NORTHWEST FIRE DISTRICT

COMPREHENSIVE ANNUAL FINANCIAL REPORT
for the fiscal year ended June 30, 2016

NORTHWEST FIRE DISTRICT
5225 W. Massingale Rd., Tucson, AZ 85743

NORTHWEST FIRE DISTRICT
PIMA COUNTY, ARIZONA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

for the fiscal year ended June 30, 2016

Northwest Fire District
5225 W. Massingale Road
Tucson, AZ 85743
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www.northwestfire.org

Prepared by the Finance Department of Northwest Fire District

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NORTHWEST FIRE DISTRICT
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INTRODUCTORY SECTION

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NORTHWEST FIRE DISTRICT

SERVING RESIDENTS OF THE NORTHWEST FIRE DISTRICT, THE FLOWING WELLS COMMUNITY, AND THE TOWN OF MARANA

ADMINISTRATION/PREVENTION & LIFE SAFETY
5225 W. MASSINGALE ROAD
TUCSON, AZ 85743

PHONE: (520) 887-1010 FAX: (520) 887-1034 www.northwestfire.org

December 5, 2016

To the Citizens and Board of Directors of Northwest Fire District:

Arizona Revised Statutes Article 9, §48-251 requires that all special districts with annual budgets in excess of $1,000,000 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. This report is published to fulfill that requirement for the fiscal year ended June 30, 2016.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of material misstatements. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Heinfeld, Meech & Co., P.C., a certified public accounting firm, have issued an unmodified ("clean") opinion on the Northwest Fire District financial statements for the year ended June 30, 2016. The independent auditor's report is located at the front of the financial section of this report.

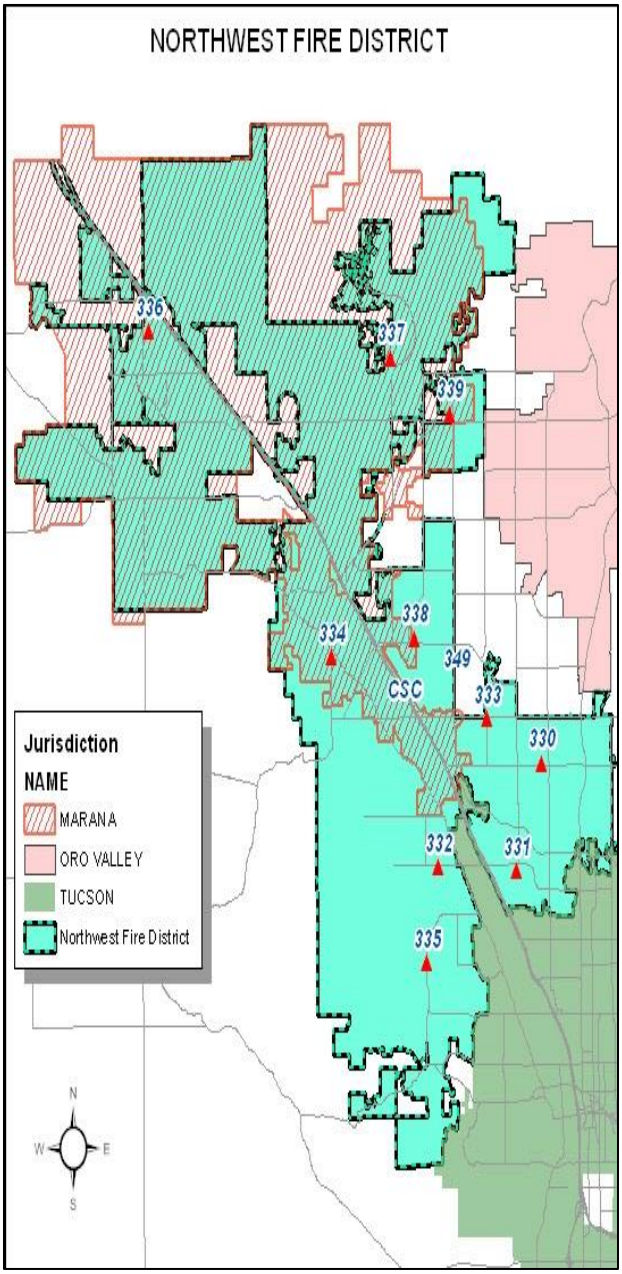
Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

The District is a special 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

Northwest Fire District (NWFD) is the largest fire district in the State of Arizona and operates under Arizona Revised Statutes (ARS) Title 48, Chapter 5. The District is a community service organization funded through limited assessed value property taxes. It is governed by a five member Board of Directors, comprised of a Board Chair and four Directors, including a Vice-chair and Clerk. All board members are elected at large and serve staggered four year terms. The Board hires a Fire Chief/Administrator to manage day-to-day operations of the District. The Board of Directors is required to adopt an annual budget which serves as the foundation for financial planning and control. The budget is prepared by fund, function, and department.

Northwest Fire District was formed in 1983 by residents of the northwest metropolitan Tucson area to ensure the community receives consistent, high-quality emergency services at a reasonable cost. On December 1, 1996, the District expanded by merging with the Flowing Wells Fire District.



Within its legal boundaries, NWFD provides fire, emergency medical services (EMS) and special operations response services to an area of approximately 144 square miles and to a population of approximately 116,788 people. Over 34,000 reside in the Town of Marana and the remainder resides in unincorporated Pima County northwest of the City of Tucson. Several industrial, commercial and residential occupancies outside the legal boundaries are served on a contractual basis. NWFD provides services to a broad classification of population densities including suburban, rural, and wilderness. Approximately 16 miles of Interstate 10 runs through the District. A transcontinental Union Pacific railroad parallels Interstate 10. NWFD protects property within its boundaries assessed at a total of $1.036 billion.

Northwest Fire District is an internationally accredited, ISO Class 2, Special District providing a broad level of professional proactive (prevention) and reactive (emergency) services to residents and visitors.

Prevention services provided include:

- CPR and first aid classes
- Fire code inspection
- Fire investigation
- Plans review
- Fire education programs in elementary schools
- Infant/child car seat installation
- Certified babysitting classes

NWFD provides a wide variety of non-emergency services that include:

- Reptile removal
- Smoke detector battery replacement
- Invalid assists
- Community Assistance Programs aiding victims and family members following a traumatic event such as a fire or death

Emergency services provided include:

- Fire suppression and rescue
- Emergency Medical Services at the Paramedic level
- Hazardous Materials response at the technician and specialist level
- Technical Rescue services at the technician level

The NWFD operates ten fire engines (pumpers), six ambulances, two battalion chief trucks and cross staffs one ladder truck from ten stations. The District is constantly staffed with 51 suppression personnel per day, and has six support vehicles that are staffed when personnel are available comprised of the following:

- Three water tenders
- Utility truck
- Light aircraft rescue firefighting (ARFF) truck
- Rehab vehicle

The Northwest Fire District's emergency response units are staffed consistently throughout the District with trained and qualified personnel who were selected through competitive testing to obtain their positions. All suppression personnel are required to be certified as a Firefighter I and II, pursuant to the State of Arizona training requirements, Hazardous Materials Operations, and complete NIMS 100, 200, 700 and 800 online programs. In addition, response personnel are, at a minimum, Emergency Medical Technician-Basic certified as per Arizona Department of Health.

Each fire engine is staffed with a Captain, Engineer, Paramedic and Firefighter. The District's staffing policy requires four personnel on an engine/ladder and two on an ambulance.

Budget process

The District budgets all funds in accordance with the requirements of state law. All funds are budgeted on the modified accrual basis of accounting.

The Board of Directors adopts the original budget by resolution prior to the beginning of the fiscal year of the District. The Board resolution authorizing budgeted expenditures for each fund sets the level by which actual expenditures should not exceed budgeted expenditures. Total personal services, materials and services, capital outlay, and other expenditures for the fund are the levels of control established by the resolution with the exception of the General Fund, where those same appropriation levels are defined by division levels. The detailed budget document, however, is required to contain more specific detailed information for the above mentioned expenditure categories, and management may transfer budgeted expenditures within all funds without Board approval. However, transfers between funds require Board authorization, as do any transfers from Contingency.

Budgeted expenditures lapse at year-end and may not be carried over to subsequent years.

Local economy

The Northwest Fire District operates in a fairly diverse region that has seen significant growth over the past sixteen years. The vast majority of the development within NWFD is residential, including single and multi-family dwellings. There is also a substantial presence of retail occupancies along with a smaller percentage of warehouses and industrial-type facilities. Major industries located within District boundaries include hospitals/healthcare, resorts/hospitality, retail, and aerospace/defense contractors.

Because of its location in a region with a varied economic base, unemployment has been relatively stable until the effect of the current recession was felt beginning in 2008. During the past ten years, unemployment has risen from a low of 3.3% in Pima County to a high of 9.1%. Much of this increase is due to the collapse of the construction industry. The good news is that all aggregate indicators of economic activity are improving, with the current unemployment rate estimated to be at 5.8%. Personal income, wages, and employment are growing at increasingly faster rates. Unemployment is declining as are bankruptcies and residential foreclosures. Fortunately, demand remains high for residential properties, driven by strong investor interest and a lack of supply.

The District's population is expected to continue to grow in the next 20 years, although prior growth estimates have been significantly curtailed. District management and staff are working proactively and cooperatively with other governments, surrounding fire districts, and regional planning groups to ensure continued ability to serve this future population.

Long-term financial planning and major initiatives

District management and its Board recognize the importance of strategic long term financial planning. Each year, forecasts are prepared to estimate the financial health of the District over the next five years. The District Board also annually reviews and approves a comprehensive set of financial policies, as well as a five-year Capital Improvement Program. Both documents provide a framework for financial sustainability utilizing recommended practices from the GFOA and industry leaders.

The five-year Capital Improvement Program (CIP) serves as a planning document to ensure that facilities and equipment are well maintained and operating in peak condition. Under guidance from the CIP committee and Board of Directors, the CIP process gives NWFD the ability to plan for its capital needs and allocate short and long-term resources appropriately. As part of this process, NWFD identifies and quantifies the operational costs associated with capital projects and budgets resources accordingly. In addition, the fleet services division monitors the condition of all vehicles and makes recommendations on their replacement. The NWFD maintains a vehicle replacement policy which serves as its fleet replacement guide over a ten-year period.

NWFD has also been accredited by the Commission on Fire Accreditation International (CFAI) through the Center for Public Safety Excellence (CPSE). During the accreditation process, an independent committee of experts performs a comprehensive on-site evaluation to determine if the agency is performing in a manner consistent with the needs of the community and relevant standards/best practices. The District is one of only eleven fire departments/districts in the State of Arizona to achieve this distinction, and one of two located in Southern Arizona. Accreditation lasts for a period of five years, with required annual updates/reporting. This marks the second consecutive time the District has received this honor.

Relevant financial policies

NWFD has adopted a comprehensive set of financial policies. The policies implemented have been effective in protecting the District during the "Great Recession", as the District has been able to maintain service levels despite increases to operational costs (fuel, utilities, etc.) and unwillingness by the Governing Board to increase the tax levy. Specifically, the policies 1) requiring the adoption of a balanced budget and 2) not allowing one-time resource inflows to be used for operating purposes, in addition to fund balance targets delineated by the policies have kept the Governing Board and staff focused on increasing internal efficiencies, especially through the leveraging of technologies.

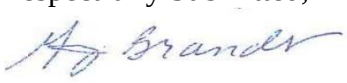
Awards and Acknowledgements

Awards: The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Northwest Fire District for its comprehensive annual financial report for the fiscal year ended June 30, 2015. This was the ninth consecutive year that the District achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

Acknowledgements: We would like to express our sincere gratitude to the personnel of the finance department who assisted and contributed to the preparation of this report. Appreciation is also extended to Board Chair George Carter, the Board of Directors, the managers, employees and citizens of the District whose continued support is vital to the financial health of Northwest Fire District.

Respectfully Submitted,



Michael J. Brandt
Fire Chief/Administrator

David Gephart, CPA
Finance Director

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

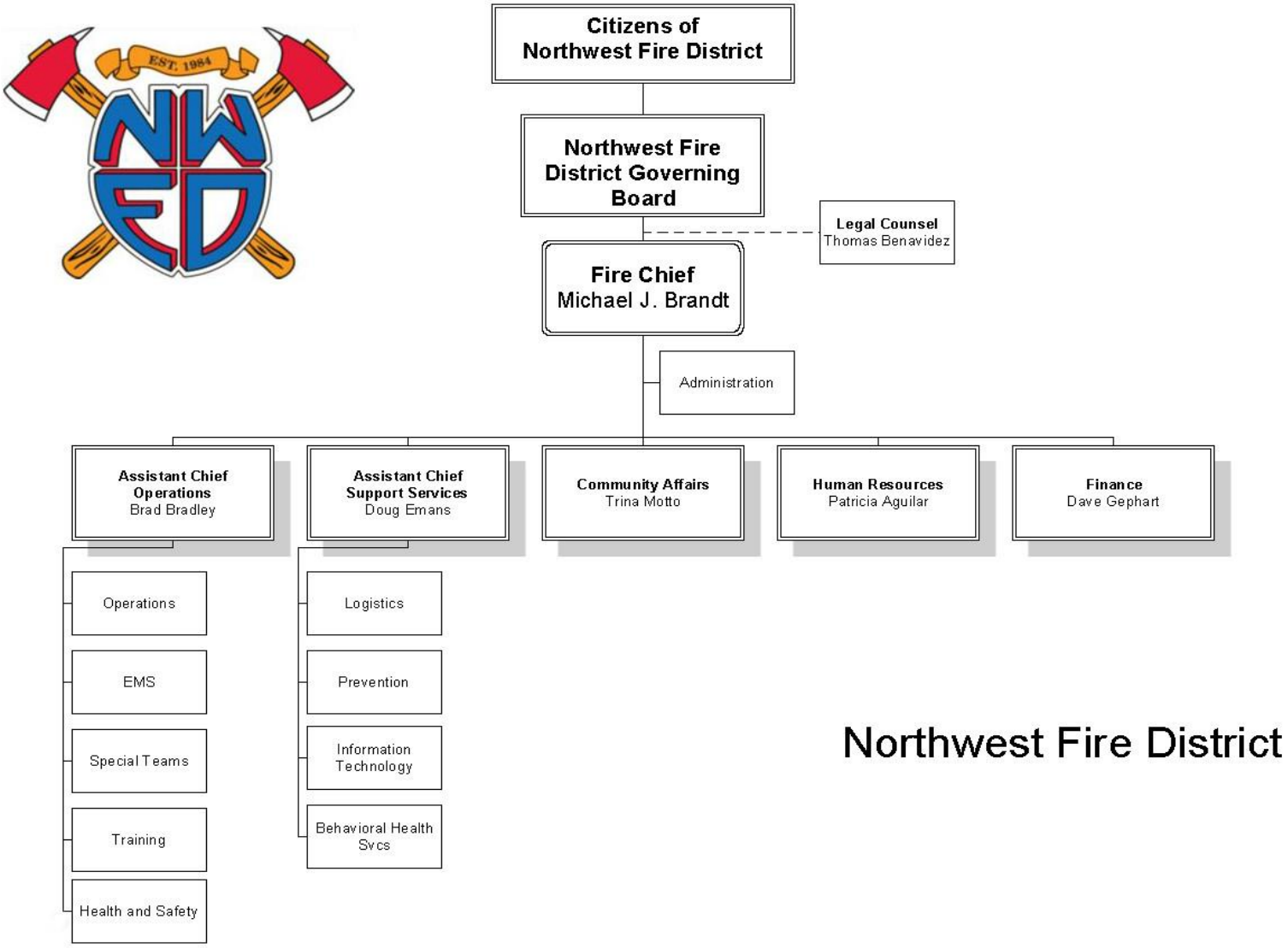
Northwest Fire District

Arizona

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO



Northwest Fire District

NORTHWEST FIRE DISTRICT
LIST OF ELECTED AND APPOINTED OFFICIALS
JUNE 30, 2016

Board of Directors

	Term Expires
George Carter, Chair	*November 30, 2016*
Bruce Kaplan, Vice-Chair	*November 30, 2018*
Tim Clayton, Clerk	*November 30, 2016*
Peg Green	*November 30, 2016*
David Talas	*November 30, 2018*

Administrative Offices
5225 W. Massingale Road
Tucson, AZ 85743

Registered Agent
Michael J. Brandt
Fire Chief/Administrator

Legal Counsel
Benavidez Law Group, P.C.
7440 N. Oracle Road
Tucson, AZ 85704

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Northwest Fire District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Northwest Fire District (District), as of and for the year ended June 30, 2016, 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 accounting principles generally accepted in the United States of America; 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 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. 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 and each major fund of the Northwest Fire District, as of June 30, 2016, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in the notes to the financial statements, the District implemented the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*, for the year ended June 30, 2016, which represents a change in accounting principle. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information, and net pension liability information, as listed in the table of contents, 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 auditing standards generally accepted in the United States of America, 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 District's basic financial statements. The accompanying supplementary information such as the Introductory Section, Other Supplementary Information, and Statistical Section are presented for purposes of additional analysis and are not a required part of the financial statements.

