

**AMBULANCE REVENUE and COST REPORT
FIRE DISTRICT and SMALL RURAL COMPANY**

**Arizona Department of Health Services
Annual Ambulance Financial Report**

**Fire District of Sun City West
Reporting Ambulance Service**

Address: _____ **18818 N Spanish Garden Drive** _____

City: _____ **Sun City West** _____ Zip: _____ **85375** _____

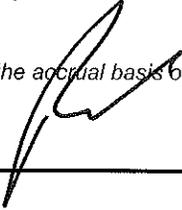
Report Fiscal Year

From: _____ **July 1, 2012** _____ To: _____ **June 30, 2013** _____
Mo. Day Year Mo. Day Year

I hereby verify that I have directed the preparation of the enclosed annual report in accordance with the reporting requirements of the State of Arizona.

I have read this report and hereby verify that the information provided is true and correct to the best of my knowledge.

This report has been prepared using the accrual basis of accounting.

Authorized Signature: _____  _____ Date: _____ **12/19/13** _____

Print Name and Title: _____ **Robert L. Biscoe, Fire Chief** _____

Phone: _____ **623-584-3500** _____

Mail to:
Department of Health Services
Bureau of Emergency Medical Services
Certificate of Necessity and Rates Section
150 North 18th Avenue, Suite 540
Phoenix, AZ 85007-3248
Telephone: (602) 364-3150
Fax: (602) 364-3567

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AMBULANCE REVENUE AND COST REPORT

FIRE DISTRICT and SMALL RURAL COMPANY

AMBULANCE SERVICE ENTITY:

Fire District of Sun City West

FOR THE PERIOD

FROM: July 1, 2012

TO: June 30, 2013

STATISTICAL SUPPORT DATA

Line No.	DESCRIPTION	(1) SUBSCRIPTION SERVICE TRANSPORTS	*(2) TRANSPORTS UNDER CONTRACT	(3) TRANSPORTS NOT UNDER CONTRACT	(4) TOTALS
1	Number of ALS Billable Transports:			2,685	2,685
2	Number of BLS Billable Transports:		3	1,491	1,494
3	Number of Loaded Billable Miles:		80	10,902	10,982
4	Waiting Time (Hr. & Min.):				
5	Canceled (Non-Billable) Runs:				

AMBULANCE SERVICE ROUTINE OPERATING REVENUE

6	ALS Base Rate Revenue				\$ 3,197,337
7	BLS Base Rate Revenue				1,780,989
8	Mileage Charge Revenue				161,626
9	Waiting Charge Revenue				
10	Medical Supplies Charge Revenue				
11	Nurses Charge Revenue				
12	Standby Charge Revenue (Attach Schedule)				
13	TOTAL AMBULANCE SERVICE ROUTINE OPERATING REVENUE			(Post to Page 3, Line 1)	\$ 5,139,952

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SALARY AND WAGE EXPENSE DETAIL

GROSS WAGES:

** No. of FTE's

14	Management	\$ 41,814	1.0
15	Paramedics and IEMTs	\$ 481,040	8.0
16	Emergency Medical Technician (EMT)	\$ 563,015	12.0
17	Other Personnel	\$ -	-
18	Payroll Taxes and Fringe Benefits - All Personnel	\$ 514,990	
19	Total Wages, Taxes & Benefits (Sum Lines 14 through 18; Post to Page 3, Line 10)	\$ 1,600,859	21.0

* This column reports only those runs where a contracted discount rate was applied.

** Full-time equivalents (F.T.E.) is the sum of all hours for which employees wages were paid during the year divided by 2080.

AMBULANCE REVENUE AND COST REPORT
FIRE DISTRICT and SMALL RURAL COMPANY

AMBULANCE SERVICE ENTITY:

Fire District of Sun City West

FOR THE PERIOD

FROM: July 1, 2012

TO: June 30, 2013

SCHEDULE OF REVENUES AND EXPENSES

Line No.	<u>DESCRIPTION</u>	
Operating Revenues:		
1	Total Ambulance Service Operating Revenue	(From: Page 2, Line 13) \$ <u>5,139,952</u>
<u>Settlement Amounts:</u>		
2	AHCCCS	<u>43,802</u>
3	Medicare	<u>3,078,287</u>
4	Subscription Service	<u>1,452</u>
5	Contractual	<u>329,413</u>
6	Other	<u>3,452,954</u>
7	Total	(Sum of Lines 2 through 6) <u>3,452,954</u>
8	Total Operating Revenue	(Line 1 minus Line 7) \$ <u>1,686,998</u>
Operating Expenses:		
9	Bad Debt	\$ <u>61,310</u>
10	Total Salaries, Wages, and Employee-Related Expenses	(From: Page 2, Line 19) <u>1,600,859</u>
11	Professional Services	<u>184,923</u>
12	Travel and Entertainment	<u>1,162</u>
13	Other General Administrative	<u>7,692</u>
14	Depreciation	<u>110,583</u>
15	Rent / Leasing	<u>-</u>
16	Building / Station	<u>-</u>
17	Vehicle Expense	<u>32,797</u>
18	Other Operating Expense	<u>417,240</u>
19	Cost of Medical Supplies Charged to Patients	<u>-</u>
20	Interest	<u>-</u>
21	Subscription Service Sales Expense	<u>-</u>
22	Total Operating Expense	(Sum of Lines 9 through 21) <u>2,416,566</u>
23	Total Operating Income or (Loss)	(Line 8 minus Line 22) \$ <u>(729,568)</u>
24	Subscription Contract Sales	<u>-</u>
25	Other Operating Revenue	<u>-</u>
26	Local Supportive Funding	<u>729,568</u>
27	Other Non-Operating Income (Attach Schedule)	<u>-</u>
28	Other Non-Operating Expense (Attach Schedule)	<u>-</u>
29	NET INCOME or (LOSS) Before Income Taxes	(Sum of Lines 23 through 27, minus Line 28) \$ <u>-</u>
Provision for Income Taxes:		
30	Federal Income Tax	<u>-</u>
31	State Income Tax	<u>-</u>
32	Total Income Tax	(Line 30, plus Line 31) <u>-</u>
33	Ambulance Service Net Income (Loss)	(Line 29, minus Line 32) <u>-</u>

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AMBULANCE REVENUE AND COST REPORT

FIRE DISTRICT and SMALL RURAL COMPANY

AMBULANCE SERVICE ENTITY: Fire District of Sun City West

FOR THE PERIOD FROM: July 1, 2012 TO: June 30, 2013

BALANCE SHEET

***Please see attached District Audited Financials**

ASSETS

CURRENT ASSETS

1	Cash	\$ _____	
2	Accounts Receivable	_____	
3	Less: Allowance for Doubtful Accounts	_____	
4	Inventory	_____	
5	Prepaid Expense	_____	
6	Other Current Assets	_____	
7	TOTAL CURRENT ASSETS		\$ _____

9	PROPERTY & EQUIPMENT		
10	Less: Accumulated Depreciation		

11 OTHER NON CURRENT ASSETS _____

12 **TOTAL ASSETS** **\$ _____**

LIABILITIES & EQUITY

CURRENT LIABILITIES

13	Accounts Payable	\$ _____	
14	Current Portion of Notes Payable	_____	
15	Current Portion of Long-Term Debt	_____	
16	Deferred Subscription Income	_____	
17	Accrued Expenses and Other	_____	
18	_____	_____	
19	_____	_____	
20	TOTAL CURRENT LIABILITIES		\$ _____

21 NOTES PAYABLE _____

22 LONG-TERM DEBT, OTHER _____

23 **TOTAL LONG-TERM DEBT** _____

EQUITY & OTHER CREDITS

Paid-In Capital:

24	Common Stock		
25	Paid-In Capital in Excess of Par Value	_____	
26	Contributed Capital	_____	
27	Retained Earnings	_____	
28	_____	-	
29	_____	-	
30	Fund Balance	-	

31 **TOTAL EQUITY** _____

32 **TOTAL LIABILITIES & EQUITY** **\$ _____**

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AMBULANCE REVENUE AND COST REPORT

AMBULANCE SERVICE ENTITY: Fire District of Sun City West

FOR THE PERIOD FROM: July 1, 2012 TO: June 30, 2013

STATEMENT OF CASH FLOWS

***Please see attached District Audited Financials**

OPERATING ACTIVITIES:		
1	Net (loss) Income	\$ _____
<i>Adjustments to Reconcile Net Income to Net Cash</i>		
<i>Provided by Operating Activities:</i> Note: a increase in these accounts improves cash flow		
2	Depreciation Expense	_____
3	Deferred Income Tax	_____
4	Loss (gain) on Disposal of Property & Equipment	_____
<i>(Increase) Decrease in:</i> Note: a decrease in these accounts improves cash flow		
5	Accounts Receivable	_____
6	Inventories	_____
7	Prepaid Expenses	_____
<i>Increase (Decrease) in:</i> Note: a increase in these accounts improves cash flow		
8	Accounts Payable	_____
9	Accrued Expenses	_____
10	Deferred Subscription Income	_____
11	NET CASH PROVIDED (Used) BY OPERATING ACTIVITIES	\$ _____
INVESTING ACTIVITIES:		
12	Purchases of Property & Equipment	_____
13	Proceeds from Disposal of Property & Equipment	_____
14	Purchases of Investments	_____
15	Proceeds from Disposal of Investments	_____
16	Loans Made	_____
17	Collections on Loans	_____
18	Other	_____
19	NET CASH PROVIDED (Used) BY INVESTING ACTIVITIES	_____
FINANCING ACTIVITIES:		
<i>New Borrowings:</i>		
20	Long-Term	_____
21	Short-Term	_____
<i>Debt Reduction:</i>		
22	Long-Term	_____
23	Short-Term	_____
24	Capital Contributions	_____
25	Dividends Paid	\$ _____
26	NET CASH PROVIDED (Used) BY FINANCING ACTIVITIES	_____
27	NET INCREASE (Decrease) IN CASH	_____
28	CASH AT BEGINNING OF YEAR	_____
29	CASH AT END OF YEAR	_____
SUPPLEMENTAL DISCLOSURES:		
<i>Non-cash Investing and Financing Transactions:</i>		
30	_____
31	_____
32	_____
33	Interest Paid (Net of Amounts Capitalized)	_____
34	Income Taxes Paid	\$ _____

