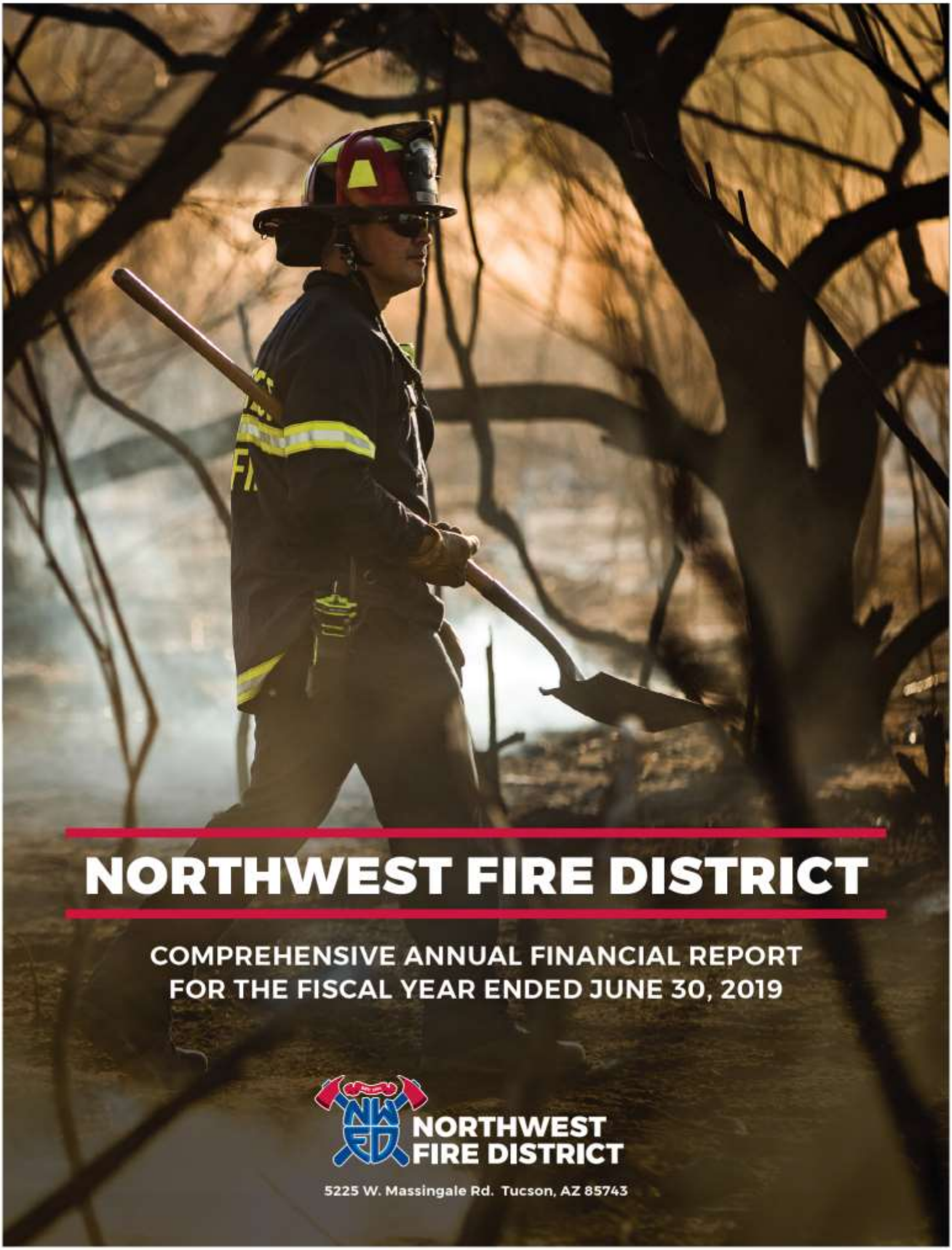

NORTHWEST FIRE DISTRICT

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NORTHWEST FIRE DISTRICT

5225 W. Massingale Rd. Tucson, AZ 85743

NORTHWEST FIRE DISTRICT
PIMA COUNTY, ARIZONA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

for the fiscal year ended June 30, 2019

Northwest Fire District
5225 W. Massingale Road
Tucson, AZ 85743
Phone 520-887-1010
Fax 520-887-1034
www.northwestfire.org

Prepared by the Finance Department of Northwest Fire District

David Gephart, Business Services Director
Tabitha Walsh, Finance Supervisor
Debbi Hreblyn, Sr. Account Clerk
Michelle Harmon, Account Clerk

NORTHWEST FIRE DISTRICT
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INTRODUCTORY SECTION

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NORTHWEST FIRE DISTRICT

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

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

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

November 6, 2019

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, 2019.