The Other Supplementary Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Other Supplementary Information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The Introductory Section and Statistical Section 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 December 5, 2016, on our consideration of Northwest Fire District'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 the 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 Northwest Fire District's internal control over financial reporting and compliance.

Heinfeld, Meech & Co., P.C.

Heinfeld, Meech & Co., P.C.
Tucson, Arizona
December 5, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED JUNE 30, 2016

As management of the Northwest Fire District (District), we offer readers of the District financial statements this narrative overview and analysis of financial activities for the fiscal year ended June 30, 2016. We encourage readers to consider the information presented here in conjunction with the accompanying transmittal letter, the basic financial statements, and the accompanying notes to those financial statements.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of Northwest Fire District exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by $10,700,800 *(net position)*. No amount of the net position may be used to meet ongoing obligations of the District to citizens and creditors because *unrestricted net position* carried a negative balance.
- Total net position of the District increased by $1,019,923, primarily due to increased service revenues.
- As of the close of the current year, the governmental funds of the District reported combined ending fund balances of $12,620,233, a decrease of $2,436,208 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was $5,750,826, or 20.57% of total General Fund expenditures.
- The total long-term debt of the District decreased by a net amount of $1,655,013. The decrease is primarily due to regular payments on already-existing bonds, as well as refunding its Series 2007A general obligation bonds.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the basic financial statements of the District. These basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* (pages 25-27) are intended to provide a broad overview in a manner similar to a private sector business.

The *Statement of Net Position* presents information on all of the assets, liabilities, and deferred inflows/outflows of resources, with the difference 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 net position of the District 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).

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. Northwest Fire District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District are considered governmental funds.

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 assessing 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 balance provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District adopts an annual appropriated budget for the General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

The governmental fund financial statements can be found on pages 28-33 and 70-79 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 37-62 of this report.

GOVERNMENT-WIDE OVERALL FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the financial position of a government. In the case of Northwest Fire District, assets and deferred outflows of resources exceeded liabilities and deferred inflows by $10,700,800 at the close of the most recent fiscal year.

The largest portion of net position of the District ($17,218,346, or 160.91%) reflects its investment in capital assets (e.g., land, buildings, vehicles, and equipment), less any debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to residents; consequently, the assets are not available for future spending. Although the investment in 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 capital assets themselves cannot be used to liquidate these liabilities.

The next-largest balance of net position ($2,351,605, or 21.98%) reflects its restricted net position, primarily comprised of unexpended grant and bond monies that cannot legally be utilized for any purpose other than what the grantor or bond documents dictate.

The remaining balance of net position (-$8,869,151, or -82.88%) is unrestricted and may be used to meet ongoing obligations of the District to citizens and creditors. Unrestricted net position is negative due to implementation of GASB Statement No. 68, which requires the District to recognize pension liabilities.

The following table reflects the condensed Statement of Net Position.

Northwest Fire District
Condensed Statement of Net Position
As of June 30,

	Governmental Activities		Increase/
	2016	2015	(Decrease)
Cash and investments	$14,417,348	$16,070,678	$ (1,653,330)
Other assets	4,757,448	2,629,752	2,127,696
Capital assets	43,547,647	44,160,830	(613,183)
Total assets	62,722,443	62,861,260	(138,817)
Deferred outflows of resources	7,612,743	5,841,055	1,771,688
Other liabilities	3,430,716	2,489,423	941,293
Long-term liabilities	52,380,145	51,936,806	443,339
Total liabilites	55,810,861	54,426,229	1,384,632
Deferred inflows of resources	3,823,525	4,595,209	(771,684)
Net position			
Net investment in capital assets	17,218,346	16,176,516	1,041,830
Restricted	2,351,605	2,300,240	51,365
Unrestricted	(8,869,151)	(8,795,879)	(73,272)
Total net position	$10,700,800	$ 9,680,877	$ 1,019,923

Governmental activities. The net position of the District from governmental activities increased 10.54%, from $9,680,877 to $10,700,800. Key elements of these activities are as follows:

- Unrestricted net position decreased $73,272 primarily due to an increase in pension liability.
- Restricted net position increased $51,365 primarily due to bond and grant revenues exceeding expenses in those funds.
- Net investment in capital assets increased $1,041,830 due to decreased debt associated with the purchase of capital assets as a result of refunding the Series 2007A Bonds.
- Charges for services increased $3,148,923 due to the District being awarded a Certificate of Necessity by the State of Arizona for ambulance transports, which allows the District to bill for these transports.
- Operating grants and contributions decreased $810,526 due to the District not being utilized as heavily in combating wildland fires and thus, bringing in less revenue.
- Property taxes increased $585,953 as a result of a slight increase in operating levy.
- Investment earnings increased by $5,650 as a result of better interest rates and market conditions.
- Expenses for public safety increased reflecting the District awarding step increases to eligible employees, as well as inflation.

Condensed Statement of Activities
For the year ended June 30,

	Governmental Activities		Increase/
	2016	2015	(Decrease)
Revenues			
Program revenues			
Charges for services	$ 4,851,624	$ 1,702,701	$ 3,148,923
Operating grants and contributions	1,317,763	2,128,289	(810,526)
General revenues			
Property taxes	28,884,757	28,298,804	585,953
Fire district assistance tax	394,641	398,891	(4,250)
Investment earnings	72,176	66,526	5,650
Miscellaneous	956	4,228	(3,272)
Total revenues	35,521,917	32,599,439	2,922,478
Expenses			
Public safety	33,014,022	32,104,719	909,303
Interest on long-term debt	1,487,972	1,396,551	91,421
Total expenses	34,501,994	33,501,270	1,000,724
Increase/(Decrease) in net position	1,019,923	(901,831)	1,921,754
Prior period adjustment	-	(19,845,087)	19,845,087
Beginning net position	9,680,877	30,427,795	(20,746,918)
Ending net position	$ 10,700,800	$ 9,680,877	$ 1,019,923

FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS

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

Governmental funds. The focus of *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, unassigned fund balances may serve as a useful measure of the District's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the District itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the District Board of Directors.

At June 30, 2016, Northwest Fire District's governmental funds reported combined fund balances of $12,620,233, a decrease of $2,436,208, or -16.18%, in comparison with the prior year. Approximately 45.57% of this amount ($5,750,826) constitutes *unassigned fund balance*, which is available for spending

at the District's discretion. The remainder of the fund balance is either *nonspendable*, *restricted*, *or assigned* to indicate that it is 1) not in spendable form ($88,352), 2) restricted for particular purposes ($2,227,260), or 3) assigned for particular purposes ($4,553,795).

General Fund. The General Fund accounts for all of the financial resources of the District, which are not accounted for in any other fund. At the end of June 30, 2016, total fund balance was $7,896,589, of which $88,352 was nonspendable because of prepaid items, $2,057,411 was assigned for medical self insurance costs, and $5,750,826 was unassigned for financial reporting purposes. As a measure of the fund's liquidity, it may be useful to compare both unassigned and total fund balance to the fund's expenditures. Unassigned fund balance represents 20.57% of the total general fund expenditures, while the total fund balance represents 28.24% of total general fund expenditures. Total fund balance of the fund decreased by $404,051, resulting from increased payroll and employee benefit costs.

Wildland Fund. The Wildland Fund accounts for the resources and requirements specific to the District's wildfire suppression activity. The primary source of income is federal/state government reimbursements for out-of-district activities. Primary expenditures are wages and related expenditures, travel, and supplies. At the end of June 30, 2016, total fund balance was $335,946, which is a decrease of $58,068 from the prior year due to a decrease in wildland fire activity and related billings.

Ambulance Fund. The Ambulance Fund accounts for the resources and requirements specific to the District's ambulance transport activity. The primary source of income is ambulance billings. Primary expenditures are wages and related expenditures, travel, and supplies. At the end of June 30, 2016, total fund balance was $370,762, which is an increase of $370,762 from the prior year due to the fund being newly created.

Capital Improvements Fund. The Capital Improvements Fund accounts for financial resources to be used for the acquisition or construction of major capital assets. The primary sources of income are from property taxes, bond proceeds, and charges for services. The primary expenditures are capital expenditures. At the end of June 30, 2016, total fund balance was $582,183, which is a decrease of $1,504,437 from the prior year primarily due to the planned spenddown of reserves.

GO Debt Service Fund. The GO Debt Service Fund accounts for the property tax levy dedicated to the payment of principal and interest on general obligation bonds.

Capital Reserve Fund. The Capital Reserve Fund accounts for reserves set aside for significant capital purchases anticipated to be made in future years. It is funded through budgeted transfers from other funds.

Grant Program Fund. The Grant Program Fund accounts for all the grants awarded to the District from various governmental and non-governmental sources, and related expenditures.

BUDGETARY HIGHLIGHTS

There were no changes or variances from the original to the final budget for the General Fund. A schedule showing the original and final budget amounts compared to the actual financial activity for the General Fund is provided in this report as required supplementary information. The significant variances are summarized as follows:

- The positive variance of $5,010,666 for expenditures is primarily attributed to not utilizing contingency funds for operations.
- The negative variance of $2,399,418 for emergency operations is primarily attributed to increased wage and benefit costs due to not being able to allocate as much cost as planned to the new Ambulance Fund.

For more detailed information, see budget to actual comparisons on page 70.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. As of June 30, 2016, the investment in capital assets for governmental activities amounts to $43,547,647 (net of accumulated depreciation). This investment in capital assets includes land and improvements, buildings and improvements, vehicles, furniture and equipment. The total decrease in capital assets for the current fiscal year was $613,183, or 1.39%.

Major capital events during the current fiscal year included the following:

- Purchase of 6 new Ford F-150 Supercrew trucks
- Purchase of a new KME Custom Pumper
- Installation of a new Station alerting system
- Radio system upgrades
- Purchase of 46 new radios to enhance communication capabilities

For more detailed information, see page 46 in the notes to the financial statements. The following table is a summarized reconciliation of the changes in capital assets.

Northwest Fire District
Changes in Capital Assets
Year Ended June 30,

	2016	2015
Beginning balance	$ 44,160,830	$ 45,284,513
Additions	2,522,753	2,178,536
Retirements	(1,592,946)	(1,389,886)
Depreciation	(1,542,990)	(1,912,333)
Ending balance	$ 43,547,647	$ 44,160,830

The District depreciates all capital assets except for land and construction in progress.

Long-term debt. At the end of the current fiscal year, the District had total debt outstanding of $26,329,301. The entire amount of the debt is backed by the full faith and credit of the District. The District has been issued an "AA-" rating from Standard & Poor's.

During the year the District refunded its Series 2007A Bonds, achieving a gross savings for taxpayers in the amount of $1,210,114 over 11 years and a present value savings of $1,163,369.

Northwest Fire District
Outstanding Debt
As of June 30,

	Governmental Activities		Increase/
	2016	2015	(Decrease)
General Obligation Bonds	$ 26,329,301	$ 27,984,314	$ (1,655,013)
	$ 26,329,301	$ 27,984,314	$ (1,655,013)

Additional information regarding the long-term debt of the District can be found in the notes to the financial statements on pages 47-48 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The local housing market continues to stabilize in foreclosures and prices, and assessed values appear to have bottomed out three years ago. Builders and developers have begun reinvesting in the community, as evidenced by a new prime outlet mall being constructed in the District which opened in October 2015. District assessed values hit a high of $1.218 billion in 2009/10, and currently is estimated at $1.036 billion. The Board of Directors had been consistent in its approach of attempting to maintain service levels through a combination of operational budget reductions, self-insuring District health benefits, utilizing a separation incentive plan, capital expenditure deferments, and tax levy maintenance. However, the District has now reached the point where tax levy maintenance is no longer feasible given inflation. As a result, the operational tax rates has been increased from $2.6086 to $2.6995 for 2016/17.

Next year's budget reflects the District continuing to bill for ambulance transport operations, but taking a more conservative position on these revenues.

FINANCIAL CONTACT

The financial statements of the District are designed to present users (citizens, taxpayers, customers, investors, and creditors) with a general overview of the finances of the District and to demonstrate accountability. If you have questions regarding the report or need additional financial information, please contact the Finance Director of the District at 5225 W. Massingale Road, Tucson, AZ 85743.

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BASIC FINANCIAL STATEMENTS

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NORTHWEST FIRE DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2016

	Governmental Activities
ASSETS	
Cash and investments	$ 14,417,348
Cash held by paying agent	614,838
Accounts receivable	2,437,884
Property taxes receivable	1,616,374
Prepaid expenses	88,352
Capital assets	
Land, improvements, and construction in progress	5,964,932
Other capital assets (net of accumulated depreciation)	37,582,715
Total Assets	62,722,443
DEFERRED OUTFLOWS OF RESOURCES	
Pension plan items	7,612,743
Total Deferred Outflows of Resources	7,612,743
LIABILITIES	
Accounts payable and accrued expenses	3,413,597
Unearned revenue	17,119
Noncurrent liabilities:	
Due within one year:	
Bonds payable	2,550,000
Compensated absences	1,700,000
Due in more than one year:	
Bonds payable, net of unamortized premium	23,779,301
Compensated absences	1,416,311
Net pension liability	22,934,533
Total Liabilities	55,810,861
DEFERRED INFLOWS OF RESOURCES	
Pension plan items	3,823,525
Total Deferred Inflows of Resources	3,823,525
NET POSITION	
Net investment in capital assets	17,218,346
Restricted for:	
Debt Service	1,132,342
Grants	1,219,263
Unrestricted	(8,869,151)
Total Net Position	$ 10,700,800

The accompanying notes are an integral part of the financial statements.

