

**Southwest United Fire Districts
Darien, Illinois**

Annual Financial Report

For the Year Ended
May 31, 2009

Southwest United Fire Districts

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**MIRIANI
&
ASSOCIATES, LTD.**

Accounting
Specialist
&
Financial
Management
Consultants

The Board of Trustees
Southwest United Fire Districts
Darien, Illinois

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Southwest United Fire Districts, as of and for the year ended May 31, 2009, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Southwest United Fire Districts' management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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, the aggregate remaining fund information, including the fiduciary fund, of Southwest United Fire Districts, as of May 31, 2009, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Southwest United Fire Districts' basic financial statements. The accompanying statements and schedules listed as statistical information in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the examination of the basic financial statements and, accordingly, we do not express an opinion on them.

Miriani & Associates, LTD.

MIRIANI & ASSOCIATES, LTD.

August 24, 2009

MANAGEMENT'S DISCUSSION AND ANALYSIS

Southwest United Fire Districts Management's Discussions and Analysis May 31, 2009

The Southwest United Fire Districts' (the "District") Management's Discussion and Analysis is designed to: (1) assist the reader in focusing on significant financial issues, (2) provide an overview of the District's financial activity, (3) identify changes in the District's financial position (its ability to address the next and subsequent year challenges), (4) identify any material deviations from the financial plan (the approved budget) and (5) identify individual fund issues or concerns.

The Management's Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standards Board (GASB) in its Statement No. 34 Basic Financial Statements - and Management's Discussion and Analysis, for State and Local Governments issued June 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

Since the MD&A is designed to focus on the current year's activities, resulting changes and currently known facts, please read it in conjunction with the District's financial statements (beginning on page 7.)

Financial Highlights

- Overall revenues for all funds this past year were \$1,054,312 and expenses were \$1,053,837.
- Total net assets increased from \$151,103 to \$151,578 over the course of the year.
- Member Agency Contributions collected were 620,844.
- Fees for training and maintenance resulted in fee revenue of \$433,468.

Challenges / Future Activity

The Southwest United Fire Districts cooperative continues with the Training Program development to meet the changing trends in the fire service. Enhanced programs are intended to boost revenues. This includes new contracted course work and specialized or customized training and testing services.

Overview of the Financial Statements

Management's Discussion and Analysis introduces the District's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements and (3) notes to the financial statements. The District also includes in this report additional information to supplement the basic financial statements.

Government-wide Financial Statements

The District's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the District's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The first of these government-wide statements is the *Statement of Net Assets*. This is the District-wide statement of position presenting information that includes all of the District's assets and liabilities, with the difference reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating. Evaluation of the overall health of the District would extend to other non-financial factors such as diversification of the taxpayer base or the condition of the District's infrastructure in addition to the financial information provided in this report.

The second government-wide statement is the *Statement of Activities* that reports how the District's net assets changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the District's distinct activities or functions on revenues provided by the District's taxpayers.

Both government-wide financial statements distinguish governmental activities of the District that are principally supported by taxes and intergovernmental revenues, such as grants, from business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. The District does not have any funds that would be considered business-type activities.

The government-wide financial statements are presented on pages 7 - 9 of this report.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The District uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the District's most significant funds rather than the District as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. Individual fund data for non-major funds is provided in the form of combining statements in a later section of this report.

Governmental funds are reported in the fund financial statements and encompass essentially the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the District's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-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 assist in understanding the differences between these two perspectives.

Fund Financial Statements (continued)

Budgetary comparison statements are included in the basic financial statements for the general fund and major special revenue funds. Budgetary comparison schedules for other special revenue funds can be found in a later section of this report. These statements and schedules demonstrate compliance with the District's adopted annual appropriated budget.

The basic governmental fund financial statements are presented on pages 10 - 13 of this report.

Notes to the Financial Statements

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin on page 14 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Supplementary information can be found beginning on pages 23 of this report.