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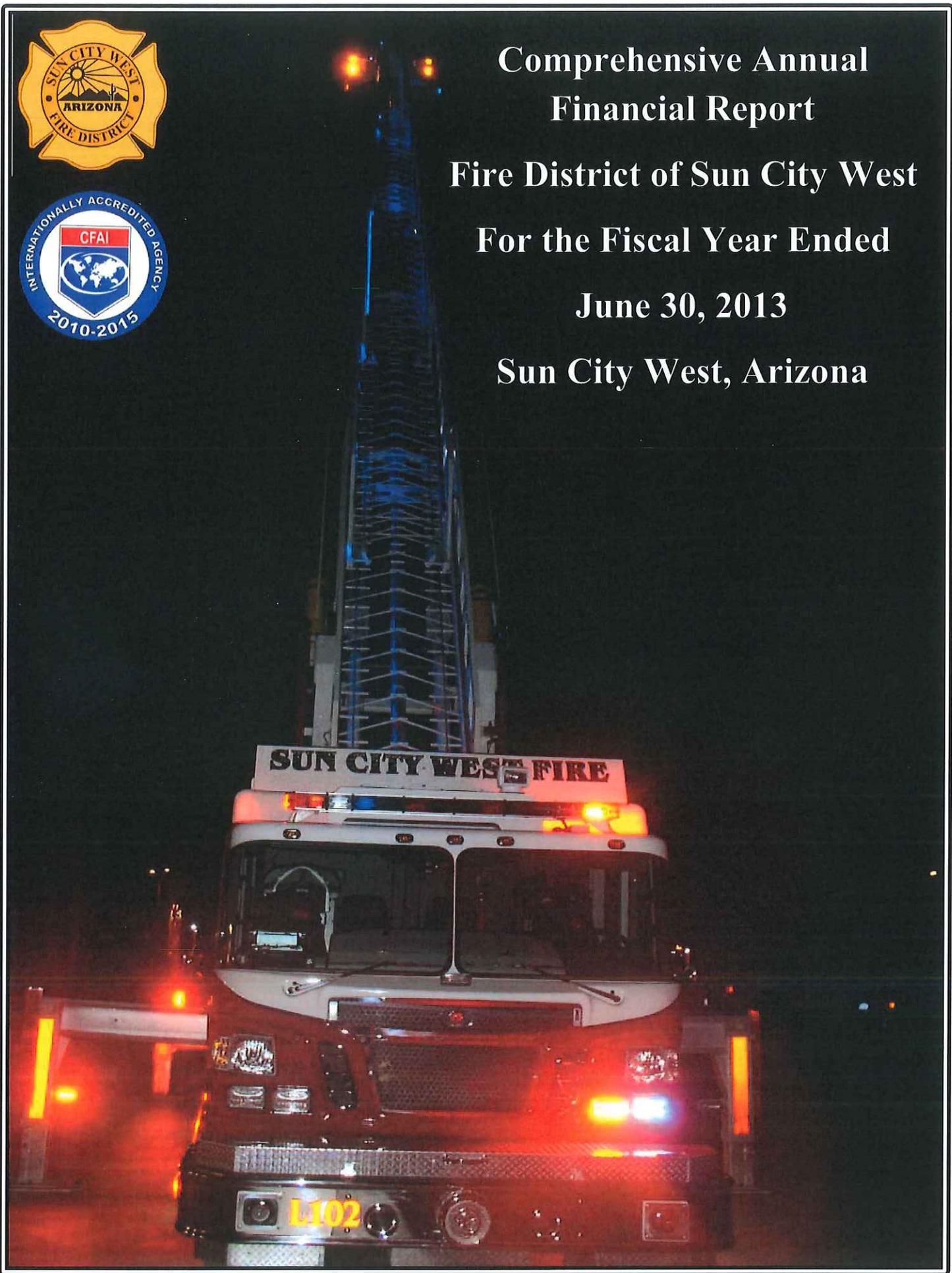
**Comprehensive Annual
Financial Report**

Fire District of Sun City West

For the Fiscal Year Ended

June 30, 2013

Sun City West, Arizona



**Fire District of Sun City West
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2013**

GOVERNING BOARD

**David Wilson
Chairman**

**Dusty Rhodes
Clerk**

**William Hamel
Member**

**John 'Jack' Meyer
Member**

**Russell 'Smitty' Smith
Member**

**Robert L. Biscoe
Fire Chief**

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

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

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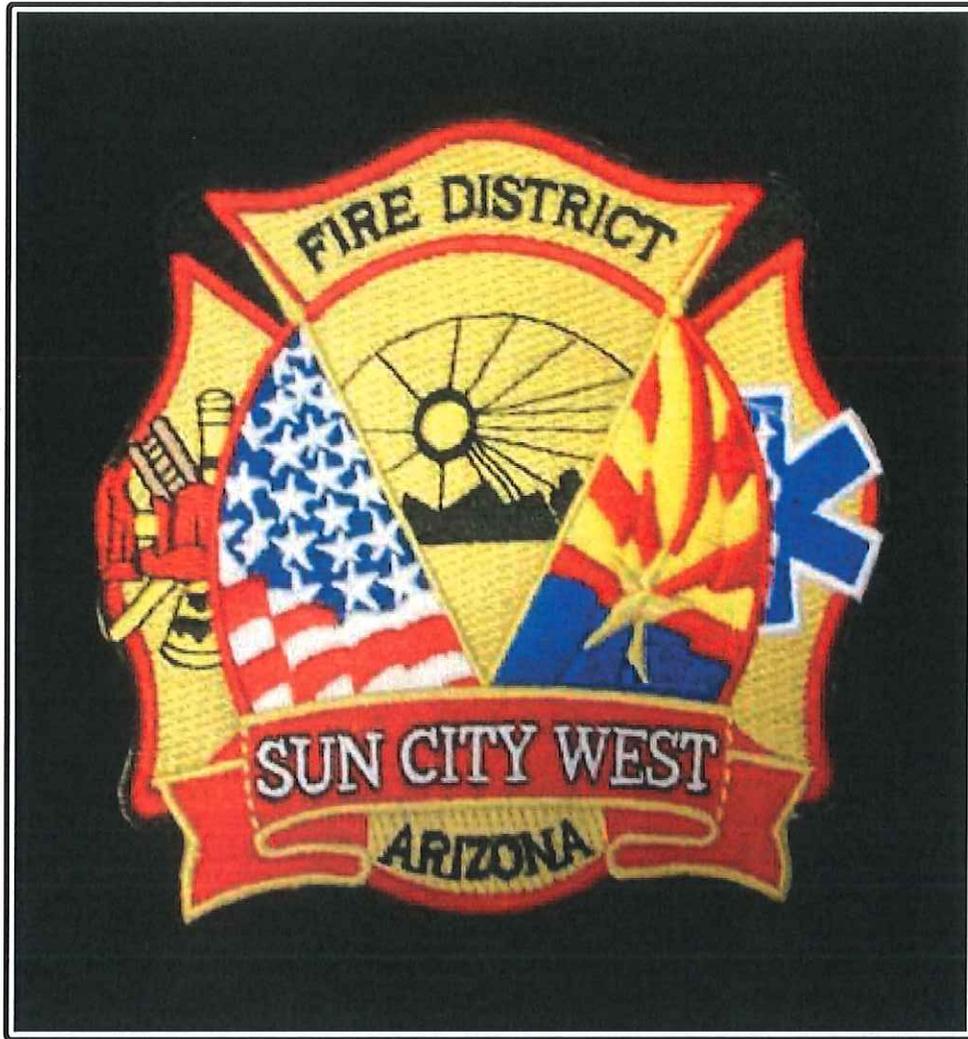
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Introductory Section

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...Caring People Providing Quality Service



SUN CITY WEST FIRE DISTRICT

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

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

November 13, 2013

To the Governing Board
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, 2013.

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, 2013 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 unmodified opinion that the District financial statements for the fiscal year ended June 30, 2013 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).

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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. The District is one of only five fire departments in the state rated as ISO Class 2 or better.

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

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- Chest Compression Only and Cardio Pulmonary Resuscitation (CPR) Training, American Heart Association (AHA) Heartsaver, CPR/First Aid Training, AHA Heartsaver Automated External Defibrillator (AED), and AHA Healthcare Provider 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 (an integral part of the CCO)

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

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

By state statute, the District derives 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. Maricopa County has advised the District that it may anticipate a slight increase of 2.2% in its net assessed valuation (NAV) for tax year 2014. 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 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 the 4.8% decrease in its assessed value during 2010.