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, 2019. 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.

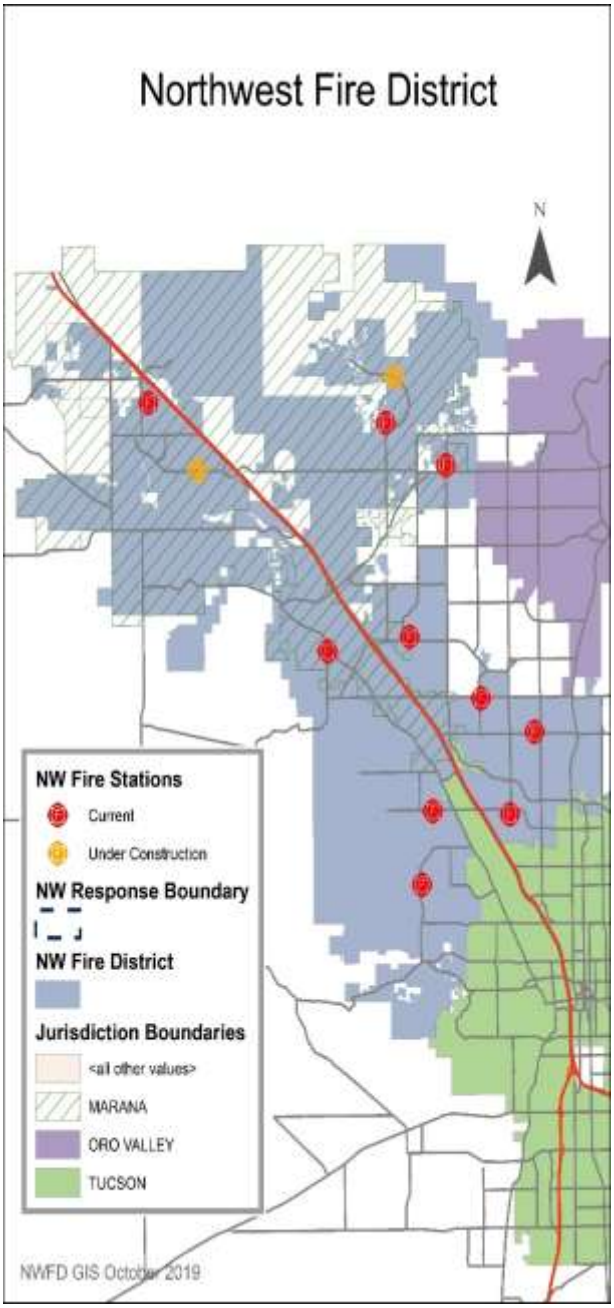
The District is a special district established to provide a full range of fire protection and emergency response services to its citizens. This report has been prepared in accordance with accounting principles generally accepted in the United States of America and follows guidelines recommended by the 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 151 square miles and to a population of approximately 122,389 people. Over 40,000 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 $1.207 billion.



Northwest Fire District is an internationally accredited, ISO Class 1, 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 personnel 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 function. 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 19 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 4.9% in Pima County to a high of 9.1%. Much of this increase is due to the collapse of the construction industry in the Great Recession. The good news is that all aggregate indicators of economic activity are stable, if not improving, with the current unemployment rate estimated to be at 5.0%. 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 growth estimates prior to the Great Recession 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, 2018. This was the 12th 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
Business Services Director

