional revenue flexibility from the unrestricted capital projects fund, which is committed by the governing board to capital project purchases outlined in the capital improvement plan, and a low debt service burden are factors that are helping the District to remain financially stable.
- In August 2010, the District was awarded Accredited Agency Status by the Commission on Fire Accreditation International (CFAI). There are fewer than 150 accredited agencies out of approximately 33,000 fire departments throughout the country and less than a dozen accredited agencies in Arizona. This accreditation status verifies that the District has met the highest standards for effectiveness and efficiency in responding to emergencies. With receipt of this recognition, the District possesses a major resource for continuous improvement. The CFAI, its professionalism and its quality of service lend credence to the District's administrative and operational performance.
- Additionally, in 2010, the District produced its first ever comprehensive annual financial report (CAFR) and submitted it to the Government Finance Officers Association (GFOA) for participation in their certificate of achievement for excellence in financial reporting award program. The District was successful in receiving this award for the fiscal years ended June 30, 2013, 2012 and 2011.

## Management's Discussion and Analysis - Continued

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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:

- Rancho Cabrillo and Coldwater Ranch sub-divisions, which had previously been in the planning stages, have continued construction of single-family residences, which will result in additional tax revenues.
- The District continues to seek new property annexations, expanding the boundaries and the deepening the tax base.
- A large portion of the District's emergency response calls continue to be medically related, which typically result in emergency ambulance transport and associated revenues. During the latter part of fiscal year 2012/2013, the District also expanded the ambulance transport services to include non-emergency interfacility ambulance transports, which currently generate higher revenues than emergency transports and positively impact ambulance revenues.

During the year ended June 30, 2014, 79.8% of the District's actual revenues were derived from real property, fire insurance premium and fire district assistance taxes. Due to the potential for future increased housing development within its boundaries, the District is well positioned to benefit from the following elements:

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

The adopted budgeted expenditures for the year ended June 30, 2014 are \$12.5 million with \$1.1 million to be provided for retirement of debt and for future capital projects funding. This leaves a net operating budget of \$11.4 million which represents a 4.1% increase compared to the current year's net operating budget. The District was also able to minimize the property tax levy increase to 2.3% from the current year through increases in alternative revenue sources. Due to the increase in the District's levy, combined with a 4.6% decrease in net assessed property valuations as set by the Maricopa County Assessor's Office, the District experienced an increase in the property tax levy rate, raising the rate up to \$2.9177 per \$100 of secondary assessed valuation.

## Management's Discussion and Analysis - Continued

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During the annual budgeting process, the District Board considers the impact of the projected levy on the median valued homeowner within the District. For fiscal year 2008/2009, the median valued homeowner paid \$359 in taxes; for fiscal year 2009/2010, the amount was \$341; for fiscal year 2010/2011, the amount was \$333; for fiscal year 2011/2012 the amount was \$345; for fiscal year 2012/2013 the amount was \$354; for fiscal year 2013/2014, the amount was \$358; and for fiscal year 2014/2015, the median valued homeowner will pay \$360 in taxes appropriated by the District.

This is a slight increase from the previous year due to an increase in the median valued home of 1.0% and decreased median valued commercial property of 0.3%, this was further compounded with the reduced assessment ratio for commercial property from 19.5% to 19.0% and vacant land remained at 15.0%, which increased the tax burden for residential homeowners. The assessment ratio for commercial property will continue to reduce 0.5% each of the next three tax years until it settles at 18.0% in the fiscal year ending June 30, 2017, continuing the transfer of the tax burden from commercial to residential property owners.

### **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 for the last five years can be found on the District's website at [www.scwfire.org](http://www.scwfire.org) under the financial section. You may also obtain copies of current and historical financial reports 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 Position**  
**June 30, 2014**

	<b>Governmental Activities</b>
<b>Assets</b>	
Cash and investments	\$ 2,370,817
Cash and investments, held by fiscal agent	6,012,095
Receivables, net:	
Property taxes	78,593
Ambulance billings	487,444
Other	17,909
Prepaid items	18,685
Capital assets, not being depreciated	434,447
Capital assets, being depreciated, net	7,868,218
Total assets	17,288,208
<b>Liabilities</b>	
Accounts payable	176,694
Accrued payroll and related	329,542
Accrued liabilities	26,331
Noncurrent liabilities:	
Due within one year	504,067
Due in more than one year	6,722,616
Total liabilities	7,759,250
<b>Net position</b>	
Net investment in capital assets	1,718,302
Restricted for community services	51,227
Unrestricted	7,759,429
Total net position	\$ 9,528,958

The accompanying notes are an  
integral part of these basic financial statements.

**Fire District of Sun City West**  
**Statement of Activities**  
**Year Ended June 30, 2014**

	<b>Governmental Activities</b>
<b>Expenses:</b>	
<i>Public safety-fire protection and emergency medical services:</i>	
Salaries and wages	\$ 6,644,140
Employee benefits	3,211,261
Utilities and communications	497,049
Materials and supplies	395,502
Professional services	331,268
Repairs and maintenance	199,952
Administrative	68,874
Training and related	66,422
Insurance	55,452
Grants and other	5,130
Debt service - interest and debt issuance costs	373,284
Depreciation	637,719
Total program expenses	12,486,053
<b>Program revenues:</b>	
<i>Charges for services</i>	
Ambulance fees	2,118,826
Project revenues	417,678
Operating grants and contributions	16,111
Total program revenues	2,552,615
Net program expense	9,933,438
<b>General revenues:</b>	
<i>Taxes:</i>	
Real and personal property taxes	9,956,685
Fire district assistance tax	396,645
Fire insurance premium tax	107,829
Investment earnings	81,260
Other	21,852
Total general revenue	10,564,271
Change in net position	630,833
<b>Net position - beginning of year, as restated</b>	8,898,125
<b>Net position - end of year</b>	\$ 9,528,958

The accompanying notes are an  
integral part of these basic financial statements.

**Fire District of Sun City West  
Balance Sheet -  
Governmental Funds  
June 30, 2014**

	<b>Major Funds</b>			<b>Total Governmental Funds</b>
	<b>General</b>	<b>Capital Projects</b>	<b>Special Projects</b>	
<b>Assets:</b>				
Cash and investments	\$ 2,217,490	\$ 103,461	\$ 49,866	\$ 2,370,817
Cash and investments, held by fiscal agent	-	6,012,095	-	6,012,095
Receivables, net				
Property taxes	78,593	-	-	78,593
Ambulance billings	487,444	-	-	487,444
Other	17,890	19	-	17,909
Due from other funds	523,051	-	1,361	524,412
Prepaid items	18,685	-	-	18,685
Total assets	<u>\$ 3,343,153</u>	<u>\$ 6,115,575</u>	<u>\$ 51,227</u>	<u>\$ 9,509,955</u>
<b>Liabilities, deferred inflows of resources and fund balances</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 176,694	\$ -	\$ -	\$ 176,694
Due to other funds	-	524,412	-	524,412
Accrued payroll and related	329,542	-	-	329,542
Accrued liabilities	26,331	-	-	26,331
Total liabilities	532,567	524,412	-	1,056,979
<b>Deferred inflows of resources:</b>				
<i>Unavailable revenues:</i>				
Property tax receivables	54,113	-	-	54,113
Ambulance receivables	277,408	-	-	277,408
Other receivables	8,842	-	-	8,842
Total deferred inflows of resources	340,363	-	-	340,363
<b>Fund balances:</b>				
Nonspendable - prepaid items	18,685	-	-	18,685
Restricted for community services	-	-	51,227	51,227
Committed - capital projects	744,546	5,591,163	-	6,335,709
Assigned	431,315	-	-	431,315
Unassigned	1,275,677	-	-	1,275,677
Total fund balances	<u>2,470,223</u>	<u>5,591,163</u>	<u>51,227</u>	<u>8,112,613</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 3,343,153</u>	<u>\$ 6,115,575</u>	<u>\$ 51,227</u>	<u>\$ 9,509,955</u>

The accompanying notes are an  
integral part of these basic financial statements.

**Fire District of Sun City West  
Reconciliation of the Balance Sheet - Governmental Funds,  
to the Statement of Net Position  
June 30, 2014**

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<b>Total fund balances - governmental funds</b>		\$	8,112,613
 <i>Amounts reported for governmental activities in the statement of net position are different because:</i>			
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$13,597,073 and the accumulated depreciation is \$5,294,408.			8,302,665
Some of the District's receivables will be collected after year-end, but are not available soon enough to pay for the current-period expenditures, and therefore are deferred in the funds.			340,363
Long-term liabilities are not due and payable in the current period and therefore, are not reported in the funds as follows:			
Compensated absences	\$	642,320	
Capital lease obligations		<u>6,584,363</u>	<u>(7,226,683)</u>
<b>Net position of governmental activities</b>			<u><u>\$ 9,528,958</u></u>

The accompanying notes are an  
integral part of these basic financial statements.