Government-wide Financial Analysis

The District implemented the new financial reporting model used in this report beginning with the fiscal year ended May 31, 2008. Over time, as year-to-year financial information is accumulated on a consistent basis, changes in net assets may be observed and used to discuss the changing financial position of the District as a whole.

The District's combined net assets were \$151,578 which includes \$118,009 investment in capital assets. The total revenues were \$1,054,312, while the total expenditures were \$1,053,837.

Financial Analysis of the District's Funds

Governmental Funds

As discussed, governmental funds are reported in the fund statements with a short-term inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported ending fund balances of \$33,569. Of this year-end total, \$33,569 is unreserved and undesignated, indicating availability for continuing the District's operations.

The total ending fund balances of governmental funds shows an increase of \$475 over the prior year. This change is primarily the result of the programs described within the analysis of the District's governmental activities.

Major Governmental Funds and General Fund Highlights

The District maintains two funds, the training fund and the maintenance fund. As of May 31, 2009, the fund net assets of the training fund were \$(58,271) and the net assets in the maintenance fund were \$91,839.

Revenues in the training fund were \$514,040 which were \$8,160 under budget. Expenditures were \$527,582 which were \$17,643 under budget. The net budget variance was a favorable \$9,483. The fund balance decreased to \$(58,271) at the end of the year from \$(44,729) in the prior year.

Revenues in the maintenance fund were \$540,272 which were \$8,228 under budget. Expenditures were \$499,363 which were \$46,112 under budget. The net budget variance was a favorable \$37,884. The fund balance increased to \$91,839 at the end of the year from \$50,930 in the prior year.

Capital Asset and Debt Administration

Capital Assets

The District's investment in capital assets, net of accumulated depreciation for governmental activities as of May 31, 2009 was \$118,009. The net decrease in capital assets for the year was \$26,892, of which \$36,942 was depreciation expense.

Debt Administration

As of May 31, 2009, the District had no debt outstanding.

Factors Bearing on the District's Future

At the time these financial statements were prepared and audited, the District was not aware of any existing circumstances that would adversely affect its financial health in the near future.

Contacting the District's Financial Management

This financial report is designed to provide a general overview of the District's finances, comply with finance related laws and regulations and demonstrate the District's commitment to public accountability. If you have any questions about this report or would like to request additional information, please contact the District's accountant located at 7550 Lyman Ave., Darien, Illinois 60561.

BASIC FINANCIAL STATEMENTS

Southwest United Fire Districts

Statement of Net Assets

May 31, 2009

	Governmental Activities
Assets	
Current Assets	
Cash & Cash Equivalents	\$ 21,355
Receivables	10,651
Prepays	<u>69,870</u>
Total Current Assets	<u>101,876</u>
Noncurrent Assets	
Capital Assets, Net of Accumulated Depreciation	<u>118,009</u>
Total Noncurrent Assets	<u>118,009</u>
Total Assets	<u>219,885</u>
Liabilities	
Current Liabilities	
Accounts Payable	50,867
Accrued Payroll	4,629
Unearned Rents	8,559
Other Liabilities	<u>4,252</u>
Total Current Liabilities	68,307
Non-Current Liabilities	
Other Liabilities	<u>-</u>
Total Non-Current Liabilities	-
Total Liabilities	68,307
Net Assets	
Invested in Capital Assets, Net of Related Debt	118,009
Unrestricted	<u>33,569</u>
Net Assets	<u>\$ 151,578</u>

See Accompanying Notes to Financial Statements

Southwest United Fire Districts

Statement of Activities Year Ended May 31, 2009

Functions/Program	Expenses	Program Revenue		Net (Expenses), Revenue and Changes in Net Assets
		Charge for Services	Operating Grants	Governmental Activities
Business-Type Activities				
Program Services	\$ 1,053,837	\$ 1,054,312	\$ -	\$ 475
Total Governmental Activities	\$ 1,053,837	\$ 1,054,312	\$ -	475
General Revenues				
Miscellaneous				-
Increase (Decrease) in Net Assets				475
Net Assets				
Beginning				151,103
Ending				\$ 151,578

