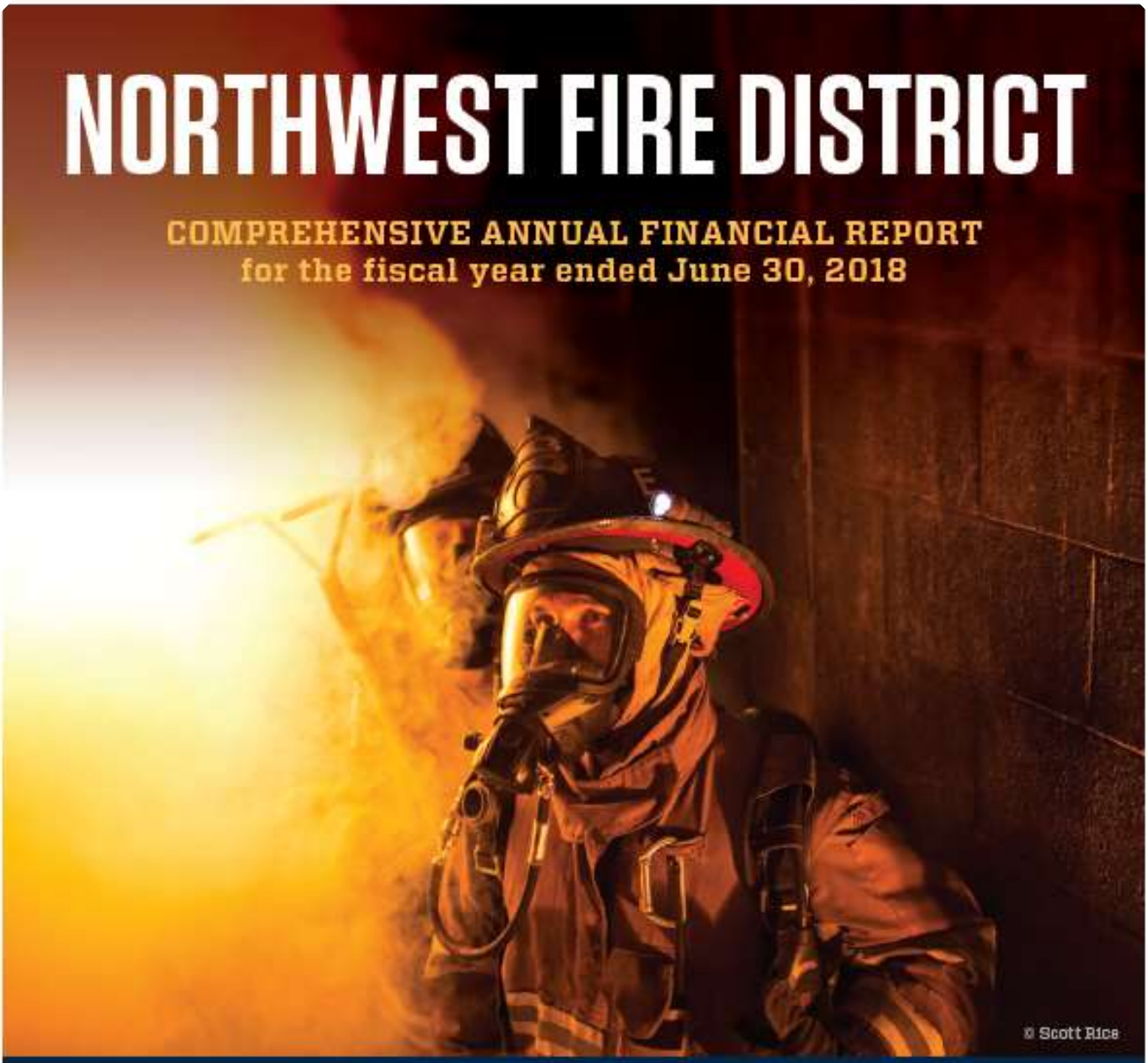
NORTHWEST FIRE DISTRICT

COMPREHENSIVE ANNUAL FINANCIAL REPORT
for the fiscal year ended June 30, 2018



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

NORTHWEST FIRE DISTRICT
PIMA COUNTY, ARIZONA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

for the fiscal year ended June 30, 2018

Northwest Fire District
5225 W. Massingale Road
Marana, AZ 85743
Phone 520-887-1010
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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
MARANA, AZ 85743

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

November 14, 2018

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, 2018.

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.

Henry + Horne, a certified public accounting firm, have issued an unmodified ("clean") opinion on the Northwest Fire District financial statements for the year ended June 30, 2018. 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.

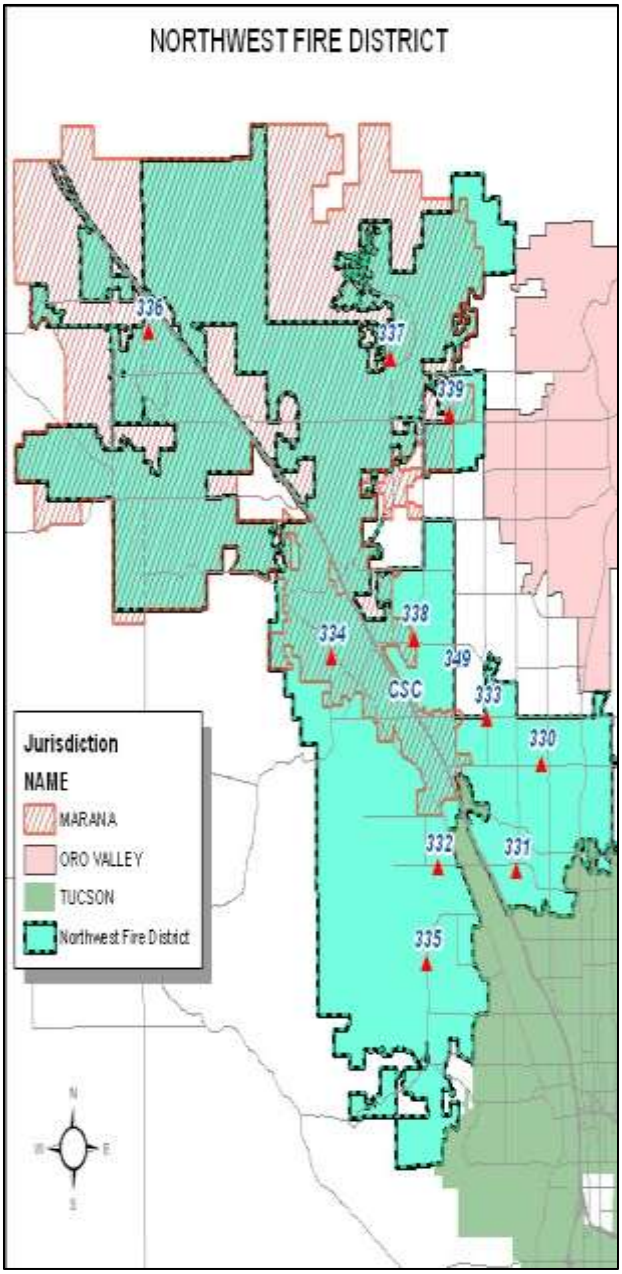
The District is a special district established to provide a full range of fire protection and emergency response services to its citizens. This report has been prepared in accordance with accounting principles generally accepted in the United States of America and follows guidelines recommended by the 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 $1.137 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

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

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 diverse region that has seen significant growth over the past eighteen years. Most of the development within NWFD is residential, including single and multi-family dwellings. However, there is also a substantial and increasing 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 4.4%. 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 perform 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. The District was due for re-accreditation in 2016-17 but was placed on deferred status. The District received full re-accreditation status in August 2018.

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 rate. 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, 2017. This was the eleventh 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,

Norman K. Bradley III
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

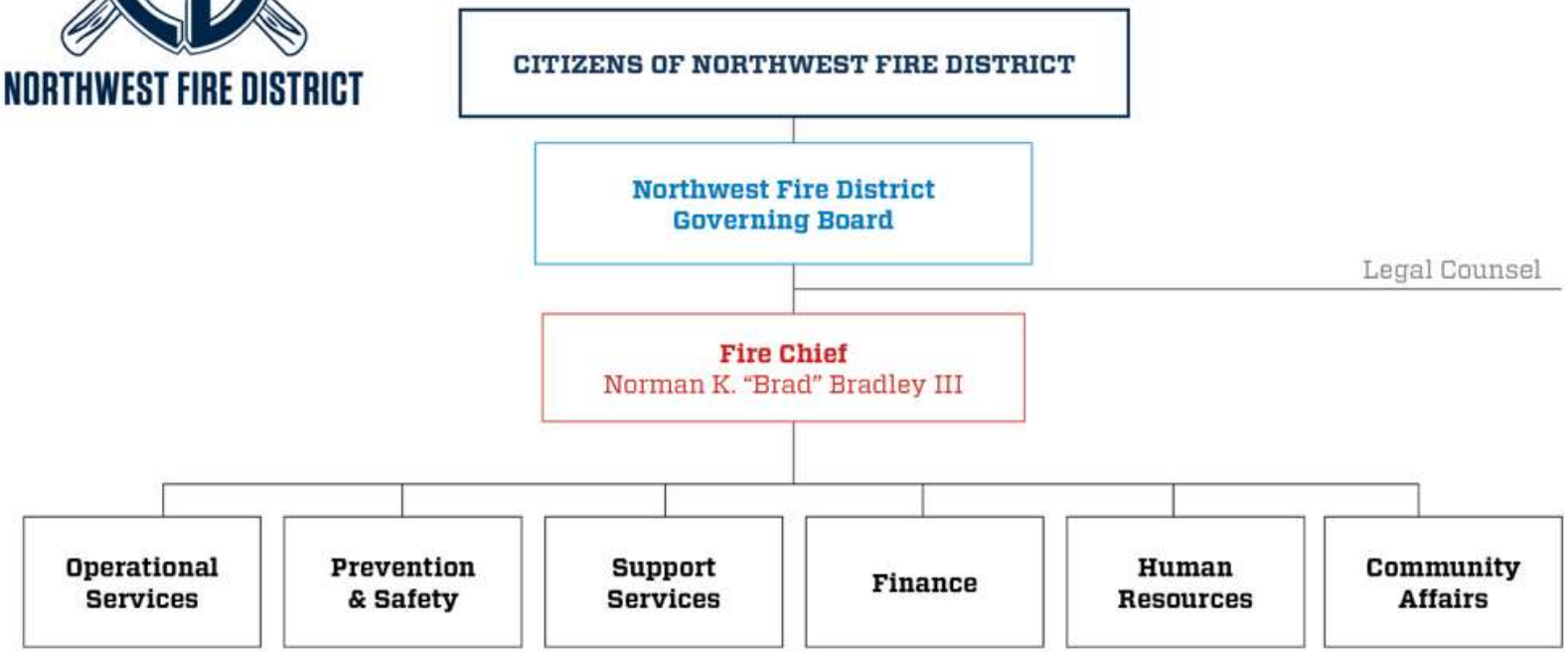
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morrill

Executive Director/CEO

NORTHWEST FIRE DISTRICT



NORTHWEST FIRE DISTRICT
LIST OF ELECTED AND APPOINTED OFFICIALS
JUNE 30, 2018

Board of Directors

	Term Expires
George Carter, Chair	*November 30, 2020*
Bruce Kaplan, Vice-Chair	*November 30, 2018*
Becky Arend-Hicks, Clerk	*November 30, 2020*
Peg Green	*November 30, 2020*
David Talas	*November 30, 2018*

Administrative Offices
5225 W. Massingale Road
Marana, 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 AUDITORS' REPORT

The Board of Directors
Northwest Fire District, Arizona

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Northwest Fire District, Arizona, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Northwest Fire 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.