**Fire District of Sun City West**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances -**  
**Governmental Funds**  
**Year Ended June 30, 2014**

	Major Funds			Total Governmental Funds
	General	Capital Projects	Special Projects	
<b>Revenues:</b>				
<i>Taxes:</i>				
Property taxes	\$ 9,959,620	\$ -	\$ -	\$ 9,959,620
Fire district assistance tax	396,645	-	-	396,645
Fire insurance premium tax	107,829	-	-	107,829
Ambulance fees	2,059,604	-	-	2,059,604
Project revenues	422,382	-	-	422,382
Intergovernmental and grants	16,111	-	-	16,111
Investment earnings	6,099	75,136	25	81,260
Other	(1,363)	-	23,215	21,852
Total revenues	12,966,927	75,136	23,240	13,065,303
<b>Expenditures:</b>				
<i>Public safety-fire protection and emergency medical services:</i>				
<i>Current:</i>				
Salaries and wages	6,543,771	-	-	6,543,771
Employee benefits	3,211,261	-	-	3,211,261
Utilities and communications	497,049	-	-	497,049
Materials and supplies	333,634	-	7,047	340,681
Professional services	331,268	-	-	331,268
Repairs and maintenance	187,022	-	-	187,022
Administrative	68,874	-	-	68,874
Training and related	64,306	-	2,116	66,422
Insurance	55,452	-	-	55,452
Other and grants	5,130	-	-	5,130
Capital outlay	-	141,347	-	141,347
<i>Debt service:</i>				
Principal	407,122	-	-	407,122
Interest	142,490	35,620	-	178,110
Cost of issuance	-	195,174	-	195,174
Total expenditures	11,847,379	372,141	9,163	12,228,683
Excess of revenues over (under) expenditures	1,119,548	(297,005)	14,077	836,620
Other financing sources (uses):				
Debt proceeds	-	6,202,391	-	6,202,391
Payments to refund debt obligation	-	(4,969,100)	-	(4,969,100)
Total other financing sources	-	1,233,291	-	1,233,291
Net change in fund balances	1,119,548	936,286	14,077	2,069,911
Fund balances, beginning of year	1,350,675	4,654,877	37,150	6,042,702
Fund balances, end of year	\$ 2,470,223	\$ 5,591,163	\$ 51,227	\$ 8,112,613

The accompanying notes are an  
integral part of these basic financial statements.

**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, 2014**

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**Net change in fund balances - total governmental funds** \$ 2,069,911

*Amounts reported for governmental activities in the statement of activities are different because:*

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. In the current period, these amounts are:

Expenditure for general capital outlay	\$ 73,595	
Depreciation expense	<u>(637,719)</u>	(564,124)

Property tax revenues and certain charges for services reported in the statement of activities do not provide current financial resources and therefore, are not reported as revenues in the governmental funds. 51,581

Some expenses 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:

Compensated absence expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		(100,366)
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Repayment and refunding of debt principal is reported as an expenditure and as an other financing use in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position: 4,969,100

The issuance of long-term debt obligations provides current financial resources to governmental funds, however, issuances do not affect net position balances. (6,202,391)

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. The following amount represents principal paid during the year. 407,122

**Change in net position of governmental activities** \$ 630,833

The accompanying notes are an integral part of these basic financial statements.

**Fire District of Sun City West**  
**Notes to Financial Statements**  
**Year Ended June 30, 2014**

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**Note 1 – Summary of Significant Accounting Policies**

The accounting policies of Fire District of Sun City West (the “District”) conform to generally accepted accounting principles applicable to governmental units adopted by the Governmental Accounting Standards Board (GASB).

For the year ended June 30, 2014, the District implemented the provisions of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. GASB Statement No. 65 reclassifies certain items that were previously reported as assets and liabilities as deferred outflows of resources and deferred inflows of resources and recognizes certain other items that were previously reported as assets and liabilities as revenues and expenses.

**Reporting Entity**

The District was established in 1981 pursuant to Arizona Revised Statute Title 48 and is a special purpose local government governed by a separately elected governing body. The District is legally separate and 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.

**Basis of Presentation**

The basic financial statements include both government-wide statements and fund financial statements. The government-wide statements focus on the District as a whole, while the fund financial statements focus on major funds. Each presentation provides valuable information that can be analyzed and compared between years and between entities to enhance the usefulness of the information.

*Government-wide statements* – These statements include a statement of net position and a statement of activities. These statements report the financial activities of the overall government.

A statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function.

Program revenues include:

- Charges to customers for services provided;
- Operating grants and contributions, and
- Capital grants and contributions

## Notes to Financial Statements - Continued

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### **Note 1 – Summary of Significant Accounting Policies - Continued**

Revenues not classified as program revenues, including internally dedicated resources and all taxes, are reported as general revenue.

The effect of interfund activity has been eliminated from the government-wide financial statements to minimize the duplicate reporting of internal activities.

*Fund financial statements* – provide information about the District's funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The District reports the following major governmental funds:

- The *general fund* is the District's primary operating fund which accounts for all financial resources except those required to be accounted for in another fund.
- The *capital projects* fund is used to account for activities related to the acquisition or construction of significant capital assets.
- The *special projects* fund is a special revenue fund used to account for restricted donations and related expenditures for community service programs.

### **Basis of Accounting**

The government-wide financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Property taxes are recognized as revenue in the year they are levied. Grant and contract revenues are recognized when all eligibility requirements have been met.

Governmental funds in the fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they are due and payable.

General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital lease agreements are reported as other financing sources.

Taxes, leases, and investment income associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period.

## Notes to Financial Statements - Continued

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### **Note 1 – Summary of Significant Accounting Policies - Continued**

All other revenue items are considered to be measureable and available only when cash is received by the government.

#### **Fund Balance Classifications**

Fund balances of the governmental funds are reported separately within classifications based on a hierarchy of the constraints placed on the use of those resources. The classifications are based on the relative strength of the constraints that control how the specific amounts can be spent. The classifications are nonspendable, restricted, and unrestricted (which includes committed, assigned, and unassigned fund balance classifications).

When an expenditure is incurred that can be paid from either restricted or unrestricted fund balances, it's the District's policy to use restricted fund balance first. For the disbursement of unrestricted fund balances, it is the District's policy to use committed amounts first, followed by assigned amounts, and lastly unassigned amounts.

*Nonspendable fund balance* - amounts that cannot be expended because they are either not in spendable form such as prepaid items, or are legally or contractually required to be maintained intact.

*Restricted fund balances* - amounts that have externally imposed restrictions on their usage by creditors, such as through debt covenants, grantors, contributors, or laws and regulations.

*Committed fund balances* - amounts with self-imposed limitations approved by the District's board of directors, which is the highest level of decision-making authority within the District. The constraints placed on committed fund balances can only be removed or changed by the board through a formal resolution.

*Assigned fund balances* - amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. The Board of Directors has authorized the Fire Chief to make assignments of resources for specific purposes.

*Unassigned fund balance* - the residual classification for the general fund and includes all spendable amounts not reported in the other classifications. Also, deficits in fund balances of the other governmental funds are reported as unassigned.

#### **Commitments of Fund Balance**

The District has adopted a policy whereby it will transfer any unassigned and unencumbered revenues to the capital projects fund to provide for planned future acquisitions of apparatus, vehicles, buildings and improvements. Such transfers are not restricted by statute and can be transferred back to the general fund upon board approved changes to the District's policies. As of June 30, 2014, the District's governing board has committed \$744,546 of the general fund balance to be transferred and used for future capital projects.

## Notes to Financial Statements - Continued

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### **Note 1 – Summary of Significant Accounting Policies - Continued**

#### **Assignments of Fund Balance**

Effective June 30, 2014 the District has adopted a policy whereby it will assign unencumbered revenues equivalent to the unexpended budgeted wages and benefits to the employee benefit liability account (EBLA) within the general fund. This assignment will provide for the funding of previously unfunded liabilities associated with compensated absences. The EBLA will be evaluated annually and monies assigned based on the unexpended budget associated with wages and benefits, the fiscal year end compensated absence liability and current balance of the EBLA. Such assignments are not restricted by state statute and can be unassigned upon board approval. As of June 30, 2014, \$431,315 was assigned for this purpose.