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NORTHWEST FIRE DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2016

	Governmental Activities
EXPENSES	
Public safety	
Salaries and wages	$ 18,691,308
Employee benefits	6,356,914
Materials and supplies	1,287,300
Professional services	721,085
Utilities and communications	1,494,085
Insurance	179,067
Repairs and maintenance	1,153,002
Lease agreements	42,561
Depreciation	3,088,700
Interest on long-term debt	1,487,972
Total program expenses	34,501,994
PROGRAM REVENUES	
Charges for services	4,851,624
Operating grants and contributions	1,317,763
Total program revenues	6,169,387
Net program expenses	(28,332,607)
GENERAL REVENUES	
Property taxes	28,884,757
Fire district assistance tax	394,641
Investment earnings	72,176
Miscellaneous	956
Total general revenues	29,352,530
Change in net position	1,019,923
Net position, July 1, 2015	9,680,877
Net position, June 30, 2016	$ 10,700,800

The accompanying notes are an integral part of the financial statements.

NORTHWEST FIRE DISTRICT
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2016

	General	Wildland	Ambulance
ASSETS			
Cash and investments	$ 9,582,131	$ 387,788	$ 93,270
Cash held by paying agent	-	-	-
Accounts receivable	34,643	132,421	2,177,276
Property taxes receivable	1,453,056	-	-
Prepaids	88,352	-	-
Total Assets	$ 11,158,182	$ 520,209	$ 2,270,546
LIABILITIES			
Accounts payable	$ 530,662	$ 31,658	$ 52,336
Accrued payroll and related benefits	1,605,126	75,918	-
Unearned revenue	13,187	-	-
Total Liabilities	2,148,975	107,576	52,336
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	1,112,618	-	-
Unavailable revenue - wildland billings	-	76,687	-
Unavailable revenue - ambulance billings	-	-	1,847,448
Total Deferred Inflows of Resources	1,112,618	76,687	1,847,448
FUND BALANCES			
Nonspendable:			
Prepaid items	88,352	-	-
Restricted for:			
Debt service	-	-	-
Grant expenditures	-	-	-
Assigned to:			
Medical self insurance	2,057,411	-	-
Wildland	-	335,946	-
Ambulance	-	-	370,762
Capital expenditures	-	-	-
Unassigned:	5,750,826	-	-
Total Fund Balances	7,896,589	335,946	370,762
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 11,158,182	$ 520,209	$ 2,270,546

The accompanying notes are an integral part of the financial statements.

Capital Improvements	GO Debt Service	Capital Reserve	Grant Program	Totals
$ 1,578,034	$ 354,186	$ 1,207,493	$ 1,214,446	$ 14,417,348
-	614,838	-	-	614,838
74,612	-	-	18,932	2,437,884
-	163,318	-	-	1,616,374
-	-	-	-	88,352
$ 1,652,646	$ 1,132,342	$ 1,207,493	$ 1,233,378	$ 19,174,796
$ 1,070,463	$ -	$ -	$ 2,065	$ 1,687,184
-	-	-	8,118	1,689,162
-	-	-	3,932	17,119
1,070,463	-	-	14,115	3,393,465
-	124,345	-	-	1,236,963
-	-	-	-	76,687
-	-	-	-	1,847,448
-	124,345	-	-	3,161,098
-	-	-	-	88,352
-	1,007,997	-	-	1,007,997
-	-	-	1,219,263	1,219,263
-	-	-	-	2,057,411
-	-	-	-	335,946
-	-	-	-	370,762
582,183	-	1,207,493	-	1,789,676
-	-	-	-	5,750,826
582,183	1,007,997	1,207,493	1,219,263	12,620,233
$ 1,652,646	$ 1,132,342	$ 1,207,493	$ 1,233,378	$ 19,174,796

The accompanying notes are an integral part of the financial statements.

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NORTHWEST FIRE DISTRICT

RECONCILIATION OF BALANCE SHEET – GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
JUNE 30, 2016

Fund Balances		$ 12,620,233
The Statement of Net Position reports receivables at their net realizable value. However, receivables not available to pay for current-period expenditures are reported as unavailable revenue in governmental funds.		3,161,098
Capital assets are not financial resources in governmental funds, but are reported in the Statement of Net Position at their net depreciable value.		43,547,647
Pension contributions subsequent to the measurement date, assumption changes, and differences between expected and actual experience are not available resources, and therefore, are not reported in the funds.		3,789,218
Long-term liabilities not payable in the current year are not reported as governmental fund liabilities. Interest on long-term debt is not accrued in the governmental funds, but is recognized as an expenditure when paid. These liabilities consist of the following:		
Accrued interest payable	(37,251)	
Accrued compensated absences payable	(3,116,311)	
Bonds payable	(26,329,301)	
Net pension liability	(22,934,533)	(52,417,396)
Net position of governmental activities		$ 10,700,800

The accompanying notes are an integral part of the financial statements.

NORTHWEST FIRE DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2016

	General	Wildland	Ambulance
REVENUES			
Taxes and assessments	$ 26,191,350	$ -	$ -
Charges for services	1,299,406	-	1,629,991
Intergovernmental	-	337,262	-
Donations	542	-	-
Interest earned	64,744	-	-
Miscellaneous	956	-	-
Total Revenues	27,556,998	337,262	1,629,991
EXPENDITURES			
Public safety:			
Administration	2,299,012	-	-
Emergency operations	19,864,394	395,330	1,142,805
Community safety services	1,341,883	-	-
Support resources	4,455,760	-	116,424
Capital outlay	-	-	-
Debt service	-	-	-
Total Expenditures	27,961,049	395,330	1,259,229
REVENUES OVER (UNDER) EXPENDITURES	(404,051)	(58,068)	370,762
OTHER FINANCING SOURCES/(USES)			
Sale of general capital assets	-	-	-
Transfers in/(out)	-	-	-
Refunding bonds issued	-	-	-
Refunding bond premium	-	-	-
Payment to refunded bond escrow agent	-	-	-
Total Other Financing Sources (Uses)	-	-	-
NET CHANGE IN FUND BALANCES	(404,051)	(58,068)	370,762
FUND BALANCES, Beginning of year	8,300,640	394,014	-
FUND BALANCES, End of year	$ 7,896,589	$ 335,946	$ 370,762

The accompanying notes are an integral part of the financial statements.

Capital Improvements	GO Debt Service	Capital Reserve	Grant Program	Totals
$ -	$ 3,019,814	$ -	$ -	$ 29,211,164
74,779	-	-	-	3,004,176
-	145,048	-	783,365	1,265,675
-	-	-	-	542
-	7,432	-	-	72,176
-	-	-	-	956
74,779	3,172,294	-	783,365	33,554,689
-	1,495	-	-	2,300,507
6,015	-	-	747,223	22,155,767
-	-	-	-	1,341,883
-	-	-	-	4,572,184
2,506,561	-	-	16,191	2,522,752
-	3,380,579	-	-	3,380,579
2,512,576	3,382,074	-	763,414	36,273,672
(2,437,797)	(209,780)	-	19,951	(2,718,983)
47,235	-	-	-	47,235
886,125	-	(886,125)	-	-
-	8,300,000	-	-	8,300,000
-	788,774	-	-	788,774
-	(8,853,234)	-	-	(8,853,234)
933,360	235,540	(886,125)	-	282,775
(1,504,437)	25,760	(886,125)	19,951	(2,436,208)
2,086,620	982,237	2,093,618	1,199,312	15,056,441
$ 582,183	$ 1,007,997	$ 1,207,493	$ 1,219,263	$ 12,620,233

The accompanying notes are an integral part of the financial statements.

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NORTHWEST FIRE DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2016

Net change in fund balances - total governmental funds		$ (2,436,208)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		1,967,227
Governmental funds do not report expenditures for unpaid compensated absences since they do not require the use of current financial resources. However, the Statement of Activities reports such expenses when incurred, regardless of when settlement ultimately occurs.		(257,841)
Capital outlays are reported as expenditures in governmental funds. However, the Statement of Activities allocates the cost of capital outlay over their estimated useful lives as depreciation expense.		
Expenditures for capital assets	$ 2,522,752	
Loss on disposition of capital assets	(10,305)	
Less current year depreciation	(3,125,630)	(613,183)
In the Statement of Activities interest is accrued on long-term debt, whereas in the governmental funds it is recorded as an interest expenditure when paid.		2,054
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		702,861
Proceeds from the issuance of long-term debt provide current financial resources to governmental funds and are reported as revenues. In the same way, repayments of long-term debt use current financial resources and are reported as expenditures in governmental funds. However, neither the receipt of debt proceeds nor the payment of debt principal affect the Statement of Activities, but are reported as increases and decreases in noncurrent liabilities in the Statement of Net Position.		
Amortization	$ (681,098)	
Refunding bond proceeds	(8,300,000)	
Payment to refunded bond escrow agent	8,853,234	
Principal repayments	1,782,877	1,655,013
Change in net position of governmental activities.		$ 1,019,923

The accompanying notes are an integral part of the financial statements.

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Northwest Fire District (District), a Suburban Fire Protection District, is an Arizona Special Taxing District operating under Arizona Revised Statutes Title 48, Chapter Five, and provides fire protection to residents of the northwest unincorporated Tucson area and residents of the Town of Marana.

The power and authority given to the District is vested in a Board of Directors, each member being elected for a four-year term. The Board of Directors has the statutory authority to adopt and modify the budget; levy taxes; control all assets, including facilities and properties; authorize borrowing, or long-term debt issuances; sign contracts, and develop the programs to be provided. The responsibility and accountability over all funds and fiscal matters are vested in the Board of Directors. The District is responsible for its debts and is entitled to surpluses. No separate agency receives a financial benefit from nor imposes a financial burden on the District.

The Board of Directors appoints the Fire Chief of the District. The activities under the purview of the Fire Chief are within the scope of the reporting entity and the Fire Chief is accountable to the Board of Directors for the activities being managed.

The District is the primary, special purpose government responsible for all fire protection within its service areas. As a result, all significant activities have been included in the government-wide financial statements. The District's financial statements represent those of a stand-alone government, as there are no component units.

Government-wide and Fund Financial Statements

The government-wide financial statements report information on all of the governmental activities of the District. Eliminations have been made to minimize the double counting of internal activities. Governmental activities are financed primarily through property taxes, investment earnings, grants and contributions, and charges for services to other governments.

The Statement of Activities presents a comparison between direct expenses of the public safety program of the District and program revenues. Direct expenses are those that are specifically associated with the public safety function and, therefore, are clearly identifiable to that function. Program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Property taxes, investment earnings, insurance refunds, and other items that are not properly classified as program revenues, are presented as general revenues.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues 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 governmental fund financial statements are reported using the *current financial resources measurement focus*, and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Real and personal property taxes are levied 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 in 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 assessed against real and personal property attaches on the first day of January preceding assessment and levy. All property taxes are billed and collected by Pima County and remitted to the District. In the governmental fund financial statements, property taxes are reflected as revenues in the fiscal period for which they were levied, provided they are due, or past due and receivable within the current period, and collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period (60 days). Otherwise they are reported as deferred revenues.

Intergovernmental revenues are recognized as revenues when all eligibility requirements are met. There are, however, essentially two types of intergovernmental revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the District; therefore, all eligibility requirements are determined to be met when the underlying expenditures are recorded. In the other, monies are virtually unrestricted as to the purpose of the expenditure and are usually revocable only for failing to comply with prescribed requirements; therefore, all eligibility requirements are determined to be met at the time of receipt or earlier if the susceptible to accrual criteria are met.

When both restricted and unrestricted resources are available for use, it is the policy of the District to use restricted resources first, then unrestricted resources as they are needed.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

The District reports the following major governmental funds:

- The General Fund is the primary operating fund of the District. It accounts for all financial resources of the District, except those required to be accounted for in another fund, either legally or by Board direction. The principal revenue source is property taxes. Primary expenditures are for public safety.
- The Wildland Fund accounts for financial resources to be used for the operation of the District Wildland program. The principal revenue source is state and federal wildland fire suppression billings. Primary expenditures are wages and related costs, travel and supplies.
- The Ambulance Fund accounts for financial resources to be used for the operation of the District Ambulance Transport program. The principal revenue source is ambulance transport billings. Primary expenditures are wages and related costs, supplies and services.
- The Capital Improvements Fund accounts for financial resources to be used for the acquisition or construction of major capital assets. The principal revenue source is property taxes, while primary expenditures are for capital outlay.
- The General Obligation Debt Service Fund accounts for repayment of general obligation debt. The principal revenue source is property taxes, while primary expenditures are for principal and interest debt service payments.
- The Capital Reserve Fund accounts for reserves specific to future capital needs of the District. The principal revenue source is property taxes. There are no expenditures in this fund.
- The Grant Program Fund accounts for grants received by the District. Primary revenues are grants from intergovernmental agencies. Primary expenditures are personnel costs and capital outlay.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of certain assets, liabilities, revenues and expenses as of and for the year ended June 30, 2016. Actual results may differ from such estimates.

Cash and Investments

The District considers cash on hand, demand deposits and short-term highly liquid investments with a maturity of three months or less, when purchased, to be cash and cash equivalents. Investments maintained in the Pima County Investment Pool, are carried at cost, which approximates fair value, and are classified as a cash equivalent. Fair value of the investments in the pool is the same as the value of the pool shares. Short-term investments classified as cash equivalents are carried at amortized cost. Fair value is defined as the amount at which an investment could be exchanged between willing parties, other than in a forced or liquidation sale.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Receivables and Deferred Inflows of Resources

All accounts and property tax receivables are shown net of any allowance for uncollectible accounts. Property taxes receivable for the governmental fund types, which have been remitted within 60 days subsequent to year end, are considered measurable and available and recognized as revenues. All other property taxes are offset by deferred property tax inflows of resources and, accordingly, have not been recorded as revenue. Real and personal property taxes are levied upon all taxable property within the District and become liens against the property on the first day of January preceding assessment and levy.

Federal and state grants and contracts are recorded as intergovernmental receivables and revenues when the related expenditures are incurred. The portion of reimbursement in excess of expenditures and amounts not remitted within 60 days subsequent to year end, are recorded as unavailable revenues.

All other revenues are recognized when earned.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements under the consumption method.

Capital Assets

Capital assets are stated at cost or estimated historical cost. Donated items are recorded at fair market value at date of donation. Estimated fair market value of donated assets is determined based on engineering estimates of current cost or price indexed cost.

Normal maintenance and repairs are charged to operations as incurred. Major additions, improvements and replacements are capitalized. Gains or losses from sales or retirements of capital assets are included in operations.

Capital assets include land, buildings, improvements, equipment, and other tangible assets costing over $5,000 and that have initial useful lives extending beyond a single reporting period.

Depreciation is computed on assets in service, using the straight-line method over their estimated useful lives:

Land and construction in progress	non-depreciable
Vehicles, furniture and equipment	5-15 years
Buildings and facilities	5-50 years

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences

It is the policy of the District to permit employees to accumulate earned but unused paid time off. A liability is reported for paid time off that the District will pay upon termination or retirement. None of the liability for compensated absences is expected to be liquidated with expendable available financial resources. Accordingly, compensated absences are accrued as a liability only in the government-wide financial statements. The General Fund and Wildland Fund have typically been used to liquidate the liability for compensated absences in prior years.

Long-Term Debt

In the government-wide financial statements, long-term debt is reported as a liability in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the related debt. Bonds payable are reported net of applicable bond premium or discount.

In the fund financial statements, bond premiums and discounts are recognized when incurred and not deferred. The face amount of the debt issued, premiums and discounts received on debt issuances, are reported as other financing sources and uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.

Restricted Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the District to assess, levy, charge, or otherwise mandate payment of resources and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the District can be compelled by an external party – such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance (Continued)

Committed The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (resolution) of the Board of Directors. Those committed amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those accounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by the Board of Directors, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. Assigned amounts represent intended uses established by the Board of Directors or a District official delegated that authority by District Charter, formal Board Action (resolution), or by Arizona Revised Statutes.