Auditors' 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 of 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 auditors' 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 Northwest Fire District as of June 30, 2018, 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.

Emphasis of Matter

As discussed in the notes to the basic financial statements, for the year ended June 30, 2018 the District adopted new accounting guidance, *GASBS No. 75 Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. 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 and the required supplementary 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 an opinion on the financial statements that collectively comprise Northwest Fire District's basic financial statements. The introductory section, the financial information listed as other supplementary information in the table of contents and the statistical section are presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The financial information listed as other supplementary information in the table of contents and the schedule of expenditures of federal awards are the responsibility of management and are derived from and relate directly to the underlying accounting and other records used to prepare the basic 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

Other Matters (Continued)

Other Information (Continued)

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 financial information listed as other supplementary information in the table of contents and the schedule of expenditures of federal awards, are 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 November 14, 2018 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 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.

Henry & Horne LLP

Casa Grande, Arizona
November 14, 2018

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MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED JUNE 30, 2018

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, 2018. 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 $1,053,318 *(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 $575,774, primarily due to revenues exceeding expenses.
- As of the close of the current year, the governmental funds of the District reported combined ending fund balances of $24,395,987, an increase of $12,844,447 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was $5,164,700, or 17.67% of total General Fund expenditures.
- The total long-term debt of the District increased by a net amount of $11,717,858. The increase is primarily due to issuance of new general obligation debt.

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 27-29) 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 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 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 30-35 and 73-83 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 39-64 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 $1,053,318 at the close of the most recent fiscal year.

The largest portion of net position of the District ($7,126,330, or 676.56%) 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 ($2,188,440, or 207.77%) 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 (-$8,261,452, or -784.33%) 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/
	2018	2017	(Decrease)
Cash and investments	$24,633,256	$11,845,117	$ 12,788,139
Other assets	2,906,750	3,826,906	(920,156)
Capital assets	42,485,081	42,927,457	(442,376)
Total assets	70,025,087	58,599,480	11,425,607
Deferred outflows of resources	15,120,426	13,405,956	1,714,470
Other liabilities	1,341,118	1,447,361	(106,243)
Long-term liabilities	78,254,136	67,276,052	10,978,084
Total liabilites	79,595,254	68,723,413	10,871,841
Deferred inflows of resources	4,496,941	2,350,677	2,146,264
Net position			
Net investment in capital assets	7,126,330	19,286,564	(12,160,234)
Restricted	2,188,440	1,995,585	192,855
Unrestricted	(8,261,452)	(20,350,803)	12,089,351
Total net position	$ 1,053,318	$ 931,346	$ 121,972

Governmental activities. The net position of the District from governmental activities increased 13.10%, from $931,346 to $1,053,318. Key elements of these activities are as follows:

- Unrestricted net position increased $12,089,351 primarily due to a debt issuance in the current year.
- Restricted net position increased $192,855 primarily due to bond and grant revenues exceeding expenses in those funds.
- Net investment in capital assets decreased $12,160,234 due to a new debt issuance during the year.
- Charges for services decreased $437,640 due to writing down delinquent accounts from ambulance billings.
- Operating grants and contributions increased $736,276 due to the District being utilized more heavily in combating wildland fires and thus, bringing additional revenue.
- Property taxes increased $2,221,460 as a result of a slight increase in operating levy.
- Expenses for public safety decreased reflecting a pension judgment accrued in the prior year.

Condensed Statement of Activities
For the year ended June 30,

	Governmental Activities		Increase/
	2018	2017	(Decrease)
Revenues			
Program revenues			
Charges for services	$ 2,477,942	$ 2,915,582	$ (437,640)
Operating grants and contributions	2,595,746	1,859,470	736,276
General revenues			
Property taxes	33,127,433	30,905,973	2,221,460
Fire district assistance tax	402,130	398,246	3,884
Investment earnings	206,572	71,261	135,311
Miscellaneous	19,336	8,012	11,324
Total revenues	38,829,159	36,158,544	2,670,615
Expenses			
Public safety	37,067,135	45,119,860	(8,052,725)
Interest on long-term debt	1,186,250	808,138	378,112
Total expenses	38,253,385	45,927,998	(7,674,613)
Increase/(Decrease) in net position	575,774	(9,769,454)	10,345,228
Prior period adjustment	(453,802)	-	(453,802)
Beginning net position	931,346	10,700,800	(9,769,454)
Ending net position	$ 1,053,318	$ 931,346	$ 121,972

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, 2018, Northwest Fire District's governmental funds reported combined fund balances of $24,395,987, an increase of $12,844,447, or 211.19%, in comparison with the prior year. Approximately 21.17% of this amount ($5,164,700) 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 ($76,899), 2) restricted for particular purposes ($2,029,957), or 3) assigned for particular purposes ($17,124,431).

General Fund. The General Fund accounts for all the financial resources of the District not accounted for in any other fund. At the end of June 30, 2018, total fund balance was $7,329,781, of which $76,899 was nonspendable because of prepaid items, $2,088,182 was assigned for medical self-insurance costs, and $5,164,700 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 17.67% of the total general fund expenditures, while the total fund balance represents 25.08% of total general fund expenditures. Total fund balance of the fund decreased by $209,442, resulting from increased repairs, maintenance, and supply 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, 2018, total fund balance was $339,785, which is a decrease of $9,237 from the prior year due wildland fire expenditures exceeding reimbursements.

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, 2018, total fund balance was $125,409, which is a decrease of $126,549 from the prior year due to the fund slightly underperforming revenue estimates.

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, 2018, total fund balance was $13,363,562, which is an increase of $13,017,124 from the prior year primarily due to the issuance of general obligation bonds.

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

Changes or variances from the original to the final budget for the General Fund were due to reallocating capacity from unfilled vacancies to areas of need. 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 $7,163,837 for expenditures is primarily attributed to not utilizing contingency funds for operations.

- The negative variance of $114,130 for support resources is primarily attributed to increased repair, maintenance and supply costs.
- The negative variance of $73,768 for Administration is primarily due to a paid time off payout for the former fire chief.
- The negative variance of $25,178 for Community safety services is primarily due to bringing part-time community assistance program employees on as full-time employees in January.

For more detailed information, see budget to actual comparisons on page 73.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. As of June 30, 2018, the investment in capital assets for governmental activities amounts to $42,485,081 (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 $442,376, or -1.03%.

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

- Purchase of new land for stations 37 and 41
- Purchase of two new KME Custom Pumpers
- Purchase of a new ambulance
- Purchase of a new medical drug dispensing machine for station 34
- Installation of a new keyless access system for increased security at all District locations

For more detailed information, see page 49 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,

	2018	2017
Beginning balance	$ 42,927,457	$ 43,547,647
Additions	3,108,380	2,792,316
Retirements	(294,350)	(1,002,904)
Depreciation	(3,256,406)	(2,409,602)
Ending balance	$ 42,485,081	$ 42,927,457

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 $35,358,751. 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.

Northwest Fire District
Outstanding Debt
As of June 30,

	Governmental Activities		Increase/
	2018	2017	(Decrease)
General Obligation Bonds	$ 35,358,751	$ 23,640,893	$ 11,717,858
	$ 35,358,751	$ 23,640,893	$ 11,717,858

Additional information regarding the long-term debt of the District can be found in the notes to the financial statements on pages 50-51 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 five years ago. Builders and developers have begun reinvesting in the community, as evidenced by a new premium factory outlet mall which opened in the District in October 2015. District assessed values hit a high of $1.218 billion in 2009/10, declined to $943 million in 2013/14, and currently is estimated at $1.137 billion. The Board of Directors has 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 have increased from $2.1124 in 2009/10 to $2.7095 for 2018/19.

Next year's budget reflects an increase in personnel expenditures due to expiration of a SAFER grant which helped fund new suppression employees, as well as new station building construction projects funded through the new bond issuance.

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, 2018

	Governmental Activities
ASSETS	
Cash and investments	$ 24,633,256
Accounts receivable	1,123,828
Property taxes receivable	1,706,023
Prepaid expenses	76,899
Capital assets	
Land, improvements, and construction in progress	7,310,334
Other capital assets (net of accumulated depreciation)	35,174,747
Total Assets	70,025,087
DEFERRED OUTFLOWS OF RESOURCES	
Pension plan items	15,120,426
Total Deferred Outflows of Resources	15,120,426
LIABILITIES	
Accounts payable and accrued expenses	1,327,929
Unearned revenue	13,189
Noncurrent liabilities:	
Due within one year:	
Bonds payable	2,470,000
Compensated absences	1,700,000
Due in more than one year:	
Bonds payable, net of unamortized premium	32,888,751
Compensated absences	1,920,840
Net OPEB liability	310,536
Net pension liability	38,964,009
Total Liabilities	79,595,254
DEFERRED INFLOWS OF RESOURCES	
Pension plan items	4,496,941
Total Deferred Inflows of Resources	4,496,941
NET POSITION	
Net investment in capital assets	7,126,330
Restricted for:	
Debt Service	1,172,773
Grants	1,015,667
Unrestricted	(8,261,452)
Total Net Position	$ 1,053,318

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, 2018

	Governmental Activities
EXPENSES	
Public safety	
Salaries and wages	$ 19,695,263
Employee benefits	7,696,501
Materials and supplies	1,635,044
Professional services	1,092,826
Utilities and communications	1,637,818
Insurance	129,923
Repairs and maintenance	1,476,894
Lease agreements	152,427
Depreciation	3,550,439
Interest on long-term debt	1,384,806
Total program expenses	38,451,941
PROGRAM REVENUES	
Charges for services	2,477,942
Operating grants and contributions	2,595,746
Total program revenues	5,073,688
Net program expenses	(33,378,253)
GENERAL REVENUES	
Property taxes	33,127,433
Fire district assistance tax	402,130
Investment earnings	206,572
Miscellaneous	19,336
Total general revenues	33,755,471
Change in net position	377,218
Net position, July 1, 2017, as restated	477,544
Net position, June 30, 2018	$ 854,762

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

NORTHWEST FIRE DISTRICT
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2018