#### **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.

#### **Prepaid Items**

Prepaid items are accounted for using the purchase method in the governmental fund financial statements. Using this method, expenditures are reported at the time of purchase and unexpended amounts at year-end are reported on the balance sheet as a prepaid item for informational purposes only and are offset by a fund balance reserve to indicate that they do not constitute "available spendable resources."

In the government-wide financial statements, prepaid purchases are recorded as assets when the goods or services are purchased and expensed over the period consumed.

#### **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."

## Notes to Financial Statements - Continued

### **Note 1 – Summary of Significant Accounting Policies - Continued**

All program service receivables are shown net of an allowance for uncollectible accounts. The amount of the estimated uncollectible program service receivables at June 30, 2014, was \$694,592, which represents 54% 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 uncollectible accounts on taxes receivables as the District has a subordinated lien on all properties subject to the tax.

### **Capital Assets**

Capital assets are reported in the government-wide financial statements at actual cost or estimated historical cost if historical records are not available. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

Capital assets are depreciated using the straight line method as follows:

<u>Capital asset class</u>	<u>Threshold</u>	<u>Estimated useful life</u>
Buildings	\$ 50,000	30 to 40 years
Improvements, other than buildings	\$ 50,000	30 to 40 years
Vehicles, furniture and equipment	\$ 5,000	3 to 15 years

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

The statement of net position and balance sheet include separate sections, as appropriate, for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position that applies to future periods that will be recognized as an expense or expenditure in future periods. Deferred inflows of resources represent an acquisition of net position or fund balance that applies to future periods and will be recognized as revenue in future periods.

### **Restricted Assets**

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

## Notes to Financial Statements - Continued

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### **Note 1 – Summary of Significant Accounting Policies - Continued**

#### **Compensated Absences**

Effective July 1, 2012 the District modified the accrued leave management policy which directly affects compensated absences. With the adoption of the changes to this policy, the District classified employees into two categories: tier 1 employees are employees hired after July 1, 2012, and tier 2 employees are employees hired prior to July 1, 2012.

Tier 1 employees accrue paid-time-off (PTO) on a bi-weekly basis after successful completion of six months of their initial probationary period. PTO may be utilized for vacations, personal business, illness, injury or family needs. PTO time is subject to maximum accrual limitations of 960 hours for shift personnel and 640 hours for non-shift personnel and any balances held at termination are paid in full to the employee.

Tier 2 employees receive annual accruals of sick and vacation leave on the anniversary of their date of hire. Vacation is accrued in accordance with District policy determined shift and non-shift classifications and 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 and any balances are paid in full at termination. Leave accruals are 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 ratio of 50%. Tier 2 employees will eventually be eliminated through attrition, ultimately reducing compensated absence liabilities. All compensated absence liabilities are paid by the general fund.

#### **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 position.

#### **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.

## Notes to Financial Statements - Continued

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### **Note 1 – Summary of Significant Accounting Policies – Continued**

#### **Estimates**

The preparation of the basic financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the basic financial statements and the reported amounts of revenues and expenses during the tax calendar reporting period. Actual results may differ from those estimates.

#### **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; under statute only the general fund must legally adopt an annual budget. 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 County LGIP, the State of Arizona LGIP or with local financial institutions based on the District's policies.

The District utilizes Maricopa County as its repository for cash and allows their pool to invest those funds; accordingly, the District does not have its own formal investment policy with respect to credit risk, custodial credit risk, concentration of credit risk, interest rate risk, or foreign currency risk for investments.

*Cash on Hand and Deposits* – At June 30, 2014 the District's carrying amount of deposits with the County Treasurer's LGIP was \$369,771 and the State of Arizona LGIP was \$5,063,622. The carrying amount of the total cash in bank was \$2,936,996, and the bank balance was \$2,939,340. In addition, total cash on hand was \$12,523. At June 30, 2014, uninsured deposit balances were \$2,439,340, of which \$2,284,540 was insured by collateral held by the pledging financial institution's trust department in the District's name, leaving \$154,800 in uncollateralized funds.

## Notes to Financial Statements - Continued

### **Note 2 – Cash and Investments - Continued**

Maricopa County Treasurers' investment pool is not registered with the Securities and Exchange Commission and there is no regulatory oversight of its operations. However, the majority of the County's investment pool is invested in the State of Arizona's local government investment pool which is regulated by the State Board of Investment. The pool's structure does not provide for shares, and the county has not provided or obtained any legally binding guarantees to support the value of the participants' investments.

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

*Interest rate risk* – At June 30, 2014, the District's investments can be withdrawn from the pool at will and therefore, are not subject to a significant amount of interest rate risk.

*Foreign currency risk* – The District does not have a formal investment policy with respect to foreign currency risk because state statutes do not allow foreign investments.

### **Note 3 – Receivables**

Receivables as of June 30, 2014 for the District's general fund, including the applicable allowances for uncollectible accounts, are as follows:

Taxes	\$ 78,593
Program services	1,182,036
Other fees and reimbursements	<u>17,909</u>
Gross receivables	1,278,538
Less allowance for uncollectibles	<u>( 694,592)</u>
Net total receivables	<u>\$ 583,946</u>

## Notes to Financial Statements - Continued

### Note 4 – Capital Assets

Capital asset activity for the year ended June 30, 2014 was as follows:

	<u>Balance as restated, June 30, 2013</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance, June 30, 2014</u>
<b>Capital assets not being depreciated:</b>				
Land and improvements	\$ 355,166	\$ -	\$ -	\$ 355,166
Construction in progress	15,065	64,216	-	79,281
Total capital assets not being depreciated	370,231	64,216	-	434,447
<b>Capital assets being depreciated:</b>				
Buildings and improvements	8,437,323	-	-	8,437,323
Apparatus	3,857,863	-	-	3,857,863
Operations equipment	502,864	9,379	-	512,243
Communications and computer equipment	355,197	-	-	355,197
Total capital assets being depreciated	13,153,247	9,379	-	13,162,626
<b>Less: accumulated depreciation for:</b>				
Buildings and improvements	(1,961,500)	(302,943)	-	(2,264,443)
Apparatus	(2,117,053)	(211,464)	-	(2,328,517)
Operations equipment	(433,519)	(46,724)	-	(480,243)
Communications and computer equipment	(144,617)	(76,588)	-	(221,205)
Total accumulated depreciation	(4,656,689)	(637,719)	-	(5,294,408)
Total capital assets being depreciated, net	8,496,558	(628,340)	-	7,868,218
Total capital assets, net	<u>\$ 8,866,789</u>	<u>\$ (564,124)</u>	<u>\$ -</u>	<u>\$ 8,302,665</u>

Beginning capital assets were restated by \$155,970 as a result of an understatement of prior years' accumulated depreciation.

## Notes to Financial Statements - Continued

### Note 5 – Changes in Long-Term Liabilities

A summary of the changes in long-term liabilities for the year ended June 30, 2014 follows:

	<u>Balance,</u> <u>July 1, 2013</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance,</u> <u>June 30, 2014</u>	<u>Due Within</u> <u>1 Year</u>
Compensated absences	\$ 541,956	\$ 351,027	\$ (250,663)	\$ 642,320	\$ 141,167
Obligations under capital leases	<u>5,758,193</u>	<u>6,202,391</u>	<u>(5,376,222)</u>	<u>6,584,363</u>	<u>362,900</u>
Total	<u>\$ 6,300,149</u>	<u>\$ 6,553,419</u>	<u>\$ (5,626,885)</u>	<u>\$ 7,226,683</u>	<u>\$ 504,067</u>

### **Capital Leases**

In previous years, the District acquired buildings, vehicles, and equipment under an agreement that was refinanced during the 2014 fiscal year. The proceeds from the new lease totaled \$6,202,391 in which \$5,199,894 was used to repay the outstanding principal and accrued interest on the old lease and the issuance costs. The remaining \$1,002,497 was placed in escrow for future improvements and equipment purchases. The refinanced lease extends the term from 2025 to 2028 while the interest rate decreased from 4.30% to 2.99%. The total increase in future principal and interest payments because of the new debt is \$1,524,855. The estimated economic gain because of this transaction was \$143,551 and the difference between the carrying value of the old debt and the reacquisition price was not considered material to record as a deferred outflow in the government-wide financial statements. Upon the final payment, title to the leased assets transfers to the District.