Unassigned Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Net Position

Net position represents the difference between assets, liabilities, and deferred outflows/inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

NEW ACCOUNTING PRONOUNCEMENT

During the year ended June 30, 2016, the District implemented the provisions of GASB Statement No. 72, *Fair Value Measurement and Application*. This Statement addresses accounting and financial reporting issues related to fair value measurements and establishes a hierarchy of inputs to valuation techniques used to measure fair value. This Statement also enhances accountability and transparency through revised note disclosures.

STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

The District budgets all funds in accordance with the requirements of state law. All funds are budgeted on the modified accrual basis of accounting.

The Board of Directors adopts the original budget by resolution prior to the beginning of the fiscal year of the District. The Board resolution authorizing budgeted expenditures for each fund sets the level by which actual expenditures should not exceed budgeted expenditures. Total personal services, materials and services, capital outlay, and other expenditures for the fund are the levels of control established by the resolution with the exception of the General Fund, where those same appropriation levels are defined by division levels. The detailed budget document, however, is required to contain more specific detailed information for the above mentioned expenditure categories, and management may transfer budgeted expenditures within all funds without Board approval. However, transfers between funds do require Board authorization, as do any transfers from Contingency.

Budgeted expenditures lapse at year-end and may not be carried over to subsequent years.

Excess of Expenditures over Budget

At June 30, 2016, the District had expenditures in funds that exceeded the budget; however, this does not constitute a violation of any legal provisions.

CASH AND INVESTMENTS

The District maintains a cash and investment pool that is available for use by all funds. Each fund's portion of this pool is displayed on the Statement of Net Position as part of "cash and investments". Cash and investments are comprised of the following at June 30, 2016:

	Fair Value
Cash	
Cash on hand	$ 500
Deposits with financial institutions	3,193,362
Investments	
Local government investment pool	11,223,486
	$ 14,417,348

Deposits

Custodial credit risk is the risk that in the event of bank failure, the District's deposits may not be returned. Arizona Revised Statutes require collateral for demand deposits, certificates of deposit and repurchase agreements at 101 percent of all deposits not covered by federal depository insurance.

At June 30, 2016, deposits with financial institutions have a bank value of $3,246,005, and a book value of $3,193,362. The difference of $52,643 represents deposits in transit, outstanding checks, and other reconciling items at June 30, 2016. At June 30, 2016, none of the District's bank balance was exposed to custodial credit risk as uninsured and collateralized with securities held by the pledging financial institution's trust department.

Investments

The District invests money into a Pima County Local Government Investment Pool. No oversight is provided for the Pima County investment pool, nor does the structure of the pool provide for shares. Participation in the Pima County investment pool is involuntary. Participants in the pool are not required to categorize the value of shares in accordance with the fair value hierarchy.

The amounts invested with the County Treasurer were as follows at June 30, 2016:

Local Government Investment Pool	***Fair Value***	***Rating***	***Rating Agency***
County Treasurer	$ 11,223,486	Unrated	Not applicable
	$ 11,223,486		

CASH AND INVESTMENTS (Continued)

Fair Value Measurements

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of an asset.

- Level 1 inputs are quoted prices in active markets for identical assets
- Level 2 inputs are significant other observable inputs
- Level 3 inputs are significant unobservable inputs

Credit risk

Arizona Revised Statutes have the following requirements for credit risk:

1) Commercial paper must be rated P1 by Moody's Investors Service or A1 or better by Standard and Poor's rating service.
2) Corporate bonds, debentures, and notes must be rated A or better by Moody's Investors Service or Standard and Poor's rating service.
3) Fixed income securities must carry one of the two highest ratings by Moody's Investors Service and Standard and Poor's rating service. If only one of the above-mentioned services rates the security, it must carry the highest rating of that service.

The formal investment policy of the District does not further restrict its investment choices.

Custodial credit risk – Investments

The District's investment in the State and County Treasurer's investment pools represents a proportionate interest in the pool's portfolio; however, the District's portion is not identified with specific investments and is not subject to custodial credit risk.

Concentration of credit risk

Arizona Revised Statutes do not include any requirements for concentration of credit risk.

Interest rate risk

Arizona Revised Statutes require that public monies invested in securities and deposits have a maximum maturity of 5 years and that public operating fund monies invested in securities and deposits have a maximum maturity of 3 years. Investments in repurchase agreements must have a maximum maturity of 180 days.

CASH AND INVESTMENTS (Continued)

The formal investment policy of the District explicitly limits investment maturities as a means of managing exposure to fair value loss arising from interest rates.

At June 30, 2016, the District had the following investments in debt securities:

Local Government Investment Pool	*Amount*	*Weighted Average Maturity in Years*
County Treasurer	$ 11,223,486	0.50
	$ 11,223,486	

Foreign currency risk

Arizona Revised Statutes do not allow foreign investments.

The District does not have a formal investment policy with respect to custodial credit risk, concentration of credit risk, or foreign currency risk for investments.

CAPITAL ASSETS

The changes in capital assets for the year ended June 30, 2016 were as follows:

	Beginning Balance	*Increases*	*Decreases*	*Reclassifications*	*Ending Balance*
NON-DEPRECIABLE					
Land and improvements	$ 5,199,685	$ -	$ -	$ -	$ 5,199,685
Construction in progress	50,414	714,833	-	-	765,247
Total non-depreciable	5,250,099	714,833	-	-	5,964,932
DEPRECIABLE					
Buildings	41,324,091	-	-	-	41,324,091
Equipment	19,504,009	1,807,920	(1,592,946)	-	19,718,983
Total depreciable	60,828,100	1,807,920	(1,592,946)	-	61,043,074
ACCUMULATED DEPRECIATION					
Buildings	(8,827,502)	(1,460,521)	-	-	(10,288,023)
Equipment	(13,089,867)	(1,665,109)	1,582,640	-	(13,172,336)
Total accumulated depreciation	(21,917,369)	(3,125,630)	1,582,640	-	(23,460,359)
Total capital assets being depreciated	38,910,731	(1,317,710)	(10,306)	-	37,582,715
Capital assets, net of depreciation	$ 44,160,830	$ (602,877)	$ (10,306)	$ -	$ 43,547,647

LONG-TERM DEBT

General Obligation Bonds

General obligation bonds are direct obligations and pledge the full faith and credit of the District. The District has outstanding general obligation bonds payable from a $13,470,000 issuance of callable 20-year bonds dated May 9, 2007 with interest rates ranging from 4.00-5.00%, a $10,950,000 issuance of callable bonds dated May 13, 2010 with interest rates ranging from 4.00-6.12%, an $8,215,000 issuance of 2014 refunding bonds dated December 3, 2014, and an $8,300,000 issuance of 2016 refunding bonds dated June 9, 2016. The issuance of $10,950,000 was a single issuance split between Build America Bonds ($8,000,000) and tax-exempt bonds ($2,950,000).

Principal and interest on all long-term debt is paid semi-annually. The bonds are repaid from limited property taxes and used to fund station construction projects.

On November 8, 2016, voters of the District approved and authorized the issuance of general obligation bonds in an amount not to exceed $23,610,000. No new bonds have been issued in relation to this additional capacity.

Annual debt service requirements to maturity for general obligation bonds are as follows:

Governmental Activities ***Fiscal Year Ending June 30,***	***Principal***	***Interest***	***Total***
2017	$ 2,550,000	$ 1,549,172	$ 4,099,172
2018	2,020,000	897,959	2,917,959
2019	2,070,000	844,342	2,914,342
2020	2,140,000	781,112	2,921,112
2021	2,210,000	713,316	2,923,316
2022-26	10,485,000	2,227,596	12,712,596
2027-29	3,485,000	349,908	3,834,908
	$ 24,960,000	$ 7,363,405	$ 32,323,405

LONG-TERM DEBT (Continued)

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2016, was as follows:

	Outstanding July 1, 2015	***Issued***	***Matured/ Redeemed During Year***	***Outstanding June 30, 2016***	***Due Within One Year***
Governmental activities					
Series 2007A General Obligation Bonds	$ 10,075,000	$ -	$ (8,870,000)	$ 1,205,000	$ 1,205,000
Series 2010A General Obligation Bonds	8,930,000	-	(455,000)	8,475,000	475,000
Series 2014 Refunding Bonds	7,965,000	-	(805,000)	7,160,000	820,000
Series 2016 Refunding Bonds	-	8,300,000	(180,000)	8,120,000	50,000
Unamortized deferred amounts	1,014,314	788,774	(433,787)	1,369,301	-
	27,984,314	9,088,774	(10,743,787)	26,329,301	2,550,000
Compensated absences	2,858,470	1,705,914	(1,448,073)	3,116,311	1,700,000
Net pension liability	21,094,022	3,368,686	-	24,462,708	-
	$ 51,936,806	$ 14,163,374	$ (12,191,860)	$ 53,908,320	$ 4,250,000

Advance Refunding

On June 9, 2016, the District issued $8,300,000 in general obligation bonds with interest rates ranging from 2.0% to 4.0%. The proceeds were used to advance refund $8,300,000 of outstanding Series 2007A General Obligation Bonds which had interest rates ranging from 4.00% to 5.00%. Net proceeds of $8,853,234 (including a $788,774 premium, and after payment of $166,700 in underwriting fees and other issuance costs, as well as a $68,840 deposit to the District Debt Service Fund) were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded bonds. As a result, the Series 2007A bonds are considered defeased and the liability for refunded portion of those bonds has been removed from the statement of net position. The District advance refunded the Series 2007A General Obligation Bonds to reduce its total debt service payments over 11 years by $1,210,114, and to obtain an economic gain (difference between the present values of the old debt service payments on the old and new debt) of $1,163,369.

LINE OF CREDIT

The District has a line of credit for $2,500,000 with Bank of America which is secured by property taxes of the District. No amounts were drawn on the line during the fiscal year, thus the outstanding balance as of June 30, 2016 was $0.

OPERATING LEASE

During the year, the District entered into a five-year operating lease for its non-response vehicles. The total cost for the lease was $9,117 for the year ended June 30, 2016. The future minimum lease payments for the lease is as follows:

Year Ending June 30	*Amounts Due*
2017	$ 72,036
2018	72,036
2019	72,036
2020	72,036
2021	66,033
Total	$ 354,177

TRANSFERS

Interfund transfer activity for fiscal year ended June 30, 2016 is as follows:

	Transfers In	*Transfers Out*
Capital Reserve	$ -	$ 886,125
Capital Improvements	886,125	-
	$ 886,125	$ 886,125

The transfers from the Capital Reserve Fund were made to record budgeted contributions to the Capital Improvement Fund.

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 carries commercial insurance for all such risks of loss, including workers' compensation and employees' health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The District is self-insured for employee health coverage and reduces its ultimate risk through specific excess reinsurance. Reinsurance coverage is for specific losses in excess of $150,000 and aggregate losses in excess of 125% of estimated costs. Losses in excess of specific policy limits are the responsibility of the carrier. The District establishes a liability for claims that have been reported but not settled, as well as incurred but not reported; however, the District has not established a claim liability based on estimates of the ultimate cost of claims.

PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

Plan Descriptions

The District contributes to the pension plans described below. The plans are component units of the State of Arizona.

The District reported $3,327,227 of pension expenditures in the governmental funds related to all pension plans to which it contributes.

A. Arizona State Retirement System

Plan Description. District employees not covered by the other pension plans described after this section participate in the Arizona State Retirement System (ASRS). The ASRS administers a cost-sharing multiple-employer defined benefit pension plan, a cost-sharing multiple-employer defined benefit health insurance premium benefit (OPEB) plan, and a cost-sharing multiple-employer defined benefit long-term disability (OPEB) plan. The Arizona State Retirement System Board governs the ASRS according to the provisions of A.R.S. Title 38, Chapter 5, Articles 2 and 2.1. The ASRS issues a publicly available financial report that includes its financial statements and required supplementary information. The report is available on the ASRS website at www.azasrs.gov.

Benefits Provided. The ASRS provides retirement, health insurance premium supplement, long-term disability, and survivor benefits. State statute establishes benefit terms. Retirement benefits are calculated on the basis of age, average monthly compensation, and service credit as follows:

	Retirement Initial Membership Date:	
	Before July 1, 2011	On or After July 1, 2011
Years of service and age required to receive benefit	Sum of years and age equals 80 10 years age 62 5 years age 50* Any years age 65	30 years age 55 25 years age 60 10 years age 62 5 years age 50* Any years age 65
Final average salary is based on	Highest 36 months of last 120 months	Highest 60 months of last 120 months
Benefit percent per year of service	2.1% to 2.3%	2.1% to 2.3%

*With actuarially reduced benefits

PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

Retirement benefits for members who joined the ASRS prior to September 13, 2013, are subject to automatic cost-of-living adjustments based on excess investment earnings. Members with a membership date on or after September 13, 2013, are not eligible for cost-of-living adjustments. Survivor benefits are payable upon a members' death. For retired members, the survivor benefit is determined by the retirement benefit option chosen. For all other members, the beneficiary is entitled to the member's account balance that includes the member's contributions and employer's contributions, plus interest earned.

Contributions. In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the cost of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the current fiscal year, active ASRS members were required by statute to contribute at the actuarially determined rate of 11.47 percent (11.35 percent for retirement and 0.12 percent for long-term disability) of the members' annual covered payroll, and the District was required by statute to contribute at the actuarially determined rate of 11.47 percent (10.85 percent for retirement, 0.50 percent for health insurance premium benefit, and 0.12 percent for long-term disability) of the members' annual covered payroll.

In addition, the District was required by statute to contribute at the actuarially determined rate of 9.36 percent (9.30 for retirement and 0.06 percent for long-term disability) of annual covered payroll of retired members who worked in positions that would typically be filled by an employee who contributes to ASRS.

The District's contributions for the current and two preceding years for the Arizona State Retirement System OPEB, all of which were equal to the required contributions, were as follows:

Years Ended June 30	*Health Benefit Supplement Fund*	*Long-Term Disability Fund*
2016	$ 11,165	$ 2,680
2015	12,997	2,643
2014	13,510	4,988

Pension Liability. At June 30, 2016, the District reported a liability of $3,712,840 for its proportionate share of the net pension liability of the ASRS. The net pension liability was measured as of June 30, 2015. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2014, to the measurement date of June 30, 2015. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2015, the District's proportion was .024 percent, which equaled its proportion measured as of June 30, 2014.

PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

Pension Expense and Deferred Outflows/Inflows of Resources. For the year ended June 30, 2016, the District recognized pension expense for ASRS of $161,066 and reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 101,315	$ 194,557
Changes in assumptions or other inputs	-	-
Net difference between projected and actual earnings on pension plan investments	-	118,988
Changes in proportion and differences between contributions and proportionate share of contributions	-	54,966
Contributions subsequent to the measurement date	242,284	-
Total	$ 343,599	$ 368,511

The deferred outflows of resources related to ASRS pensions resulting from contributions subsequent to the measurement date as reported in the table above will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ASRS pensions will be recognized in pension expense as follows:

Year Ending June 30:	
2016	$ (118,632)
2017	(147,771)
2018	(86,687)
2019	85,894
2020	-
Thereafter	-

PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

Actuarial Assumptions. The significant actuarial assumptions used to measure the total ASRS pension liability are as follows:

Actuarial valuation date	June 30, 2014
Actuarial roll forward date	June 30, 2015
Actuarial cost method	Entry age normal
Investment rate of return	8.0%
Projected salary increases	3.0-6.75%
Inflation	3.0%
Permanent base increases	Included
Mortality rates	1994 GAM Scale BB

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the five-year period ended June 30, 2012. The purpose of the experience study was to review actual experience in relation to the actuarial assumptions in effect. The ASRS Board adopted the experience study recommended changes which were applied to the June 30, 2013, actuarial valuation. The study did not include an analysis of the assumed investment rate of return.