	General	Wildland	Ambulance
ASSETS			
Cash and investments	$ 7,886,143	$ 118,602	$ -
Accounts receivable	30,571	412,563	478,896
Property taxes receivable	1,524,004	-	-
Prepaids	76,899	-	-
Due from other funds	207,103	-	-
Total Assets	$ 9,724,720	$ 531,165	$ 478,896
LIABILITIES			
Accounts payable	$ 524,629	$ 22,419	$ 14,065
Accrued payroll and related benefits	509,634	7,715	-
Unearned revenue	9,823	-	-
Due to other funds	-	-	207,103
Total Liabilities	1,044,086	30,134	221,168
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	1,350,853	-	-
Unavailable revenue - wildland billings	-	161,246	-
Unavailable revenue - ambulance billings	-	-	132,319
Total Deferred Inflows of Resources	1,350,853	161,246	132,319
FUND BALANCES			
Nonspendable:			
Prepaid items	76,899	-	-
Restricted for:			
Debt service	-	-	-
Grant expenditures	-	-	-
Assigned to:			
Medical self insurance	2,088,182	-	-
Wildland	-	339,785	-
Ambulance	-	-	125,409
Capital expenditures	-	-	-
Unassigned:	5,164,700	-	-
Total Fund Balances	7,329,781	339,785	125,409
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 9,724,720	$ 531,165	$ 478,896

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

Capital Improvements	GO Debt Service	Capital Reserve	Grant Program	Totals
$ 13,568,192	$ 990,754	$ 1,207,493	$ 862,072	$ 24,633,256
4,777	-	-	197,021	1,123,828
-	182,019	-	-	1,706,023
-	-	-	-	76,899
-	-	-	-	207,103
$ 13,572,969	$ 1,172,773	$ 1,207,493	$ 1,059,093	$ 27,747,109
$ 209,407	$ -	$ -	$ 16,346	$ 786,866
-	-	-	23,714	541,063
-	-	-	3,366	13,189
-	-	-	-	207,103
209,407	-	-	43,426	1,548,221
-	158,483	-	-	1,509,336
-	-	-	-	161,246
-	-	-	-	132,319
-	158,483	-	-	1,802,901
-	-	-	-	76,899
-	1,014,290	-	-	1,014,290
-	-	-	1,015,667	1,015,667
-	-	-	-	2,088,182
-	-	-	-	339,785
-	-	-	-	125,409
13,363,562	-	1,207,493	-	14,571,055
-	-	-	-	5,164,700
13,363,562	1,014,290	1,207,493	1,015,667	24,395,987
$ 13,572,969	$ 1,172,773	$ 1,207,493	$ 1,059,093	$ 27,747,109

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, 2018

Fund Balances		$ 24,395,987
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.		1,802,901
Capital assets are not financial resources in governmental funds, but are reported in the Statement of Net Position at their net depreciable value.		42,485,081
Pension/OPEB 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.		10,623,485
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 compensated absences payable	(3,620,840)	
Bonds payable	(35,358,751)	
Net OPEB liability	(310,536)	
Net pension liability	(38,964,009)	(78,254,136)
Net position of governmental activities		$ 1,053,318

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, 2018

	General	Wildland	Ambulance
REVENUES			
Taxes and assessments	$ 29,411,580	$ -	$ -
Charges for services	1,258,948	-	2,156,082
Intergovernmental	-	839,448	-
Donations	1,215	-	-
Interest earned	68,541	-	-
Miscellaneous	16,379	-	-
Total Revenues	30,756,663	839,448	2,156,082
EXPENDITURES			
Public safety:			
Administration	3,347,591	-	-
Emergency operations	19,567,594	848,685	2,072,411
Community safety services	1,242,393	-	-
Support resources	5,041,038	-	210,220
Capital outlay	24,800	-	-
Debt service	-	-	-
Total Expenditures	29,223,416	848,685	2,282,631
REVENUES OVER (UNDER) EXPENDITURES	1,533,247	(9,237)	(126,549)
OTHER FINANCING SOURCES/(USES)			
Sale of general capital assets	-	-	-
General obligation bonds issued	-	-	-
Premium on bond issuance	-	-	-
Transfers in/(out)	(1,742,689)	-	-
Total Other Financing Sources (Uses)	(1,742,689)	-	-
NET CHANGE IN FUND BALANCES	(209,442)	(9,237)	(126,549)
FUND BALANCES, Beginning of year	7,539,223	349,022	251,958
FUND BALANCES, End of year	$ 7,329,781	$ 339,785	$ 125,409

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

Capital Improvements	GO Debt Service	Capital Reserve	Grant Program	Totals
$ -	$ 4,009,873	$ -	$ -	$ 33,421,453
88,781	-	-	-	3,503,811
-	145,359	-	1,562,186	2,546,993
-	-	-	-	1,215
138,031	-	-	-	206,572
-	2,957	-	-	19,336
226,812	4,158,189	-	1,562,186	39,699,380
-	1,975	-	-	3,349,566
7,146	-	-	1,740,869	24,236,705
-	-	-	-	1,242,393
-	-	-	-	5,251,258
3,057,419	-	-	26,160	3,108,379
198,556	3,778,820	-	-	3,977,376
3,263,121	3,780,795	-	1,767,029	41,165,677
(3,036,309)	377,394	-	(204,843)	(1,466,297)
316	-	-	-	316
12,780,000	-	-	-	12,780,000
1,530,428	-	-	-	1,530,428
1,742,689	-	-	-	-
16,053,433	-	-	-	14,310,744
13,017,124	377,394	-	(204,843)	12,844,447
346,438	636,896	1,207,493	1,220,510	11,551,540
$ 13,363,562	$ 1,014,290	$ 1,207,493	$ 1,015,667	$ 24,395,987

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, 2018

Net change in fund balances - total governmental funds			$ 12,844,447
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.			(870,221)
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.			(192,436)
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	$ 3,108,379		
Loss on disposition of capital assets	(34,053)		
Less current year depreciation	(3,516,702)		(442,376)
Governmental funds report pension/OPEB contributions as expenditures. However, they are reported as deferred outflows of resources in the Statement of Net Position. The change in the net pension/OPEB liability, adjusted for deferred pension/OPEB items, is reported as pension/OPEB expense in the Statement of Activities.			954,218
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	$ 212,570		
Issuance of general obligation debt	(12,780,000)		
Premium on bond issuance	(1,530,428)		
Principal repayments	2,380,000		(11,717,858)
Change in net position of governmental activities.			$ 575,774

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, 2018. 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 acquisition value at date of donation. Estimated acquisition value of donated assets is determined based on engineering estimates of current cost, appraised value, 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)

Deferred Outflows and Inflows of Resources

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

Postemployment Benefits

For purposes of measuring the net pension and other postemployment benefits (OPEB) assets and liabilities, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension and OPEB expense, information about the plans' fiduciary net position and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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:

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance (Continued)

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 in 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.

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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 except for 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, 2018, the District had expenditures in funds that exceeded the budget; however, this does not constitute a violation of any legal provisions.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

NEW ACCOUNTING PRONOUNCEMENT

For the year ended June 30, 2018 the District implemented the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, as amended by GASB Statement No. 85, Omnibus 2017. GASB Statement No. 75 establishes standards for measuring and recognizing net assets or liabilities, deferred outflows of resources, deferred inflows of resources, and expenses/expenditures related to other postemployment benefits (OPEB) provided through defined benefit OPEB plans. In addition, Statement No. 75 requires disclosure of information related to OPEB.

INTERFUND RECEIVABLES AND PAYABLES

For the year ended June 30, 2018, interfund balances are as follows:

	Due To	***Due From***
General Fund	$ -	$ 207,103
Ambulance Fund	207,103	-
	$ 207,103	$ 207,103

At June 30, 2018, the Ambulance Fund had a negative cash balance in the pooled cash account. Negative cash on deposit was reduced by interfund borrowing from other funds. The interfund borrowing is expected to be paid within one year.

CHANGE IN ACCOUNTING PRINCIPLE

Net position as of July 1, 2017, has been restated as follows for the implementation of GASB Statement No.75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (OPEB), as amended by GASB Statement No.85, Omnibus 2017.

Net position as previously reported at June 30, 2017	$ 931,346
Prior period adjustment - implementation of GASB 75:	
Net OPEB liability (measurement date as of June 30, 2016)	(511,602)
Deferred outflows - District contributions made during fiscal year 2017	71,606
Deferred inflows of OPEB	(13,806)
Total prior period adjustment	(453,802)
Net position as restated, July 1, 2017	$ 477,544

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, 2018:

	Fair Value
Cash	
Cash on hand	$ 500
Deposits with financial institutions	2,996,144
Investments	
Local government investment pool	21,636,612
	$ 24,633,256

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, 2018, deposits with financial institutions have a bank value of $3,234,452, and a book value of $2,996,144. The difference of $238,308 represents deposits in transit, outstanding checks, and other reconciling items at June 30, 2018. At June 30, 2018, 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, 2018:

Local Government Investment Pool	***Fair Value***	***Rating***	***Rating Agency***
County Treasurer	$ 21,636,612	Unrated	Not applicable
	$ 21,636,612		

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, 2018, the District had the following investments in debt securities:

Local Government Investment Pool	*Amount*	*Weighted Average Maturity in Years*
County Treasurer	$ 21,636,612	0.74
	$ 21,636,612	

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, 2018 were as follows:

	Beginning Balance	*Increases*	*Decreases*	*Ending Balance*
NON-DEPRECIABLE				
Land and improvements	$ 5,822,720	$ 1,198,658	$ -	$ 7,021,378
Construction in progress	51,714	237,242	-	288,956
Total non-depreciable	5,874,434	1,435,900	-	7,310,334
DEPRECIABLE				
Buildings	41,351,019	11,018	(13,615)	41,348,422
Equipment	21,571,965	1,661,462	(280,735)	22,952,692
Total depreciable	62,922,984	1,672,480	(294,350)	64,301,114
ACCUMULATED DEPRECIATION				
Buildings	(11,748,604)	(1,461,007)	7,274	(13,202,337)
Equipment	(14,121,357)	(2,055,696)	253,023	(15,924,030)
Total accumulated depreciation	(25,869,961)	(3,516,703)	260,297	(29,126,367)
Total capital assets being depreciated	37,053,023	(1,844,223)	(34,053)	35,174,747
Capital assets, net of depreciation	$ 42,927,457	$ (408,323)	$ (34,053)	$ 42,485,081

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 $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 with interest rates ranging from 2.00-4.00%, an $8,300,000 issuance of 2016 refunding bonds dated June 9, 2016 with interest rates ranging from 2.00-4.00%, and a $12,780,000 issuance dated August 3, 2017 with interest rates ranging from 2.00%-5.00%. 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. As of June 30, 2018, $12,780,000 has been issued in relation to this additional capacity, leaving $10,830,000 available to be issued in future years.

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

Governmental Activities			
Fiscal Year Ending June 30,	***Principal***	***Interest***	***Total***
2019	$ 2,470,000	$ 1,386,867	$ 3,856,867
2020	2,240,000	1,315,637	3,555,637
2021	2,310,000	1,245,841	3,555,841
2022	2,390,000	1,164,173	3,554,173
2023	2,485,000	1,069,303	3,554,303
2024-28	10,260,000	3,816,735	14,076,735
2029-33	6,485,000	1,834,318	8,319,318
2034-36	4,170,000	422,000	4,592,000
	$ 32,810,000	$ 12,254,874	$ 45,064,874

LONG-TERM DEBT (Continued)

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2018, was as follows:

	Outstanding July 1, 2017	***Issued***	***Matured/ Redeemed During Year***	***Outstanding June 30, 2018***	***Due Within One Year***
Governmental activities					
Series 2010A General Obligation Bonds	$ 8,000,000	$ -	$ (495,000)	$ 7,505,000	$ 515,000
Series 2014 Refunding Bonds	6,340,000	-	(835,000)	5,505,000	850,000
Series 2016 Refunding Bonds	8,070,000	-	(690,000)	7,380,000	705,000
Series 2017 General Obligation Bonds	-	12,780,000	(360,000)	12,420,000	400,000
Unamortized deferred amounts	1,230,893	1,530,428	(212,570)	2,548,751	-
	23,640,893	14,310,428	(2,592,570)	35,358,751	2,470,000
Compensated absences	3,428,404	1,801,493	(1,609,057)	3,620,840	1,700,000
Net opeb liability	-	310,536	-	310,536	-
Net pension liability	40,206,755	-	(1,242,746)	38,964,009	-
	$ 67,276,052	$ 16,422,457	$ (5,444,373)	$ 78,254,136	$ 4,170,000

The General Fund and Wildland Fund have typically been used to liquidate the liability for pensions/OPEB in prior years.