During the 2013 fiscal year, the District entered into a purchase agreement with a company to lease solar equipment for up to 20 years. The District used its implicit borrowing rate of 3% to calculate the present value of future minimum payments which resulted in a net present value of minimum lease payments of \$800,539. The agreement provides a buyout option which extends through the end of the lease period.

At June 30, 2014, assets acquired through capital leases are as follows:

Buildings and improvements	\$ 6,639,308
Less: accumulated depreciation	<u>(1,237,828)</u>
Net carrying value	<u>\$ 5,401,480</u>

The future minimum lease payments under the capital leases, together with the present value of the net minimum lease payments as of June 30, 2014 were as follows:

## Notes to Financial Statements - Continued

### **Note 5 – Changes in Long-Term Liabilities - Continued**

Year ended June 30,	
2015	\$ 557,738
2016	557,738
2017	557,738
2018	557,738
2019	557,738
2020-2024	2,788,688
2025-2029	2,275,950
2030-2033	390,000
Total minimum lease payments	8,243,328
Less: amount representing interest	<u>(1,658,965)</u>
Present value of minimum lease payments	<u>\$ 6,584,363</u>

### **Note 6 – Operating Leases**

The District leases the land upon which Fire Station 104 will be constructed under the provisions of a long-term lease agreement classified as an operating lease for accounting purposes. The terms of the operating lease are \$1 annually for 50 years, with renewal options for 5-year terms thereafter. The effect of this lease on current and future reporting periods is nominal.

### **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 by the County Treasurer 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 or as cash is available. During the year ended June 30, 2014, the District did not utilize the line of credit.

### **Note 8 – Net Revenue**

The District provides emergency medical and ambulance transportation services (both emergent and non-emergent interfacility transports), 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.

## Notes to Financial Statements - Continued

### **Note 8 – Net Revenue - Continued**

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, 2014 are as follows:

Gross program service revenues	\$ 6,215,508
Contractual adjustments and uncompensated services	<u>(4,155,904)</u>
Net program service revenue	<u>\$ 2,059,604</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 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 being subsidized with property tax revenues.

### **Note 9 – Commitments and Contingencies**

#### **Construction Commitments**

The District had major contractual commitments related to various capital projects as of June 30, 2014 as follows:

<u>Project</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Station 103	\$ 24,896	\$ 1,252,928
Station 104	\$ 30,625	\$ 1,304,145

The remaining contractual commitments of \$2,557,073 include major renovations of existing facilities and construction of a new fire station.

#### **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, 2014 was \$383,489. The District is not responsible for repairs and maintenance expenses related to equipment used in their District, these costs are covered under the annual agreement.

The District is party to a variety of inter-governmental agreements (IGA) entered into in the ordinary course of business pursuant to which it may be obligated to provide services outside of its geographic boundaries and/or receive assistance from other parties. As part of these agreements, the District is obligated to indemnify other parties for certain liabilities that arise out of, or relate to, the subject matter of the agreements.

## Notes to Financial Statements - Continued

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### **Note 9 – Commitments and Contingencies - Continued**

Additionally, the District has received a certificate of necessity from the Arizona Department of Health Services to provide ambulance services within the District's boundaries. Should the certificate be terminated, the District would be unable to provide the extended ambulance services currently provided within the community. Settled claims, if any, resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

### **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 10 – Interfund Receivables, Payables and Transfers**

Interfund balances resulted from cash being pooled in the general fund on behalf of other funds or expenditures that occurred within the general fund and were later reimbursed by other funds. At June 30, 2014, the general fund had an interfund receivable from the capital projects fund totaling \$523,051.

### **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, 2014, active ASRS members and the District were each required by statute to contribute at the actuarially determined rate of 11.54% (11.3% retirement and 0.24% long-term disability) of the members' annual covered payroll. The District's contributions to ASRS for the years ended June 30, 2014, 2013 and 2012 were \$176,881, \$174,128, and \$147,158, 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 North Central Avenue, P.O. Box 33910, Phoenix, Arizona 85067-3910, (602) 240-2000.

## Notes to Financial Statements - Continued

### Note 11 – Employee Retirement Systems and Post Employment Plans – Continued

#### **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 East Camelback Road #200, Phoenix, Arizona 85016-4416, (602) 255-5575.

Funding Policy: For the year ended June 30, 2014, PSPRS members were required by statute to contribute 10.35% of their annual covered compensation, and the District was required to contribute at the actuarially determined rate of 22.69%. The District is also required to contribute an alternate contribution rate (ACR) for all PSPRS annuitants that occupy any PSPRS covered employment position. The ACR rate for the year ended June 30, 2014 was established at 17.07% of the PSPRS Annuitant's annual covered compensation. The annuitants are exempt from any additional contributions to PSPRS.

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, 2014, the amount credited to the District's plan, and included in the annual pension cost described below, totaled \$107,829.

Annual Pension Cost: For the year ended June 30, 2014, the District's annual pension cost of \$1,019,889 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, 2014, and related information follows.

Actuarial valuation date	June 30, 2014
Actuarial cost method	Entry age normal
Amortization method	Level percent closed for unfunded actuarial accrued liability, open for excess
Remaining amortization period	23 years for unfunded actuarial accrued liability, 20 years for excess
Asset valuation method	7-year smoothed market value
Actuarial assumptions:	
Investment rate of return	7.85%
Projected salary increases	4.50%
Inflation rate	3.00% - 4.00%

**Notes to Financial Statements - Continued**

**Note 11 – Employee Retirement Systems and Post Employment Plans – Continued**

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

<u>Year ended, June 30</u>	<u>Annual Pension Cost</u>	<u>Percentage of Annual Pension Cost Contributed</u>	<u>Net Pension Obligation</u>
2014	\$ 907,227	100%	\$ -
2013	\$ 864,460	100%	\$ -
2012	\$ 809,887	100%	\$ -

***Funding Status (Required Supplementary Information - excluding health insurance subsidy)*** - The information for the analysis of funding progress was obtained from the three most recent actuarial valuations.

<u>Valuation date June 30,</u>	<u>Actuarial Value of Plan Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Funding Liability (Excess)</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>Unfunded Liability as a Percentage of Covered Payroll</u>
2014	\$16,068,508	\$25,611,870	\$10,543,362	60.4%	\$4,471,923	235.8%
2013	15,244,574	23,324,817	8,080,243	65.4%	4,204,058	192.2%
2012	14,411,729	21,210,788	6,799,059	67.9%	3,830,920	177.4%

***Funding Status (Required Supplementary Information)*** - The information for the analysis of funding progress was obtained from the three most recent actuarial valuations.

<u>Valuation date June 30,</u>	<u>Actuarial Value of Plan Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Unfunded Liability (UAAL)</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>Unfunded Liability as a Percentage of Covered Payroll</u>
2014	\$ 387,218	\$ 761,966	\$ 374,748	50.82%	\$4,471,923	8.38%
2013	-	722,537	722,537	- %	4,204,058	17.2%
2012	-	689,411	689,411	- %	3,815,526	16.9%

In accordance with GASB Statement No. 45, assets within the PSPRS plan are not segregated to fund the post-retirement health insurance subsidy. Accordingly, these benefits may not be considered pre-funded. These liabilities are based on the same assumptions and actuarial costs methods as indicated for the plan. The District's health insurance subsidy payment reported for the fiscal years ending June 30, 2014 and 2013 was \$28,880 and \$29,760, respectively.

## Notes to Financial Statements - Continued

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### **Note 11 – Employee Retirement Systems and Post Employment Plans – Continued**

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

#### **C. Deferred Compensation and Post Employment Health Plans**

The District has established a defined contribution deferred compensation plan for all employees to provide for supplementary retirement benefits. Contributions to the plan are administered by a third-party and totaled \$198,887 for the year ended June 30, 2014.

The District has also established a defined contribution deferred compensation plan for all employees to provide for post employment health benefits. Contributions to the plan are administered by a third-party and provide for post-employment reimbursement of qualifying medical premiums for the benefit of employees and their dependents. Contributions for the year ended June 30, 2014 totaled \$65,917.

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 12 – Restatement of Net Position**

Depreciation was not recorded on certain assets purchased prior to 2006 which resulted in an understatement of accumulated depreciation on the government-wide statements. The effect of this restatement was as follows:

Net position, July 1, 2013, as previously reported	\$ 9,054,095
Understatement of accumulated depreciation	<u>(155,970)</u>
Net position, July 1, 2013, as restated	<u><u>\$ 8,898,125</u></u>

This correction had no effect on the 2013 change in net position, as previously reported.