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Northwest Fire District

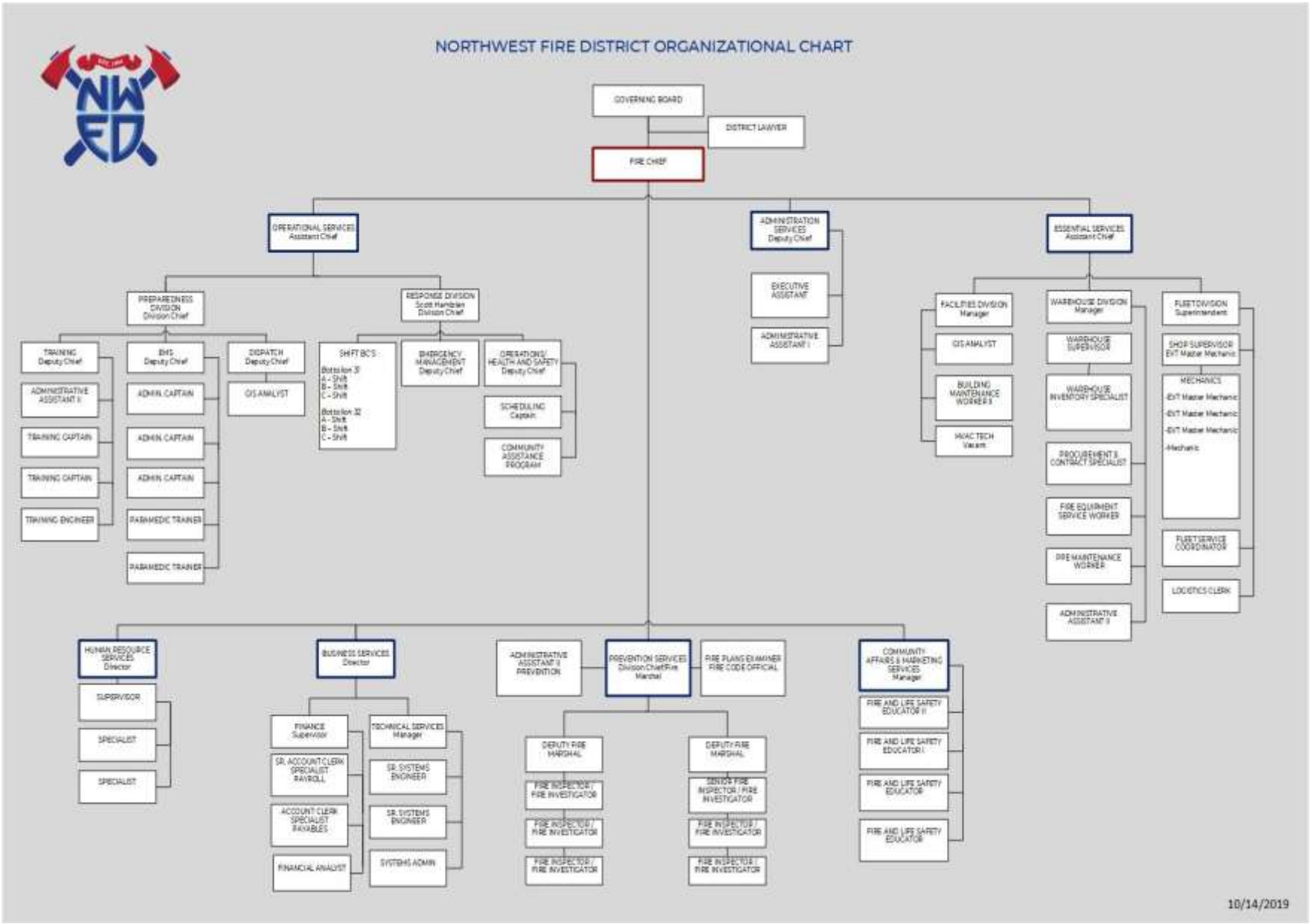
Arizona

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morrill

Executive Director/CEO


NORTHWEST FIRE DISTRICT ORGANIZATIONAL CHART
GOVERNING BOARD
DISTRICT LAWYER
FIRE CHIEF
OPERATIONAL SERVICES Assistant Chief
PREPAREDNESS DIVISION Division Chief
TRAINING Deputy Chief
ADMINISTRATIVE ASSISTANT II
TRAINING CAPTAIN
TRAINING CAPTAIN
TRAINING ENGINEER
EMS Deputy Chief
ADMIN. CAPTAIN
ADMIN. CAPTAIN
ADMIN. CAPTAIN
PARAMEDIC TRAINER
PARAMEDIC TRAINER
DISPATCH Deputy Chief
GIS ANALYST
RESPONSE DIVISION Scott Hamblen Division Chief
SHIFT BC'S
Battalion 31
A - Shift
B - Shift
C - Shift
Battalion 32
A - Shift
B - Shift
C - Shift
EMERGENCY MANAGEMENT Deputy Chief
OPERATIONS/ HEALTH AND SAFETY Deputy Chief
SCHEDULING Captain
COMMUNITY ASSISTANCE PROGRAM
ADMINISTRATION SERVICES Deputy Chief
EXECUTIVE ASSISTANT
ADMINISTRATIVE ASSISTANT I
ESSENTIAL SERVICES Assistant Chief
FACILITIES DIVISION Manager
GIS ANALYST
BUILDING MAINTENANCE WORKER II
HVAC TECH Vacant
WAREHOUSE DIVISION Manager
WAREHOUSE SUPERVISOR
WAREHOUSE INVENTORY SPECIALIST
PROCUREMENT & CONTRACT SPECIALIST
FIRE EQUIPMENT SERVICE WORKER
FIRE MAINTENANCE WORKER
ADMINISTRATIVE ASSISTANT II
FLEET DIVISION Superintendent
SHOP SUPERVISOR EVT Master Mechanic
MECHANICS
-EVT Master Mechanic
-EVT Master Mechanic
-EVT Master Mechanic
-Mechanic
FLEET SERVICE COORDINATOR
LOGISTICS CLERK
HUMAN RESOURCE SERVICES Director
SUPERVISOR
SPECIALIST
SPECIALIST
BUSINESS SERVICES Director
FINANCE Supervisor
SR. ACCOUNT CLERK SPECIALIST PAYROLL
ACCOUNT CLERK SPECIALIST PAYABLES
FINANCIAL ANALYST
TECHNICAL SERVICES Manager
SR. SYSTEMS ENGINEER
SR. SYSTEMS ENGINEER
SYSTEMS ADMIN
ADMINISTRATIVE ASSISTANT II PREVENTION
PREVENTION SERVICES Division Chief/Fire Marshal
FIRE PLANS EXAMINER FIRE CODE OFFICIAL
DEPUTY FIRE MARSHAL
FIRE INSPECTOR / FIRE INVESTIGATOR
FIRE INSPECTOR / FIRE INVESTIGATOR
FIRE INSPECTOR / FIRE INVESTIGATOR
DEPUTY FIRE MARSHAL
SENIOR FIRE INSPECTOR / FIRE INVESTIGATOR
FIRE INSPECTOR / FIRE INVESTIGATOR
FIRE INSPECTOR / FIRE INVESTIGATOR
COMMUNITY AFFAIRS & MARKETING SERVICES Manager
FIRE AND LIFE SAFETY EDUCATOR II
FIRE AND LIFE SAFETY EDUCATOR I
FIRE AND LIFE SAFETY EDUCATOR
FIRE AND LIFE SAFETY EDUCATOR
10/14/2019