See Accompanying Notes to Financial Statements

Southwest United Fire Districts
Statement of Cash Flows
For the Year Ended May 31, 2009

Cash Flows From Operating Activities	
Net Operating Income (Loss)	\$ 475
Adjustments to Reconcile Net Income (Loss) to net Cash provided by (used in) Operating Activities:	
Depreciation and Amortization	36,942
Decrease (Increase) in Operating Assets:	
Accounts Receivable	(10,651)
Prepaid items	(14,909)
Increase (Decrease) in Operating Liabilities:	
Accounts Payable	3,766
Unearned Rents	174
Accrued Liabilities	<u>(3,141)</u>
Total Adjustments	<u>12,181</u>
Net Cash Provided By (Used in) Operating Activities	12,656
Cash Flows From Investing Activities	
Capital Expenditures	<u>(10,050)</u>
Net Cash Provided By (Used In) Investing Activities	(10,050)
Cash Flows From Financing Activities	
Notes Payable Borrowings	-
Notes Payable Repayments	<u>-</u>
Net Cash Provided By (Used In) Financing Activities	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	2,606
Cash and Cash Equivalents at Beginning of Year	<u>18,749</u>
Cash and Cash Equivalents at End og Year	<u><u>\$ 21,355</u></u>

See Accompanying Notes to Financial Statements

Southwest United Fire Districts

Statement of Fund Net Assets

May 31, 2009

Assets	
Cash & Cash Equivalents	\$ 21,355
Receivables	10,651
Prepaid Expenses	<u>69,870</u>
Total Assets	<u>\$ 101,876</u>
Liabilities	
Accounts Payable	\$ 50,867
Accrued Payroll	4,629
Security Deposits	8,559
Other Liabilities	<u>4,252</u>
Total Liabilities	68,307
Fund Balance	
Unrestricted	<u>33,569</u>
Total Fund Balance	<u>33,569</u>
Total Liabilities & Fund Balance	<u>\$ 101,876</u>

See Accompanying Notes to Financial Statements

Southwest United Fire Districts

Reconciliation of the Statement of Fund Net Assets to the Statement of Net Assets

May 31, 2009

Total Fund Balances - Governmental Funds	\$	33,569
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		<u>118,009</u>
Net Assets of Governmental Activities	\$	<u>151,578</u>

See Accompanying Notes to Financial Statements

Southwest United Fire Districts

Statement of Revenues, Expenditures and Changes in Fund Balances For the Year Ended May 31, 2009

	General
REVENUES	
Member Agency Contributions	\$ 620,844
Charge for Services	<u>433,468</u>
Total Revenues	1,054,312
EXPENDITURES	
Administration	113,543
Facilities	85,716
Portable Equipment	7,922
Apparatus	157,823
Quartermaster	11,083
Internal Training	5,233
Academy	61,978
CPAT	7,335
ID Program	838
Payroll	555,611
Insurance	<u>19,863</u>
Total Expenditures	<u>1,026,945</u>
Net Change in Fund Balances	27,367
Fund Balance, Beginning of Year	<u>6,202</u>
Fund Balance, End of Year	<u><u>\$ 33,569</u></u>

See Accompanying Notes to Financial Statements

Southwest United Fire Districts

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Year Ended May 31, 2009

Net Change in Fund Balances - Total Governmental Funds (Statement of Revenues, Expenditures and Changes in Fund Balance)	\$ 27,367
Amounts reported for government's activities in the Statement of Activities are different because:	
Depreciation of capital assets is not considered an expenditure in the fund financial statements.	(36,942)
Purchase of capital assets are treated as an expenditure in the fund financial statements.	<u>10,050</u>
Changes in Net Assets of Governmental Activities Statement of Activities - "Increase (Decrease) in Net Assets"	<u>\$ 475</u>

See Accompanying Notes to Financial Statements

Southwest United Fire Districts

Notes To The Financial Statements

For the Year Ended May 31, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Southwest United Fire Districts (the "District") is a municipal corporation of the State of Illinois headquartered in the County of DuPage which was incorporated in 2005. The District provides training classes and equipment maintenance for fire districts. As of May 31, 2009, the two members of the District are the Darien-Woodridge Fire Protection District and the Pleasantview Fire Protection District.