# **Required Supplementary Information**

**(Other than Management's Discussion and Analysis)**

**Fire District of Sun City West**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule - General Fund**  
**Year Ended June 30, 2014**

	<b>Original and Final Budget</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget- Positive (Negative)</b>
<b>Revenues:</b>			
<i>Taxes:</i>			
Property taxes	\$ 9,898,879	\$ 9,959,620	\$ 60,741
Fire district assistance tax	400,000	396,645	(3,355)
Fire insurance premium tax	194,576	107,829	(86,747)
Ambulance fees	1,683,847	2,059,604	375,757
Project revenues	136,745	422,382	285,637
Intergovernmental	95,836	16,111	(79,725)
Investment earnings	4,000	6,099	2,099
Other	88,732	(1,363)	(90,095)
Total revenues	<u>12,502,615</u>	<u>12,966,927</u>	<u>464,312</u>
<b>Expenditures:</b>			
<i>Public Safety-Fire Protection and EMS</i>			
<i>Current:</i>			
Salaries and wages	6,539,914	6,543,771	(3,857)
Employee benefits	3,264,615	3,211,261	53,354
Materials and supplies	360,679	338,764	21,915
Professional services	290,452	331,268	(40,816)
Utilities and communications	543,137	497,049	46,088
Repairs and maintenance	178,141	187,022	(8,881)
Training and related	115,402	64,306	51,096
Insurance	55,946	55,452	494
Administration	91,707	68,874	22,833
Contingency	350,000	-	350,000
Capital outlay	96,000	-	96,000
<i>Debt service:</i>			
Principal	407,282	407,122	160
Interest	209,340	142,490	66,850
Total expenditures	<u>12,502,615</u>	<u>11,847,379</u>	<u>655,236</u>
Changes in fund balance	-	1,119,548	1,119,548
Fund balances, beginning of year	<u>1,350,675</u>	<u>1,350,675</u>	<u>-</u>
Fund balances, end of year	<u>\$ 1,350,675</u>	<u>\$ 2,470,223</u>	<u>\$ 1,119,548</u>

The accompanying notes are an  
integral part of this schedule.

**Fire District of Sun City West  
Required Supplementary Information  
Notes to Budgetary Comparison Schedule  
Year Ended June 30, 2014**

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**Note 1 – Budgetary Requirements and Basis of Accounting**

The District's budget is prepared on a basis of accounting consistent with U.S. generally accepted accounting principles. A budgetary comparison schedule for the general fund is included as required supplementary information to provide meaningful comparison of actual results to budget.



# Statistical Section

**Fire District of Sun City West  
Statistical Section Schedules**

This part of the District's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

**Financial Trends ..... Pages 43-46**

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

- Condensed Summary of Net Position
- Changes in Net Position
- Fund Balances of Governmental Funds
- Summary Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds

**Revenue Capacity ..... Pages 47-50**

These schedules contain information to help the reader assess the District's sources of revenue, specifically the most significant revenue source, property taxes.

- Assessed Value and Estimated Actual Value of Taxable Property
- Direct and Overlapping Rates
- Principal Property Tax Payers
- Property Tax Levies and Collections

**Debt Capacity ..... Page 51**

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

- Outstanding Debt and Debt Limitations

**Demographic and Economic Information ..... Page 52**

This schedule offers demographic and economic indicators to help the reader understand the environment within which the District's financial activities take

- County-Wide Demographic and Economic Statistics

**Operating Information ..... Pages 53-54**

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

- Summary of Emergency Responses
- Summary of District Assets and Employees

Fire District of Sun City West  
CONDENSED SUMMARY OF NET POSITION  
Last Ten (10) Years (as of June 30)

	2014	2013 (restated)	2012	2011	2010	2009	2008	2007	2006	2005
<b>ASSETS</b>										
Current	\$ 8,985,543	\$ 6,824,469	\$ 6,164,243	\$ 5,359,731	\$ 4,417,110	\$ 5,541,732	\$ 6,325,568	\$ 3,859,938	\$ 3,731,360	\$ 4,830,391
Capital	8,302,665	8,866,789	8,522,111	9,085,299	9,250,168	8,240,692	6,754,129	5,534,255	6,156,444	4,521,844
Total	17,288,208	15,691,258	14,686,354	14,445,030	13,667,278	13,782,424	13,079,697	9,394,193	9,887,804	9,352,235
<b>LIABILITIES</b>										
Other	532,567	1,018,838	812,381	910,671	781,597	1,045,413	634,254	681,744	467,139	573,114
Long-term debt	7,226,683	5,774,295	5,317,188	5,652,265	6,094,122	6,438,657	6,757,859	3,479,606	3,786,646	4,056,422
Total	7,759,250	6,793,133	6,129,569	6,562,936	6,875,719	7,484,070	7,392,113	4,161,350	4,253,785	4,629,536
<b>NET POSITION</b>										
Invested in capital assets, net of related debt	1,718,302	3,108,596	3,204,923	3,433,034	3,512,632	3,626,255	3,475,631	2,195,970	2,369,798	2,761,408
Restricted	51,227	37,150	35,154	33,042	-	-	-	-	-	-
Unrestricted	7,759,429	5,752,379	5,316,708	4,416,018	3,278,927	2,672,099	2,211,953	3,036,873	3,264,221	1,961,291
<b>TOTAL NET POSITION</b>	<b>\$ 9,528,958</b>	<b>\$ 8,898,125</b>	<b>\$ 8,556,785</b>	<b>\$ 7,882,094</b>	<b>\$ 6,791,559</b>	<b>\$ 6,298,354</b>	<b>\$ 5,687,584</b>	<b>\$ 5,232,843</b>	<b>\$ 5,634,019</b>	<b>\$ 4,722,699</b>

**SOURCE:** The schedules on pages 43 through 46 were prepared using current and prior year audited financial statements.

**NOTE:** The District adopted Governmental Accounting Standards Board (GASB) Statement No. 34, "Basic Financial Statements - and Management Discussion and Analysis - For State and Local Governments" during the fiscal year ended June 30, 2004.

Fire District of Sun City West  
Summary of Revenues, Expenditures and Changes in Net Position  
Last Ten (10) Years (as of June 30)

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
<b>EXPENDITURES</b>										
Public Safety	\$ 12,486,053	\$ 11,727,503	\$ 11,083,145	\$ 11,017,486	\$ 10,507,355	\$ 10,437,123	\$ 9,536,847	\$ 9,018,333	\$ 8,392,341	\$ 7,716,374
<b>PROGRAM REVENUES</b>										
Charges For Services	2,536,504	1,863,373	1,613,248	1,862,663	1,573,683	1,685,837	1,855,738	2,273,940	1,989,677	1,891,742
Capital Grants	-	-	212,463	-	134,679	-	-	-	157,429	-
Intergovernmental & Operating Grants	16,111	116,575	4,835	29,655	12,094	3,758	34,568	45,706	-	-
<b>NET PROGRAM</b>										
<b>EXPENDITURES</b>	(9,933,438)	(9,747,555)	(9,252,599)	(9,125,168)	(8,786,899)	(8,747,528)	(7,646,541)	(6,698,687)	(6,245,235)	(5,824,632)
<b>GENERAL REVENUES</b>										
Property Taxes	9,956,685	9,735,426	9,411,765	9,891,153	8,838,269	8,876,270	7,592,110	7,026,156	6,556,821	6,098,939
County Aid	396,645	403,245	302,972	300,965	297,640	291,383	295,715	293,801	298,600	292,846
Fire insurance premium tax	107,829	105,513	95,837							
Other Revenues	103,112	681	116,716	23,585	144,195	190,645	213,457	250,230	301,134	204,791
Total General Revenues	10,564,271	10,244,865	9,927,290	10,215,703	9,280,104	9,358,298	8,101,282	7,570,187	7,156,555	6,596,576
<b>TOTAL CHANGE IN</b>										
<b>NET ASSETS</b>	\$ 630,833	\$ 497,310	\$ 674,691	\$ 1,090,535	\$ 493,205	\$ 610,770	\$ 454,741	\$ 871,500	\$ 911,320	\$ 771,944

Fire District of Sun City West  
FUND BALANCES  
GOVERNMENTAL FUNDS  
Last Ten (10) Years (as of June 30)