As previously stated, the District structures the Annual Budget and Operational Plan to minimize the taxation impact to property owners within the District. However, due to varying changes in individual property values each year, the District is unable to set a tax rate that would maintain the identical property taxes assessed to property owners each year. The District established a tax rate for fiscal year ending June 30, 2013 of \$2.7189 per \$100.00 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 2012 to a value of

\$122,800 for 2013, a reduction of approximately 5.6% of assessed value in one year. Given the tax rate for fiscal year ending June 30, 2013 of \$2.7189 per \$100 of secondary assessed valuation, a District resident who owns a median valued home realized a slight increase, approximately 2.7%, in their Fire District Tax for the 2012 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, 2013 (tax year 2012) legal tax rates for comparable fire districts, as well as the Fire District of Sun City West, are listed below:

District	2013 Tax Year	Estimated annual tax based on home value of:		
	Tax Rate	\$100,000	\$150,000	\$200,000
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
Fire District of Sun City West*	2.9177	211.77	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.

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 DEMOTIS-SON & LUTES

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, promotes pride within the District and to its customers. This accreditation procedure takes approximately eighteen months to complete and consist of comprehensive internal self evaluation and external peer evaluation systems. The initial steps to complete the self evaluation requires the generation of a self assessment manual and a standards of coverage manual. The external evaluations are conducted by unbiased, objective reviewers who compare the District to a set of national standards and then make recommendations on how to elevate the professionalism and level of service delivery within the District.

In August 2010, the District completed the accreditation process and achieved Accredited Agency status. There are fewer than 150 accredited agencies out of approximately 33,000 fire departments throughout the country and less than a dozen accredited agencies in Arizona. This accreditation status verifies that District has met the highest standards for effectiveness and efficiency in responding to emergencies. With the receipt of this recognition, the District possesses a major resource for 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 revenues fluctuate, so must expenditures. 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 October, the District receives little or no property tax revenues. This is a direct result of the State of Arizona's property tax billing and collection cycle. Property taxes are levied and billed to taxpayers annually and payments are due in two installments. The first installment is due during October and the balance is due in April of each fiscal year. The Board and administrative staff are charged with determining, on a monthly basis during these times of revenue shortfalls, if the District should utilize the cash available in the capital projects fund or obtain short-term borrowing.

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

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

the feasibility of each project. Funding sources for each project or purchase are acknowledged within the plan.

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

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

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

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

Officer's in the field daily, accident investigation procedures, and the use of the DriveCam program in each of the District's first-response apparatus.

Pension and Other Post-Employment Benefits

The District contributes to the Public Safety Personnel Retirement System (PSPRS), agent multiple-employer public employee retirement system that acts as a common investment and administrative agent to provide retirement, death and disability benefits for all eligible fire suppression personnel. All benefit provisions and other requirements are established by state statutes. Employees were required to contribute 9.55% of their wages to PSPRS in the fiscal year ending June 30, 2013. 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, 2013 was 21.73% 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, 2013, participating employees were required to contribute 10.90% 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 and 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 CAFR for the fiscal year ended June 30, 2012. 2012 was the third 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 CAFR. This report must satisfy both generally accepted accounting principle and applicable legal requirements.

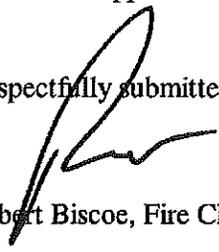
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement

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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's 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

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REVENUE & FINANCIAL SERVICES

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
Inspector
(Volunteer)

Information
Technology
(Contract)

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 (6)

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

Station 104
To Be
Determined

HALO
(1)

SUN CITY WEST FIRE DISTRICT
Revised 4/2013
Total Proposed Positions: 82 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.

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**Fire District of Sun City West
ELECTED AND APPOINTED OFFICIALS
June 30, 2013**

<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 2014
John 'Jack' Meyer	Board Member	November 2006	November 2014
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
18818 North Spanish Garden Drive
Sun City West, Arizona 85375

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

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Government Finance Officers Association

Certificate of
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in Financial
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Presented to

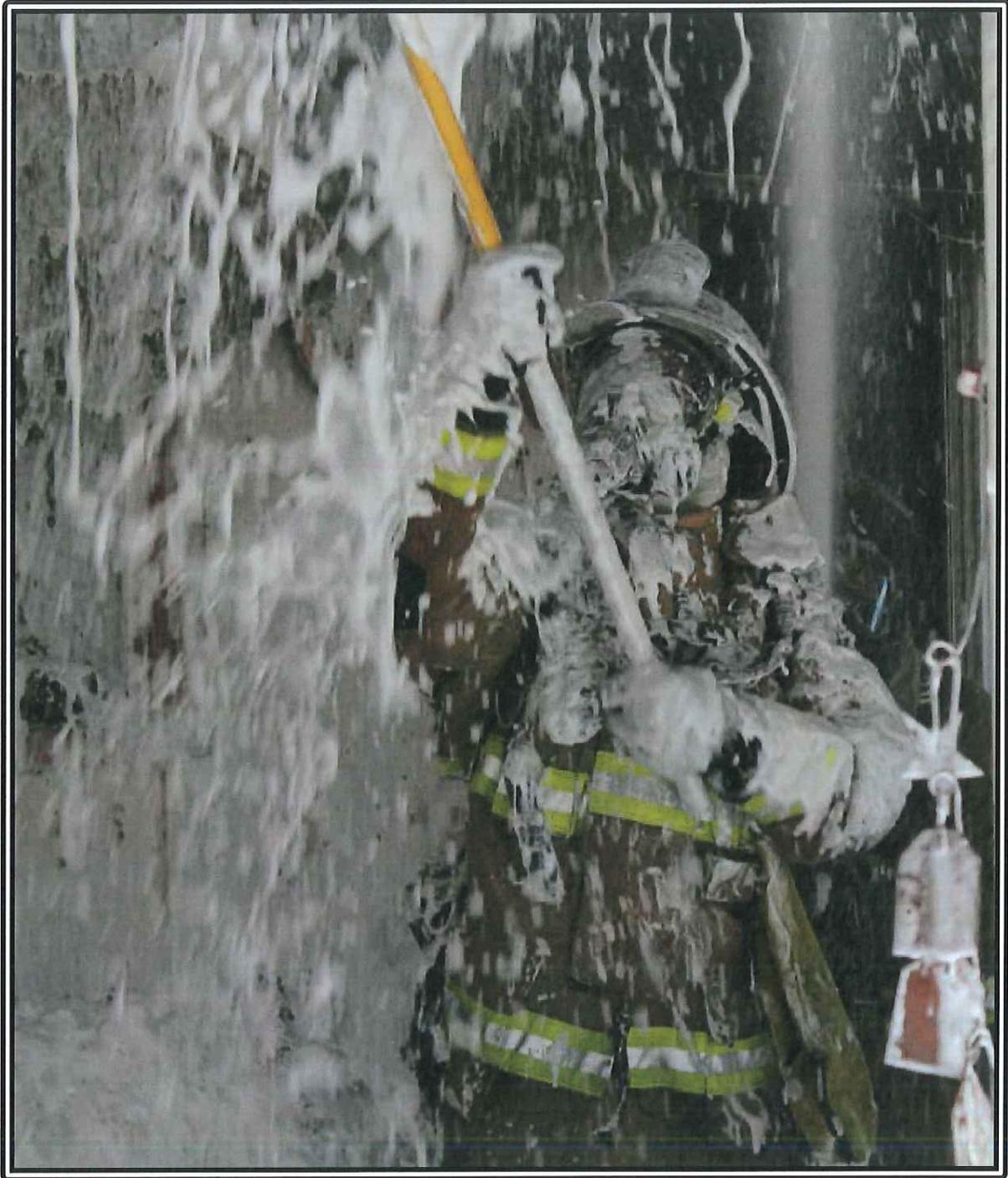
**Fire District of Sun City West
Arizona**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

Executive Director/CEO

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DEMOGRAPHICS & RATES



Financial Section

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DEMSTS-CON & RATES

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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, 2013, 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, 2013, 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, in 2013 the District adopted new accounting guidance, GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 3 through 15, the budgetary comparison information on pages 38 through 39, and the schedule of agent retirement plan's funding progress on page 36, 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.

Other Reporting Required by Government Auditing Standards - In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2013, 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
November 13, 2013

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DEPARTMENT OF FINANCE



Management's Discussion and Analysis

(Required Supplementary Information)

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**Fire District of Sun City West
Management's Discussion and Analysis
June 30, 2013**

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, 2013. We encourage readers to consider the information presented here in conjunction with District's financial statements, which begin on page 16.