The accounting and reporting policies of the District relating to the funds included in the accompanying general purpose financial statements conform to generally accepted accounting principles (GAAP) applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies.

A. Reporting Entity

The District follows the provision of Governmental Accounting Standards Board Statement No. 39, "Determining Whether Certain Organizations Are Component Units - an amendment of GASB Statement No. 14". As defined by generally accepted accounting principles established by GASB, the financial reporting entity consists of the primary government, as well as its component units, which are legally separate, tax-exempt entities and meet all of the following criteria:

1. The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents.
2. The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization.
3. The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to the primary government.

The District has concluded that no entities meet the criteria of Statement 39 for inclusion as a component unit. Likewise, the District is not required to be included as a component unit of any other entity.

B. Changes in Accounting Methods

In June 1999, the Governmental Accounting Standards Board (GASB) issued Statement No. 34, "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments" (GASB 34). The Southwest United Fire Districts has implemented GASB 34 effective June 1, 2004.

The implementation of GASB 34 adds two "Government-Wide" financial statements as basic financial statements required for all governmental units. They are the Statement of Net Assets, which presents the financial condition of the governmental activities of the Fire Protection District at fiscal year end, and the Statement of Activities, which presents a comparison between direct expenses and program revenues for each program or function of the District's governmental activities.

Southwest United Fire Districts

Notes To The Financial Statements

For the Year Ended May 31, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Changes in Accounting Methods (Continued)

The reporting model for GASB 34 classifies funds as governmental activities. Further, all non-fiduciary funds are classified as major or non-major funds. In reporting financial condition and results of operations for governmental units, the new standard concentrates on major funds versus non-major funds.

Both new statements are prepared on the full accrual basis. Previously, in accordance with accounting standards for governmental units, the District used the modified accrual basis of accounting for certain funds. The modified accrual basis of accounting continues to be the appropriate basis of accounting for governmental activity fund financial statements.

C. Basis of Presentation

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Statement of Net Assets and the Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. The District does not allocate indirect expenses to functions in the Statement of Activities. Program revenues include charges to residents who purchase, use or directly benefit from goods, services, or privileges provided by a given function, and grants and contributions that are restricted to meeting the operational and capital requirements of a particular function. Taxes and other income items that are not specifically related to a function are reported as general revenues.

FUND FINANCIAL STATEMENTS

Fund financial statements of the reporting entity are organized into individual funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, liabilities, funds equity, revenues and expenditures/expenses. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrative compliance with finance-related legal and contractual provisions.

Funds are organized as major funds or non-major funds within the governmental statements. An emphasis is placed on major funds within the governmental category. A fund is considered major if it is the primary operating fund of the entity or meets the following criteria:

- Total assets, liabilities, revenues or expenditures/expenses of the individual governmental funds are at least ten percent of the corresponding total for all funds of that category or type, and
- Total assets, liabilities, revenues or expenditures/expenses of the individual governmental fund is at least five percent of the corresponding total for all governmental funds combined.

Southwest United Fire Districts

Notes To The Financial Statements

For the Year Ended May 31, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Presentation (Continued)

Proprietary Funds (Business Activities)

Enterprise Fund

An enterprise fund is used to account for the business type operations of a governmental entity that are similar to private sector operations. Under generally accepted accounting principles (GAAP), an enterprise fund is required if the entity's fee structure is designed to recover the cost of providing services, including capital costs (depreciation) and debt service.