OPERATING LEASE

During the year, the District utilized five-year operating leases for its non-response vehicles. The total cost for the leases was $111,601 for the year ended June 30, 2018. Future minimum lease payments for the leases are as follows:

Year Ending June 30	*Amounts Due*
2019	$ 114,204
2020	114,204
2021	114,204
2022	114,204
2023	114,204
Total	$ 571,020

TRANSFERS

Interfund transfer activity for fiscal year ended June 30, 2018 is as follows:

	Transfers In	*Transfers Out*
General	$ -	$ 1,742,689
Capital Improvements	1,742,689	-
	$ 1,742,689	$ 1,742,689

The transfers from the General 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 more than $150,000 and aggregate losses in excess of 125% of estimated costs. Losses exceeding 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.

At June 30, 2018, the District reported $4,838,688 of pension and other postemployment benefits (OPEB) expenditures in the governmental funds for all 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.

Health insurance premium benefits are available to retired or disabled members with 5 years of credited service. The benefits are payable only with respect to allowable health insurance premiums for which the member is responsible. For members with 10 or more years of service, benefits range from $150 per month to $260 per month depending on the age of the member and dependents. For members with 5 to 9 years of service, the benefits are the same dollar amounts as above multiplied by a vesting fraction based on completed years of service.

Active members are eligible for a monthly long-term disability benefit equal to two-thirds of monthly earnings. Members receiving benefits continue to earn service credit up to their normal retirement dates. Members with long-term disability commencement dates after June 30, 1999, are limited to 30 years of service or the service on record as of the effective disability date if their service is greater than 30 years.

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 11.50 percent (11.34 percent for retirement and 0.16 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 11.50 percent (10.90 percent for retirement, 0.44 percent for health insurance premium benefit, and 0.16 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 9.49 percent (9.26 percent for retirement, .10 percent for health insurance premium benefit, and 0.13 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. District contributions to the pension, health insurance premium benefit, and long-term disability plans for the year ended June 30, 2018, were $225,573, $9,106, and $3,311, respectively.

Liability. At June 30, 2018, the District reported a liability of $3,667,073 for its proportionate share of the net liability of the ASRS. The net liability was measured as of June 30, 2017. The total liability used to calculate the net liability was determined using update procedures to roll forward the total liability from an actuarial valuation as of June 30, 2016, to the measurement date of June 30, 2017. The total pension liability as of June 30, 2017, reflects a change in actuarial assumption related to changes in loads for future potential permanent benefit increases.

PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

The District proportion of the net liability was based on the District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2017. The District's proportions measured as of June 30, 2018, and the change from its proportions measured as of June 30, 2016, were:

ASRS	**Proportion June 30, 2017**	**Increase (Decrease) from June 30, 2016**
Pension	10.78%	-0.07%
Health insurance premium benefit	0.56%	0.06%
Long-term disability	0.14%	0.02%

The net assets and net liabilities measured as of June 30, 2018, will reflect changes of actuarial assumptions based on the results of an actuarial experience study for the 5-year period ended June 30, 2016. The change in the District net assets and net liabilities as a result of these changes is not known.

Expense and Deferred Outflows/Inflows of Resources. For the year ended June 30, 2018, the District recognized expense for ASRS of $94,524, 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	$ -	$ 109,959
Changes in assumptions or other inputs	159,269	109,652
Net difference between projected and actual earnings on pension plan investments	26,327	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	31,281
Contributions subsequent to the measurement date	225,573	-
Total	$ 411,169	$ 250,892

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, 2019. 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:	
2019	$ (163,111)
2020	139,695
2021	42,474
2022	(84,354)
2023	-
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, 2016
Actuarial roll forward date	June 30, 2017
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, 2016 valuation were based on the results of an actuarial experience study for the five-year period ended June 30, 2012.

The long-term expected rate of return on ASRS plan investments was determined to be 8.70 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of 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%	6.73%
Fixed income	25%	3.70%
Real estate	10%	4.25%
Commodities	2%	3.84%
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 8.70 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 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 plan investments was applied to all periods of projected benefit payments to determine the total liability.

Sensitivity of the Proportionate Share of the Net Liability to Changes in the Discount Rate. The following presents the District's proportionate share of the net 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 liability	$ 4,706,752	$ 3,667,073	$ 2,798,332

Pension Plan Fiduciary Net Position. Detailed information about the plans' 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 agent and cost-sharing multiple-employer defined benefit pension plans and agent and cost sharing multiple-employer defined benefit health insurance premium benefit (OPEB) plans. A nine-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.

District public safety employees who became PSPRS members before July 1, 2017 participate in the agent plans, and those who became members on or after July 1, 2017, participate in the cost-sharing plans (PSPRS Tier 3 Risk Pool).

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. Retirement, disability, and survivor benefits are calculated on the basis of age, average monthly compensation, and service credit as follows.

Retirement and disability	**Before January 1, 2012**	**On or after January 1, 2012 and before July 1, 2017**
Years of service and age required to receive benefit	20 years of service, any age 15 years of service, age 62	25 years of service or 15 years of credited service, age 52.5
Final average salary is based on	Highest 36 consecutive months of last 20 years	Highest 60 consecutive months of last 20 years
Benefit percent		
Normal retirement	50% less 2% for each year of credited service less than 20 years OR plus 2-2.5% for each year of credited service over 20 years, not to exceed 80%	1.5-2.5% per year of credited service, not to exceed 80%
Accidental disability retirement	50% of normal retirement, whichever is greater	
Catastrophic disability retirement	90% for the first 60 months then reduced to either 62.5% or normal retirement, whichever is greater	
Ordinary disability retirement	Normal retirement calculated with actual years of credited service or 20 years of credited service, whichever is greater, multiplied by years of credited service (not to exceed 20 years) divided by 20	
Survivor benefit		
Retired members	80%-100% of retired member's pension benefit	
Active members	80%-100% of accidental disability retirement benefit or 100% of average monthly compensation if death was the result of injuries received on the job	

PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

Retirement and survivor benefits are subject to automatic cost-of-living adjustments based on inflation. In addition, the Legislature may enact permanent one-time benefit increases after a Joint Legislature Budget Committee analysis of the increases effects on the plan. PSPRS also provides temporary disability benefits of 50 percent of the member's compensation for up to 12 months.

Health insurance premium benefits are available to retired or disabled members with 5 years of credited service. The benefits are payable only with respect to allowable health insurance premiums for which the member is responsible. Benefits range from $150 per month to $260 per month depending on the age of the member and dependents.

Employees Covered by Benefit Terms. At June 30, 2018, the following employees were covered by the agent plans' benefit terms:

	PSPRS	
	Pension	Health
Inactive employees or beneficiaries currently receiving benefits	35	35
Inactive employees entitled to but not yet receiving benefits	24	10
Active employees	183	183
Total	242	228

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, 2018, are indicated below. Rates are a percentage of active members' annual covered payroll.

	Active member Pension	District Pension	Health insurance premium benefit
Active members - pension	7.65%		
District:			
Pension	30.36%		0.39%
Tier 3 Risk Pool	9.94%	9.68%	0.26%

Also, statute required the District to contribute at the actuarially determined rate of 9.94 percent (9.68 percent for pension and .26 percent for health insurance premium benefit) of the annual covered payroll of employees who were PSPRS Tier 3 Risk Pool members, in addition to the required contributions to the PSPRS Tier 3 Risk Pool.

PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

In addition, statute required the District to contribute at the actuarially determined rate of 14.77 percent for the PSPRS of annual covered payroll (14.60% for pension and .17% for health insurance) of retired members who worked in positions that would typically be filled by an employee who contributes to the PSPRS.

District contributions to the plans for the year ended June 30, 2018, were:

	Pension	Health insurance premium benefit
PSPRS	$ 4,529,092	$ 71,606

Pension Liability. At June 30, 2018, the District reported the following assets and liabilities.

	Net pension (asset) liability	Net OPEB (asset) liability
PSPRS	$ 35,296,936	$ 310,536

The net assets and net liabilities were measured as of June 30, 2017, and the total liability used to calculate the net asset or liability was determined by an actuarial valuation as of that date. The total liabilities as of June 30, 2017, reflect changes of actuarial assumptions based on the results of an actuarial experience study for the 5-year period ended June 30, 2016, including decreasing the investment rate of return from 7.5 percent to 7.4 percent, decreasing the wage inflation from 4 percent to 3.5 percent, and updating mortality, withdrawal, disability, and retirement assumptions. The total pension liabilities for PSPRS also reflect changes of benefit terms for legislation that changed benefit eligibility and multipliers for employees who became members on or after January 1, 2012, and before July 1, 2017, and a court decision that decreased the contribution rates for the employees who became members before July 20, 2011. The court decision will also affect the PSPRS net pension liabilities measured as of June 30, 2018, because of refunds of excess member contributions. The change in the District's PSPRS net pension liabilities as a result of the refunds is not known.

PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

Actuarial valuation date	June 30, 2017
Actuarial cost method	Entry Age Normal
Actuarial assumptions:	
Investment rate of return	7.40%
Wage inflation	3.5% for pensions/not applicable for OPEB
Price inflation	2.5% for pensions/not applicable for OPEB
Permanent benefit increase	Included for pensions/not applicable for OPEB
Mortality rates	RP-2014 tables using MP-2016 improvement scale with adjustments to match current experience
Healthcare cost trend rate	Not applicable

Actuarial assumptions used in the June 30, 2017, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2016.

The long-term expected rate of return on PSPRS plan investments was determined to be 7.40 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of 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 Geometric Real Rate of Return
Short-term investments	2%	0.25%
Absolute return	2%	3.75%
Risk parity	4%	5.00%
Fixed income	5%	1.25%
Real assets	9%	4.52%
GTAA	10%	3.96%
Private equity	12%	6.75%
Real estate	10%	3.75%
Credit opportunities	16%	5.83%
Non-U.S. equity	14%	8.70%
U.S. equity	16%	7.60%
Total	100%	

PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

Discount Rates. At June 30, 2017, the discount rate of used to measure the PSPRS total pension/OPEB liabilities was 7.4 percent, which was a decrease of .1 percent from the discount rate used as of June 30, 2016. 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 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 plan investments was applied to all periods of projected benefit payments to determine the total pension/OPEB liability.

Changes in the net pension/OPEB liability - PSPRS.