The long-term expected rate of return on ASRS pension plan investments was determined to be 8.79 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class of ASRS are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity	58%	6.79%
Fixed income	25%	3.70%
Real estate	10%	4.25%
Commodities	2%	3.93%
Multi-asset class	5%	3.41%
Total	100%	

PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

Discount Rate. The discount rate used to measure the ASRS total pension liability was 8.0 percent, which is less than the long-term expected rate of return of 8.79 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board's funding policy, which establishes the contractually required rate under Arizona statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 8.0 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (7.0%)	Current Discount Rate (8.0%)	1% Increase (9.0%)
District proportionate share of the net pension liability	$ 4,865,089	$ 3,712,840	$ 2,923,172

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued ASRS financial report. The report is available on the ASRS website at www.azasrs.gov.

PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

B. Public Safety Personnel Retirement System

Plan Descriptions. District employees who are regularly assigned hazardous duty participate in the Public Safety Personnel Retirement System (PSPRS). The PSPRS administers an agent multiple-employer defined benefit pension plan and an agent multiple-employer defined benefit health insurance premium benefit (OPEB) plan. A seven-member board known as the Board of Trustees and the participating local boards govern the PSPRS according to the provisions of A.R.S. Title 38, Chapter 5, Article 4.

The PSPRS issues a publicly available financial report that includes their financial statements and required supplementary information. The report is available on the PSPRS website at www.psprs.com.

Benefits Provided. The PSPRS provides retirement, health insurance premium supplement, disability, and survivor benefits. State statute establishes the terms of benefits. Certain retirement and disability benefits are calculated on the basis of age, average monthly compensation, and service credit as follows. See the publicly available PSPRS financial report for additional benefits information.

	Retirement Initial Membership Date:	
	Before January 1, 2012	On or After January 1, 2012
Years of service and age required to receive benefit	20 years any age 15 years age 62	25 years and age 52.5
Final average salary is based on	Highest 36 months of last 20 years	Highest 60 months of last 20 years
Normal retirement	50% less 2.0% for each year of credited service less than 20 years or plus 2.0% to 2.5% for each year of credited service over 20 years, not to exceed 80%	2.5% per year of credited service, not to exceed 80%
Accidental disability retirement	50% or normal retirement, whichever is greater	
Survivor benefit:		
Retired members	80% of retired member's pension benefit	
Active members	80% of accidental disability retirement benefit or 100% of average monthly compensation if death was the result of injuries received on the job	

Retirement and survivor benefits are subject to automatic cost-of-living adjustments based on excess investment earnings. PSPRS also provides temporary disability benefits of 50 percent of the member's compensation for up to 12 months.

PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

Employees Covered by Benefit Terms. At June 30, 2016, the following employees were covered by the agent pension plan's benefit terms:

	PSPRS
Inactive employees or beneficiaries currently receiving benefits	26
Inactive employees entitled to but not yet receiving benefits	22
Active employees	178
Total	226

Contributions and Annual OPEB Cost. State statutes establish the pension contribution requirements for active PSPRS employees. In accordance with state statutes, annual actuarial valuations determine employer contribution requirements for PSPRS pension and health insurance premium benefits. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. Contribution rates for the year ended June 30, 2016, are indicated below. Rates are a percentage of active members' annual covered payroll.

	PSPRS
Active members - pension	11.65%
District:	
Pension	20.20%
Health insurance	0.37%

In addition, the District was required by statute to contribute at the actuarially determined rate of 28.62 percent for the PSPRS of annual covered payroll of retired members who worked in positions that would typically be filled by an employee who contributes to the PSPRS.

For the agent plans, the contributions to the pension plan and annual OPEB cost and contributions for the health insurance premium benefit for the year ended were:

PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

Pension Liability. At June 30, 2016, the District reported $19,221,693 in net pension liability. The net pension liabilities were measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions. The significant actuarial assumptions used to measure the total pension liability are as follows:

Actuarial valuation date	June 30, 2015
Actuarial cost method	Entry Age Normal
Actuarial assumptions:	
Investment rate of return	7.85%
Projected salary increases	4.0%-8.0%
Inflation rate	4.00%
Permanent benefit increase	Included
Mortality rates	RP-2000 mortality table, adjusted by 105% for both males and females

Actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2011.

The long-term expected rate of return on PSPRS pension plan investments was determined to be 7.85 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Short-term investments	2%	0.75%
Absolute return	5%	4.11%
Risk parity	4%	5.13%
Fixed income	7%	2.92%
Real assets	8%	4.77%
GTAA	10%	4.38%
Private equity	11%	9.50%
Real estate	10%	4.48%
Credit opportunities	13%	7.08%
Non-U.S. equity	14%	8.25%
U.S. equity	16%	6.23%
Total	100%	

Pension Discount Rates. The discount rate of 7.85% was used to measure the total pension liability.

PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

The projection of cash flows used to determine the PSPRS discount rates assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Agent Plan Net Pension Liability: PSPRS

	Increase/Decrease		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at June 30, 2015	$ 62,845,924	$ 45,288,542	$ 17,557,382
Changes for the year:			
Service cost	2,617,288	-	2,617,288
Interest on the total pension liability	4,955,203	-	4,955,203
Changes of benefit terms	-	-	-
Differences between expected and actual experience in the measurement of the pension liability	(285,514)	-	(285,514)
Changes of assumptions or other inputs	-	-	-
Contributions - employer	-	2,398,854	(2,398,854)
Contributions - employee	-	1,637,449	(1,637,449)
Net investment income	-	1,691,663	(1,691,663)
Benefit payments, including refunds of employee contributions	(2,061,936)	(2,061,936)	-
Administrative expense	-	(41,661)	41,661
Other	-	(63,639)	63,639
Net changes	5,225,041	3,560,730	1,664,311
Balances at June 30, 2016	$ 68,070,965	$ 48,849,272	$ 19,221,693

PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following presents the District net pension liability calculated using the discount rates noted above, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Rate	6.85%	7.85%	8.85%
Net pension liability	$ 29,067,281	$ 19,221,693	$ 11,123,220

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued PSPRS financial report. The report is available on the PSPRS website at www.psprs.com.

Pension Expense. For the year ended June 30, 2016, the District recognized $2,463,299 as pension expense.

Pension Deferred Outflows/Inflows of Resources. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 2,151,184
Changes of assumptions or other inputs	2,634,723	-
Net difference between projected and actual earnings on pension plan investments	1,549,478	1,303,830
Contributions subsequent to the measurement date	3,084,943	-
Total	$ 7,269,144	$ 3,455,014

PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

The amounts reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30:	Net Deferred Outflows of Resources
2017	$ 20,749
2018	20,749
2019	20,749
2020	455,357
2021	67,989
Thereafter	143,594
Total	$ 729,187

Agent Plan OPEB Trend Information. The table below presents the annual OPEB cost information for the health insurance premium benefit for the current and two preceding years:

Fiscal Year End:	Annual Cost	Percentage of Annual Cost Contributed	Net OPEB Obligation
June 30, 2016	$ 56,506	100%	$ -
June 30, 2015	131,967	100%	-
June 30, 2014	120,096	100%	-

PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

Agent Plan OPEB Actuarial Assumptions. Actuarial valuations involve estimates of the reported amounts' value and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions are subject to continual revision as actual results are compared to past expectations and new estimates are made. The required schedule of funding progress for the health insurance premium benefit presented as required supplementary information provides multiyear trend information that shows whether the actuarial value of the plan's assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Projections of benefits are based on (1) the plan as understood by the District and plan members including the types of benefits in force at the valuation date, and (2) the pattern of sharing benefit costs between the District and plan members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The actuarial methods and assumptions used to establish the fiscal year 2016 contribution requirements are as follows:

Actuarial valuation date	June 30, 2014
Actuarial cost method	Entry age normal
Amortization method	Level percent closed for unfunded actuarial accrued liability, open for excess
Remaining amortization period	22 years for unfunded actuarial accrued liability, 20 years for excess
Asset valuation method	7-year smoothed market value (80%/120% market)
Actuarial assumptions:	
Investment rate of return	7.85%
Projected salary increases includes inflation at	4.0%-8.0% 4.0%

PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

The funded status of the PSPRS health insurance premium benefit plan in the June 30, 2015 actuarial valuation was determined using the following actuarial methods and assumptions, applied to all periods included in the measurement.

Actuarial valuation date	June 30, 2015
Actuarial cost method	Entry age normal
Amortization method	Level percent closed for unfunded actuarial accrued liability, open for excess
Remaining amortization period	21 years for unfunded actuarial accrued liability, 20 years for excess
Asset valuation method	7-year smoothed market value (80%/120% market)
Actuarial assumptions:	
Investment rate of return	7.85%
Projected salary increases includes inflation at	4%-8% 4%

Agent Plan OPEB Funded Status. The following table presents the funded status of the health insurance premium benefit plan as of the most recent valuation date, June 30, 2015.

Actuarial value of assets	$ 1,635,792
Actuarial accrued liability	1,801,882
Unfunded actuarial accrued asset (liability)	(166,090)
Funded ratio	90.78%
Annual covered payroll	13,502,977
Unfunded actuarial accrued asset (liability) as a percentage of covered payroll	-1.23%

REQUIRED SUPPLEMENTARY INFORMATION

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NORTHWEST FIRE DISTRICT
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS – AGENT RETIREMENT PLAN (PSPRS)
*LAST TEN FISCAL YEARS**

	2016	2015
Total pension liability		
Service cost	$ 2,617,288	$ 2,668,263
Interest	4,955,203	4,439,431
Changes of benefit terms	-	358,350
Differences between expected and actual experience	(285,514)	(2,412,025)
Changes of assumptions	-	3,348,983
Benefit payments, including refunds of employee contributions	(2,061,936)	(1,552,405)
Net change in total pension liability	5,225,041	6,850,597
Total pension liability - beginning	62,845,924	55,995,327
Total pension liability - ending (a)	$ 68,070,965	$ 62,845,924
Plan fiduciary net position		
Contributions - employer	$ 2,398,854	$ 2,246,073
Contributions - employee	1,637,449	1,429,528
Net investment income	1,691,663	5,314,867
Benefit payments, including refunds of employee contributions	(2,061,936)	(1,552,405)
Administrative expense	(41,661)	(42,804)
Other	(63,639)	126,681
Net change in plan fiduciary net position	3,560,730	7,521,940
Plan fiduciary net position - beginning	45,288,542	37,766,602
Plan fiduciary net position - ending (b)	$ 48,849,272	$ 45,288,542
District net pension liability - ending (a)-(b)	19,221,693	17,557,382
Plan fiduciary net position as a percentage of the total pension liability	71.76%	72.06%
Covered-employee payroll	$ 13,502,977	$ 13,421,021
District net pension liability as a percentage of covered employee payroll	142.35%	130.82%

Notes to Schedule:
Changes of benefit terms include the payout of Retro PBI and a change in the employee contribution rate.
Changes of assumptions include a decrease in the wage assumption from 4.5% to 4.0% as well as the inclusion of an assumption to explicitly value future PBI.

*- Fiscal year 2015 was the 1st year of implementation, therefore only two years are displayed.

NORTHWEST FIRE DISTRICT
SCHEDULE OF CONTRIBUTIONS – AGENT RETIREMENT PLAN (PSPRS)
*LAST TEN FISCAL YEARS**

Year Ended June 30	Actuarially Determined Contribution	Actual Contribution		Covered Employee Payroll	Actual Contribution as a % of Covered Payroll
2015	$ 2,246,073	$ 2,246,073	-	$ 13,421,021	16.74%
2016	$ 2,398,854	$ 2,398,854	-	$ 13,502,977	17.77%

*- Fiscal year 2015 was the 1st year of implementation, therefore only two years are displayed.

Notes to Schedule:

Valuation date: Actuarially determined contribution rates are calculated as of June 30 each year, which are 12 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method:	Individual Entry Age Normal
Amortization method:	Level percentage of payroll, closed
Remaining amortization period:	23 years; if the actuarial value of assets exceeded the actuarial accrued liability, the excess was amortized over an open period of 20 years and applied as a credit to reduce the normal cost which otherwise would be payable.
Asset valuation method:	7-year smoothed market value; 20% corridor
Wage growth:	4.50%
Price inflation:	3.0%-4.0% - approximate; No explicit price inflation assumption is used in this valuation.
Salary Increases:	4.50% to 8.50% including inflation
Investment rate of return:	7.85%, net of investment and administrative expenses
Retirement age:	Experience-based table of rates that is specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period July 1, 2006 – June 30, 2011.
Mortality:	RP-2000 mortality table projected to 2015 using projection scale AA (adjusted by 105% for both males and females).

Other information:

Assumed future permanent benefit increases:	No explicit assumed permanent benefit increases assumption

NORTHWEST FIRE DISTRICT
SCHEDULE OF FUNDING PROGRESS – AGENT RETIREMENT PLAN (PSPRS)
OTHER POSTEMPLOYMENT BENEFITS
LAST THREE FISCAL YEARS

Valuation Ending June 30	*Actuarial Value of Assets*	*Actuarial Accrued Liability*	*Unfunded Actuarial Liability (UAL)*	*Funded Percent*	*Covered Payroll*	*UAL as a Percentage of Covered Payroll*
2015	$ 1,635,792	$ 1,801,882	$ 166,090	91%	$ 13,502,977	1%
2014	1,458,214	1,654,417	196,203	88%	13,421,021	1%
2013	-	1,562,877	1,562,877	0%	13,533,966	12%

NORTHWEST FIRE DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASRS)
*LAST TEN FISCAL YEARS**

	2016	2015
District's proportion of the net pension liability (asset)	0.024%	0.024%
District's proportionate share of the net pension liability (asset)	$ 3,712,840	$ 3,536,641
District's covered-employee payroll	$ 2,202,819	$ 2,068,738
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	168.55%	170.96%
Plan fiduciary net position as a percentage of the total pension liability	68.35%	69.49%

*- Fiscal year 2015 was the 1st year of implementation, therefore only two years are displayed.

NORTHWEST FIRE DISTRICT
SCHEDULE OF CONTRIBUTIONS – COST SHARING RETIREMENT PLAN (ASRS)
*LAST TEN FISCAL YEARS**

Year Ended June 30	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Actual Contribution as a % of Covered Payroll
2015	$ 248,970	$ 248,970	$ -	$ 2,068,738	12.03%
2016	$ 242,284	$ 242,284	$ -	$ 2,202,819	11.00%

*- Fiscal year 2015 was the 1st year of implementation, therefore only two years are displayed.