MAJOR FUNDS

The District reports one major fund with two divisions:

Training Division
Maintenance Division

D. Basis of Accounting

In the government-wide Statement of Net Assets and Statement of Activities, governmental activities are presented using the economic resources measurement of focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or the economic asset is used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The current financial resources measurement focus and the modified accrual basis of accounting is followed by the governmental funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual, i.e. both measurable and available to finance the District's operations. "Measurable" means the amount of the transaction can be determined, and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

Member agency contributions, investment earnings, and charges for services are the primary revenue sources susceptible to accrual. All other revenues are recognized when cash is received. Expenditures are recorded when the related fund liability is incurred.

Southwest United Fire Districts

Notes To The Financial Statements

For the Year Ended May 31, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Measurement Focus

On the government-wide Statement of Net Assets and Statement of Activities, governmental activities are presented using the economic resources measurement focus, which means all assets and liabilities (whether current or non-current) are included of the Statement of Net Assets and the Statement of Activities presents increases and decreases in net total assets.

The measurement focus incorporates the current financial resources concept. Under this concept, sources and uses of financial resources, including capital outlays, debt proceeds and debt retirements are reflected in operations. Resources not available to finance expenditures and commitments of the current period are recognized as deferred revenue or a reservation of fund equity. Liabilities for claims, judgments, compensated absences and pension contributions, which will not be currently liquidated using expendable available financial resources are included as liabilities in the government-wide financial statements, but are excluded from fund financial statements. The related expenditures are recognized in the fund financial statements when the liabilities are liquidated. Historically, the expenditures have been recorded to the general and special revenue funds.

F. Budgets and Budgetary Accounting

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the enterprise fund.

The Board of Directors adopts a proposed operating budget for the fiscal year commencing on the following June 1. The operating budget includes proposed expenditures and the means to finance them. The Board of Directors has the power to amend the budget in the same manner as its original enactment.

The level of control where expenses may not exceed the budget is at the fund level of activity. Unspent budgetary amounts lapse at year end and, therefore, are not carried over to succeeding years. The budget information stated in the financial statements includes adjustments made during the year.

G. Investments

All investments are stated at fair value, which is the market value as determined by published reports of such values.

H. Use of Estimates

The preparation of financial statements in conformity with 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 financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Southwest United Fire Districts

Notes To The Financial Statements

For the Year Ended May 31, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Capital Assets

GOVERNMENT-WIDE FINANCIAL STATEMENTS

In the government-wide financial statements, the District has adopted a capitalization threshold of \$1,000 for capital asset additions. All capital assets are valued at historical cost, or estimated historical cost if actual cost is unavailable. Donated capital assets are stated at their fair market value as of the date donated.

Prior to implementation, capital assets of governmental funds were accounted for in the general fixed assets account group and were not recorded directly as a part of any individual fund's financial statement. Infrastructure of governmental funds was not previously capitalized. Upon implementing GASB 34, governmental units are required to account for all capital assets, including infrastructure, in the government wide financial statements prospectively from the date of implementation. Retroactive reporting of all major general infrastructure assets is currently encouraged, but not required.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of assets is as follows:

Improvements	5 to 10 years
Machinery and Equipment	5 to 10 years
Vehicles	7 to 10 years

FUND FINANCIAL STATEMENTS

In the fund financial statements, assets used in governmental fund operations are accounted for as capital outlays in the fund from which the expenditure was made.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized.

J. Debt Commitments

In the government-wide financial statements, debt principal payments of government activities are reported as decreases in the balance of the liability on the Statement of Net Assets. In the fund financial statements, however, debt principal payments of governmental funds are recognized as expenditures when paid.

Southwest United Fire Districts

Notes To The Financial Statements

For the Year Ended May 31, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Equity Classifications

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Equity is classified as net assets and displayed in three components:

Invested in capital assets - consists of capital assets, net of accumulated depreciation and net of related debt.