Financial Highlights

- The assets of the District exceeded its liabilities at the close of the most recent fiscal year by \$9,054,095. Of this amount, \$3,264,566 is invested in capital assets, net of related debt, and \$5,789,529 is unrestricted.
- During the year, the District's total net position increased by \$497,310. These activities include increased collections from property tax and program revenues such as the newly established annual operational inspection and permit services. This combined with the due diligence of the District to minimize budget expenditures for personnel services, supplies, general operating expenditures and unspent contingency funds during the year ended June 30, 2013 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 \$6,042,702, an increase of \$652,976 from prior year. Approximately 5.8% of this total amount, or \$350,935, is available for spending at the government's discretion (unassigned fund balance in the general fund). Of the remaining fund balance, \$9,092 is nonspendable, \$127,910 is assigned for the employee benefit liability account, \$37,150 is legally restricted (from donations) for community service and safety programs, the remaining balance of \$5,517,615 has been committed to future capital projects.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$350,935 or 2.9% of the 2013 fiscal year's total budgeted operating expenditures.
- During the current fiscal year, the District entered into an agreement to lease solar panels located at each of the District's facilities, increasing long-term debt by \$800,539 or 15.1%. However, the District's total obligations under capital leases decreased by \$359,534 (6.8%) during the current fiscal year due to the satisfaction of scheduled lease payments for the De Lage Landen lease and monthly lease payments associated with the solar panels.
- At the onset of budget preparation for the year ended June 30, 2013, 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, 2013 accomplished this task.

Management's Discussion and Analysis – Continued

Due to the 8.5% decrease in the net assessed valuation of the District and the 3.5% increase in the budget the tax levy rate changed from \$2.4280 to \$2.7189 per \$100 of secondary assessed valuation, generating an estimated annual fire district tax of \$354 per home based on the reduced median home value of \$130,300.

It is important to note that despite the increase in the overall budget, the District limited the tax levy increase to 2.4% as a result of increased alternative revenue sources. However, the median tax payer still realized an increase in their District tax bill for the budget year ended June 30, 2013. 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 3.4%, from \$9,411,765 to \$9,735,426. 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 16-17 of this report.

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Management's Discussion and Analysis – Continued

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 38 and 39. The District revises the capital improvement plan annually to outline anticipated replacements and capital projects to be completed during the year for the capital projects fund. There is no budget generated for the special revenue fund as it is generally comprised of restricted monies that carryover from year-to-year for the purpose of supporting specified projects or programs as related to the funding received. Detailed tracking of these resources and the associated expenditures are continuously maintained to ensure funds are used for their intended purpose.

Management's Discussion and Analysis – Continued

The basic governmental fund financial statements can be found on pages 18-21 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 22-37 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 38 and 39 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 \$9,054,095 at the close of the most recent fiscal year.

A portion of the District's net position (\$3,264,566 or 36.2%) 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. \$37,150 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 \$5,752,379 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.

The District's \$9,022,759 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.

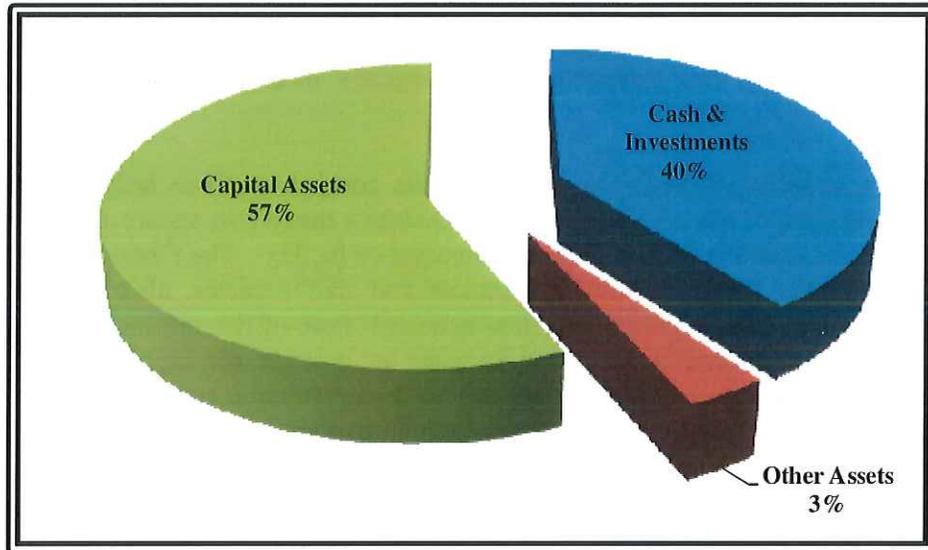
Management's Discussion and Analysis – Continued

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

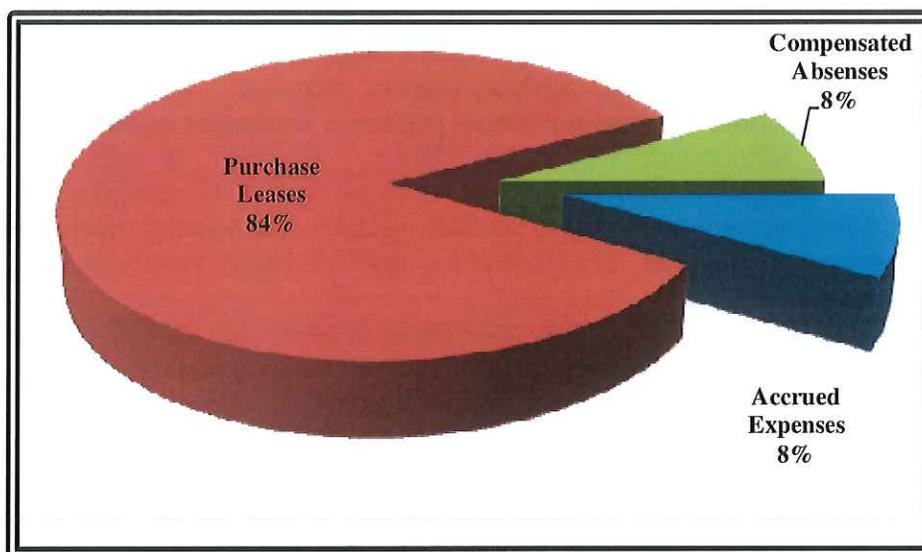
Condensed Statement of Net Position

	Governmental Activities	
	2013	2012
Assets:		
Current and investments	\$ 6,340,437	\$ 5,599,364
Other assets	484,032	564,879
Capital assets, net	9,022,759	8,522,111
Total assets	15,847,228	14,686,354
Liabilities:		
Current liabilities	492,984	455,510
Compensated absences	541,956	356,871
Capital leases	5,758,193	5,317,188
Total liabilities	6,793,133	6,129,569
Net position:		
Net investment in capital assets	3,264,566	3,204,923
Restricted for community services	37,150	35,154
Unrestricted	6,952,116	5,316,708
Total net position	\$ 9,054,095	\$ 8,556,785

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



Management's Discussion and Analysis – Continued



During 2013, governmental activities increased the District's net position by \$497,310. 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 introduction of the operational permit program, providing annual fire inspections and operational permits to commercial occupancies within District boundaries. Additionally, the District began providing inter-facility non-emergency ambulance transport services, both programs began late in the year ended June 30, 2013.
- Tax revenues increased due to a change in the adopted budget associated with an increase in projected expenditures.
- The District acquired capital assets in the amount of \$1,105,477, which included: (i) the completion of the construction of the solar panel structures which were financed through a capital lease and placed into service in March 2013 (ii) the construction, delivery, equipping and placing into service of two Assistant Chief's first response apparatus in November 2012, and (iii) the purchase and installation of a complete information technology system, which included replacements of all District computer hardware systems (desktops and server equipment), replacement of the microwave network communications systems, upgrades to telephone systems and upgrade or replacement of software systems, (iv) the purchase and installation of a new electronic Patient Care Reporting (ePCR) software system.

Management's Discussion and Analysis – Continued

- Due to increases in call volumes and both emergency and non-emergency ambulance transports, some operating expenditures such as fuel, utilities, communications and dispatching services, and medical supplies increased. In addition, the District saw ongoing increases in employee health insurance, workmen's compensation insurance, and building maintenance supply expenditures. However, in spite of these increases, expenditures were well managed and fell below budgeted expenditure totals, with savings in administration and support services, salaries and benefits, operations, services and supplies.
- The receipt of the previously mentioned unanticipated revenues, combined with the District's efforts to strictly and effectively manage expenditures during the year ended June 30, 2013, 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.