	Pension Increase/Decrease			Health insurance premium benefit Increase (decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balances at June 30, 2017	$ 86,680,657	$ 52,517,068	$ 34,163,589	$ 2,143,386	$ 1,631,784	$ 511,602
Changes for the year:						
Service cost	3,472,275	-	3,472,275	45,981	-	45,981
Interest on the total liability	6,536,478	-	6,536,478	160,815	-	160,815
Changes of benefit terms	636,888	-	636,888	2,012	-	2,012
Differences between expected and actual experience in the measurement of the total liability	(265,508)	-	(265,508)	(43,536)	-	(43,536)
Changes of assumptions or other inputs	-	-	-	(118,400)	-	(118,400)
Contributions - employer	1,907,557	3,100,361	(1,192,804)	-	57,048	(57,048)
Contributions - employee	-	1,789,724	(1,789,724)	-	-	-
Net investment income	-	6,285,132	(6,285,132)	-	192,595	(192,595)
Benefit payments, including refunds of employee contributions	(2,527,515)	(2,527,515)	-	(44,355)	(44,355)	-
Administrative expense	-	(56,013)	56,013	-	(1,705)	1,705
Other	-	35,139	(35,139)	-	-	-
Net changes	9,760,175	8,626,828	1,133,347	2,517	203,583	(201,066)
Balances at June 30, 2018	$ 96,440,832	$ 61,143,896	$ 35,296,936	$ 2,145,903	$ 1,835,367	$ 310,536

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/OPEB liabilities calculated using the discount rate of 7.4 percent, as well as what the net pension/OPEB liability would be if 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	6.40%	7.40%	8.40%
Net pension liability	$ 51,270,949	$ 35,296,936	$ 22,516,481
Net OPEB liability	616,892	310,536	58,823

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

Expense. For the year ended June 30, 2018, the District recognized $5,901,258 as pension expense and $55,062 as OPEB expense.

Pension Deferred Outflows/Inflows of Resources. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions and OPEB from the following sources:

	Pension		Health Insurance Premium Benefit	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 823,430	$ 1,805,529	$ -	$ 38,510
Changes of assumptions or other inputs	6,304,576	-	-	104,731
Net difference between projected and actual earnings on pension plan investments	739,113	-	(55,839)	-
Contributions subsequent to the measurement date	4,529,092	-	71,606	-
Total	$ 12,396,211	$ 1,805,529	$ 15,767	$ 143,241

PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

The amounts reported as deferred outflows of resources related to pension and OPEB 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and OPEB will be recognized as expenses as follows:

Year Ending June 30:	Pension Net Deferred Outflows of Resources	OPEB Net Deferred Inflows of Resources
2019	$ 1,051,061	$ (32,655)
2020	1,485,669	(32,655)
2021	1,098,303	(32,655)
2022	363,032	(32,654)
2023	814,738	(18,695)
Thereafter	1,248,787	(49,766)
Total	$ 6,061,590	$ (199,080)

REQUIRED SUPPLEMENTARY INFORMATION

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NORTHWEST FIRE DISTRICT

SCHEDULE OF CHANGES IN THE NET PENSION/OPEB LIABILITY AND RELATED RATIOS – AGENT PLANS (PSPRS)

*LAST TEN FISCAL YEARS**

PSPRS

	2018	2017	2016	2015
Total pension liability				
Service cost	$ 3,472,275	$ 2,811,831	$ 2,617,288	$ 2,668,263
Interest	6,536,478	5,383,157	4,955,203	4,439,431
Changes of benefit terms	636,888	7,594,973	-	358,350
Differences between expected and actual experience	(265,508)	1,076,494	(285,514)	(2,412,025)
Changes of assumptions	1,907,557	3,546,513	-	3,348,983
Benefit payments, including refunds of employee contributions	(2,527,515)	(1,803,276)	(2,061,936)	(1,552,405)
Net change in total pension liability	9,760,175	18,609,692	5,225,041	6,850,597
Total pension liability - beginning	86,680,657	68,070,965	62,845,924	55,995,327
Total pension liability - ending (a)	$ 96,440,832	$ 86,680,657	$ 68,070,965	$ 62,845,924
Plan fiduciary net position				
Contributions - employer	$ 3,100,361	$ 3,036,705	$ 2,398,854	$ 2,246,073
Contributions - employee	1,789,724	1,741,594	1,637,449	1,429,528
Net investment income	6,285,132	290,856	1,691,663	5,314,867
Benefit payments, including refunds of employee contributions	(2,527,515)	(1,803,276)	(2,061,936)	(1,552,405)
Administrative expense	(56,013)	(42,253)	(41,661)	(42,804)
Other	35,139	444,170	(63,639)	126,681
Net change in plan fiduciary net position	8,626,828	3,667,796	3,560,730	7,521,940
Plan fiduciary net position - beginning	52,517,068	48,849,272	45,288,542	37,766,602
Plan fiduciary net position - ending (b)	$ 61,143,896	$ 52,517,068	$ 48,849,272	$ 45,288,542
District net pension liability - ending (a)-(b)	35,296,936	34,163,589	19,221,693	17,557,382
Plan fiduciary net position as a percentage of the total pension liability	63.40%	60.59%	71.76%	72.06%
Covered-employee payroll	$ 14,832,442	$ 14,382,769	$ 13,502,977	$ 13,421,021
District net pension liability as a percentage of covered employee payroll	237.97%	237.53%	142.35%	130.82%

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

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

OPEB

	2018
Total OPEB liability	
Service cost	$ 45,981
Interest	160,815
Changes of benefit terms	2,012
Differences between expected and actual experience	(43,536)
Changes of assumptions	(118,400)
Benefit payments, including refunds of employee contributions	(44,355)
Net change in total OPEB liability	2,517
Total OPEB liability - beginning	2,143,386
Total OPEB liability - ending (a)	$ 2,145,903
Plan fiduciary net position	
Contributions - employer	$ 57,048
Contributions - employee	-
Net investment income	192,595
Benefit payments, including refunds of employee contributions	(44,355)
Administrative expense	(1,705)
Other	-
Net change in plan fiduciary net position	203,583
Plan fiduciary net position - beginning	1,631,784
Plan fiduciary net position - ending (b)	$ 1,835,367
District net OPEB liability - ending (a)-(b)	310,536
Plan fiduciary net position as a percentage of the total OPEB liability	85.53%
Covered-employee payroll	$ 14,832,442
District net OPEB liability as a percentage of covered employee payroll	2.09%

*- Fiscal year 2018 was the 1st year of implementation, therefore only one year is displayed.

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

Year Ended June 30	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2014	$ 2,246,073	$ 2,246,073	-	$ 13,421,021	16.74%
2015	2,398,854	2,398,854	-	13,502,977	17.77%
2016	3,036,705	3,036,705	-	14,382,769	21.11%
2017	3,100,361	3,100,361	-	14,832,442	20.90%

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

Year Ended June 30	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2017	$ 57,048	$ 57,048	-	$ 14,832,442	0.38%

*- Fiscal year 2017 was the 1st year of implementation, therefore only one year is displayed.

Notes to Schedule:

Actuarial determined contribution rates for PSPRS are calculated as of June 30 two years prior to the end of the fiscal year in which contributions are made. The actuarial methods and assumptions used to establish the contribution requirements are as follows:

Actuarial cost method:	Entry Age Normal
Amortization method:	Level percent-of-pay, closed
Remaining amortization period:	20 years; if the actuarial value of assets exceeded the actuarial accrued liability, the excess was amortized over an open period of 19 years and applied as a credit to reduce the normal cost which otherwise would be payable.
Asset valuation method:	7-year smoothed market value; 80%/120% market corridor
Wage growth:	In the 2014 actuarial valuation, wage growth was decreased from 4.50% to 4.00%. In the 2013 actuarial valuation, wage growth was decreased from 5.0% to 4.5%.
Projected Salary Increases:	In the 2014 actuarial valuation, projected salary increases were decreased from 4.5% - 8.5% to 4.0% - 8.0%. In the 2013 actuarial valuation, projected salary increases were decreased from 5.0% - 9.0% to 4.5% - 8.5%.

Notes to Schedule (Continued):

Investment rate of return:	PSPRS members with initial membership date before July 1, 2017: In the 2016 actuarial valuation the investment rate of return was decreased from 7.85% to 7.5%. In the 2013 actuarial valuation, the investment rate of return was decreased from 8.0% to 7.85%. PSPRS members with initial membership on or after July 1, 2017: 7%.
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 (adjusted by 105% for both males and females).

Arizona courts have ruled that provisions of a 2011 law changing the mechanism for funding permanent pension benefit increases and increased employee pension contribution rates were unconstitutional or a breach of contract because those provisions apply to individuals who were members as of the law's effective date. As a result, PSPRS changed benefit terms to reflect the prior mechanism for funding permanent benefit increases for those members and revised actuarial assumptions to explicitly value future permanent benefit increases. PSPRS also reduced those members' employee contribution rates. These changes are reflected in the plans' pension liabilities for fiscal year 2015 (measurement date 2014) for members who were retired as of the law's effective date and fiscal year 2018 (measurement date 2017) for members who retired or will retire after the law's effective date. These changes also increased the PSPRS-required pension contributions beginning in fiscal year 2016 for members who were retired as of the law's effective date. These changes will increase the PSPRS-required contributions beginning in fiscal year 2019 for members who retired or will retire after the law's effective date. Also, the District refunded excess employee contributions to PSPRS members. PSPRS allowed the District to reduce its actual employer contributions for the refund amounts. As a result, the District pension contributions were less than the actuarially or statutorily determined contributions for 2018.