NORTHWEST FIRE DISTRICT
LIST OF ELECTED AND APPOINTED OFFICIALS
JUNE 30, 2019

Board of Directors

	Term Expires
George Carter, Chair	*November 30, 2020*
Bruce Kaplan, Vice-Chair	*November 30, 2022*
Becky Arend-Hicks, Clerk	*November 30, 2020*
Peg Green	*November 30, 2020*
David Talas	*November 30, 2022*

Administrative Offices
5225 W. Massingale Road
Tucson, AZ 85743

Registered Agent
Norman K. Bradley
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, 2019, 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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, 2019, 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.

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 were 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 6, 2019 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

Tempe, Arizona
November 6, 2019

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MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED JUNE 30, 2019

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, 2019. 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 $784,810 *(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 decreased by $268,508, primarily due to expenses exceeding revenues.
- As of the close of the current year, the governmental funds of the District reported combined ending fund balances of $20,520,344, a decrease of $3,875,643 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was $6,488,073, or 21.58% of total General Fund expenditures.
- The total long-term debt of the District decreased by a net amount of $2,689,312. The decrease is primarily due to scheduled payments of 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 $784,810 at the close of the most recent fiscal year.

The largest portion of net position of the District ($20,259,409, or 2,581.44%) 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 ($1,787,295, or 227.74%) reflects 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 (-$21,261,894, or -2,709.18%) 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 Nos. 68 and 75, which requires the District to recognize pension and other postemployment benefit (opeb) 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/
	2019	2018	(Decrease)
Cash and investments	$22,030,387	$24,633,256	$ (2,602,869)
Other assets	2,981,279	2,906,750	74,529
Capital assets	45,356,439	42,485,081	2,871,358
Total assets	70,368,105	70,025,087	343,018
Deferred outflows of resources	12,082,698	15,120,426	(3,037,728)
Other liabilities	2,170,932	1,341,118	829,814
Long-term liabilities	75,769,942	78,254,136	(2,484,194)
Total liabilites	77,940,874	79,595,254	(1,654,380)
Deferred inflows of resources	3,725,119	4,496,941	(771,822)
Net position			
Net investment in capital assets	20,259,409	7,126,330	13,133,079
Restricted	1,787,295	2,188,440	(401,145)
Unrestricted	(21,261,894)	(8,261,452)	(13,000,442)
Total net position	$ 784,810	$ 1,053,318	$ (268,508)

Governmental activities. The net position of the District from governmental activities decreased 25.49%, from $1,053,318 to $784,810. Key elements of these activities are as follows:

- Unrestricted net position decreased $13,000,442 primarily due to construction of two new stations, changing the character of net position from "unrestricted" to "net investment in capital assets".
- Restricted net position decreased $401,145 primarily due to bond and grant revenues exceeding expenses in those funds.
- Net investment in capital assets increased $13,133,079 primarily due to construction of two new stations.
- Charges for services increased $1,423,011 due to an increase in ambulance revenue over the prior year.
- Operating grants and contributions decreased $34,717 due to the District's SAFER grant expiring during the year.
- Property taxes increased $1,535,617 as a result of a slight increase in operating levy.
- Expenses for public safety increased $3,993,931 reflecting increases in pension costs and employee benefits.