Restricted net assets - consists of net assets with constraints placed on their use either by external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or laws through constitutional provisions or enabling legislation.

Unrestricted net assets - consists of all other net assets that do not meet the definition of restricted or invested in capital assets.

FUND FINANCIAL STATEMENTS

Governmental fund equity is classified as fund balance. Fund balance may further be classified as reserved and unreserved. The District has not designated any unreserved fund balances for any particular purposes at May 31, 2009.

K. Comparative Data Included in Supplementary Information

Certain prior year revenue and expense grouping have been adjusted to be consistent with the District's general ledger chart of accounts. Overall total within the statements remain consistent with prior years.

Southwest United Fire Districts

Notes To The Financial Statements

For the Year Ended May 31, 2009

NOTE 2 - DEPOSITS AND INVESTMENTS

Investments and deposits with financial institutions are pooled for the various funds and interest income earned on the investments is allocated to the various funds based upon the fund's investment balances.

Illinois statute authorizes the District to invest in obligations of the U.S Treasury, U.S. Agencies and banks and savings and loan associations covered by federal depository insurance. The District may also invest in commercial paper of U.S. corporations with assets exceeding \$500,000,000 provided that (a) the obligations are rated with the 3 highest classifications by at least 2 standards rating services and they mature within 180 days from the date of purchase, and (b) no more than 25% of any fund is invested in such obligation at any one time and (c) such purchases do not exceed 10% of the corporation's outstanding obligations.

At May 31, 2009, the District had cash and investments of \$21,347.00 consisting of: cash on hand (petty cash) of \$1,500.00, and deposits with financial institutions of \$19,847.00.

Deposits with financial institutions had bank balances of \$77,953.17 at May 31, 2009. At May 31, 2009 \$19,847.00 of the District's bank balance was insured or collateralized.

	Carrying Amount	Bank Balance
Category 1	\$ 19,855.28	\$ 77,953.17
Category 2	-	-
Category 3	-	-
	<u>\$ 19,855.28</u>	<u>\$ 77,953.17</u>

Category 1 includes deposits covered by depository insurance or collateralized, with securities held by the District or by its agent in the District's name.

Category 2 includes deposits which are collateralized, with securities held by the pledging financial institution's trust department or agent in the District's name

Category 3 includes deposits which are uncollateralized. This includes any bank balances that are collateralized with securities held by the pledging financial institution, or it's trust department or agent but not in the entity's name.

Southwest United Fire Districts

Notes To The Financial Statements

For the Year Ended May 31, 2009

NOTE 3 - CAPITAL ASSETS

Prior to implementation, records were updated to report the actual capital assets in use, to prospectively report capital assets, and to calculate and report depreciation of governmental type capital assets, historical costs or estimated historical costs if actual costs are not available. Total depreciation expense for governmental activities for the year ended May 31, 2009 was \$36,942.00. A summary of the changes in capital assets for the year follows.

	May 31, 2008	Additions	Retirements	May 31, 2009
Governmental Activities:				
Capital Assets Not Being Depreciated				
Land	\$ -	\$ -	\$ -	\$ -
Capital Assets Subject to Depreciation				
Improvements	5,546	8,305	-	13,851
Equipment	180,560	1,745	-	182,305
Vehicles	10,000	-	-	10,000
Total Assets Subject to Depreciation	196,106	10,050	-	206,156
Less: Accumulated Depreciation for:				
Improvements	1,664	2,059	-	3,723
Equipment	46,040	33,883	-	79,923
Vehicles	3,501	1,000	-	4,501
Total Accumulated Depreciation	51,205	36,942	-	88,147
Net Capital Assets Subject to Depreciation	144,901	(26,892)	-	118,009
Net Capital Assets - Governmental Activities	<u>\$ 144,901</u>	<u>\$ (26,892)</u>	<u>\$ -</u>	<u>\$ 118,009</u>

Southwest United Fire Districts

Notes To The Financial Statements

For the Year Ended May 31, 2009

NOTE 4 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District has purchased commercial insurance from private insurance companies to cover these risks. Risks covered include general liability, workers' compensation, medical and other. Premiums have been recorded as expenditures in appropriate funds. The amount of coverage has not decreased nor have the amount of settlements exceeded coverage during the year ended May 31, 2009.