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
<b>GENERAL FUND</b>										
Unassigned	\$ 1,275,677	\$ 350,935	\$ 356,784	\$ 110,039	\$ 1,125,881	\$ 1,260,272	\$ 574,402	\$ 193,518	\$ 683,016	\$ (65,662)
Assigned	431,315	127,910	-	-	-	-	-	-	-	-
Committed	744,546	862,738	738,233	1,245,500	-	-	-	-	-	-
Nonspendable	18,685	9,092	2,979	92,900	6,990	-	71,321	76,879	-	-
Total	2,470,223	1,350,675	1,097,996	1,448,439	1,132,871	1,260,272	645,723	270,397	683,016	(65,662)
<b>OTHER GOVERNMENTAL FUNDS</b>										
Restricted	51,227	37,150	34,154	33,042	-	-	-	-	-	-
Committed	5,591,163	4,654,877	4,256,579	2,888,274	2,639,282	3,375,742	5,218,748	3,161,796	2,653,718	4,547,693
Total	5,642,390	4,692,027	4,290,733	2,921,316	2,639,282	3,375,742	5,218,748	3,161,796	2,653,718	4,547,693
<b>TOTAL GOVERNMENTAL FUNDS</b>										
General Fund	2,470,223	1,350,675	1,097,996	1,448,439	1,132,871	1,260,272	645,723	270,397	683,016	(65,662)
Other Governmental Funds	5,642,390	4,692,027	4,290,733	2,921,316	2,639,282	3,375,742	5,218,748	3,161,796	2,653,718	4,547,693
<b>TOTAL</b>	<b>\$ 8,112,613</b>	<b>\$ 6,042,702</b>	<b>\$ 5,388,729</b>	<b>\$ 4,369,755</b>	<b>\$ 3,772,153</b>	<b>\$ 4,636,014</b>	<b>\$ 5,864,471</b>	<b>\$ 3,432,193</b>	<b>\$ 3,336,734</b>	<b>\$ 4,482,031</b>

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

Beginning the Fiscal Year Ended June 30, 2013, the District began assigning fund balance within the General Fund to funding the previously unfunded compensated absences and related employee benefits. This allows the District to use current assets, rather than generating additional property tax revenues to fund these liabilities. The Fire Board will review the liability associated with compensated absences and related employee benefit balances at fiscal year end to determine the assigned fund balance requirements and determine funding.

Fire District of Sun City West  
SUMMARY OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
Last Ten (10) Years (as of June 30)

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
<b>REVENUES</b>										
Property Taxes	\$ 9,959,620	\$ 9,793,925	\$ 9,411,765	\$ 10,072,425	\$ 8,845,395	\$ 8,837,614	\$ 7,588,003	\$ 7,028,692	\$ 6,526,885	\$ 6,098,939
Charges for Services	2,059,604	1,539,939	1,530,232	1,509,132	1,409,749	1,563,378	1,615,844	1,402,913	1,925,373	1,891,742
Other revenues	1,046,079	921,175	1,019,470	318,610	736,683	567,053	775,715	1,124,522	757,163	497,637
Total	13,065,303	12,255,039	11,961,467	11,900,167	10,991,827	10,968,045	9,979,562	9,556,127	9,209,421	8,488,318
<b>EXPENDITURES</b>										
Public Safety	11,569,856	10,712,121	10,345,426	10,091,388	9,738,450	9,651,229	9,071,352	8,144,751	7,682,597	7,174,684
Capital Projects	73,595	304,938	23,044	511,525	1,500,617	1,942,950	1,561,443	849,450	2,205,655	600,387
Debt Service										
Principal	407,122	359,534	335,077	441,857	344,535	319,202	321,377	307,040	269,786	206,861
Interest	178,110	225,470	237,949	257,795	272,086	283,122	192,742	159,427	196,680	66,843
Total expenditures	12,228,683	11,602,063	10,941,496	11,302,565	11,855,688	12,196,503	11,146,914	9,460,668	10,354,718	8,048,775
Excess of revenues										
Over/(Under) Expenditures	836,620	652,976	1,019,971	597,602	(863,861)	(1,228,458)	(1,167,352)	95,459	(1,145,297)	439,543
<b>OTHER FINANCING SOURCES/USES</b>										
Purchase lease proceeds	6,202,391	-	-	-	-	-	6,300,000	-	-	2,602,162
Payoff of lease from new debt proceeds	(4,969,100)	-	-	-	-	-	(2,700,370)	-	-	-
<b>TOTAL CHANGE IN FUND BALANCE</b>	<b>\$ 2,069,911</b>	<b>\$ 652,976</b>	<b>\$ 1,019,971</b>	<b>\$ 597,602</b>	<b>\$ (863,861)</b>	<b>\$ (1,228,458)</b>	<b>\$ 2,432,278</b>	<b>\$ 95,459</b>	<b>\$ (1,145,297)</b>	<b>\$ 3,041,705</b>
Debt Service as a percentage of non-capital expenditures	4.81%	5.18%	5.25%	6.48%	5.95%	5.87%	5.36%	5.42%	5.72%	3.67%

Fire District of Sun City West  
Assessed Value and Estimated Actual Value of Taxable Property  
Last Ten (10) Years

Fiscal Year Ended June 30,	Secondary Net Assessed Value	Direct Rate	Estimated Actual Value	Ratio of Net Assessed to Estimated
2014	\$ 339,271,938	\$2.9177	\$ 3,405,655,072	10.0%
2013	355,766,535	2.7189	3,564,904,974	10.0%
2012	388,861,955	2.4280	3,894,804,295	10.0%
2011	433,885,773	2.2555	4,318,955,713	10.0%
2010	455,991,330	1.9660	4,450,495,119	10.2%
2009	505,223,198	1.7800	4,964,405,414	10.2%
2008	458,677,185	1.6670	4,448,423,105	10.3%
2007	293,512,421	2.4080	2,788,336,307	10.5%
2006	271,327,006	2.4080	2,574,213,367	10.5%
2005	260,837,824	2.3417	2,481,682,515	10.5%

**SOURCE:** Maricopa County Assessors Office

**NOTE:** Secondary Net Assessed (or Full Cash) Values (SNAV) are based on Estimated Actual Value with an applicable rate of 10% (ARS § 42-15004) for residential property, 16%<sup>1</sup> (ARS § 42-15002) for Vacant Land and 19%<sup>2</sup> (ARS § 42-15001) for non-public utility and commercial property. Public utility infrastructure is centrally assessed by the Arizona Department of Revenue. Secondary Assessed Values (Estimated Actual Values) are determined each calendar year. The tax rate of the district is determined by the approved budget applicable divided by the Secondary Assessed Value as of July 1st of the respective fiscal year.

**REF (1):** Vacant Land Assessment Ratios are the following percentage of its full cash value, as applicable (ARS § 42-15002):

- 16.0% Through December 31, 2015
- 15.0% Beginning from and after December 31, 2015

**REF (2):** Non-Public and Commercial Property Assessment Ratios are the following percentage of its full cash value or limited valuation, as applicable (ARS § 42-15001):

- 25.0% Through December 31, 2005
- 24.5% Through December 31, 2006
- 24.0% Through December 31, 2007
- 23.0% Through December 31, 2008
- 22.0% Through December 31, 2009
- 21.0% Through December 31, 2010
- 20.0% Through December 31, 2012
- 19.5% Through December 31, 2013
- 19.0% Through December 31, 2014
- 18.5% Through December 31, 2015
- 18.0% Beginning from and after December 31, 2015

Fire District of Sun City West  
Direct and Overlapping Rates  
Last Ten (10) Years

Fiscal Year Ended June 30,	Direct	Overlapping						
	Fire District Of Sun City West # 11574	State of AZ Dept. of Ed. Equalization	(Direct) Maricopa County	Central AZ Water Conservation District	Community College District	Peoria Unified <sup>1</sup> #07011	Dysart Unified <sup>1</sup> #07089	Other Special Districts <sup>2</sup>
	2014	2.9177	0.5123	1.2807	0.1000	1.2896	3.3523	2.9538
2013	2.7189	N/A	1.2407	0.1000	1.1563	3.0199	2.7317	N/A
2012	2.4280	0.4259	1.6673	0.1000	1.0123	3.7147	3.4104	N/A
2011	2.2555	0.3564	1.6981	0.1000	0.9728	3.2420	3.1654	N/A
2010	1.9660	0.3306	1.1629	0.1000	0.8844	2.9932	2.4608	N/A
2009	1.7800	N/A	1.2047	0.1000	0.9386	3.7657	1.8964	N/A
2008	1.6670	N/A	1.2970	0.1200	0.9760	3.8197	4.4326	N/A
2007	2.4080	N/A	1.4348	0.1200	1.0646	4.2913	3.3061	N/A
2006	2.4080	0.4358	1.4611	0.1200	1.0315	4.1286	5.4627	N/A
2005	2.3417	0.4560	1.4748	0.1200	1.0372	4.4575	5.0924	N/A