Northwest Fire District
Condensed Statement of Activities
For the year ended June 30,

	Governmental Activities		Increase/
	2019	2018	(Decrease)
Revenues			
Program revenues			
Charges for services	$ 3,900,953	$ 2,477,942	$ 1,423,011
Operating grants and contributions	2,561,029	2,595,746	(34,717)
General revenues			
Property taxes	34,663,050	33,127,433	1,535,617
Fire district assistance tax	398,493	402,130	(3,637)
Investment earnings	433,909	206,572	227,337
Miscellaneous	2,679	19,336	(16,657)
Total revenues	41,960,113	38,829,159	3,130,954
Expenses			
Public safety	41,061,066	37,067,135	3,993,931
Interest on long-term debt	1,167,555	1,186,250	(18,695)
Total expenses	42,228,621	38,253,385	3,975,236
Increase/(Decrease) in net position	(268,508)	575,774	(844,282)
Prior period adjustment	-	(453,802)	453,802
Beginning net position	1,053,318	931,346	121,972
Ending net position	$ 784,810	$ 1,053,318	$ (268,508)

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, 2019, Northwest Fire District's governmental funds reported combined fund balances of $20,520,344, a decrease of $3,875,643, or 15.89%, in comparison with the prior year. Approximately 31.62% of this amount ($6,488,073) 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 ($48,808), 2) restricted for particular purposes ($9,190,387), or 3) assigned for particular purposes ($4,793,076).

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, 2019, total fund balance was $8,625,407, of which $48,808 was nonspendable because of prepaid items, $2,088,526 was assigned for medical self-insurance costs, and $6,488,073 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 21.58% of the total general fund expenditures, while the total fund balance represents 28.69% of total general fund expenditures. Total fund balance of the fund increased by $1,295,626, resulting from increased property tax revenues, charges for services and investment income.

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, 2019, total fund balance was $562,772, which is an increase of $222,987 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, 2019, total fund balance was $49,734, which is a decrease of $75,675 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, 2019, total fund balance was $8,456,960, which is a decrease of $4,906,602 from the prior year primarily due to the construction of a couple of new stations.

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. At the end of June 30, 2019, total fund balance was $427,549, which is a decrease of $588,118 from the prior year primarily due to timing of receipt of a grant billing.

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 $8,079,172 for expenditures is primarily attributed to not utilizing contingency funds for operations.
- The positive variance of $117,857 for admininstration is primarily attributed to not filling budgeted vacant positions until late in the fiscal year.
- The positive variance of $595,731 for emergency operations is primarily due to not holding an academy budgeted for the year.
- The positive variance of $90,327 for community safety services is primarily due to underfilling some vacant positions as well as the unexpected retirement of the health/safety officer.
- The positive variance of $183,896 for support resources is primarily due to not filling budgeted vacant positions until late in the fiscal year.

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

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. As of June 30, 2019, the investment in capital assets for governmental activities amounts to $45,356,439 (net of accumulated depreciation). This investment in capital assets includes land and improvements, buildings and improvements, vehicles, furniture and equipment. The total increase in capital assets for the current fiscal year net of depreciation was $2,871,358, or 6.76%.

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

- Construction of stations 37 and 41
- Purchase of land for a new administration facility
- Purchase of a new ambulance
- Refresh of district information technology and network
- Repairs to fleet and station 33 drainage

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,

	2019	2018
Beginning balance	$ 42,485,081	$ 42,927,457
Additions	6,320,695	3,108,380
Retirements	-	(294,350)
Depreciation	(3,449,337)	(3,256,406)
Ending balance	$ 45,356,439	$ 42,485,081

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 $32,669,439. 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/
	2019	2018	(Decrease)
General Obligation Bonds	$ 32,669,439	$ 35,358,751	$ (2,689,312)
	$ 32,669,439	$ 35,358,751	$ (2,689,312)

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 six 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 $1.207 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 2019/20.

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 building construction projects funded through new bond issuances.

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, 2019

	Governmental Activities
ASSETS	
Cash and investments	$ 22,030,387
Accounts receivable	1,153,507
Property taxes receivable	1,778,964
Prepaid expenses	48,808
Capital assets	
Land, improvements, and construction in progress	13,071,107
Other capital assets (net of accumulated depreciation)	32,285,332
Total Assets	70,368,105
DEFERRED OUTFLOWS OF RESOURCES	
Pension plan items	12,082,698
Total Deferred Outflows of Resources	12,082,698
LIABILITIES	
Accounts payable and accrued expenses	2,161,932
Unearned revenue	9,000
Noncurrent liabilities:	
Due within one year:	
Bonds payable	2,240,000
Compensated absences	2,000,000
Due in more than one year:	
Bonds payable, net of unamortized premium	30,429,439
Compensated absences	1,899,006
Net OPEB liability	279,093
Net pension liability	38,922,404
Total Liabilities	77,940,874
DEFERRED INFLOWS OF RESOURCES	
Pension plan items	3,725,119
Total Deferred Inflows of Resources	3,725,119
NET POSITION	
Net investment in capital assets	20,259,409
Restricted for:	
Debt Service	1,359,746
Grants	427,549
Unrestricted	(21,261,894)
Total Net Position	$ 784,810