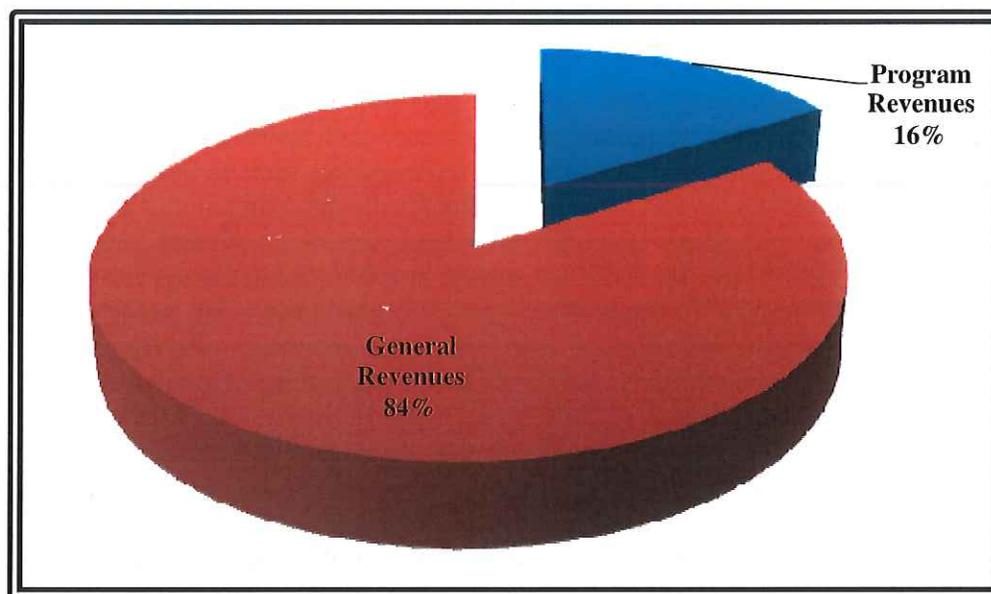
Condensed Statement of Changes in Net Position

	Governmental Activities	
	2013	2012
Revenues:		
Program revenue:		
Charges for services	\$ 1,863,374	\$ 1,613,248
Operating grants and contributions	116,575	212,463
Capital grants and contributions	-	100,672
General revenues:		
Taxes	10,244,184	9,810,574
Investment and other	681	20,879
Total revenues	12,224,814	11,757,836
Expenses:		
Public safety	11,727,504	11,083,145
Total expenses	11,727,504	11,083,145
Increase in net position	497,310	674,691
Net position, beginning	8,556,785	7,882,094
Net position, ending	\$ 9,054,095	\$ 8,556,785

Management's Discussion and Analysis – Continued

The cost of all governmental activities for the year ended June 30, 2013 was \$11,727,504. Property taxes, centrally assessed taxes and fire district assistance taxes (county aid) provided funding of \$9,735,426, \$105,513 and \$403,245, 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 \$1,863,374.

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 \$6,042,702 an increase of \$652,976 in comparison with the prior year's balance. The largest component of the increase is associated with property taxes which increased by \$382,160, compounded by an increase of \$100,273 in county aid and centrally assessed taxes. Alternative revenue sources generated an additional \$187,029 in revenues over the previous fiscal year. Despite increases in expenditures during 2013, which were \$660,567 more than the prior year, the District realized an overall net increase in fund balances.

Management's Discussion and Analysis – Continued

Of the \$6,042,702 total combined governmental fund balance, the amount committed by the Board to capital projects totaled \$862,738; \$37,150 is legally restricted (from donations) for community service and safety programs. The remaining amount, comprised of nonspendable prepaid items totaling \$9,092, fund balance assigned to the employee benefit liability account in the amount of \$127,910 and \$350,935 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 \$350,935. 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 3.1% of total general fund expenditures of \$11,275,836.

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, 2013, the ending fund balance in the capital projects fund was \$4,654,877. The District's Governing Board has determined that cash available in the general fund as of the fiscal year ended June 30, 2013, net of encumbrances, totaling of \$862,738 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, 2013, the ending fund balance in the special revenue fund was \$37,150.

Budgetary Highlights

During fiscal year 2013 there were no modifications to the originally adopted budget. Total revenues were \$246,408 more than budgeted revenues while total expenditures were \$744,504 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, 2013, totals \$9,022,759 (net accumulated depreciation). These assets include land, buildings and improvements, apparatus and general fire, emergency medical, communications and administrative equipment.

Major capital asset transactions during the year include the following:

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Management's Discussion and Analysis – Continued

- The completion of the construction of the solar panel structures at each District facility and placing them into service in March 2013, obtained through a lease purchase agreement.
- The construction, delivery, equipping and placing into service of two Assistant Chief's first response apparatus in November 2012.
- The purchase and installation of a complete information technology system, which included replacements of all District computer hardware systems (desktops and server equipment), replacement of the microwave network communications systems, upgrades to telephone systems and upgrade or replacement of software systems.
- The purchase and installation of a new electronic Patient Care Reporting (ePCR) 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 30.

Subsequent to June 30, 2013, 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, 2013, was a minimum of \$459,500 as determined by the District's capital asset replacement schedule. In addition to the minimum annual funding requirement, the District's governing board has stated that any general fund unencumbered fund balance is to be transferred into the capital projects fund to support future capital development.

Long-term Debt - The District continues to retire and manage debt to fund various capital projects which support program services. As of June 30, 2013, the District had long-term outstanding debt of \$5,758,193 resulting from lease purchase agreements. The remaining debt requires debt service payment of approximately \$650,000 during the fiscal year ending June 30, 2014, and will increase to approximately \$662,000 for subsequent fiscal years. Payments will remain at that level until the year ending June 30, 2023, when the De Lage Landen debt will have been paid in full.

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

Management's Discussion and Analysis – Continued

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.

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, 2013, under Senate Bill 1421, the District has a maximum tax levy limit of approximately \$13.0 million; however, the maximum levy amount still cannot exceed the tax rate of \$3.25 per \$100 of net assessed value, which is approximately \$11.6 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:

- The District maintains an Insurance Services Office (ISO) grading of Class 2. This grading reduces the risk loss for property owners and helps keep fire insurance premiums lower for District property taxpayers.
- 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 generated its first ever comprehensive annual financial report (CAFR) and submitted it to the Government Finance Officers Association (GFOA) for participation in their certificate of achievement for excellence in financial reporting award program. The District was successful in receiving this award for the fiscal years ended June 30, 2012, 2011 and 2010.

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

Management's Discussion and Analysis – Continued

- Rancho Cabrillo and Coldwater Ranch sub-divisions, which had previously been in the planning stages, have begun 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, 2013, 83.8% 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.

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 \$354 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; and for fiscal year 2013/2014, the median valued homeowner will pay \$358 in taxes appropriated by the District.

This is a slight increase from the previous year due to a decrease in the median valued home of 5.8% and decreased median valued commercial property of 7.2%, this was further compounded with the reduced assessment ratio for commercial property from 20.0% to 19.5% and vacant land

Management's Discussion and Analysis – Continued

from 16.0% to 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 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.

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**Basic
Financial
Statements**

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**Fire District of Sun City West
Statement of Net Position
June 30, 2013**

	Governmental Activities
Assets	
Cash and investments	\$ 6,340,437
Receivables:	
Property taxes	91,777
Ambulance billings, net	372,080
Other	11,083
Prepaid items	9,092
Capital assets, not being depreciated	370,231
Capital assets, being depreciated, net	8,652,528
Total assets	15,847,228
Liabilities	
Accounts payable	163,648
Accrued payroll and related	314,182
Accrued liabilities	15,154
<i>Noncurrent liabilities:</i>	
Due within one year	525,854
Due in more than one year	5,774,295
Total liabilities	6,793,133
Net position	
Net investment in capital assets	3,264,566
Restricted for:	
Community services	37,150
Unrestricted	5,752,379
Total net position	\$ 9,054,095

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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, 2013**

	Governmental Activities
Expenses:	
<i>Public safety-fire protection and emergency medical services:</i>	
Salaries and wages	\$ 6,461,547
Employee benefits	2,990,195
Utilities and communications	492,956
Materials and supplies	305,797
Professional services	269,151
Repairs and maintenance	168,630
Training and related	64,978
Insurance	54,185
Administrative	45,420
Grants and other	44,346
Interest expense	225,470
Depreciation	604,829
Total program expenses	11,727,504
Program revenues:	
<i>Charges for services:</i>	
Ambulance fees	1,632,513
Project revenues	230,861
Operating grants and contributions	116,575
Total program revenues	1,979,949
Net program expense	9,747,555
General revenues:	
<i>Taxes:</i>	
Real and personal property taxes	9,735,426
Fire district assistance tax	403,245
Centrally assessed taxes	105,513
Other	11,962
Investment loss	(11,281)
Total general revenue	10,244,865
Change in net position	497,310
Net position - beginning of year	8,556,785
Net position - end of year	\$ 9,054,095

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

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FIRE DISTRICT OF SUN CITY WEST

**Fire District of Sun City West
Balance Sheets -
Governmental Funds
June 30, 2013**

	Major Funds			Total Governmental Funds
	General	Capital Projects	Special Projects	
Assets:				
Cash and investments	\$ 1,727,192	\$ 4,575,189	\$ 38,056	\$ 6,340,437
Receivables (net of allowance for uncollectibles):				
Property taxes	91,777	-	-	91,777
Ambulance billings, net	372,080	-	-	372,080
Other	11,083	-	-	11,083
Due from other funds	906	79,688	-	80,594
Prepaid items	9,092	-	-	9,092
Total assets	\$ 2,212,130	\$ 4,654,877	\$ 38,056	\$ 6,905,063
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 163,648	\$ -	\$ -	\$ 163,648
Due to other funds	79,688	-	906	80,594
Accrued payroll and related	314,182	-	-	314,182
Accrued liabilities	15,154	-	-	15,154
Deferred revenue	288,783	-	-	288,783
Total liabilities	861,455	-	906	862,361
Fund balances:				
Nonspendable - prepaid items	9,092	-	-	9,092
Restricted - community services	-	-	37,150	37,150
Committed - capital projects	862,738	4,654,877	-	5,517,615
Assigned - employee benefits	127,910	-	-	127,910
Unassigned	350,935	-	-	350,935
Total fund balances	1,350,675	4,654,877	37,150	6,042,702
Total liabilities and fund balances	\$ 2,212,130	\$ 4,654,877	\$ 38,056	\$ 6,905,063