**SOURCE:** Maricopa County

**NOTE:** Arizona Revised Statute Title 48 limits the District's direct rate to a maximum of \$3.25<sup>3</sup> per \$100 of Secondary Net Assessed Value (SNAV). Additionally, changes in statute during the 2009 Legislative Session established further limits which impacted the maximum yearly increase in the tax levy (in dollars) for special districts in Arizona. This amount is based on a calculation which established a "base year" for special districts. The annual levy may not exceed the base year tax levy (2008 tax year), with consideration for new additions to the valuation base, plus 8% per year from the base year, in the aggregate. For the fiscal year ending June 30, 2014 (Tax Year 2013), the maximum tax levy allowable under statute based on the 8% limitation is \$14,010,838, although the effective allowable levy based on the District's direct tax rate of \$3.25 per \$100 of SNAV decreases this limit to \$11,026,337. However, the District's adopted tax levy for fiscal year ending June 30, 2014 was \$9,905,503, leaving the District with an excess tax levy capacity of approximately \$1,120,834. Future limits are established each year by the Arizona Property Tax Oversight Commission once the County Assessor has taken into account additions to the property within the District.

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

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

**REF (3):** During the 2012 50th legislature, Second Regular Session house Bill #2184 was passed providing for a temporary override under the heading of "County fire district assistance tax; levy limit 2012 through 2014". This temporary override allows fire districts that have experienced a combined net assessed valuation decline of twenty-five percent or more beginning with the 2008 valuation year, notwithstanding the tax rate limit established pursuant to section 48-807, subsection F, Arizona Revised Statutes, may adopt a tax rate not to exceed \$3.75, provided the proceeds do not exceed the total levy received in the prior fiscal year. Furthermore, the increased tax rate shall not be used to fund salary increases or increase the number of full-time positions within the fire district. Fire Districts utilizing this override shall not call for an override election pursuant to section 48-807, subsection G, Arizona Revised Statutes.

Fire District of Sun City West  
Principal Property Tax Payers  
Current Tax Year and Ten (10) Years Ago

	2013 Tax Year			2004 Tax Year		
	Net Assessed Valuation	Rank	Percent of SNAV	Net Assessed Valuation	Rank	Percent of SNAV
Arizona Public Service Company	\$ 7,357,276	1	2.17%	\$ 6,746,270	1	2.59%
Sun Health Properties Inc.	6,761,017	2	1.99%	3,340,494	3	1.28%
Roskamp/Sun Health Residential	5,030,000	3	1.48%	5,018,893	2	1.92%
WSL Heritage Investors V, LLC	3,297,237	4	0.97%	-	-	- %
BNSF Railroad Company	2,311,675	5	0.68%	-	-	- %
EPCOR - Sun City West Sewer	2,237,644	6	0.66%	-	-	- %
EPCOR Sun City West Water Division*	2,217,054	7	0.65%	1,796,550	8	0.69%
Patterson Farms Inc	1,540,017	8	0.45%	1,888,600	6	0.72%
Abart Properties I, LLC	1,052,709	9	0.31%	-	-	- %
Citation Madison House Ltd	1,003,412	10	0.30%	-	-	- %
Tradition Senior Housing LLC	-	-	- %	2,675,494	4	1.03%
Pulte Home Corporation	-	-	- %	2,400,863	5	0.92%
Qwest Corporation	-	-	- %	1,828,342	7	0.70%
Southwest Gas Corporation (T&D)	-	-	- %	1,558,008	9	0.60%
Sun Health Properties	-	-	- %	1,460,266	10	0.56%

\*Formerly Arizona-American Water Company

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

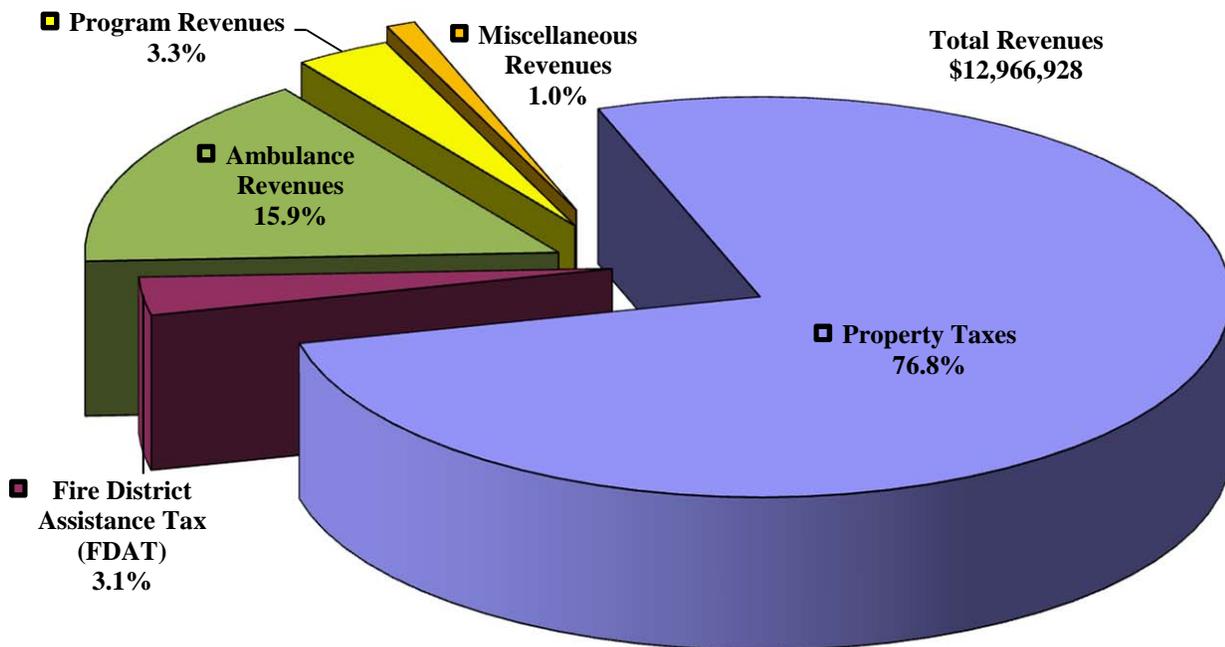
Fire District of Sun City West  
Property Tax Levies and Collections  
Last Ten (10) Years

Fiscal Year Ended June 30,	Tax Levied	Amount Collected in Fiscal Year		Collected In Subsequent Years	Collected in Total	
		Amount	Percent		Amount	Percent
2014	\$ 9,905,503	\$ 9,834,431	99.28%	\$ 23,642 <sup>1</sup>	\$ 9,858,073	99.52%
2013	9,707,161	9,629,399	99.20%	76,570	9,705,969	99.99%
2012	9,443,497	9,311,628	98.60%	130,572	9,442,200	99.99%
2011	9,820,062	9,652,841	98.30%	164,439	9,817,280	99.97%
2010	8,964,790	8,766,705	97.79%	198,082	8,964,787	100.00%
2009	8,878,789	8,772,149	98.80%	106,637	8,878,786	100.00%
2008	7,646,158	7,562,203	98.90%	83,955	7,646,158	100.00%
2007	7,067,781	6,997,009	99.00%	70,775	7,067,784	100.00%
2006	6,543,502	6,490,470	99.19%	53,009	6,543,479	100.00%
2005	6,111,180	6,072,662	99.37%	38,518	6,111,180	100.00%