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, 2019

	Governmental Activities
EXPENSES	
Public safety	
Salaries and wages	$ 19,745,953
Employee benefits	11,753,936
Materials and supplies	1,540,706
Professional services	1,036,411
Utilities and communications	1,748,438
Insurance	186,423
Repairs and maintenance	1,414,536
Lease agreements	185,326
Depreciation	3,449,337
Interest on long-term debt	1,167,555
Total program expenses	42,228,621
PROGRAM REVENUES	
Charges for services	3,900,953
Operating grants and contributions	2,561,029
Total program revenues	6,461,982
Net program expenses	(35,766,639)
GENERAL REVENUES	
Property taxes	34,663,050
Fire district assistance tax	398,493
Investment earnings	433,909
Miscellaneous	2,679
Total general revenues	35,498,131
Change in net position	(268,508)
Net position, July 1, 2018	1,053,318
Net position, June 30, 2019	$ 784,810

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

NORTHWEST FIRE DISTRICT
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2019

	General	Wildland	Ambulance	Capital Improvements
ASSETS				
Cash and investments	$ 9,166,543	$ 585,969	$ -	$ 9,475,390
Accounts receivable	26,504	138,757	480,502	4,777
Property taxes receivable	1,593,366	-	-	-
Prepaids	48,808	-	-	-
Due from other funds	353,897	-	-	-
Total Assets	$ 11,189,118	$ 724,726	$ 480,502	$ 9,480,167
LIABILITIES				
Accounts payable	$ 472,655	$ 6,894	$ 11,339	$ 1,023,207
Accrued payroll and related benefits	620,804	27,033	-	-
Unearned revenue	9,000	-	-	-
Due to other funds	-	-	353,897	-
Total Liabilities	1,102,459	33,927	365,236	1,023,207
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	1,461,252	-	-	-
Unavailable revenue - intergovernmental	-	128,027	-	-
Unavailable revenue - ambulance billings	-	-	65,532	-
Total Deferred Inflows of Resources	1,461,252	128,027	65,532	-
FUND BALANCES				
Nonspendable:				
Prepaid items	48,808	-	-	-
Restricted for:				
Debt service	-	-	-	-
Capital expenditures	-	-	-	7,572,409
Grant expenditures	-	-	-	-
Assigned to:				
Medical self insurance	2,088,526	-	-	-
Wildland	-	562,772	-	-
Ambulance	-	-	49,734	-
Capital expenditures	-	-	-	884,551
Unassigned:	6,488,073	-	-	-
Total Fund Balances	8,625,407	562,772	49,734	8,456,960
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 11,189,118	$ 724,726	$ 480,502	$ 9,480,167

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

GO Debt Service	Capital Reserve	Grant Program	Totals
$ 1,174,148	$ 1,207,493	$ 420,844	$ 22,030,387
-	-	502,967	1,153,507
185,598	-	-	1,778,964
-	-	-	48,808
-	-	-	353,897
$ 1,359,746	$ 1,207,493	$ 923,811	$ 25,365,563
$ -	$ -	$ -	$ 1,514,095
-	-	-	647,837
-	-	-	9,000
-	-	-	353,897
-	-	-	2,524,829
169,317	-	-	1,630,569
-	-	496,262	624,289
-	-	-	65,532
169,317	-	496,262	2,320,390
-	-	-	48,808
1,190,429	-	-	1,190,429
	-	-	7,572,409
-	-	427,549	427,549
-	-	-	2,088,526
-	-	-	562,772
-	-	-	49,734
-	1,207,493	-	2,092,044
-	-	-	6,488,073
1,190,429	1,207,493	427,549	20,520,344
$ 1,359,746	$ 1,207,493	$ 923,811	$ 25,365,563

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, 2019

Fund Balances		$	20,520,344
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.			2,320,390
Capital assets are not financial resources in governmental funds, but are reported in the Statement of Net Position at their net depreciable value.			45,356,439
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.			8,357,579
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	(3,899,006)		
Bonds payable	(32,669,439)		
Net OPEB liability	(279,093)		
Net pension liability	(38,922,404)		(75,769,942)
Net position of governmental activities		$	784,810