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

	2018	2017	2016	2015
District's proportion of the net pension liability (asset)	0.024%	0.024%	0.024%	0.024%
District's proportionate share of the net pension liability (asset)	$ 4,706,752	$ 3,667,073	$ 3,712,840	$ 3,536,641
District's covered-employee payroll	$ 2,317,699	$ 2,233,032	$ 2,202,819	$ 2,068,738
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	203.08%	164.22%	168.55%	170.96%
Plan fiduciary net position as a percentage of the total pension liability	69.92%	67.06%	68.35%	69.49%

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

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

Year Ended June 30	Statutorial Required Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2014	$ 248,970	$ 248,970	$ -	$ 2,068,738	12.03%
2015	242,284	242,284	-	2,202,819	11.00%
2016	249,848	249,848	-	2,233,032	11.19%
2017	247,527	247,527	-	2,317,699	10.68%

*- Fiscal year 2015 was the 1st year of implementation, therefore only four 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, 2018

	Budgeted Amounts			Variance with Final
	Original	Final	Actual	Budget
REVENUES				
Taxes and assessments	$ 29,946,442	$ 29,946,442	$ 29,411,580	$ (534,862)
Charges for services	1,133,500	1,133,500	1,258,948	125,448
Donations	-	-	1,215	1,215
Interest earned	50,000	50,000	68,541	18,541
Miscellaneous	-	-	16,379	16,379
Total Revenues	31,129,942	31,129,942	30,756,663	(373,279)
EXPENDITURES				
Public safety				
Administration	3,273,823	3,273,823	3,347,591	(73,768)
Emergency operations	19,930,708	19,924,708	19,567,594	357,114
Community safety services	1,217,215	1,217,215	1,242,393	(25,178)
Support resources	4,948,908	4,926,908	5,041,038	(114,130)
Capital outlay	13,000	41,000	24,800	16,200
Contingency	7,003,599	7,003,599	-	7,003,599
Total Expenditures	36,387,253	36,387,253	29,223,416	7,163,837
REVENUES OVER (UNDER) EXPENDITURES	(5,257,311)	(5,257,311)	1,533,247	6,790,558
OTHER FINANCING SOURCES (USES)				
Transfers out	(1,742,689)	(1,742,689)	(1,742,689)	-
NET CHANGE IN FUND BALANCE	(7,000,000)	(7,000,000)	(209,442)	6,790,558
FUND BALANCE, Beginning of year	7,000,000	7,000,000	7,539,223	539,223
FUND BALANCE, End of year	$ -	$ -	$ 7,329,781	$ 7,329,781

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, 2018

	Budgeted Amounts			Variance with Final
	Original	Final	Actual	Budget
REVENUES				
Intergovernmental	$ 473,488	$ 473,488	$ 839,448	$ 365,960
EXPENDITURES				
Personal services	356,728	356,728	763,165	(406,437)
Materials and services	116,760	116,760	85,520	31,240
Total Expenditures	473,488	473,488	848,685	(375,197)
NET CHANGE IN FUND BALANCE	-	-	(9,237)	(9,237)
FUND BALANCE, Beginning of year	-	-	349,022	349,022
FUND BALANCE, End of year	$ -	$ -	$ 339,785	$ 339,785

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, 2018

	Budgeted Amounts			Variance with Final
	Original	Final	Actual	Budget
REVENUES				
Charges for services	$ 2,300,000	$ 2,300,000	$ 2,156,082	$ (143,918)
EXPENDITURES				
Personal services	1,693,661	1,693,661	1,663,672	29,989
Materials and services	602,011	602,011	618,959	(16,948)
Contingency	4,328	4,328	-	4,328
Total Expenditures	2,300,000	2,300,000	2,282,631	17,369
NET CHANGE IN FUND BALANCE	-	-	(126,549)	(126,549)
FUND BALANCE, Beginning of year	-	-	251,958	251,958
FUND BALANCE, End of year	$ -	$ -	$ 125,409	$ 125,409

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, 2018

	Budgeted Amounts			Variance with Final
	Original	Final	Actual	Budget
REVENUES				
Intergovernmental	$ 2,500,000	$ 2,500,000	$ 1,562,186	$ (937,814)
EXPENDITURES				
Personal services	1,876,213	1,876,213	1,722,435	153,778
Materials and services	-	-	18,434	(18,434)
Capital outlay	-	-	26,160	(26,160)
Contingency	1,623,787	1,623,787	-	1,623,787
Total Expenditures	3,500,000	3,500,000	1,767,029	1,732,971
NET CHANGE IN FUND BALANCE	(1,000,000)	(1,000,000)	(204,843)	795,157
FUND BALANCE, Beginning of year	1,000,000	1,000,000	1,220,510	220,510
FUND BALANCE, End of year	$ -	$ -	$ 1,015,667	$ 1,015,667

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.

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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, 2018

	Budgeted Amounts			Variance with Final
	Original	Final	Actual	Budget
REVENUES				
Charges for services	$ 75,000	$ 75,000	$ 88,781	$ 13,781
Investment income	-	-	138,031	138,031
Total Revenues	75,000	75,000	226,812	151,812
EXPENDITURES				
Materials and services	35,000	35,000	7,146	27,854
Capital outlay	8,178,606	7,328,606	3,057,419	4,271,187
Debt service	-	-	198,556	(198,556)
Contingency	8,089,083	8,939,083	-	8,939,083
Total Expenditures	16,302,689	16,302,689	3,263,121	13,039,568
REVENUES OVER (UNDER) EXPENDITURES	(16,227,689)	(16,227,689)	(3,036,309)	13,191,380
OTHER FINANCING SOURCES				
Sale of general capital assets	-	-	316	316
General obligation bonds issued	-	12,780,000	12,780,000	-
Premium on bond issuance	-	1,530,430	1,530,428	(2)
Transfers in	1,742,689	1,742,689	1,742,689	-
Total Other Financing Sources	1,742,689	16,053,119	16,053,433	314
NET CHANGE IN FUND BALANCE	(14,485,000)	(174,570)	13,017,124	13,191,694
FUND BALANCE, Beginning of year	14,485,000	174,570	346,438	171,868
FUND BALANCE, End of year	$ -	$ -	$ 13,363,562	$ 13,363,562

NORTHWEST FIRE DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – GENERAL OBLIGATION DEBT SERVICE FUND
YEAR ENDED JUNE 30, 2018

	Budgeted Amounts			Variance with Final
	Original	Final	Actual	Budget
REVENUES				
Taxes and assessments	$ 4,038,459	$ 4,038,459	$ 4,009,873	$ (28,586)
Intergovernmental	140,000	140,000	145,359	5,359
Interest earned	-	-	-	-
Miscellaneous	-	-	2,957	2,957
Total Revenues	4,178,459	4,178,459	4,158,189	(20,270)
EXPENDITURES				
Materials and services	5,000	5,000	1,975	3,025
Debt service:				
Principal	1,945,000	1,945,000	2,380,000	(435,000)
Interest	2,078,459	2,078,459	1,398,820	679,639
Contingency	150,000	150,000	-	150,000
Total Expenditures	4,178,459	4,178,459	3,780,795	397,664
NET CHANGE IN FUND BALANCE	-	-	377,394	377,394
FUND BALANCE, Beginning of year	-	-	636,896	636,896
FUND BALANCE, End of year	$ -	$ -	$ 1,014,290	$ 1,014,290

NORTHWEST FIRE DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – CAPITAL RESERVE FUND
YEAR ENDED JUNE 30, 2018

	Budgeted Amounts			Variance with Final
	Original	Final	Actual	Budget
REVENUES				
Taxes and assessments	$ -	$ -	$ -	$ -
EXPENDITURES				
Capital outlay	-	-	-	-
NET CHANGE IN FUND BALANCE	-	-	-	-
FUND BALANCE, Beginning of year	1,207,493	1,207,493	1,207,493	-
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, 2018

Tax Year	*Taxes Uncollected June 30, 2017*	*2017-18 Levy*	*Discounts & Adjustments*	*Turnovers*	*Uncollected Balances June 30, 2018*
2017-2018	$ -	$ 33,127,153	$ -	$ 32,515,316	$ 611,837
2016-2017	661,236	-	-	506,609	154,627
2015-2016	100,615	-	-	5,706	94,909
2014-2015	103,463	-	-	2,090	101,373
2013-2014	113,152	-	-	1,435	111,717
2012-2013	143,271	-	-	237	143,034
Prior	458,251	-	-	342	457,909
	1,579,988	33,127,153	-	33,031,735	1,675,406

Reconciliation to tax revenues on combined financial statements:	*General Fund*	*Debt Service Fund*	*Total*
Property tax collections above	$ 29,025,457	$ 4,006,278	$ 33,031,735
Other taxes (FDAT) and adjustments	400,571	34	400,605
Property taxes susceptible to accrual at June 30, 2018	169,617	23,536	193,153
Property taxes susceptible to accrual at June 30, 2017	(184,065)	(19,975)	(204,040)
	$ 29,411,580	$ 4,009,873	$ 33,421,453

NORTHWEST FIRE DISTRICT
SCHEDULE OF LONG-TERM DEBT PRINCIPAL AND INTEREST TRANSACTIONS
YEAR ENDED JUNE 30, 2018

	Interest Rates	***Date of Issue***	***Fiscal Year of Maturity***
PRINCIPAL TRANSACTIONS			
General Obligations			
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
2017A GO Bonds	2.00 - 5.00%	2017	2035-36

	Interest Rates	***Date of Issue***	***Fiscal Year of Maturity***
INTEREST TRANSACTIONS			
General Obligations			
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
2017A GO Bonds	2.00 - 5.00%	2017	2035-36

Outstanding July 1, 2017	*Issued*	*Paid*	*Outstanding June 30, 2018*
8,000,000	-	495,000	7,505,000
6,340,000	-	835,000	5,505,000
8,070,000	-	690,000	7,380,000
-	12,780,000	360,000	12,420,000
$ 22,410,000	$ 12,780,000	$ 2,380,000	$ 32,810,000

Unmatured Interest July 1, 2017	*New Issues*	*Interest Coupons Paid/ Refunded*	*Unmatured Interest June 30, 2018*
3,294,708	-	444,659	2,850,049
933,000	-	202,250	730,750
1,586,525	-	251,050	1,335,475
-	7,839,461	500,861	7,338,600
$ 5,814,233	$ 7,839,461	$ 1,398,820	$ 12,254,874

NORTHWEST FIRE DISTRICT

SCHEDULE OF FUTURE BONDED DEBT REQUIREMENTS

JUNE 30, 2018

Fiscal Year Ending	*2010A GO Bonds*			*2014 Refunding Bonds*			*2016 Refunding Bonds.*		
June 30,	*Principal*	*Interest*	*Total*	*Principal*	*Interest*	*Total*	*Principal*	*Interest*	*Total*
2019	$ 515,000	$ 421,542	$ 936,542	$ 850,000	$ 185,550	$ 1,035,550	$ 705,000	$ 237,250	$ 942,250
2020	545,000	396,462	941,462	870,000	168,550	1,038,550	725,000	216,100	941,100
2021	570,000	369,266	939,266	895,000	142,450	1,037,450	745,000	201,600	946,600
2022	600,000	339,798	939,798	925,000	115,600	1,040,600	765,000	179,250	944,250
2023	635,000	307,878	942,878	965,000	78,600	1,043,600	785,000	156,300	941,300
2024	670,000	273,143	943,143	1,000,000	40,000	1,040,000	865,000	132,750	997,750
2025	705,000	235,489	940,489	-	-	-	895,000	102,475	997,475
2026	745,000	195,163	940,163	-	-	-	930,000	71,150	1,001,150
2027	790,000	151,804	941,804	-	-	-	965,000	38,600	1,003,600
2028	840,000	105,036	945,036	-	-	-	-	-	-
2029	890,000	54,468	944,468	-	-	-	-	-	-
2030	-	-	-	-	-	-	-	-	-
2031	-	-	-	-	-	-	-	-	-
2032	-	-	-	-	-	-	-	-	-
2033	-	-	-	-	-	-	-	-	-
2034	-	-	-	-	-	-	-	-	-
2035	-	-	-	-	-	-	-	-	-
2036	-	-	-	-	-	-	-	-	-
	$ 7,505,000	$ 2,850,049	$ 10,355,049	$ 5,505,000	$ 730,750	$ 6,235,750	$ 7,380,000	$ 1,335,475	$ 8,715,475