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

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

**REF (1):** Revenues Collected in July and August 2014.

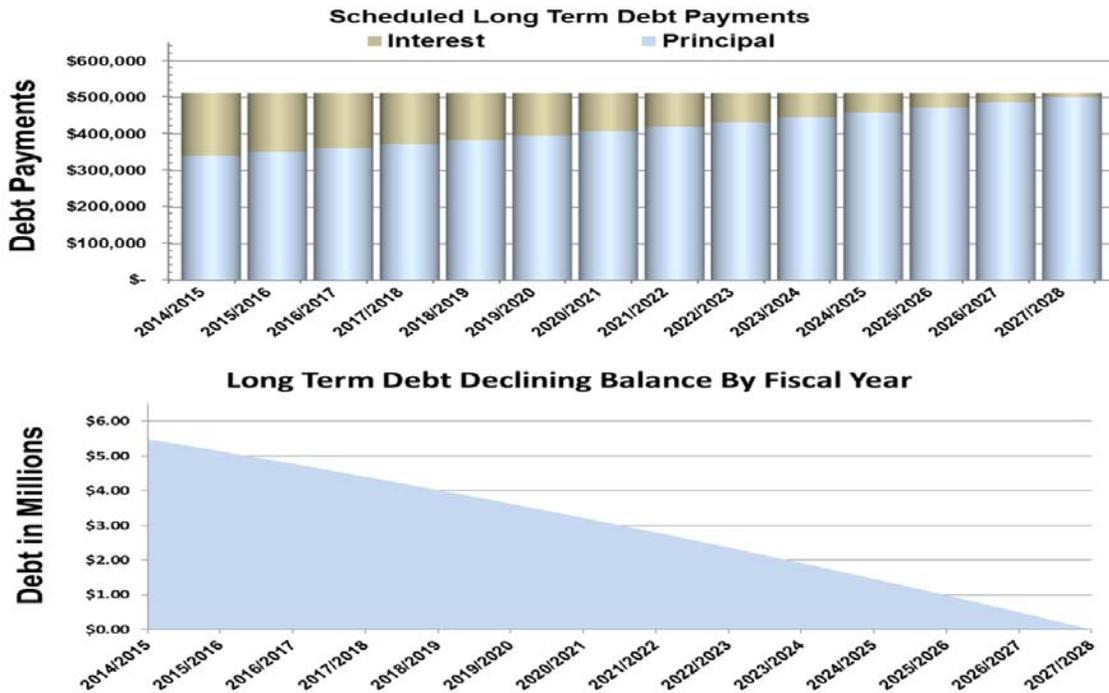


Fire District of Sun City West  
Outstanding Debt and Debt Limitations  
Last Ten (10) Years

Fiscal Year Ende June 30,	Purchase Lease Debt	General Obligation Bond		Total Outstanding Debt			
		Outstanding	Legal Limit	Amount	% Subject To Limit	% of Estimated Actual Value	Debt Per Capita
2014	\$ 6,584,363	\$ -	\$ 20,356,316	\$ 6,584,363	- %	0.19%	\$ 146.32
2013	5,774,295	-	21,345,992	5,774,295	- %	0.16%	128.32
2012	5,317,188	-	23,331,717	5,317,188	- %	0.14%	118.16
2011	5,652,265	-	26,033,146	5,652,265	- %	0.13%	125.61
2010	6,094,122	-	27,359,480	6,094,122	- %	0.14%	135.42
2009	6,438,657	-	30,313,392	6,438,657	- %	0.13%	151.50
2008	6,757,859	-	27,520,631	6,757,859	- %	0.15%	168.95
2007	3,479,606	-	17,610,745	3,479,606	- %	0.12%	86.99
2006	3,786,646	-	16,279,620	3,786,646	- %	0.15%	94.67
2005	4,056,422	-	15,650,269	4,056,422	- %	0.16%	104.01
2004	1,760,436	-	15,193,608	1,760,436	- %	0.07%	45.14

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

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



Fire District of Sun City West  
County-Wide Demographic and Economic Statistics  
Last Ten (10) Calendar Years

Calendar Year Ended December 31,	Population	Personal Income	Per Capita Income	Unemployment Rate	Estimated District Population
2013	3,944,859	\$ 114,235,858,000	\$ 28,958	8.0%	45,000
2012	3,884,705	110,873,671,000	28,541	8.3%	45,000
2011	3,843,370	106,024,810,000	27,586	9.4%	45,000
2010	3,817,117	102,045,959,000	26,734	10.4%	45,000
2009	4,023,132	102,641,817,000	25,513	9.8%	45,000
2008	4,115,811	109,833,908,000	26,686	6.0%	42,500
2007	3,987,942	110,013,599,000	27,587	3.7%	40,000
2006	3,907,492	104,623,913,000	26,775	4.1%	40,000
2005	3,792,675	94,982,622,000	25,044	4.7%	40,000
2004	3,648,545	86,289,703,000	23,650	5.0%	39,000

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

**NOTE:** N/A indicates information is not available. Population and demographic data are difficult to ascertain because significant portions of the Fire District are not a census designated area. The highest population concentration lies within the original twelve square miles of the Fire District (The Community of Sun City West) at approximately 2,500 population density per square mile. The original twelve square miles of the Fire District is also designated as an active adult community of 55 years of age and older with a median age of 76 as reported in the 2010 census. The remaining twenty-three square miles of the District are not age restricted and contain multi-family housing with an average population density of approximately 650 per square mile with an undetermined median age.

Fire District of Sun City West  
Summary of Emergency Responses  
Last ten (10) Fiscal Years

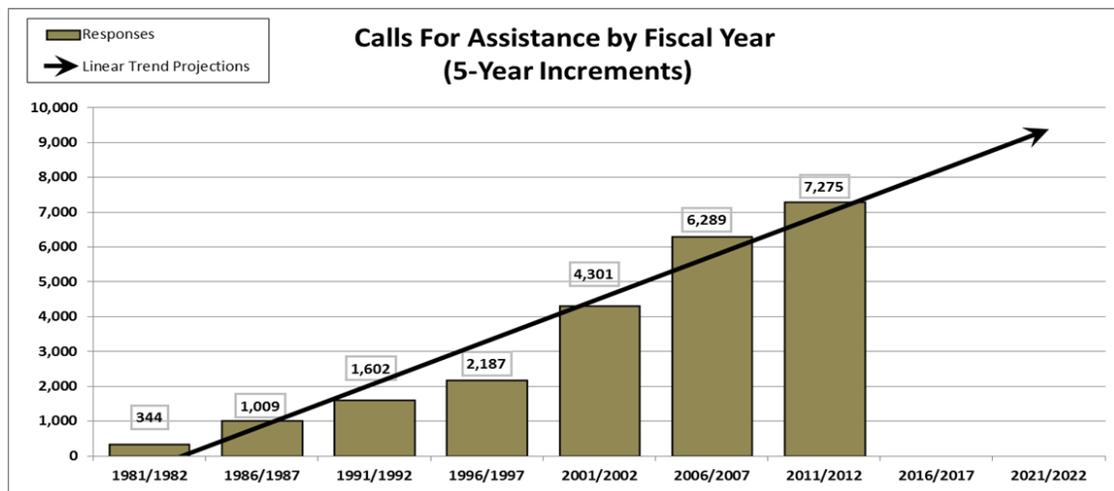
Fiscal Year Ended June 30,	Medical	Fire	Special Ops	Service Calls (Ref 1)	Good Intent (Ref 2)	False Alarm	Total Emergency Responses	Ambulance Transports
2014	7,060	116	66	796	390	364	<b>8,792</b>	4,803
2013	6,279	81	49	801	285	330	<b>7,825</b>	4,188
2012	5,827	98	21	898	215	216	<b>7,275</b>	3,715
2011	5,090	73	42	1,447	319	194	<b>7,165</b>	3,961
2010	4,736	111	53	1,393	254	184	<b>6,731</b>	3,699
2009	4,654	128	50	1,383	197	156	<b>6,568</b>	3,756
2008	4,517	106	130	1,321	215	139	<b>6,428</b>	3,714
2007	4,419	116	333	901	408	112	<b>6,289</b>	3,472
2006	4,502	113	165	914	401	118	<b>6,213</b>	3,343
2005	4,316	282	28	338	585	N/A	<b>5,549</b>	3,119

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

**NOTE:** N/A indicates that data was not available for presentation purposes.

**REF (1):** Service Calls include, but are not limited to: lock-out, water leak, animal problem/rescue, public service assist. Starting in 2012, all types of falls were codified under Incidents. This reflects the decrease in Service Calls and the increase in Medical Calls.

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



Fire District of Sun City West  
 Summary of District Assets and Employees  
 Last ten (10) Fiscal Years

Fiscal Year Ended June 30,	Fire Trucks & Apparatus	ALS Ambulance	Fire Stations	Fire Fighters	EMS Personnel	Admin Personnel	Total Employees
2014	6	3	3	57	12	12	81
2013	6	3	3	51	18	12	81
2012	6	3	3	51	18	14	83
2011	6	3	3	51	18	15	84
2010	6	3	3	51	18	15	84
2009	6	3	3	51	18	14	83
2008	6	3	3	51	18	14	83
2007	6	3	3	51	18	13	82
2006	6	3	3	51	18	13	82
2005	6	3	3	51	18	11	80

**Note:** The Fire District is currently in the process of constructing a fourth fire station to serve the annexed areas of the District. It is anticipated to be fully operational by April 30, 2015.