Notes to Schedule:

Valuation date: Actuarially determined contribution rates are calculated as of June 30 each year, which are 12 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method:	Individual Entry Age Normal
Amortization method:	
Plan amendments	Immediate
Investment gain/loss	5 years
Assumption gain/loss	Avg future serv lives
Experience gain/loss	Avg future serv lives
Asset valuation:	Fair value
Discount rate:	8.00%
Price inflation:	3.00%
Salary Increases:	3.00% to 6.75%
Mortality:	1994 GAM Scale BB

NORTHWEST FIRE DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND
YEAR ENDED JUNE 30, 2016

	Budgeted Amounts			Variance with Final
	Original	Final	Actual	Budget
REVENUES				
Taxes and assessments	$ 26,664,140	$ 26,664,140	$ 26,191,350	$ (472,790)
Charges for services	1,296,000	1,296,000	1,299,406	3,406
Donations	-	-	542	542
Interest earned	50,000	50,000	64,744	14,744
Miscellaneous	2,500	2,500	956	(1,544)
Total Revenues	28,012,640	28,012,640	27,556,998	(455,642)
EXPENDITURES				
Public safety				
Administration	2,402,550	2,402,550	2,299,012	103,538
Emergency operations	17,464,976	17,464,976	19,864,394	(2,399,418)
Community safety services	1,365,032	1,365,032	1,341,883	23,149
Support resources	4,227,157	4,227,157	4,455,760	(228,603)
Capital outlay	12,000	12,000	-	12,000
Contingency	7,500,000	7,500,000	-	7,500,000
Total Expenditures	32,971,715	32,971,715	27,961,049	5,010,666
REVENUES OVER (UNDER) EXPENDITURES	(4,959,075)	(4,959,075)	(404,051)	4,555,024
OTHER FINANCING SOURCES (USES)				
Transfers out	(2,540,925)	(2,540,925)	-	2,540,925
NET CHANGE IN FUND BALANCE	(7,500,000)	(7,500,000)	(404,051)	7,095,949
FUND BALANCE, Beginning of year	7,500,000	7,500,000	8,300,640	800,640
FUND BALANCE, End of year	$ -	$ -	$ 7,896,589	$ 7,896,589

See Note to Required Supplementary Information

NORTHWEST FIRE DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – WILDLAND FUND
YEAR ENDED JUNE 30, 2016

	Budgeted Amounts			Variance with Final
	Original	Final	Actual	Budget
REVENUES				
Intergovernmental	$ 200,000	$ 200,000	$ 337,262	$ 137,262
EXPENDITURES				
Personal services	151,300	151,300	337,699	(186,399)
Materials and services	48,700	48,700	57,631	(8,931)
Total Expenditures	200,000	200,000	395,330	(195,330)
NET CHANGE IN FUND BALANCE	-	-	(58,068)	(58,068)
FUND BALANCE, Beginning of year	-	-	394,014	394,014
FUND BALANCE, End of year	$ -	$ -	$ 335,946	$ 335,946

See Note to Required Supplementary Information

NORTHWEST FIRE DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – AMBULANCE FUND
YEAR ENDED JUNE 30, 2016

	Budgeted Amounts			Variance with Final
	Original	Final	Actual	Budget
REVENUES				
Charges for services	$ 3,885,488	$ 3,885,488	$ 1,629,991	$ (2,255,497)
EXPENDITURES				
Personal services	2,452,301	2,452,301	1,028,792	1,423,509
Materials and services	1,306,015	1,306,015	230,437	1,075,578
Contingency	127,172	127,172	-	127,172
Total Expenditures	3,885,488	3,885,488	1,259,229	2,626,259
NET CHANGE IN FUND BALANCE	-	-	370,762	370,762
FUND BALANCE, Beginning of year	-	-	-	-
FUND BALANCE, End of year	$ -	$ -	$ 370,762	$ 370,762

See Note to Required Supplementary Information

NORTHWEST FIRE DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – GRANT PROGRAM FUND
YEAR ENDED JUNE 30, 2016

	Budgeted Amounts			Variance with Final
	Original	Final	Actual	Budget
REVENUES				
Intergovernmental	$ 1,500,000	$ 1,500,000	$ 783,365	$ (716,635)
EXPENDITURES				
Personal services	-	136,110	732,055	(595,945)
Materials and services	-	79	15,168	(15,089)
Capital outlay	-	-	16,191	(16,191)
Contingency	2,500,000	2,363,811	-	2,363,811
Total Expenditures	2,500,000	2,500,000	763,414	1,736,586
NET CHANGE IN FUND BALANCE	(1,000,000)	(1,000,000)	19,951	1,019,951
FUND BALANCE, Beginning of year	1,000,000	1,000,000	1,199,312	199,312
FUND BALANCE, End of year	$ -	$ -	$ 1,219,263	$ 1,219,263

See Note to Required Supplementary Information

BUDGETARY BASIS OF ACCOUNTING

The adopted budget of the District is prepared on the modified accrual basis of accounting.

OTHER SUPPLEMENTARY INFORMATION

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NORTHWEST FIRE DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – CAPITAL IMPROVEMENTS FUND
YEAR ENDED JUNE 30, 2016

	Budgeted Amounts			Variance with Final
	Original	Final	Actual	Budget
REVENUES				
Charges for services	$ 60,000	$ 60,000	$ 74,779	$ 14,779
EXPENDITURES				
Materials and services	-	-	6,015	(6,015)
Capital outlay	3,987,050	3,987,050	2,506,561	1,480,489
Total Expenditures	3,987,050	3,987,050	2,512,576	1,474,474
REVENUES OVER (UNDER) EXPENDITURES	(3,927,050)	(3,927,050)	(2,437,797)	1,489,253
OTHER FINANCING SOURCES				
Sale of general capital assets	-	-	47,235	47,235
Transfers in	3,427,050	3,427,050	886,125	(2,540,925)
Total Other Financing Sources	3,427,050	3,427,050	933,360	(2,493,690)
NET CHANGE IN FUND BALANCE	(500,000)	(500,000)	(1,504,437)	(1,004,437)
FUND BALANCE, Beginning of year	500,000	500,000	2,086,620	1,586,620
FUND BALANCE, End of year	$ -	$ -	$ 582,183	$ 582,183

NORTHWEST FIRE DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – GENERAL OBLIGATION DEBT SERVICE FUND
YEAR ENDED JUNE 30, 2016

	Budgeted Amounts			Variance with Final
	Original	Final	Actual	Budget
REVENUES				
Taxes and assessments	$ 3,033,271	$ 3,033,271	$ 3,019,814	$ (13,457)
Intergovernmental	140,000	140,000	145,048	5,048
Interest earned	-	-	7,432	7,432
Total Revenues	3,173,271	3,173,271	3,172,294	(977)
EXPENDITURES				
Materials and services	5,000	5,000	1,495	3,505
Debt service:				
Principal	1,830,000	1,830,000	2,010,000	(180,000)
Interest	1,188,271	1,188,271	1,203,879	(15,608)
Refunding bond issuance costs	-	-	166,700	(166,700)
Contingency	150,000	150,000	-	150,000
Total Expenditures	3,173,271	3,173,271	3,382,074	(208,803)
REVENUES OVER (UNDER) EXPENDITURES	-	-	(209,780)	(209,780)
OTHER FINANCING SOURCES/USES				
Refunding bonds issued	-	-	8,300,000	(8,300,000)
Refunding bond premium	-	-	788,774	(788,774)
Payment to refunded bond escrow agent	-	-	(8,853,234)	8,853,234
Total Other Financing Sources/(Uses)	-	-	235,540	(235,540)
NET CHANGE IN FUND BALANCE	-	-	25,760	25,760
FUND BALANCE, Beginning of year	-	-	982,237	982,237
FUND BALANCE, End of year	$ -	$ -	$ 1,007,997	$ 1,007,997

NORTHWEST FIRE DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – CAPITAL RESERVE FUND
YEAR ENDED JUNE 30, 2016

	Budgeted Amounts			Variance with Final
	Original	Final	Actual	Budget
REVENUES				
Taxes and assessments	$ -	$ -	$ -	$ -
EXPENDITURES				
Capital outlay	-	-	-	-
REVENUES OVER EXPENDITURES	-	-	-	-
OTHER FINANCING USES				
Transfers out	(886,125)	(886,125)	(886,125)	-
NET CHANGE IN FUND BALANCE	(886,125)	(886,125)	(886,125)	-
FUND BALANCE, Beginning of year	2,093,618	2,093,618	2,093,618	-
FUND BALANCE, End of year	$ 1,207,493	$ 1,207,493	$ 1,207,493	$ -

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OTHER FINANCIAL SCHEDULES

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NORTHWEST FIRE DISTRICT
SCHEDULE OF PROPERTY TAX TRANSACTIONS
YEAR ENDED JUNE 30, 2016

Tax Year	*Taxes Uncollected June 30, 2015*	*2015-16 Levy*	*Discounts & Adjustments*	*Turnovers*	*Uncollected Balances June 30, 2016*
2015-2016	$ -	$ 28,884,757	$ -	$ 28,099,632	$ 785,125
2014-2015	810,065	-	-	713,101	96,964
2013-2014	93,061		-	(7,424)	100,485
2012-2013	140,584	-	-	(3,648)	144,232
2011-2012	293,924	-	-	(758)	294,682
2010-2011	24,621	-	-	569	24,052
2009-2010	89,607	-	-	366	89,241
Prior	51,384	-	-	238	51,146
	1,503,246	28,884,757	-	28,802,076	1,585,927

Reconciliation to tax revenues on combined financial statements:	*General Fund*	*Debt Service Fund*	*Total*
Property tax collections above	$ 25,782,340	$ 3,019,736	$ 28,802,076
Other taxes and adjustments	393,577	-	393,577
Property taxes susceptible to accrual at June 30, 2016	333,670	38,974	372,644
Property taxes susceptible to accrual at June 30, 2015	(318,237)	(38,896)	(357,133)
	$ 26,191,350	$ 3,019,814	$ 29,211,164

NORTHWEST FIRE DISTRICT
SCHEDULE OF LONG-TERM DEBT PRINCIPAL AND INTEREST TRANSACTIONS
YEAR ENDED JUNE 30, 2016

	Interest Rates	***Date of Issue***	***Fiscal Year of Maturity***
PRINCIPAL TRANSACTIONS			
General Obligations			
2007A GO Bonds	4.00 - 5.00%	2007	2027-28
2010A GO Bonds	4.00 - 6.12%	2010	2028-29
2014 Refunding Bonds	2.00 - 4.00%	2014	2023-24
2016 Refunding Bonds	2.00 - 4.00%	2016	2026-27

	Interest Rates	***Date of Issue***	***Fiscal Year of Maturity***
INTEREST TRANSACTIONS			
General Obligations			
2007A GO Bonds	4.00 - 5.00%	2007	2027-28
2010A GO Bonds	4.00 - 6.12%	2010	2028-29
2014 Refunding Bonds	2.00 - 4.00%	2014	2023-24
2016 Refunding Bonds	2.00 - 4.00%	2016	2026-27

Outstanding July 1, 2015	*Issued*	*Paid*	*Outstanding June 30, 2016*
10,075,000	-	8,870,000	1,205,000
8,930,000	-	455,000	8,475,000
7,965,000	-	805,000	7,160,000
-	8,300,000	180,000	8,120,000
$ 26,970,000	$ 8,300,000	$ 10,310,000	$ 24,960,000

Unmatured Interest July 1, 2015	*New Issues*	*Interest Coupons Paid/ Refunded*	*Unmatured Interest June 30, 2016*
3,585,413	-	2,970,600	614,813
4,240,226	-	481,859	3,758,367
1,386,400	-	234,750	1,151,650
-	1,854,198	15,623	1,838,575
$ 9,212,039	$ 1,854,198	$ 3,702,832	$ 7,363,405

NORTHWEST FIRE DISTRICT

SCHEDULE OF FUTURE BONDED DEBT REQUIREMENTS

JUNE 30, 2016

Fiscal Year Ending	*2007A GO Bonds*			*2010A GO Bonds*			*2014 Refunding Bonds*		
June 30,	*Principal*	*Interest*	*Total*	*Principal*	*Interest*	*Total*	*Principal*	*Interest*	*Total*
2017	$ 1,205,000	$ 614,813	$ 1,819,813	$ 475,000	$ 463,659	$ 938,659	$ 820,000	$ 218,650	$ 1,038,650
2018	-	-	-	495,000	444,659	939,659	835,000	202,250	1,037,250
2019	-	-	-	515,000	421,542	936,542	850,000	185,550	1,035,550
2020	-	-	-	545,000	396,462	941,462	870,000	168,550	1,038,550
2021	-	-	-	570,000	369,266	939,266	895,000	142,450	1,037,450
2022	-	-	-	600,000	339,798	939,798	925,000	115,600	1,040,600
2023	-	-	-	635,000	307,878	942,878	965,000	78,600	1,043,600
2024	-	-	-	670,000	273,143	943,143	1,000,000	40,000	1,040,000
2025	-	-	-	705,000	235,489	940,489	-	-	-
2026	-	-	-	745,000	195,163	940,163	-	-	-
2027	-	-	-	790,000	151,804	941,804	-	-	-
2028	-	-	-	840,000	105,036	945,036	-	-	-
2029	-	-	-	890,000	54,468	944,468	-	-	-
	$ 1,205,000	$ 614,813	$ 1,819,813	$ 8,475,000	$ 3,758,367	$ 12,233,367	$ 7,160,000	$ 1,151,650	$ 8,311,650

2016 Refunding Bonds.			*Totals*		
Principal	***Interest***	***Total***	***Principal***	***Interest***	***Total***
$ 50,000	$ 252,050	$ 302,050	$ 2,550,000	$ 1,549,172	$ 4,099,172
690,000	251,050	941,050	2,020,000	897,959	2,917,959
705,000	237,250	942,250	2,070,000	844,342	2,914,342
725,000	216,100	941,100	2,140,000	781,112	2,921,112
745,000	201,600	946,600	2,210,000	713,316	2,923,316
765,000	179,250	944,250	2,290,000	634,648	2,924,648
785,000	156,300	941,300	2,385,000	542,778	2,927,778
865,000	132,750	997,750	2,535,000	445,893	2,980,893
895,000	102,475	997,475	1,600,000	337,964	1,937,964
930,000	71,150	1,001,150	1,675,000	266,313	1,941,313
965,000	38,600	1,003,600	1,755,000	190,404	1,945,404
-	-	-	840,000	105,036	945,036
-	-	-	890,000	54,468	944,468
$ 8,120,000	$ 1,838,575	$ 9,958,575	$ 24,960,000	$ 7,363,405	$ 32,323,405

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STATISTICAL SECTION

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

This section contains the following tables and information:

- ***Financial Trends –*** These schedules contain trend information to help the reader understand how the financial performance and well-being of the District have changed over time.
- ***Revenue Capacity*** – These schedules contain information to help the reader assess the most significant local revenue source of the District – the property tax.
- ***Debt Capacity*** – These schedules present information to help the reader assess the affordability of the current levels of outstanding debt of the District and its ability to issue additional debt in the future.
- ***Demographic and Economic Information*** – These schedules offer demographic and economic indicators to help the reader understand the environment within which the financial activities of the District take place.
- ***Operating Information*** – These schedules contain service and infrastructure data to help the reader understand how the information in the financial report of the District relates to the services the District provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the annual financial reports for the relevant year.