201 7 GO Bonds.			*Totals*		
Principal	***Interest***	***Total***	***Principal***	***Interest***	***Total***
$ 400,000	$ 542,525	$ 942,525	$ 2,470,000	$ 1,386,867	$ 3,856,867
100,000	534,525	634,525	2,240,000	1,315,637	3,555,637
100,000	532,525	632,525	2,310,000	1,245,841	3,555,841
100,000	529,525	629,525	2,390,000	1,164,173	3,554,173
100,000	526,525	626,525	2,485,000	1,069,303	3,554,303
-	523,525	523,525	2,535,000	969,418	3,504,418
540,000	523,525	1,063,525	2,140,000	861,489	3,001,489
450,000	496,525	946,525	2,125,000	762,838	2,887,838
410,000	474,025	884,025	2,165,000	664,429	2,829,429
455,000	453,525	908,525	1,295,000	558,561	1,853,561
460,000	430,775	890,775	1,350,000	485,243	1,835,243
1,225,000	407,775	1,632,775	1,225,000	407,775	1,632,775
1,255,000	364,900	1,619,900	1,255,000	364,900	1,619,900
1,325,000	314,700	1,639,700	1,325,000	314,700	1,639,700
1,330,000	261,700	1,591,700	1,330,000	261,700	1,591,700
1,325,000	208,500	1,533,500	1,325,000	208,500	1,533,500
1,420,000	142,250	1,562,250	1,420,000	142,250	1,562,250
1,425,000	71,250	1,496,250	1,425,000	71,250	1,496,250
$ 12,420,000	$ 7,338,600	$ 19,758,600	$ 32,810,000	$ 12,254,874	$ 45,064,874

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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)

	2018	***2017***	***2016***	***2015***
Governmental Activities:				
Net investment in capital assets	$ 7,126,330	$ 19,286,564	$ 17,218,346	$ 16,176,516
Restricted	2,188,440	1,995,585	2,351,605	2,300,240
Unrestricted	(8,261,452)	(20,350,803)	(8,869,151)	(8,795,879)
Total primary government net position	$ 1,053,318	$ 931,346	$ 10,700,800	$ 9,680,877

2014	*2013*	*2012*	*2011*	*2010*	*2009*
$ 14,956,884	$ 15,549,975	$ 15,286,788	$ 17,213,277	$ 15,451,950	$ 12,941,435
2,989,141	2,983,301	2,882,157	2,473,572	681,132	-
12,481,770	11,318,560	11,640,020	9,725,396	9,498,230	9,127,548
$ 30,427,795	$ 29,851,836	$ 29,808,965	$ 29,412,245	$ 25,631,312	$ 22,068,983

NORTHWEST FIRE DISTRICT

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS (accrual basis of accounting)

	2018	2017	2016	2015
Expenses				
Governmental activities:				
Public safety	$ 37,067,135	$ 45,119,860	$ 33,014,022	$ 32,104,719
Interest on long-term debt	1,186,250	808,138	1,487,972	1,396,551
Total primary government expenses	38,253,385	45,927,998	34,501,994	33,501,270
Program Revenues				
Governmental activities:				
Charges for services	2,477,942	2,915,582	4,851,624	1,702,701
Operating grants and contributions	2,595,746	1,859,470	1,317,763	2,128,289
Capital grants and contributions	-	-	-	-
Total primary government program revenues	5,073,688	4,775,052	6,169,387	3,830,990
Net (expense)/revenue:				
Total primary government net expense	$ (33,179,697)	$ (41,152,946)	$ (28,332,607)	$ (29,670,280)
General Revenues and Other Changes in Net Position				
Governmental activities:				
Property taxes	$ 33,127,433	$ 30,905,973	$ 28,884,757	$ 28,298,804
Intergovernmental	402,130	398,246	394,641	398,891
Investment earnings	206,572	71,261	72,176	66,526
Miscellaneous	19,336	8,012	956	4,228
Total primary government	33,755,471	31,383,492	29,352,530	28,768,449
Change in Net Position				
Total primary government	$ 575,774	$ (9,769,454)	$ 1,019,923	$ (901,831)

2014	*2013*	*2012*	*2011*	*2010*	*2009*
$ 30,445,273	$ 30,801,909	$ 30,493,803	$ 27,994,855	$ 26,202,413	$ 28,252,918
1,426,530	1,578,447	1,648,780	1,786,477	1,207,853	1,271,752
31,871,803	32,380,356	32,142,583	29,781,332	27,410,266	29,524,670
1,304,169	904,883	978,950	1,083,979	1,205,438	1,253,721
2,249,185	2,536,916	2,762,769	2,968,198	1,663,139	2,261,248
-	-	421,498	37,489	417,005	781,645
3,553,354	3,441,799	4,163,217	4,089,666	3,285,582	4,296,614
$ (28,318,449)	$ (28,938,557)	$ (27,979,366)	$ (25,691,666)	$ (24,124,684)	$ (25,228,056)
$ 28,414,889	$ 28,381,375	$ 28,181,528	$ 28,752,945	$ 26,832,368	$ 27,111,182
394,560	397,605	516,341	516,341	520,875	522,836
67,999	157,240	73,829	159,360	266,746	321,273
16,960	45,208	48,849	43,953	67,024	209,195
28,894,408	28,981,428	28,820,547	29,472,599	27,687,013	28,164,486
$ 575,959	$ 42,871	$ 841,181	$ 3,780,933	$ 3,562,329	$ 2,936,430

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

	2018	***2017***	***2016***	***2015***
General fund				
Reserved	$ -	$ -	$ -	$ -
Unreserved	-	-	-	-
Nonspendable	76,899	121,124	88,352	41,851
Assigned	2,088,182	2,088,255	2,057,411	1,904,439
Unassigned	5,164,700	5,329,844	5,750,826	6,354,350
Total general fund	$ 7,329,781	$ 7,539,223	$ 7,896,589	$ 8,300,640
All other governmental funds				
Reserved	$ -	$ -	$ -	$ -
Unreserved, reported in:				
Special revenue funds	-	-	-	-
Capital project funds	-	-	-	-
Restricted	2,029,957	1,857,406	2,227,260	2,181,549
Assigned	15,036,249	2,154,911	2,496,384	4,180,238
Unassigned	-	-	-	394,014
Total all other governmental funds	$ 17,066,206	$ 4,012,317	$ 4,723,644	$ 6,755,801

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.

2014	*2013*	*2012*	*2011*	*2010*	*2009*
$ -	$ -	$ -	$ -	$ -	$ 33,992
-	-	-	-	-	5,623,159
41,618	32,558	60,536	46,313	38,996	-
1,284,406	271,292	543,807	635,817	19,803	-
7,784,984	8,865,044	8,638,855	6,789,421	6,323,963	-
$ 9,111,008	$ 9,168,894	$ 9,243,198	$ 7,471,551	$ 6,382,762	$ 5,657,151
$ -	$ -	$ -	$ -	$ -	$ 1,635,046
-	-	-	-	-	140,978
-	-	-	-	-	11,293,752
3,091,615	3,461,598	3,707,599	10,504,078	18,311,186	-
4,448,158	3,386,617	3,449,582	2,182,187	2,560,962	-
126,524	(315,838)	(722,909)	(991,857)	(315,373)	-
$ 7,666,297	$ 6,532,377	$ 6,434,272	$ 11,694,408	$ 20,556,775	$ 13,069,776

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

	2018	***2017***	***2016***	***2015***
Revenues				
Taxes	$ 33,421,453	$ 31,139,956	$ 29,211,164	$ 28,747,650
Charges for services	3,503,811	3,604,842	3,004,176	1,702,701
Intergovernmental	2,546,993	1,286,412	1,265,675	2,415,042
Donations	1,215	536,037	542	1,014
Interest	206,572	71,261	72,176	66,526
Miscellaneous	19,336	8,012	956	4,228
Total revenues	39,699,380	36,646,520	33,554,689	32,937,161
Expenditures				
Public safety	34,278,478	31,492,717	30,370,341	28,540,781
Capital outlay	3,108,379	2,792,316	2,522,752	2,178,537
Debt service				
Principal	2,380,000	2,550,000	2,010,000	2,231,560
Interest	1,398,820	983,797	1,203,879	1,793,719
Issuance cost on bonds	-	-	166,700	153,539
Total expenditures	41,165,677	37,818,830	36,273,672	34,898,136
Excess of revenues over (under) expenditures	(1,466,297)	(1,172,310)	(2,718,983)	(1,960,975)
Other financing sources (uses)				
Premium on bonds issued	1,530,428	-	788,774	566,867
Proceeds from debt issuance	12,780,000	-	8,300,000	8,215,000
Payment to refunded bond agent	-	-	(8,853,234)	(8,608,438)
Proceeds from sale of capital assets	316	103,617	47,235	66,682
Capital leases	-	-	-	-
Total other financing sources (uses)	14,310,744	103,617	282,775	240,111
Net change in fund balances	$ 12,844,447	$ (1,068,693)	$ (2,436,208)	$ (1,720,864)
Debt service as a percentage of noncapital expenditures	9.93%	10.09%	9.52%	12.30%

2014	*2013*	*2012*	*2011*	*2010*	*2009*
$ 28,565,186	$ 28,847,572	$ 29,281,639	$ 29,201,070	$ 27,200,848	$ 26,861,605
1,304,169	904,883	978,950	1,083,979	1,205,438	1,253,721
2,669,485	2,980,824	3,410,753	2,083,552	1,940,613	3,530,322
886	440	890	1,015	1,454	3,516
67,999	157,240	73,829	159,360	266,746	321,273
16,960	45,208	48,849	43,953	67,024	209,195
32,624,685	32,936,167	33,794,910	32,572,929	30,682,123	32,179,632
27,281,172	28,545,390	27,122,488	25,895,667	25,094,335	25,119,033
1,319,617	1,178,971	6,891,859	11,115,191	5,418,600	5,582,800
1,590,000	1,604,222	1,614,273	1,543,873	1,697,872	2,049,660
1,513,509	1,583,783	1,654,779	1,791,775	1,207,853	1,286,714
-	-	-	-	163,982	-
31,704,298	32,912,366	37,283,399	40,346,506	33,582,642	34,038,207
920,387	23,801	(3,488,489)	(7,773,577)	(2,900,519)	(1,858,575)
-	-	-	-	163,129	-
-	-	-	-	10,950,000	-
-	-	-	-	-	-
155,647	-	-	-	-	-
-	-	-	-	-	-
155,647	-	-	-	11,113,129	-
$ 1,076,034	$ 23,801	$ (3,488,489)	$ (7,773,577)	$ 8,212,610	$ (1,858,575)
10.21%	10.05%	10.76%	11.41%	10.90%	11.72%

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***
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
2017	981,852,135	25,992,960	27,806,371	98,411,038
2018	1,024,216,523	25,783,691	30,073,053	99,596,680

Source: Pima County

Total			*Assessed*
Taxable Assessed Value	*Direct Tax Rate*	*Estimated Net Full Cash Value*	*Value as a % of Full Cash Value*
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%
1,035,651,466	2.9920	10,304,662,155	10.05%
1,080,073,267	3.0734	10,746,182,316	10.05%

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*
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
2017	2.6995	0.2925	2.9920	4.2896	0.7000	4.9896
2018	2.6995	0.3739	3.0734	4.4596	0.7000	5.1596

Source: Pima County

Overlapping Rates

Marana Unified School District				*Total Direct*
General	*Debt Service*	*Total School District*	*Special Districts*	*& Overlapping Rates*
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
4.5020	1.8851	6.3871	2.9599	17.3286
4.3830	1.8504	6.2334	2.9312	17.3976