NOTE 5 - OPERATING LEASES

The District began leasing its main maintenance facility in May 2006. Rent expense under the terms of the lease was \$59,783 for the year ended May 31, 2009. In addition, the District is responsible for a portion of utilities under the term of the lease. The lease calls for annual rent increases over the term of the lease. Rent expense is recognized evenly over the term of the lease. The difference between rent expense recorded and the amount paid is reflected in deferred rent.

The minimum future rental payment under the terms of the non cancelable lease are:

For the Year Ended May 31, 2009	\$	62,772
2011		60,168
2012		-
2013		-
2014		-
		<hr/>
	\$	122,940
		<hr/> <hr/>

NOTE 6 - PRIOR PERIOD ADJUSTMENTS

During the year ended May 31, 2009, an error was discovered in the method used to depreciate a fixed asset. The effects of the error was to overstate prior year's accumulated depreciation for this asset, thus resulting in an understatement of prior year ending fund balance. This error was corrected by increasing the beginning fund balance on the Statement of Activities by \$32,778.

NOTE 7 - CONTINGENCIES

Per administration, the District is not a defendant in any litigation. With regards to other pending matters, the eventual outcome and the related liability, if any, is not determinable at this time. Accordingly, no provision has been made in the accompanying financial statements for settlement costs.

REQUIRED SUPPLEMENTARY INFORMATION

(Unaudited)

Southwest United Fire Districts

Required Supplementary Information

For the Year Ended May 31, 2009

REQUIRED SUPPLEMENTARY INFORMATION PENSION PLAN COMMITMENT - ILLINOIS MUNICIPAL RETIREMENT FUND

Plan Description. The employer's defined benefit pension plan for regular employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The District plan is affiliated with the Illinois Municipal Retirement Fund ("IMRF"), an agent multiple-employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained on-line at www.imrf.org.

Fund Policy. As set by statute, the District regular plan members are required to contribute 4.5% percent of their annual covered salary. The statutes requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer contribution rate for calendar year 2008 was 14.87% percent of annual covered payroll. The District also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits is set by statute.

Annual Pension Cost. For 2008, the District's annual pension cost of \$18,378 for Regular plan members was equal to the District's required actual contributions.

THREE YEAR TREND INFORMATION FOR THE REGULAR PLAN

Actual Valuation Date	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/2008	\$ 18,378	100%	\$ 0
12/31/2007	13,027	100%	0
12/31/2006	4,657	100%	0

The required contribution for 2008 was determined as part of the December 31, 2006 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2006, include (a) 7.5 percent investment rate of return (net of administrative and direct investment expenses); (b) projected salary increases of 4% a year, attributable to inflation; (c) additional projected salary increases ranging from .4% to 11.6% per year depending on age and service, attribute to seniority/merit; and (d) post retirement benefit increases of 3% annually. The actuarial value of the District Regular plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five (5) year period with a 20% corridor between the actuarial and market value of assets. The District Regular plan's unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis. The remaining amortization period at December 31, 2008 was 8 years.

Funded Status and Funding Progress. As of December 31, 2008, the most recent actuarial valuation date, the regular plan was 48.88% funded. The actuarial accrued liability for benefits was \$745,969 and the actuarial value of assets was \$50,448, resulting in an underfunded actuarial accrued liability (UAAL) of \$52,769. The covered payroll (annual payroll of active employees covered by the plan) was \$123,594 and the ratio of the UAAL to the covered payroll was 43 percent.