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

**Fire District of Sun City West
 Reconciliation of the Governmental Funds - Balance Sheet
 to the Statement of Net Position
 June 30, 2013**

Fund balances - governmental funds	\$	6,042,702
<i>Amounts reported for governmental activities in the statement of net position are different because:</i>		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the balance sheet.		9,022,759
Receivables which are not available to pay for current period expenditures and are deferred on the balance sheet.		288,783
Long-term liabilities are not due and payable in the current period and therefore are not reported in the balance sheet as follows:		
Capital lease obligations		(5,758,193)
Compensated absences		(541,956)
Net position of governmental activities	\$	<u>9,054,095</u>

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

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Fire District of Sun City West
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Governmental Funds
Year Ended June 30, 2013

	Major Funds			Total Governmental Funds
	General	Capital Projects	Special Projects	
Revenues:				
<i>Taxes:</i>				
Property taxes	\$ 9,793,925	\$ -	\$ -	\$ 9,793,925
Fire district assistance tax	403,245	-	-	403,245
Centrally assessed taxes	105,513	-	-	105,513
Ambulance fees	1,539,939	-	-	1,539,939
Project revenues	295,161	-	-	295,161
Intergovernmental	116,575	-	-	116,575
Investment earnings (loss)	6,453	(17,770)	36	(11,281)
Other	5,937	-	6,025	11,962
Total revenues	12,266,748	(17,770)	6,061	12,255,039
Expenditures:				
<i>Public safety-fire protection and emergency medical services:</i>				
<i>Current:</i>				
Salaries and wages	6,276,462	-	-	6,276,462
Employee benefits	2,990,196	-	-	2,990,196
Utilities and communications	492,956	-	-	492,956
Materials and supplies	301,732	-	4,065	305,797
Professional services	269,151	-	-	269,151
Repairs and maintenance	168,630	-	-	168,630
Training and related	64,978	-	-	64,978
Insurance	54,185	-	-	54,185
Administrative	45,395	25	-	45,420
Grants and other	27,147	-	-	27,147
Capital outlay	-	322,137	-	322,137
<i>Debt service:</i>				
Principal	359,534	-	-	359,534
Interest	225,470	-	-	225,470
Total expenditures	11,275,836	322,162	4,065	11,602,063
Excess of revenues over (under) expenditures	990,912	(339,932)	1,996	652,976
<i>Other financing sources (uses):</i>				
Transfers in	-	738,233	-	738,233
Transfers out	(738,233)	-	-	(738,233)
Total other financing sources (uses)	(738,233)	738,233	-	-
Net change in fund balances	252,679	398,301	1,996	652,976
Fund balances, beginning of year	1,097,996	4,256,576	35,154	5,389,726
Fund balances, end of year	\$ 1,350,675	\$ 4,654,877	\$ 37,150	\$ 6,042,702

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

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**Fire District of Sun City West
Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balances - Governmental Funds
to the Statement of Activities
Year Ended June 30, 2013**

Net change in fund balances - total governmental funds	\$	652,976
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
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:		
Capital outlay		304,938
Depreciation expense		(604,829)
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.		(30,224)
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 the governmental funds.		(185,085)
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. In the current year, activity related to debt consisted of principal paid.		359,534
Change in net position of governmental activities	\$	497,310

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

**Fire District of Sun City West
Notes to Financial Statements
June 30, 2013**

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, 2013, the District implemented the provisions of GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. GASB Statement No. 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures.

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

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Notes to Financial Statements - Continued

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 double counting 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

Note 1 – Summary of Significant Accounting Policies - Continued

All other revenue items are considered to be measurable 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.

Assigned fund balances - amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed.

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, 2013, the District's governing board has committed \$862,738 of the general fund balance to be transferred and used for future capital projects.

Notes to Financial Statements - Continued

Note 1 – Summary of Significant Accounting Policies - Continued

Assignments of Fund Balance

Effective June 30, 2013 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, 2013, \$127,910 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 & 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, 2013, was \$613,772, which represents 62% 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

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.

Compensated Absences

Effective July 1, 2012 the District modified the accrued leave management policy which directly impacts 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.

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Notes to Financial Statements - Continued

Note 1 – Summary of Significant Accounting Policies - Continued

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.

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.

Notes to Financial Statements - Continued

Note 1 – Summary of Significant Accounting Policies – Continued

Property Tax Calendar

The District levies real and personal property taxes on or before the third Monday in August, that become due and payable in two equal installments. The first installment is due on the first day of October and becomes delinquent after the first business day of November. The second installment is due on the first day of March of the next year and becomes delinquent after the first business day of May. A lien against real and personal property assessed attaches on the first day of January preceding assessment and levy thereof.

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, 2013 the District's carrying amount of deposits with the County Treasurer's LGIP was \$429,388 and the State of Arizona LGIP was \$3,989,318. The carrying amount of the total cash in bank was \$1,911,724, and the bank balance was \$1,915,834. In addition, total cash on hand was \$10,007. At June 30, 2013, uninsured deposit balances were \$1,664,384. The remaining balance was insured by collateral held by the pledging financial institution's trust department in the District's name.

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, 2013, 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, 2013 for the District's general fund, including the applicable allowances for uncollectible accounts, are as follows:

Taxes	\$ 91,777
Program services	985,852
Other fees and reimbursements	<u>11,083</u>
Gross receivables	1,088,712
Less allowance for uncollectibles	<u>(613,772)</u>
Net total receivables	<u>\$ 474,940</u>

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Notes to Financial Statements - Continued

Note 4 – Capital Assets

Capital asset activity for the year ended June 30, 2013 was as follows:

	<u>Balance, June 30, 2012</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance, June 30, 2013</u>
Capital assets not being depreciated:				
Land and improvements	\$ 355,166	\$ -	\$ -	\$ 355,166
Construction in progress	15,065	-	-	15,065
Total capital assets not being depreciated	370,231	-	-	370,231
Capital assets being depreciated:				
Buildings and improvements	7,636,784	800,539	-	8,437,323
Apparatus	3,815,235	63,945	(21,317)	3,857,863
Operations equipment	516,449	19,600	(33,185)	502,864
Communications and computer equipment	139,072	221,393	(5,268)	355,197
Total capital assets being depreciated	12,107,540	1,105,477	(59,770)	13,153,247
Less: accumulated depreciation for:				
Buildings and improvements	(1,538,733)	(274,924)	-	(1,813,657)
Apparatus	(1,889,228)	(241,015)	21,317	(2,108,926)
Operations equipment	(408,727)	(57,977)	33,185	(433,519)
Communications and computer equipment	(118,972)	(30,913)	5,268	(144,617)
Total accumulated depreciation	(3,955,660)	(604,829)	59,770	(4,500,719)
Total capital assets being depreciated, net	8,151,880	500,648	-	8,652,528
Total capital assets, net	<u>\$ 8,522,111</u>	<u>\$ 500,648</u>	<u>\$ -</u>	<u>\$ 9,022,759</u>

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TREASURER'S OFFICE

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, 2013 follows:

	Balance, July 1, 2012	Additions	Reductions	Balance, June 30, 2013	Due Within 1 Year
Compensated absences	\$ 356,871	\$ 513,054	\$ (327,969)	\$ 541,956	\$ 75,573
Obligations under capital leases	5,317,188	800,539	(359,534)	5,758,193	450,281
Total	<u>\$ 5,674,059</u>	<u>\$ 1,313,593</u>	<u>\$ (687,503)</u>	<u>\$ 6,300,149</u>	<u>\$ 525,854</u>

Capital Leases

The District acquired buildings, vehicles, and equipment under an agreement that was refinanced during fiscal year 2008. The refinanced lease term extends through 2023 with principal and interest due bi-annually. Interest on the obligation accrues at 4.3%. Upon the final payment, title to the leased assets transfers to the District.

During the year ended June 30, 2013 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, 2013, assets acquired through capital leases are as follows:

Buildings and improvements	\$ 6,639,308
Vehicles and equipment	1,370,353
Less: accumulated depreciation	<u>(1,279,796)</u>
Net carrying value	<u>\$ 6,729,865</u>

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HUMAN RESOURCES

Notes to Financial Statements - Continued

Note 5 – Changes in Long-Term Liabilities - Continued

The future minimum lease payments under the capital leases, together with the present value of the net minimum lease payments as of June 30, 2013 were as follows:

Year ended June 30,	
2014	\$ 650,176
2015	661,621
2016	661,621
2017	661,621
2018	661,621
2019-2023	3,308,106
2024-2028	225,000
2029-2033	435,000
Total minimum lease payments	7,264,766
Less: amount representing interest	(1,506,573)
Present value of minimum lease payments	\$ 5,758,193

Note 6 – 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, 2013, the District did not utilize the line of credit.

Note 7 – 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.

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 MARICOPA COUNTY TREASURER

Notes to Financial Statements - Continued

Note 7 – 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, 2013 are as follows:

Gross program service revenues	\$ 5,139,953
Contractual adjustments and uncompensated services	<u>(3,507,440)</u>
Net program service revenue	<u>\$ 1,632,513</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 8 – Commitments and Contingencies

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, 2013 was \$359,265. Additionally, the District is responsible for repairs and maintenance expenses related to equipment used in their District.

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

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

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Notes to Financial Statements - Continued

Note 8 – Commitments and Contingencies - Continued

Risk Management

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

Note 9 – 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, 2013, the general fund had an interfund payable to the capital projects fund totaling \$79,688.