NORTHWEST FIRE DISTRICT

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS (accrual basis of accounting)

	2016	***2015***	***2014***	***2013***
Governmental Activities:				
Net investment in capital assets	$ 17,218,346	$ 16,176,516	$ 14,956,884	$ 15,549,975
Restricted	2,351,605	2,300,240	2,989,141	2,983,301
Unrestricted	(8,869,151)	(8,795,879)	12,481,770	11,318,560
Total primary government net position	$ 10,700,800	$ 9,680,877	$ 30,427,795	$ 29,851,836

2012	*2011*	*2010*	*2009*	*2008*	*2007*
$ 15,286,788	$ 17,213,277	$ 15,451,950	$ 12,941,435	$ 11,447,602	$ 9,610,435
2,882,157	2,473,572	681,132	-	-	-
11,640,020	9,725,396	9,498,230	9,127,548	7,684,951	4,775,776
$ 29,808,965	$ 29,412,245	$ 25,631,312	$ 22,068,983	$ 19,132,553	$ 14,386,211

NORTHWEST FIRE DISTRICT

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS (accrual basis of accounting)

	2016	2015	2014	2013
Expenses				
Governmental activities:				
Public safety	$ 33,014,022	$ 32,104,719	$ 30,445,273	$ 30,801,909
Interest on long-term debt	1,487,972	1,396,551	1,426,530	1,578,447
Total primary government expenses	34,501,994	33,501,270	31,871,803	32,380,356
Program Revenues				
Governmental activities:				
Charges for services	4,851,624	1,702,701	1,304,169	904,883
Operating grants and contributions	1,317,763	2,128,289	2,249,185	2,536,916
Capital grants and contributions	-	-	-	-
Total primary government program revenues	6,169,387	3,830,990	3,553,354	3,441,799
Net (expense)/revenue:				
Total primary government net expense	$ (28,332,607)	$ (29,670,280)	$ (28,318,449)	$ (28,938,557)
General Revenues and Other Changes in Net Position				
Governmental activities:				
Property taxes	$ 28,884,757	$ 28,298,804	$ 28,414,889	$ 28,381,375
Intergovernmental	394,641	398,891	394,560	397,605
Investment earnings	72,176	66,526	67,999	157,240
Miscellaneous	956	4,228	16,960	45,208
Total primary government	29,352,530	28,768,449	28,894,408	28,981,428
Change in Net Position				
Total primary government	$ 1,019,923	$ (901,831)	$ 575,959	$ 42,871

2012	2011	2010	2009	2008	2007
$ 30,493,803	$ 27,994,855	$ 26,202,413	$ 28,252,918	$ 25,373,049	$ 21,692,459
1,648,780	1,786,477	1,207,853	1,271,752	862,221	739,303
32,142,583	29,781,332	27,410,266	29,524,670	26,235,270	22,431,762
978,950	1,083,979	1,205,438	1,253,721	1,072,998	1,026,288
2,762,769	2,968,198	1,663,139	2,261,248	2,760,189	231,466
421,498	37,489	417,005	781,645	90,662	217,437
4,163,217	4,089,666	3,285,582	4,296,614	3,923,849	1,475,191
$ (27,979,366)	$ (25,691,666)	$ (24,124,684)	$ (25,228,056)	$ (22,311,421)	$ (20,956,571)
$ 28,181,528	$ 28,752,945	$ 26,832,368	$ 27,111,182	$ 25,212,260	$ 20,070,897
516,341	516,341	520,875	522,836	524,094	519,629
73,829	159,360	266,746	321,273	1,028,847	322,322
48,849	43,953	67,024	209,195	292,562	126,257
28,820,547	29,472,599	27,687,013	28,164,486	27,057,763	21,039,105
$ 841,181	$ 3,780,933	$ 3,562,329	$ 2,936,430	$ 4,746,342	$ 82,534

NORTHWEST FIRE DISTRICT
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS (modified accrual basis of accounting)

	2016	***2015***	***2014***	***2013***
General fund				
Reserved	$ -	$ -	$ -	$ -
Unreserved	-	-	-	-
Nonspendable	88,352	41,851	41,618	32,558
Assigned	2,057,411	1,904,439	1,284,406	271,292
Unassigned	5,750,826	6,354,350	7,784,984	8,865,044
Total general fund	$ 7,896,589	$ 8,300,640	$ 9,111,008	$ 9,168,894
All other governmental funds				
Reserved	$ -	$ -	$ -	$ -
Unreserved, reported in:				
Special revenue funds	-	-	-	-
Capital project funds	-	-	-	-
Restricted	2,227,260	2,181,549	3,091,615	3,461,598
Assigned	2,496,384	4,180,238	4,448,158	3,386,617
Unassigned	-	394,014	126,524	(315,838)
Total all other governmental funds	$ 4,723,644	$ 6,755,801	$ 7,666,297	$ 6,532,377

For fiscal year 2010, the District implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions", resulting in the above presentation changes on fund balance reporting from 2009.

2012	*2011*	*2010*	*2009*	*2008*	*2007*
$ -	$ -	$ -	$ 33,992	$ 27,887	$ 41,042
-	-	-	5,623,159	5,271,918	3,139,782
60,536	46,313	38,996	-	-	-
543,807	635,817	19,803	-	-	-
8,638,855	6,789,421	6,323,963	-	-	-
$ 9,243,198	$ 7,471,551	$ 6,382,762	$ 5,657,151	$ 5,299,805	$ 3,180,824
$ -	$ -	$ -	$ 1,635,046	$ 2,025,867	$ 224,157
-	-	-	140,978	(283,299)	131,139
-	-	-	11,293,752	13,543,129	15,763,562
3,707,599	10,504,078	18,311,186	-	-	-
3,449,582	2,182,187	2,560,962	-	-	-
(722,909)	(991,857)	(315,373)	-	-	-
$ 6,434,272	$ 11,694,408	$ 20,556,775	$ 13,069,776	$ 15,285,697	$ 16,118,858

NORTHWEST FIRE DISTRICT
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS (modified accrual basis of accounting)

	2016	2015	2014	2013
Revenues				
Taxes	$ 29,211,164	$ 28,747,650	$ 28,565,186	$ 28,847,572
Charges for services	3,004,176	1,702,701	1,304,169	904,883
Intergovernmental	1,265,675	2,415,042	2,669,485	2,980,824
Donations	542	1,014	886	440
Interest	72,176	66,526	67,999	157,240
Miscellaneous	956	4,228	16,960	45,208
Total revenues	33,554,689	32,937,161	32,624,685	32,936,167
Expenditures				
Public safety	30,370,341	28,540,781	27,281,172	28,545,390
Capital outlay	2,522,752	2,178,537	1,319,617	1,178,971
Debt service				
Principal	2,010,000	2,231,560	1,590,000	1,604,222
Interest	1,203,879	1,793,719	1,513,509	1,583,783
Issuance cost on bonds	166,700	153,539	-	-
Total expenditures	36,273,672	34,898,136	31,704,298	32,912,366
Excess of revenues over (under) expenditures	(2,718,983)	(1,960,975)	920,387	23,801
Other financing sources (uses)				
Premium on bonds issued	788,774	566,867	-	-
Proceeds from debt issuance	8,300,000	8,215,000	-	-
Payment to refunded bond agent	(8,853,234)	(8,608,438)	-	-
Proceeds from sale of capital assets	47,235	66,682	155,647	-
Capital leases	-	-	-	-
Total other financing sources (uses)	282,775	240,111	155,647	-
Net change in fund balances	$ (2,436,208)	$ (1,720,864)	$ 1,076,034	$ 23,801
Debt service as a percentage of noncapital expenditures	9.52%	12.30%	10.21%	10.05%

2012	*2011*	*2010*	*2009*	*2008*	*2007*
$ 29,281,639	$ 29,201,070	$ 27,200,848	$ 26,861,605	$ 25,800,662	$ 20,436,811
978,950	1,083,979	1,205,438	1,253,721	1,072,998	1,521,792
3,410,753	2,083,552	1,940,613	3,530,322	2,013,285	448,903
890	1,015	1,454	3,516	5,530	6,046
73,829	159,360	266,746	321,273	1,028,847	322,322
48,849	43,953	67,024	209,195	212,790	120,211
33,794,910	32,572,929	30,682,123	32,179,632	30,134,112	22,856,085
27,122,488	25,895,667	25,094,335	25,119,033	23,094,188	19,706,555
6,891,859	11,115,191	5,418,600	5,582,800	3,952,443	4,087,246
1,614,273	1,543,873	1,697,872	2,049,660	744,161	1,038,994
1,654,779	1,791,775	1,207,853	1,286,714	857,556	737,245
-	-	163,982	-	199,944	-
37,283,399	40,346,506	33,582,642	34,038,207	28,848,292	25,570,040
(3,488,489)	(7,773,577)	(2,900,519)	(1,858,575)	1,285,820	(2,713,955)
-	-	163,129	-	-	546,516
-	-	10,950,000	-	-	13,470,000
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	11,113,129	-	-	14,016,516
$ (3,488,489)	$ (7,773,577)	$ 8,212,610	$ (1,858,575)	$ 1,285,820	$ 11,302,561
10.76%	11.41%	10.90%	11.72%	7.24%	8.27%

NORTHWEST FIRE DISTRICT
ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

	Real Property	***Personal Property***	***Public Utility Property***	
Fiscal Year Ended June 30,	***Residential & Commercial Property***	***Assessed Value***	***Assessed Value***	***Less: Tax Exempt Real Property***
2007	796,309,784	33,270,423	16,043,718	34,408,956
2008	938,911,667	35,614,479	18,507,437	unavailable
2009	1,150,248,914	37,845,835	17,512,580	unavailable
2010	1,159,273,225	41,280,540	18,422,482	unavailable
2011	1,109,980,353	37,055,165	21,315,691	unavailable
2012	992,017,039	33,878,245	21,606,049	unavailable
2013	952,695,576	32,078,598	20,997,630	91,415,487
2014	893,583,142	28,834,682	20,892,491	103,131,023
2015	917,578,208	31,001,733	25,223,947	105,895,750
2016	942,856,062	26,531,232	24,419,181	103,849,456

Source: Pima County

Total			*Assessed*
Taxable Assessed Value	*Direct Tax Rate*	*Estimated Net Full Cash Value*	*Value as a % of Full Cash Value*
811,214,969	2.4709	6,475,656,874	12.53%
993,033,583	2.5672	8,159,280,373	12.17%
1,205,607,329	2.2601	10,055,311,825	11.99%
1,218,976,247	2.2077	10,476,984,132	11.63%
1,168,351,209	2.4646	9,666,454,596	12.09%
1,047,501,333	2.7109	8,693,706,845	12.05%
1,005,771,804	2.8383	8,262,755,426	12.17%
943,310,315	3.0213	7,757,731,353	12.16%
973,803,888	2.9272	8,060,872,757	12.08%
993,806,475	2.9138	9,563,358,048	10.39%

NORTHWEST FIRE DISTRICT
PROPERTY TAX RATES – ALL DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS

Fiscal Year	*Northwest Fire District*			*Pima County*		
Ended			*Total*			*Total*
June 30,	*General*	*Debt Service*	*District*	*General*	*Debt Service*	*County*
2007	2.3927	0.0782	2.4709	3.8420	0.7150	4.5570
2008	2.3104	0.2568	2.5672	3.6020	0.6850	4.2870
2009	2.1088	0.1513	2.2601	3.3913	0.6050	3.9963
2010	2.0857	0.1220	2.2077	3.3133	0.7100	4.0233
2011	2.1761	0.2885	2.4646	3.4178	0.7800	4.1978
2012	2.4103	0.3006	2.7109	3.4178	0.7800	4.1978
2013	2.5253	0.3130	2.8383	3.4178	0.7800	4.1978
2014	2.6926	0.3287	3.0213	3.6665	0.7800	4.4465
2015	2.6083	0.3189	2.9272	4.2779	0.7000	4.9779
2016	2.6086	0.3052	2.9138	4.3877	0.7000	5.0877

Source: Pima County

Overlapping Rates

Marana Unified School District				*Total Direct*
General	*Debt Service*	*Total School District*	*Special Districts*	*& Overlapping Rates*
3.8618	2.0499	5.9117	2.9706	15.9102
3.8368	1.9519	5.7887	2.4518	15.0947
3.7725	1.7090	5.4815	3.0199	14.7578
3.2634	1.6652	4.9286	2.5377	13.6973
3.5510	1.6537	5.2047	1.4185	13.2856
3.9419	1.6444	5.5863	1.9550	14.4500
3.9419	1.6444	5.5863	2.4456	15.0680
4.1868	1.8217	6.0085	2.6800	16.1563
4.3493	1.8795	6.2288	2.8193	16.9532
4.4563	1.8807	6.3370	2.9398	17.2783

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NORTHWEST FIRE DISTRICT
PRINCIPAL PROPERTY TAXPAYERS
CURRENT AND NINE YEARS AGO

		June 30, 2016	
Taxpayer	***Type of Business***	***Assessed Value***	***% of Total Assessed Value***
Northwest Hospital LLC	Healthcare	$ 19,831,923	2.00%
Unisource Energy Corporation	Utility	15,027,899	1.51%
J Foothills LLC	Shopping center	7,205,842	0.73%
Dove Mountain Hotel Co LLC	Resort	6,798,750	0.68%
Wal-Mart Stores Inc	Retail	6,562,505	0.66%
Qwest Corp	Telecommunications	3,282,432	0.33%
Smiths Food & Drug Centers Inc	Grocer	3,035,037	0.31%
Westward Look Resort LLC	Resort	2,979,901	0.30%
Southwest Gas Corp	Gas utility	2,823,205	0.28%
Marana Marketplace Partners LLC	Developer	2,205,230	0.22%
		$ 69,752,724	7.02%
Total Assessed Value		$ 993,806,475	

		June 30, 2007	
Taxpayer	***Type of Business***	***Assessed Value***	***% of Total Assessed Value***
FMP Kimco Foothills LLC	Shopping center	$ 11,796,959	1.45%
HDP Northwest LLC	Healthcare	11,024,976	1.36%
Unisource Energy Corp	Utility	9,989,552	1.23%
Northwest Hospital LLC	Healthcare	3,513,993	0.43%
Qwest Communications Corp	Telecommunications	2,931,952	0.36%
Wal-Mart Stores, Inc.	Retail	2,889,000	0.36%
Boutique Hotel Co - Westward Look	Resort	2,791,430	0.34%
Marana Ina Road LLC	Shopping center	2,521,200	0.31%
LaCholla & River Road Assoc., LLC	Developer	2,406,103	0.30%
Safeway, Inc.	Grocery store	2,164,250	0.27%
		$ 52,029,415	6.41%
Total Assessed Value		$ 811,214,969	

Source: Pima County Assessor

NORTHWEST FIRE DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	*Original Property Tax Levy*	*Tax Roll Corrections*	*Property Tax Levy (Adjusted)*	*Collected within the Fiscal Year of the Levy*	
				Amount	*% of Levy*
2007	20,075,555	(37,349)	20,038,206	19,426,761	96.77%
2008	25,622,556	(399,039)	25,223,517	24,266,454	94.71%
2009	27,232,008	-	27,232,008	25,723,703	94.46%
2010	26,898,582	-	26,898,582	25,362,292	94.29%
2011	28,747,801	-	28,747,801	27,608,735	96.04%
2012	28,400,387	-	28,400,387	27,378,367	96.40%
2013	28,792,811	-	28,792,811	27,960,421	97.11%
2014	28,428,353	-	28,428,353	27,659,209	97.29%
2015	28,298,575	-	28,298,575	27,488,510	97.14%
2016	28,884,757	-	28,884,757	28,099,632	97.28%

Collections in Subsequent Years	*Total Collections to Date*	
	Amount	*% of Levy*
606,227	20,032,988	99.97%
949,149	25,215,603	99.97%
1,471,806	27,195,509	99.87%
1,447,049	26,809,341	99.67%
1,115,014	28,723,749	99.92%
727,338	28,105,705	98.96%
688,158	28,648,579	99.50%
668,659	28,327,868	99.65%
713,101	28,201,611	99.66%
-	28,099,632	97.28%