Southwest United Fire Districts

Required Supplementary Information

For the Year Ended May 31, 2009

REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
PENSION PLAN COMMITMENT - ILLINOIS MUNICIPAL RETIREMENT FUND (CONTINUED)

The schedule of funding progress, presented as RSI, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Southwest United Fire Districts
Employer Number 06756R
REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Funding Process

Actuarial Valuation Date	Actuarial Value of Assets (a)	Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-1)/c)
12/31/2008	50,448	103,217	52,769	48.88%	123,594	42.70%
12/31/2007	23,698	83,927	60,229	28.24%	121,630	49.52%
12/31/2006	6,621	62,474	55,853	10.60%	43,486	128.44%

Southwest United Fire Districts

Training Division

Statement of Revenues, Expenditures and Changes in Fund Balance

Budgetary Comparison Schedule

For the Year Ended May 31, 2009

	2009			Variance With Final Budget	2008
	Budgeted Amounts		Actual		Actual
	Original	Final			
Revenues					
Member Agency Contribution	\$ 194,700	\$ 194,700	\$ 194,700	\$ -	\$ 194,700
Fees	327,500	327,500	319,340	(8,160)	255,570
Other Income	-	-	-	-	11
Total Revenues	522,200	522,200	514,040	(8,160)	450,281
Expenses					
Administration	56,625	56,625	48,095	(8,530)	35,789
Facilities	27,200	27,200	9,751	(17,449)	7,059
Portable Equipment	10,500	10,500	6,163	(4,337)	1,429
Apparatus	6,800	6,800	6,839	39	4,198
Quartermaster	6,000	6,000	5,759	(241)	7,217
Internal Training	10,100	10,100	5,233	(4,867)	2,834
Academy	51,500	51,500	61,978	10,478	57,168
CPAT	12,500	12,500	7,335	(5,165)	8,272
ID Program	3,500	3,500	838	(2,662)	15,257
Payroll	351,000	351,000	367,892	16,892	319,869
Insurance	9,500	9,500	7,699	(1,801)	9,982
Total Expenditures	545,225	545,225	527,582	(17,643)	469,074
Net Change in Fund Balance	\$ (23,025)	\$ (23,025)	(13,542)	\$ 9,483	(18,793)
Fund Balance					
Beginning of Year			<u>(44,728)</u>		<u>(25,935)</u>
End of Year			<u>\$ (58,270)</u>		<u>\$ (44,728)</u>

Southwest United Fire Districts

Maintenance Division

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budgetary Comparison Schedule

For the Year Ended May 31, 2009

	2009			Variance With Final Budget	2008
	Budgeted Amounts		Actual		Actual
	Original	Final			
Revenues					
Member Contributions	\$ 390,000	\$ 390,000	\$ 426,144	\$ 36,144	\$ 390,296
Fees	158,000	158,000	114,128	(43,872)	139,668
Grants	<u>500</u>	<u>500</u>	<u>-</u>	<u>(500)</u>	<u>500</u>
Total Revenues	548,500	548,500	540,272	(8,228)	530,464
Expenses					
Administration	68,540	68,540	65,448	(3,092)	25,837
Facilities	88,800	88,800	75,965	(12,835)	104,476
Portable Equipment	7,025	7,025	1,759	(5,266)	3,852
Apparatus	138,500	138,500	150,984	12,484	200,788
Quartermaster	5,000	5,000	5,324	324	5,859
Payroll	216,100	216,100	187,719	(28,381)	188,381
Insurance	<u>21,510</u>	<u>21,510</u>	<u>12,164</u>	<u>(9,346)</u>	<u>14,667</u>
Total Expenditures	<u>545,475</u>	<u>545,475</u>	<u>499,363</u>	<u>(46,112)</u>	<u>543,860</u>
Net Change in Fund Balance	<u>\$ 3,025</u>	<u>\$ 3,025</u>	40,909	<u>\$ 37,884</u>	(13,396)
Fund Balance					
Beginning of Year			<u>50,930</u>		<u>64,326</u>
End of Year			<u>\$ 91,839</u>		<u>\$ 50,930</u>