Interfund transfers from the general fund to the capital projects fund are used to internally finance the purchase and construction of capital assets. For the year ended June 30, 2013, such transfers were \$738,233.

Note 10 – 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, 2013, active ASRS members and the District were each required by statute to contribute at the actuarially determined rate of 11.14% (10.9% 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, 2013, 2012 and 2011 were \$174,128, \$147,158, and \$144,818, respectively, which were equal to the required contributions for the year.

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

Notes to Financial Statements - Continued

Note 10 – 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 E. Camelback Road #200
Phoenix, Arizona 85016
(602) 255-5575

Funding Policy: For the year ended June 30, 2013, PSPRS members were required by statute to contribute 9.55% of their annual covered compensation, and the District was required to contribute at the actuarially determined rate of 21.73%. 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, 2013 was established at 14.57% 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, 2013, the amount credited to the District's plan, and included in the annual pension cost described below, totaled \$105,513.

Annual Pension Cost: For the year ended June 30, 2013, the District's annual pension cost of \$907,979 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, 2013, and related information follows.

Actuarial valuation date	June 30, 2013
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%

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Notes to Financial Statements - Continued

Note 10 – 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>
2013	\$ 907,979	100%	\$ -
2012	\$ 793,235	100%	\$ -
2011	\$ 708,869	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>
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	177.5%
2011	12,562,989	19,368,821	6,806,532	64.9%	3,815,526	178.4%

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>
2013	\$ -	\$722,537	\$722,537	- %	\$4,204,058	17.2%
2012	-	689,411	689,411	- %	3,830,920	18.0%
2011	-	664,643	664,643	- %	3,815,526	16.9%

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PROVINCIAL INSURANCE

Notes to Financial Statements - Continued

Note 10 – Employee Retirement Systems and Post Employment Plans - Continued

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, 2013 and 2012 was \$29,760 and \$26,940, respectively.

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

C. Deferred Compensation and Post Employment Health Plans

The District has established a defined contribution deferred compensation plan for all employees to provide for supplementary retirement benefits. Contributions to the plan are administered by a third-party and totaled \$197,817 for the year ended June 30, 2013.

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, 2013 totaled \$62,632.

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 11 – Subsequent Event

On August 1, 2013, the District entered into an agreement to refinance a capital lease obligation. The principal balance of the agreement totaled \$4,969,100 as of June 30, 2013 was refinanced at \$6,202,391 with the interest rate reduced from 4.30% per annum to 2.99% per annum and the maturity date extended from June 2023 to June 2028.

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**Required
Supplementary
Information**

(Other than Management's Discussion and Analysis)

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**Fire District of Sun City West
Required Supplementary Information
Budgetary Comparison Schedule - General Fund
Year Ended June 30, 2013**

	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Revenues:			
<i>Taxes:</i>			
Property taxes	\$ 9,672,809	\$ 9,793,925	\$ 121,116
Fire district assistance tax	400,000	403,245	3,245
Centrally assessed taxes	185,671	105,513	(80,158)
Ambulance fees	1,543,900	1,539,939	(3,961)
Project revenues	118,124	295,161	177,037
Intergovernmental and grants	95,836	116,575	20,739
Investment earnings	4,000	6,453	2,453
Other	-	5,937	5,937
Total revenues	<u>12,020,340</u>	<u>12,266,748</u>	<u>246,408</u>
Expenditures:			
<i>Public Safety-Fire Protection and emergency medical services:</i>			
<i>Current:</i>			
Salaries and wages	6,298,152	6,276,462	21,690
Employee benefits	3,096,416	2,990,196	106,220
Utilities and communications	522,528	492,956	29,572
Materials and supplies	340,999	301,732	39,267
Professional services	287,303	269,151	18,152
Repairs and maintenance	194,521	168,630	25,891
Training and related	115,470	64,978	50,492
Insurance	54,322	54,185	137
Administration	78,103	45,395	32,708
Contingency	350,000	27,147	322,853
Capital outlay	109,500	-	109,500
Debt service:			
Principal	348,088	359,534	(11,446)
Interest	224,938	225,470	(532)
Total expenditures	<u>12,020,340</u>	<u>11,275,836</u>	<u>744,504</u>
Excess of revenues over expenditures	-	990,912	990,912
Other financing sources (uses):			
Transfers out	-	(738,233)	(738,233)
Total other financing uses	-	(738,233)	(738,233)
Changes in fund balance	-	252,679	252,679
Fund balance, beginning of year	-	1,097,996	1,097,996
Fund balance, end of year	<u>\$ -</u>	<u>\$ 1,350,675</u>	<u>\$ 1,350,675</u>

The accompanying notes are an integral part of this schedule.

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FIRE DISTRICT OF SUN CITY WEST

**Fire District of Sun City West
Required Supplementary Information
Notes to Budgetary Comparison Schedule
Year Ended June 30, 2013**

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.

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Statistical Section

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**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 41-44

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 45-48

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 49

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 50

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

- County-Wide Demographic and Economic Statistics

Operating Information Pages 51-52

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

DEC 23 2013
FIRE DISTRICT OF SUN CITY WEST

Fire District of Sun City West
Condensed Summary of Net Position
Last Ten Fiscal Years

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Assets										
Current	\$ 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	\$ 1,708,420
Capital	9,022,759	8,522,111	9,085,299	9,250,168	8,240,692	6,754,129	5,534,255	6,156,444	4,521,844	4,396,203
Total	15,847,228	14,686,354	14,445,030	13,667,278	13,782,424	13,079,697	9,394,193	9,887,804	9,352,235	6,104,623
Liabilities										
Other	1,018,838	812,381	910,671	781,597	1,045,413	634,254	681,744	467,139	573,114	393,432
Long-term liabilities	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	1,760,436
Total	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	2,153,868
Net position										
Net investment in capital assets	3,264,566	3,204,923	3,433,034	3,512,632	3,626,255	3,475,631	2,195,970	2,369,798	2,761,408	2,635,767
Restricted	37,150	35,154	33,042	-	-	-	-	-	-	-
Unrestricted	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	1,314,988
Total net position	\$ 9,054,095	\$ 8,556,785	\$ 7,882,094	\$ 6,791,559	\$ 6,298,354	\$ 5,687,584	\$ 5,232,843	\$ 5,634,019	\$ 4,722,699	\$ 3,950,755

Source: Statement of Net Position
District financial records and reports

DEC 23 2013

**Fire District of Sun City West
Changes in Net Position
Last Ten Fiscal Years**

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Expenses										
Public safety	\$ 11,727,504	\$ 11,083,145	\$ 11,017,486	\$ 10,507,355	\$ 10,437,123	\$ 9,536,847	\$ 9,018,333	\$ 8,392,341	\$ 7,716,374	\$ 7,071,281
Program revenues										
Charges for services	1,863,374	1,613,248	1,862,663	1,573,683	1,685,837	1,855,738	2,273,940	1,989,677	1,891,742	1,276,596
Operating grants and contributions	116,575	100,672	29,655	12,094	3,758	34,568	45,706	-	-	-
Capital grants and contributions	-	212,463	-	134,679	-	-	-	157,429	-	-
Net program expenses	(9,747,555)	(9,156,762)	(9,125,168)	(8,786,899)	(8,747,528)	(7,646,541)	(6,698,687)	(6,245,235)	(5,824,632)	(5,794,685)
General revenues										
Property taxes	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	5,695,637
County aid	403,245	302,972	300,965	297,640	291,383	295,715	293,801	298,600	292,846	296,886
Other revenues	106,194	116,716	23,585	144,195	190,645	213,457	250,230	301,134	204,791	161,843
Total general revenues	10,244,865	9,831,453	10,215,703	9,280,104	9,358,298	8,101,282	7,570,187	7,156,555	6,596,576	6,154,366
Change in net position	\$ 497,310	\$ 674,691	\$ 1,090,535	\$ 493,205	\$ 610,770	\$ 454,741	\$ 871,500	\$ 911,320	\$ 771,944	\$ 359,681

Source: Statement of Activities
District financial records and reports

DEC 23 2013

Fire District of Sun City West
Fund Balances of Governmental Funds
Last Ten Fiscal Years

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
General fund										
Unassigned	\$ 350,935	\$ 356,784	\$ 1,110,039	\$ 1,125,881	\$ 1,260,272	\$ 574,402	\$ 193,518	\$ 683,016	\$ (65,662)	\$ (63,173)
Assigned	127,910	-	-	-	-	-	-	-	-	-
Committed	862,738	738,233	1,245,500	-	-	-	-	-	-	-
Nonspendable	9,092	2,979	92,900	6,990	-	71,321	76,879	-	-	-
Total	1,350,675	1,097,996	1,448,439	1,132,871	1,260,272	645,723	270,397	683,016	(65,662)	(63,173)
Other governmental funds										
Restricted	37,150	34,154	33,042	-	-	-	-	-	-	-
Committed	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	1,503,499
Total	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	1,503,499
Total governmental funds										
General fund	1,350,675	1,097,996	1,448,439	1,132,871	1,260,272	645,723	270,397	683,016	(65,662)	(63,173)
Other governmental funds	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	1,503,499
Total	\$ 6,042,702	\$ 5,388,729	\$ 4,369,755	\$ 3,772,153	\$ 4,636,014	\$ 5,864,471	\$ 3,432,193	\$ 3,336,734	\$ 4,482,031	\$ 1,440,326

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.