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NORTHWEST FIRE DISTRICT
PRINCIPAL PROPERTY TAXPAYERS
CURRENT AND NINE YEARS AGO

		June 30, 2018	
Taxpayer	***Type of Business***	***Assessed Value***	***% of Total Assessed Value***
Northwest Hospital LLC	Healthcare	$ 20,344,256	1.88%
Unisource Energy Corporation	Utility	16,943,555	1.57%
FHM Partners LLC	Developer	7,090,384	0.66%
HSL Cottonwood RC Hotel LLC	Resort	6,368,189	0.59%
Wal-Mart Stores Inc	Retail	6,104,439	0.57%
Tucson Premium Outlets LLC	Shopping center	6,081,200	0.56%
Southwest Gas Corp	Grocer	4,186,527	0.39%
Verizon Wireless	Wireless	3,198,101	0.30%
Westward Look Resort LLC	Resort	3,030,035	0.28%
Qwest Corporation	Utility	2,981,898	0.28%
		$ 76,328,584	7.07%
Total Assessed Value		$ 1,080,073,267	

		June 30, 2009	
Taxpayer	***Type of Business***	***Assessed Value***	***% of Total Assessed Value***
Northwest Hospital LLC	Healthcare	$ 16,497,256	1.37%
Unisource Energy Corp	Utility	10,119,595	0.84%
FMP Kimpco Foothills LLC	Shopping center	9,337,798	0.77%
Wal-Mart Stores, Inc.	Retail	6,380,925	0.53%
APHM Westward Look LLC	Resort	4,364,558	0.36%
Smith's Food & Drug Centers Inc	Retail	4,108,441	0.34%
Kimco Barclay Marana LP	Shopping center	2,985,739	0.25%
LaCholla & River Road Assoc., LLC	Developer	2,900,550	0.24%
Dove Mountain Retail II LLC	Retail	2,518,542	0.21%
Qwest Communications Corp	Telecommunications	2,351,848	0.20%
		$ 61,565,252	5.11%
Total Assessed Value		$ 1,205,607,329	

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*
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%
2017	30,905,972	-	30,905,972	30,244,736	97.86%
2018	33,127,153	-	33,127,153	32,515,316	98.15%

Collections in Subsequent Years	Total Collections to Date	
	Amount	% of Levy
1,471,880	27,195,583	99.87%
1,447,129	26,809,421	99.67%
1,115,354	28,724,089	99.92%
728,015	28,106,382	98.96%
689,356	28,649,777	99.50%
657,427	28,316,636	99.61%
708,692	28,197,202	99.64%
690,216	28,789,848	99.67%
506,609	30,751,345	99.50%
-	32,515,316	98.15%

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

Fiscal Year Ended June 30,	*Governmental Activities*		*Total Primary Government*	*Percentage of Personal Income*	*Per Capita*
	General Obligation Bonds	*Capital Leases*			
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	0.09%	282.55
2014	30,554,014	-	30,554,014	0.08%	276.84
2015	27,984,314	-	27,984,314	0.07%	253.55
2016	26,329,301	-	26,329,301	0.07%	225.45
2017	23,640,893	-	23,640,893	0.06%	202.43
2018	35,358,751	-	35,358,751	0.09%	302.76

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*
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
2017	1,035,651,466	23,640,893	616,921	23,023,972	2.22%	197.14
2018	1,080,073,267	35,358,751	990,754	34,367,997	3.18%	294.28

NORTHWEST FIRE DISTRICT

DIRECT AND OVERLAPPING GENERAL OBLIGATION DEBT RATIOS
LAST EIGHT 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%
2017	Direct GO Bonded Debt	$ 202.43	2.28%	0.23%
2017	Direct & Overlapping GO Bonded Debt	1,294.07	14.59%	1.47%
2018	Direct GO Bonded Debt	$ 302.76	3.27%	0.33%
2018	Direct & Overlapping GO Bonded Debt	1,491.40	16.13%	1.62%

NORTHWEST FIRE DISTRICT
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2018

Governmental Unit	*Debt Outstanding*	*Estimated Percentage Applicable*	*Estimated Share of Overlapping Debt*
Debt repaid with property taxes:			
Pima County	$ 288,182,000	13.25%	$ 38,184,115
Gladden Farms Community Facilities Dist	7,745,000	100.00%	7,745,000
Marana Unified School District	134,064,000	69.29%	92,889,656
Subtotal, overlapping debt			138,818,771
Northwest Fire District direct debt			35,358,751
Total estimated direct and overlapping debt			$ 174,177,522

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

	2018	***2017***	***2016***	***2015***
Assessed Value	$ 1,080,073,267	$ 1,035,651,466	$ 993,806,475	$ 973,803,888
Debt limit rate	x 6%	x 6%	x 6%	x 6%
Debt limit	64,804,396	62,139,088	59,628,389	58,428,233
Less bonded debt at June 30	(35,358,751)	(23,640,893)	(26,329,301)	(27,984,314)
Legal debt margin	$ 29,445,645	$ 38,498,195	$ 33,299,088	$ 30,443,919
Total net debt applicable to the limit as a percentage of debt limit	54.56%	38.05%	44.16%	47.90%

2014	*2013*	*2012*	*2011*	*2010*	*2009*
$ 943,310,315	$ 1,005,771,804	$ 1,047,501,333	$ 1,168,351,209	$ 1,218,976,247	$ 1,205,607,329
x 6%	x 6%	x 6%	x 6%	x 6%	x 6%
56,598,619	60,346,308	62,850,080	70,101,073	73,138,575	72,336,440
(30,554,014)	(28,932,937)	(30,225,596)	(24,671,658)	(17,515,936)	(14,499,188)
$ 26,044,605	$ 31,413,371	$ 32,624,484	$ 45,429,415	$ 55,622,639	$ 57,837,252
53.98%	47.94%	48.09%	35.19%	23.95%	20.04%

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)***
2009	984,274	32,955,000	33,482	148,686	7.9%
2010	980,263	33,361,839	34,034	153,505	9.0%
2011	986,081	34,737,686	35,228	152,234	9.1%
2012	990,380	35,985,709	36,335	151,172	7.6%
2013	992,394	36,453,218	36,733	151,854	7.6%
2014	996,046	37,893,093	38,044	152,088	6.9%
2015	1,007,200	38,922,402	38,644	151,731	5.9%
2016	1,009,371	39,963,300	39,592	151,364	5.3%
2017	1,026,099	40,182,115	39,160	150,316	4.9%
2018	1,029,400	41,349,600	40,169	150,215	4.4%

NORTHWEST FIRE DISTRICT
PRINCIPAL EMPLOYERS
CURRENT AND NINE YEARS AGO

June 30, 2018

Employer	***Employees***	***Rank***
Marana Unified School District	1,400	1
Northwest Medical Center	1,325	2
Wal-Mart	1,029	3
Frys Food and Drug	450	5
Marana Health Center	356	5
Town of Marana	347	6
Ritz Carlton Dove Mountain	320	7
Sargent Aerospace & Defense	313	8
Tucson Hauling & Transfer	300	9
Northwest Fire District	250	10
Total	6,090	

June 30, 2009

Employer	***Employees***	***Rank***
Marana Unified School District	1,836	1
Northwest Medical Center	1,671	2
Wal-Mart	450	3
Lowes	387	4
Home Depot	383	5
Town of Marana	324	6
Costco	305	7
Sargent Controls	257	8
Kohls Department Store	223	9
Marana Health Center	223	10
Total	6,059	

Source: Pima Association of Governments

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	***2018***	***2017***	***2016***	***2015***
Public safety				
Fire prevention inspections	2,298	3,495	4,991	6,113
Emergency medical service calls	12,078	11,913	11,824	10,725
Fire responses	240	289	512	1,032
Other Responses - including hazardous materials, mutual aid, public service	3,103	2,633	2,449	1,064
Miscellaneous - including false alarms, good intent	-	-	-	2

Sources: Various District Departments

2014	*2013*	*2012*	*2011*	*2010*	*2009*
3,982	3,003	3,007	3,097	2,790	3,708
10,417	11,413	10,538	10,301	9,385	9,259
1,258	1,526	350	230	206	365
1,292	1,316	1,127	1,889	1,669	2,375
2	36	999	1,537	1,396	1,434

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

Function	***2018***	***2017***	***2016***	***2015***
Public safety				
Fire and rescue service	203	198	182	177
Fire prevention	11	11	11	12
Administrative and support	36	36	40	40
Total	250	245	233	229

Source: District HR Department

2014	*2013*	*2012*	*2011*	*2010*	*2009*
208	204	206	202	207	209
9	8	9	9	9	9
40	37	37	37	36	36
257	249	252	248	252	254

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

Function	***2018***	***2017***	***2016***	***2015***
Public safety				
Stations	10	10	10	10
Equipment:				
Engines	16	16	15	16
Ladder trucks	2	2	2	2
Brush rigs	3	3	3	4
Rescue/Ambulance units	11	10	10	8
Tenders	3	3	3	3
Hazmat squad	1	1	1	2
Squad/support units	2	2	2	2
Technical rescue	1	1	1	2
Heavy squad	1	1	1	1

Source: District Fleet Department

2014	*2013*	*2012*	*2011*	*2010*	*2009*
10	10	10	10	10	9
16	16	16	16	15	15
3	3	3	3	3	2
6	6	6	6	6	4
6	6	6	6	6	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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INDEPENDENT AUDITORS' 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*

To the Board of Directors
Northwest Fire District
Marana, Arizona

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, Arizona, (District) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Northwest Fire District's basic financial statements and have issued our report thereon dated November 14, 2018.

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 a 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we considered 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.

Henry + Horne LLP

Casa Grande, Arizona
November 14, 2018

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors
Northwest Fire District
Marana, AZ

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 November 14, 2018. Northwest Fire District's major federal programs are identified in the summary of auditors' 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.

Auditors' 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, 2018.

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 the 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 a 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.

Henry + Horne LLP

Casa Grande, Arizona
November 14, 2018

NORTHWEST FIRE DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2018

Federal Grantor/Pass-through Grantor/Program Title	*CFDA Number*	*Grantor's Number*	*Expenditures*	
U.S. Department of Transportation				
Passed through State of Arizona -				
State & Community Highway Safety	20.600	2017-OP-021	179	
State & Community Highway Safety	20.600	2018-EM-001	26,160	
Interagency Hazardous Materials Public Sector Training & Planning Grants	20.703	HM-HMP-0583-16-01-00	2,250	
U.S. Department of Homeland Security				
Direct Grant -				
Staffing for Adequate Fire and Emergency Response	97.083	EMW-2015-FH-00602	1,516,559	*
Passed through State of Arizona -				
Homeland Security Grant Program - CBRNE	97.067	150433-02	10,285	
Total Expenditures of Federal Awards			$ 1,555,433	

Totals by CFDA Number:			
State & Community Highway Safety	20.600		26,339
Interagency Hazardous Materials Public Sector Training & Planning Grants	20.703		2,250
Staffing for Adequate Fire and Emergency Response	97.083		1,516,559
Homeland Security Cluster	97.067		10,285
Total Expenditures of Federal Awards			$ 1,555,433

* - Denotes major program

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, 2018.

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 minimus 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 2018 *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.

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