NORTHWEST FIRE DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

	Governmental Activities				
Fiscal Year Ended June 30,	***General Obligation Bonds***	***Capital Leases***	***Total Primary Government***	***Percentage of Personal Income***	***Per Capita***
2007	26,575,000	2,914,062	29,489,062	0.10%	229.49
2008	26,575,000	2,169,900	28,744,900	0.09%	216.31
2009	25,610,000	1,085,240	26,695,240	0.08%	200.88
2010	35,565,000	382,368	35,947,368	0.11%	270.50
2011	34,170,000	233,495	34,403,495	0.10%	311.72
2012	32,710,000	79,222	32,789,222	0.09%	297.09
2013	31,185,000	-	31,185,000	0.08%	282.55
2014	30,554,014	-	30,554,014	0.08%	276.84
2015	27,984,314	-	27,984,314	0.08%	253.55
2016	26,329,301	-	26,329,301	0.07%	225.45

NORTHWEST FIRE DISTRICT

RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	*Assessed Value*	*General Obligation Bonds*	*Less Debt Service Monies Available*	*Net Bonded Debt*	*Percentage of Estimated Actual Taxable Value of Property*	*Net Bonded Debt per Capita*
2007	811,214,969	26,575,000	13,927,859	12,647,141	1.56%	98.42
2008	993,033,583	26,575,000	14,751,482	11,823,518	1.19%	88.97
2009	1,205,607,329	25,610,000	11,110,812	14,499,188	1.20%	109.11
2010	1,218,976,247	35,565,000	18,049,064	17,515,936	1.44%	131.81
2011	1,168,351,209	34,170,000	9,498,342	24,671,658	2.11%	223.54
2012	1,047,501,333	32,710,000	2,484,404	30,225,596	2.89%	273.86
2013	1,005,771,804	31,185,000	2,252,063	28,932,937	2.88%	262.15
2014	943,310,315	30,554,014	1,875,951	28,678,063	3.04%	259.84
2015	973,803,888	27,984,314	982,237	27,002,077	2.77%	244.65
2016	993,806,475	26,329,301	969,024	25,360,277	2.55%	217.15

NORTHWEST FIRE DISTRICT

DIRECT AND OVERLAPPING GENERAL OBLIGATION DEBT RATIOS
LAST SIX FISCAL YEARS

Fiscal Year Ended June 30,		***Per Capita Bonded Debt***	***As % of District Net Assessed Valuation***	***As % of District Estimated Full Cash Value***
2011	Direct GO Bonded Debt	$ 313.91	2.92%	0.35%
2011	Direct & Overlapping GO Bonded Debt	1,412.86	13.30%	1.61%
2012	Direct GO Bonded Debt	$ 299.93	3.12%	0.38%
2012	Direct & Overlapping GO Bonded Debt	1,521.30	15.93%	1.93%
2013	Direct GO Bonded Debt	$ 286.25	3.10%	0.38%
2013	Direct & Overlapping GO Bonded Debt	1,476.30	16.20%	1.97%
2014	Direct GO Bonded Debt	$ 272.02	3.24%	0.39%
2014	Direct & Overlapping GO Bonded Debt	1,502.53	17.58%	2.14%
2015	Direct GO Bonded Debt	$ 246.70	2.87%	0.35%
2015	Direct & Overlapping GO Bonded Debt	1,320.21	15.59%	1.88%
2016	Direct GO Bonded Debt	$ 225.45	2.65%	0.28%
2016	Direct & Overlapping GO Bonded Debt	1,327.39	15.60%	1.62%

NORTHWEST FIRE DISTRICT
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2016

Governmental Unit	*Debt Outstanding*	*Estimated Percentage Applicable*	*Estimated Share of Overlapping Debt*
Debt repaid with property taxes:			
Pima County	$ 394,415,000	13.04%	$ 51,431,716
Gladden Farms Community Facilities Dist	7,835,000	100.00%	7,835,000
Marana Unified School District	103,100,000	67.34%	69,427,540
Subtotal, overlapping debt			128,694,256
Northwest Fire District direct debt			26,329,301
Total estimated direct and overlapping debt			$ 155,023,557

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Northwest Fire District. This process recognizes that, when considering the District's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

NORTHWEST FIRE DISTRICT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

	2016	***2015***	***2014***	***2013***
Assessed Value	$ 993,806,475	$ 973,803,888	$ 943,310,315	$ 1,005,771,804
Debt limit rate	x 6%	x 6%	x 6%	x 6%
Debt limit	59,628,389	58,428,233	56,598,619	60,346,308
Less bonded debt at June 30	(26,329,301)	(27,984,314)	(30,554,014)	(28,932,937)
Legal debt margin	$ 33,299,088	$ 30,443,919	$ 26,044,605	$ 31,413,371
Total net debt applicable to the limit as a percentage of debt limit	44.16%	47.90%	53.98%	47.94%

2012	*2011*	*2010*	*2009*	*2008*	*2007*
$ 1,047,501,333	$ 1,168,351,209	$ 1,218,976,247	$ 1,205,607,329	$ 993,033,583	811,214,969
x 6%	x 6%	x 6%	x 6%	x 6%	x 6%
62,850,080	70,101,073	73,138,575	72,336,440	59,582,015	48,672,898
(30,225,596)	(24,671,658)	(17,515,936)	(14,499,188)	(11,823,518)	(12,647,141)
$ 32,624,484	$ 45,429,415	$ 55,622,639	$ 57,837,252	$ 47,758,497	$ 36,025,757
48.09%	35.19%	23.95%	20.04%	19.84%	25.98%

NORTHWEST FIRE DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	*(1) Population (Pima County)*	*Personal Income*	*(1) Per Capita Income (Pima County)*	*(2) School Enrollment (Pima County)*	*(1) Unemployment Rate (Pima County)*
2007	984,000	30,899,000	31,401	151,719	3.3%
2008	984,032	32,778,000	33,310	152,811	4.7%
2009	984,274	32,955,000	33,482	148,686	7.9%
2010	980,263	34,223,000	34,912	153,505	9.0%
2011	986,081	34,596,360	35,085	152,234	9.1%
2012	990,380	36,864,000	37,222	151,172	7.6%
2013	992,394	36,838,000	37,120	151,854	7.6%
2014	996,046	37,867,000	38,017	152,088	6.9%
2015	1,007,200	37,100,000	36,835	151,731	5.9%
2016	1,009,371	38,604,000	38,246	151,364	5.8%

Sources of information:

1) ***"Arizona's Economy" Magazine***
2) ***Arizona Department of Education***

NORTHWEST FIRE DISTRICT
PRINCIPAL EMPLOYERS
CURRENT AND NINE YEARS AGO

June 30, 2016

Employer	***Employees***	***Rank***
Afni Inc.	1,900	1
Northwest Medical Center	1,585	2
Marana Unified School District	1,404	3
Wal-Mart	1,100	4
Frys Food and Drug	469	5
Marana Health Center	423	6
Costco	400	7
Ritz Carlton Dove Mountain	350	8
Town of Marana	339	9
Sargent Aerospace & Defense	310	10
Total	8,280	

June 30, 2007

Employer	***Employees***	***Rank***
Northwest Health System	1,809	1
Marana Unified School District	1,776	2
Wal-Mart	995	3
Town of Marana	310	4
Costco	304	5
Westward Look Resort	301	6
Kohls Department Store	251	7
Sargent Aerospace & Defense	244	8
Lowes	231	9
Coca-Cola Bottling Co.	186	10
Total	6,407	

Source: Arizona Daily Star 200

Note: Percentage of employees employed by principal employers to the total employed District-wide is not available

NORTHWEST FIRE DISTRICT
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

Function	***2016***	***2015***	***2014***	***2013***
Public safety				
Fire prevention inspections	6,114	6,113	3,982	3,003
Emergency medical service calls	11,824	10,725	10,417	11,413
Fire responses	512	1,032	1,258	1,526
Other Responses - including hazardous materials, mutual aid, public service	2,449	1,064	1,292	1,316
Miscellaneous - including false alarms, good intent	-	2	2	36

Sources: Various District Departments

2012	*2011*	*2010*	*2009*	*2008*	*2007*
3,007	3,097	2,790	3,708	4,875	1,508
10,538	10,301	9,385	9,259	10,158	8,901
350	230	206	365	620	592
1,127	1,889	1,669	2,375	2,581	3,052
999	1,537	1,396	1,434	612	1,070

NORTHWEST FIRE DISTRICT
FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS

Function	***2016***	***2015***	***2014***	***2013***
Public safety				
Fire and rescue service	182	177	208	204
Fire prevention	11	12	9	8
Administrative and support	40	40	40	37
Total	233	229	257	249

Source: District HR Department

2012	*2011*	*2010*	*2009*	*2008*	*2007*
206	202	207	209	198	186
9	9	9	9	9	11
37	37	36	36	36	26
252	248	252	254	243	223

NORTHWEST FIRE DISTRICT
CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS

Function	***2016***	***2015***	***2014***	***2013***
Public safety				
Stations	10	10	10	10
Equipment:				
Engines	15	16	16	16
Ladder trucks	2	2	3	3
Brush rigs	3	4	6	6
Rescue/Ambulance units	10	8	6	6
Tenders	3	3	3	3
Hazmat squad	1	2	2	2
Squad/support units	2	2	2	2
Technical rescue	1	2	2	2
Heavy squad	1	1	1	1

Source: District Fleet Department

2012	*2011*	*2010*	*2009*	*2008*	*2007*
10	10	10	9	9	8
16	16	15	15	15	13
3	3	3	2	2	2
6	6	6	4	4	4
6	6	6	4	4	4
3	3	3	3	3	3
2	2	2	2	2	2
2	2	2	2	2	2
2	2	2	2	2	2
1	1	1	1	1	1

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SINGLE AUDIT SECTION

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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

Board of Directors
Northwest Fire District

We have audited, in accordance with the 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, the financial statements of the governmental activities and each major fund of Northwest Fire District, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Northwest Fire District's basic financial statements, and have issued our report thereon dated December 5, 2016. Our report included an emphasis of matter paragraph as to comparability because of the implementation of Governmental Accounting Standards Board Statement No. 72.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Northwest Fire District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Northwest Fire District's internal control. Accordingly, we do not express an opinion on the effectiveness of Northwest Fire District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Northwest Fire District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Report on Compliance with State of Arizona Regulatory Requirements

In connection with our audit, nothing came to our attention that caused us to believe that Northwest Fire District incurred any debt or liability in excess of taxes levied and to be collected and the monies actually available and unencumbered at that time in the District's General Fund, except for those liabilities as prescribed in A.R.S. section 48-805, subsection B, paragraph 2 and sections 48-806 and 48-807, or that the District failed to comply with A.R.S. section 48-805.02, subsection F. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. This report is supplemental reporting as required by Arizona statutes intended solely for the information and use of management and the members of the Arizona State Legislature and is not intended to be and should not be used by anyone other than these specified parties.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Heinfeld, Meech & Co., P.C.

Heinfeld, Meech & Co., P.C.
Tucson, Arizona
December 5, 2016

**Report on Compliance for Each Major Federal Program;
Report on Internal Control Over Compliance; and
Report on Schedule of Expenditures of Federal Awards
Required by the Uniform Guidance**

Independent Auditor's Report

Board of Directors
Northwest Fire District

Report on Compliance for Each Major Federal Program

We have audited Northwest Fire District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Northwest Fire District's major federal programs for the year ended June 30, 2016. Northwest Fire District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Northwest Fire District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Northwest Fire District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Northwest Fire District's compliance.

Opinion on Each Major Federal Program
In our opinion, Northwest Fire District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

Report on Internal Control Over Compliance
Management of Northwest Fire District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Northwest Fire District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Northwest Fire District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance
We have audited the financial statements of the governmental activities and each major fund of Northwest Fire District as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Northwest Fire District's basic financial statements. We issued our report thereon dated December 5, 2016, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements.

The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Heinfeld, Meech & Co., P.C.

Heinfeld, Meech & Co., P.C.
Tucson, Arizona
December 5, 2016

NORTHWEST FIRE DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2016

Federal Grantor/Pass-through Grantor/Program Title	*CFDA Number*	*Grantor's Number*	*Expenditures*
U.S. Department of Housing and Urban Development			
Passed through Pima County -			
Community Development Block Grant	14.218	CT-CD-16*194	15,000
U.S. Department of Transportation			
Passed through State of Arizona -			
Interagency Hazardous Materials Public Sector Training & Planning Grants	20.703	N/A	7,664
U.S. Department of Homeland Security			
Direct Grant -			
Staffing for Adequate Fire and Emergency Response	97.083	EMW-2013-FH-00468	725,998
Passed through State of Arizona -			
Homeland Security Grant Program - CBRNE	97.067	14-AZDOHS-HSGP-140402-01	4,889
Passed through City of Tucson -			
Homeland Security Grant Program - CBRNE	97.067	N/A	6,415
Total Expenditures of Federal Awards			$ 759,966
Totals by CFDA Number:			
CDBG	14.218		$ 15,000
Interagency Hazardous Materials Public Sector Training & Planning Grants	20.703		7,664
Staffing for Adequate Fire and Emergency Response	97.083		725,998
Homeland Security Cluster	97.067		11,304
Total Expenditures of Federal Awards			$ 759,966

PURPOSE OF THE SCHEDULE

The accompanying schedule of expenditures of federal awards is a supplementary schedule to the financial statements of the District and is presented for purposes of additional analysis.

SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The information in the Schedule is presented in accordance with Uniform Guidance, Audits of States, Local Governments, and Non-Profit Organizations.

Federal Financial Assistance

Pursuant to the Single Audit Act and Uniform Guidance, federal financial assistance is defined as assistance provided by a federal agency, either directly or indirectly, in the form of grants, contracts, cooperative agreements, loans, loan guarantees, property, interest subsidies, insurance or direct appropriations.

Major Programs

The Single Audit Act and Uniform Guidance establish criteria to be used in defining major federal financial assistance programs. Major programs for the District are those programs selected for testing by the auditor using a risk-assessment model, as well as certain minimum expenditure requirements, as outlined in Uniform Guidance. Programs with similar requirements may be grouped into a cluster for testing purposes.

Reporting Entity

The reporting entity is fully described in the notes to the financial statements. Additionally, the Schedule includes all federal programs administered by the District for the year ended June 30, 2016.

Revenue and Expenditure Recognition

The receipt and expenditure of federal awards are accounted for under the modified accrual basis of accounting. Revenues are recorded as received in cash or on the accrual basis where measurable and available. Expenditures are recorded when the liability is incurred.

Indirect Cost Rate

The District has not elected to use the 10% de minimis cost rate as covered in §200.414 Indirect (F&A) costs.

CATALOG OF FEDERAL DOMESTIC ASSISTANCE (CFDA) NUMBERS

The program titles and CFDA numbers were obtained from the federal or pass-through grantor or the 2016 *Catalog of Federal Domestic Assistance*.

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes __X__ no
- Significant deficiency(ies) identified that are not considered to be a material weakness(es)? _____ yes __X__ none reported

Noncompliance material to financial statements noted? _____ yes __X__ no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ yes __X__ no
- Significant deficiency(ies) identified that are not considered to be a material weakness(es)? _____ yes __X__ none reported

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with §200.516 of Uniform Guidance: _____ yes __X__ no

Identification of major programs:

CFDA Numbers	Name of Federal Program or Cluster
97.083	Staffing for Adequate Fire and Emergency Response

Dollar threshold used to distinguish between Type A and Type B programs: $750,000

Auditee qualified as low-risk auditee? _____ yes __X__ no

SECTION II – FINDINGS RELATED TO FINANCIAL STATEMENTS REPORTED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

None reported.

SECTION III – FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL AWARDS

None reported.

Status of Federal Award Findings and Questioned Costs

The District had no findings or questioned costs related to federal awards noted in prior audits that require a status.