Source: Balance Sheet - Governmental Funds
District financial records and reports

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CITY OF SUN CITY WEST

Fire District of Sun City West
Summary Statement of Revenues, Expenditures, and Changes in Fund Balances -
Governmental Funds
Last Ten Fiscal Years

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Revenues										
Property taxes	\$ 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	\$ 5,672,583
Ambulance fees	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	1,273,535
Other revenues	921,175	1,019,470	318,610	736,683	567,053	775,715	1,124,522	757,163	497,637	458,729
Total	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	7,404,847
Expenditures										
Public safety	10,694,922	10,345,426	10,061,441	9,708,503	9,609,838	9,056,778	8,290,784	7,682,597	7,174,784	6,464,443
Capital projects	322,137	23,044	541,472	1,530,564	1,984,341	1,576,017	703,417	2,205,655	600,287	24,844
Debt service										
Principal	359,534	335,077	441,857	344,535	319,202	321,377	307,040	269,786	206,861	172,450
Interest	225,470	237,949	257,795	272,086	283,122	192,742	159,427	196,680	66,843	38,141
Total expenditures	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	6,699,878
Excess of revenues over (under) expenditures	\$ 652,976	\$ 1,019,971	\$ 597,602	\$ (863,861)	\$ (1,228,458)	\$ (1,167,352)	\$ 95,459	\$ (1,145,297)	\$ 439,543	\$ 704,969
Other financing sources (uses):										
Capital lease proceeds	-	-	-	-	-	6,300,000	-	-	2,602,162	-
Payoff of lease from new debt proceeds	-	-	-	-	-	(2,700,370)	-	-	-	-
Net change in fund balances	\$ 652,976	\$ 1,019,971	\$ 597,602	\$ (863,861)	\$ (1,228,458)	\$ 2,432,278	\$ 95,459	\$ (1,145,297)	\$ 3,041,705	\$ 704,969
Debt service as a percentage of non-capital expenditures	5.47%	5.54%	6.95%	6.35%	6.27%	5.68%	5.63%	6.07%	3.81%	3.26%

Note: Transfers between governmental funds are excluded from the other financing sources (uses) section of this report.
Source: Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds
District financial records and reports

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SEAL OF THE DISTRICT

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

Fiscal Year Ended June 30,	Secondary Net Assessed Value	Direct Rate	Estimated Actual Value	Ratio of Net Assessed to Estimated
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%
2004	253,226,806	2.2483	2,425,530,150	10.4%

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%¹ (ARS § 42-15002) for vacant land and 20%² (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

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DEPARTMENT OF REVENUE

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REVENUE & FINANCE

**Fire District of Sun City West
Direct and Overlapping Rates
Last Ten 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 ¹ #07011	Dysart Unified ¹ #07089	Other Special Districts ²
	2013	2.7189	N/A	1.2407	0.1000	1.1563	3.0199	2.7317
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
2004	2.2483	0.4717	1.5448	0.1200	1.0785	4.5554	4.5856	N/A
2003	2.1699	0.4889	1.5448	0.1300	1.1127	4.4072	4.0828	N/A

Source: Maricopa County

Note: Arizona revised statute Title 48 limits the District's direct rate to a maximum of \$3.25³ 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, 2013 (tax year 2012), the maximum tax levy allowable under statute based on the 8% limitation is \$12,971,832, although the effective allowable levy based on the District's direct tax rate of \$3.25 per \$100 of SNAV decreases this limit to \$11,562,411. However, the District's adopted tax levy for fiscal year ending June 30, 2013 is \$9,672,809, leaving the District with an excess tax levy capacity of approximately \$1,889,602. 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 Years Ago**

	2012 Tax Year			2003 Tax Year		
	Net Assessed Valuation	Rank	Percent of SNAV	Net Assessed Valuation	Rank	Percent of SNAV
Arizona Public Service Company	\$ 7,192,263	1	2.02%	\$ 7,186,654	1	0.68%
Sun Health Properties, Inc.	7,350,716	2	2.07%	1,727,221	6	2.84%
Roskamp/Sun Health Residential	5,030,000	3	1.41%	4,534,562	2	1.79%
WSL Heritage Investors V, LLC	4,102,796	4	1.15%	-	-	- %
BNSF Railroad Company	2,299,576	5	0.65%	-	-	- %
AAWC: Sun City West Water Division	1,984,446	6	0.56%	-	-	0.80%
Patterson Farms, Inc.	1,702,789	7	0.48%	2,013,907	4	- %
Citation Madison House	1,304,570	8	0.37%	1,265,696	9	0.50%
Abart Properties I, LLC	1,145,265	9	0.32%	947,051	10	0.37%
Colfin WLH Land Acquisitions, LLC	942,500	10	0.26%	-	-	- %
Tradition Senior Housing LLC	-	-	- %	2,675,494	3	1.06%
Qwest Corporation	-	-	- %	1,889,744	5	0.75%
Southwest Gas Corporation (T&D)	-	-	- %	1,564,419	7	0.62%
Sun Health Properties	-	-	- %	1,376,370	8	0.54%

Source: Maricopa County Assessor's Office

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MARICOPA COUNTY

**Fire District of Sun City West
Property Tax Levies and Collections
Last Ten Years**

Fiscal Year Ended June 30,	Tax Levied		Amount Collected in Fiscal Year		Collected In Subsequent Years		Collected in Total	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
2013	\$ 9,707,161	99.20%	\$ 9,629,399	99.20%	\$ 9,639 ¹	99.30%	\$ 9,639,038	99.30%
2012	9,443,497	98.60%	9,311,628	98.60%	130,368	99.98%	9,441,996	99.98%
2011	9,820,062	98.30%	9,652,841	98.30%	164,247	99.97%	9,817,089	99.97%
2010	8,964,790	97.79%	8,766,705	97.79%	198,082	100.00%	8,964,787	100.00%
2009	8,878,789	98.80%	8,772,149	98.80%	106,637	100.00%	8,878,786	100.00%
2008	7,646,158	98.90%	7,562,203	98.90%	83,955	100.00%	7,646,158	100.00%
2007	7,067,781	99.00%	6,997,009	99.00%	70,775	100.00%	7,067,784	100.00%
2006	6,543,502	99.19%	6,490,470	99.19%	53,009	100.00%	6,543,479	100.00%
2005	6,111,180	99.37%	6,072,662	99.37%	38,518	100.00%	6,111,180	100.00%
2004	5,693,294	99.23%	5,649,339	99.23%	43,955	100.00%	5,693,294	100.00%

Source: Maricopa County Treasurer's Office

Note: 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 2013.

PAID

DEC 23 2013

SUN CITY WEST

**Fire District of Sun City West
Outstanding Debt and Debt Limitations
Last Ten Years**

Fiscal Year Ended 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
2013	\$ 5,758,193	\$ -	\$ 21,345,992	\$ 5,758,193	- %	0.16%	\$ 127.96
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.

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ADMINISTRATIVE SERVICES

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

Calendar Year Ended December 31,	Population	Personal Income	Per Capita Income	Unemployment Rate	Estimated District Population
2013	N/A	\$ N/A	\$ N/A	N/A	45,000
2012	3,884,705	N/A	N/A	7.1%	45,000
2011	3,843,370	147,724,392,000	38,071	8.4%	45,000
2010	3,817,117	140,351,646,000	36,695	9.6%	45,000
2009	4,023,132	142,091,618,000	35,319	9.1%	45,000
2008	4,115,811	146,898,132,000	37,112	5.2%	42,500
2007	3,987,942	145,880,680,000	37,666	3.1%	40,000
2006	3,907,492	139,069,591,000	36,829	3.5%	40,000
2005	3,792,675	126,010,741,000	34,551	4.0%	40,000
2004	3,648,545	114,049,001,000	32,561	4.4%	39,000

Source: The source for "Population", "Personal Income", "Per Capita" and "Unemployment Rate" information is the State of Arizona (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.

DEC 23 2013
MAYOR'S OFFICE

**Fire District of Sun City West
Summary of Emergency Responses
Last Ten 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
2013	6,279	81	49	801	285	330	7,825	4,188
2012	5,827	98	21	898	215	216	7,275	3,715
2011	5,090	73	42	1,447	319	194	7,165	3,961
2010	4,736	111	53	1,393	254	184	6,731	3,699
2009	4,654	128	50	1,383	197	156	6,568	3,756
2008	4,517	106	130	1,321	215	139	6,428	3,714
2007	4,419	116	333	901	408	112	6,289	3,472
2006	4,502	113	165	914	401	118	6,213	3,343
2005	4,316	282	28	338	585	N/A	5,549	3,119
2004	N/A	N/A	N/A	N/A	N/A	N/A	5,283	3,438

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

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

Ref (1): Service calls include, but are not limited to: 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.

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BEMINGHAM & RATES

**Fire District of Sun City West
Summary of District Assets and Employees
Last Ten Fiscal Years**

Fiscal Year Ended June 30,	<u>Fire Trucks & Apparatus</u>	<u>ALS Ambulance</u>	<u>Fire Stations</u>	<u>Fire Fighters</u>	<u>EMS Personnel</u>	<u>Admin Personnel</u>	<u>Total Employees</u>
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
2004	5	3	3	51	12	11	74

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