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, 2019

	General	Wildland	Ambulance	Capital Improvements
REVENUES				
Taxes and assessments	$ 31,080,566	$ -	$ -	$ -
Charges for services	1,312,160	-	2,563,251	92,329
Intergovernmental	-	847,918	-	-
Donations	769	-	-	-
Interest earned	167,175	-	-	230,079
Miscellaneous	2,679	-	-	-
Total Revenues	32,563,349	847,918	2,563,251	322,408
EXPENDITURES				
Public safety:				
Administration	3,010,720	-	-	-
Emergency operations	20,606,458	624,931	2,370,647	139,014
Community safety services	1,372,108	-	-	-
Support resources	5,073,139	-	268,279	-
Capital outlay	5,298	-	-	6,289,996
Debt service	-	-	-	-
Total Expenditures	30,067,723	624,931	2,638,926	6,429,010
REVENUES OVER (UNDER) EXPENDITURES	2,495,626	222,987	(75,675)	(6,106,602)
OTHER FINANCING SOURCES/(USES)				
Transfers in/(out)	(1,200,000)	-	-	1,200,000
Total Other Financing Sources (Uses)	(1,200,000)	-	-	1,200,000
NET CHANGE IN FUND BALANCES	1,295,626	222,987	(75,675)	(4,906,602)
FUND BALANCES, Beginning of year	7,329,781	339,785	125,409	13,363,562
FUND BALANCES, End of year	$ 8,625,407	$ 562,772	$ 49,734	$ 8,456,960

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

GO Debt Service	Capital Reserve	Grant Program	Totals
$ 3,859,744	$ -	$ -	$ 34,940,310
-	-	-	3,967,740
138,392	-	1,110,906	2,097,216
-	-	-	769
36,655	-	-	433,909
-	-	-	2,679
4,034,791	-	1,110,906	41,442,623
1,785	-	-	3,012,505
-	-	1,673,624	25,414,674
-	-	-	1,372,108
-	-	-	5,341,418
-	-	25,400	6,320,694
3,856,867	-	-	3,856,867
3,858,652	-	1,699,024	45,318,266
176,139	-	(588,118)	(3,875,643)
-	-	-	-
-	-	-	-
176,139	-	(588,118)	(3,875,643)
1,014,290	1,207,493	1,015,667	24,395,987
$ 1,190,429	$ 1,207,493	$ 427,549	$ 20,520,344

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, 2019

Net change in fund balances - total governmental funds			$ (3,875,643)
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.			517,489
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.			(278,166)
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	$ 6,320,695		
Less current year depreciation	(3,449,337)		2,871,358
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.			(2,192,858)
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	$ 219,312		
Principal repayments	2,470,000		2,689,312
Change in net position of governmental activities.			$ (268,508)

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, 2019. 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 personnel 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 function. 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, 2019, 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)

INTERFUND RECEIVABLES AND PAYABLES

For the year ended June 30, 2019, interfund balances are as follows:

	Due To	*Due From*
General Fund	$ -	$ 353,897
Ambulance Fund	353,897	-
	$ 353,897	$ 353,897

At June 30, 2019, 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.

SUBSEQUENT EVENT

On October 22, 2019, the District issued $5,000,000 of callable, 15-year, bank qualified general obligation bonds, with a premium of $627,208. Proceeds from the bond issuance will be used to fund construction of a new administration facility.

COMMITMENTS

As of June 30, 2019, the District had entered into construction contracts for new stations 37 and 41. The total amount of the contracts was $3,876,695 and $3,819,774, respectively. The total expended as of June 30, 2019 was $2,436,596 and $2,375,114, respectively.

As of June 30, 2019, the District had entered into architectural, engineering, and construction administration contracts for new stations 37 and 41. The total amount of the contracts was $324,126 and $312,475, respectively. The total expended as of June 30, 2019 was $296,670 and $284,650, respectively.

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, 2019:

	Fair Value
Cash	
Cash on hand	$ 500
Deposits with financial institutions	1,481,062
Investments	
Local government investment pool	20,548,825
	$ 22,030,387

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, 2019, deposits with financial institutions have a bank value of $1,959,158, and a book value of $1,481,062. The difference of $478,096 represents deposits in transit, outstanding checks, and other reconciling items at June 30, 2019. At June 30, 2019, 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, 2019:

Local Government Investment Pool	***Fair Value***	***Rating***	***Rating Agency***
County Treasurer	$ 20,548,825	Unrated	Not applicable
	$ 20,548,825		

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, 2019, the District had the following investments in debt securities:

Local Government Investment Pool	*Amount*	*Weighted Average Maturity in Years*
County Treasurer	$ 20,548,825	0.86
	$ 20,548,825	

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, 2019 were as follows:

	Beginning Balance	*Increases*	*Decreases*	*Ending Balance*
NON-DEPRECIABLE				
Land and improvements	$ 7,021,378	$ 317,721	$ -	$ 7,339,099
Construction in progress	288,956	5,443,052	-	5,732,008
Total non-depreciable	7,310,334	5,760,773	-	13,071,107
DEPRECIABLE				
Buildings	41,348,422	16,705	-	41,365,127
Equipment	22,952,692	543,217	-	23,495,909
Total depreciable	64,301,114	559,922	-	64,861,036
ACCUMULATED DEPRECIATION				
Buildings	(13,202,337)	(1,462,614)	-	(14,664,951)
Equipment	(15,924,030)	(1,986,723)	-	(17,910,753)
Total accumulated depreciation	(29,126,367)	(3,449,337)	-	(32,575,704)
Total capital assets being depreciated	35,174,747	(2,889,415)	-	32,285,332
Capital assets, net of depreciation	$ 42,485,081	$ 2,871,358	$ -	$ 45,356,439

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 2010 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, 2019, $14,110,000 has been issued in relation to this additional capacity, leaving $9,500,000 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***
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	2,535,000	969,418	3,504,418
2025-29	9,075,000	3,332,560	12,407,560
2030-34	6,460,000	1,557,575	8,017,575
2035-36	2,845,000	213,500	3,058,500
	$ 30,340,000	$ 10,868,007	$ 41,208,007

LONG-TERM DEBT (Continued)

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2019, was as follows:

	Outstanding July 1, 2018	***Issued***	***Matured/ Redeemed During Year***	***Outstanding June 30, 2019***	***Due Within One Year***
Governmental activities					
Series 2010A General Obligation Bonds	$ 7,505,000	$ -	$ (515,000)	$ 6,990,000	$ 545,000
Series 2014 Refunding Bonds	5,505,000	-	(850,000)	4,655,000	870,000
Series 2016 Refunding Bonds	7,380,000	-	(705,000)	6,675,000	725,000
Series 2017 General Obligation Bonds	12,420,000	-	(400,000)	12,020,000	100,000
Unamortized deferred amounts	2,548,751	-	(219,312)	2,329,439	-
	35,358,751	-	(2,689,312)	32,669,439	2,240,000
Compensated absences	3,620,840	2,210,155	(1,931,989)	3,899,006	2,000,000
Net opeb liability	310,536	-	(31,443)	279,093	-
Net pension liability	38,964,009	-	(41,605)	38,922,404	-
	$ 78,254,136	$ 2,210,155	$ (4,694,349)	$ 75,769,942	$ 4,240,000

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 $148,668 for the year ended June 30, 2019. Future minimum lease payments for the leases are as follows:

Year Ending June 30	*Amounts Due*
2019	$ 156,130
2020	156,130
2021	156,130
2022	156,130
2023	156,130
Total	$ 780,651

TRANSFERS

Interfund transfer activity for fiscal year ended June 30, 2019 is as follows:

	Transfers In	*Transfers Out*
General	$ -	$ 1,200,000
Capital Improvements	1,200,000	-
	$ 1,200,000	$ 1,200,000

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, 2019, the ASRS net other postemployment benefit (OPEB) liability has not been recorded or further disclosed in accordance with GASB Statement No. 75 due to the relative insignificance to the District's financial statements. At June 30, 2019, the District reported the following aggregate amounts related to pensions and OPEB for all plans to which it contributes:

Statement of net position and statement of activities		
Net pension and OPEB liability	$	39,201,497
Deferred outflows of resources related to pensions and OPEB		12,082,698
Deferred inflows of resources related to pensions and OPEB		3,725,119
Pension and OPEB expense		5,201,568

A. Arizona State Retirement System

Plan Description. District employees not covered by the other pension plan 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:

PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

ASRS

	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	

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 retirement benefit option chosen determines the survivor benefit. 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 $100 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.

PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

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 year ended June 30, 2019, statute required active ASRS members to contribute at the actuarially determined rate of 11.80 percent (11.64 percent for retirement and 0.16 percent for long-term disability) of the members' annual covered payroll, and statute required the District to contribute at the actuarially determined rate of 11.80 percent (11.18 percent for retirement, 0.46 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 10.53 percent (10.41 percent for retirement, .06 percent for health insurance premium benefit, and 0.06 percent for long-term disability) of annual covered payroll of retired members who worked in positions that would typically be filled by an employee who contributes to ASRS. District contributions to the pension, health insurance premium benefit, and long-term disability plans for the year ended June 30, 2019, were $255,405, $10,509, and $3,655, respectively.

Liability. At June 30, 2019, the District reported a liability of $2,960,838 for its proportionate share of the net liability of the ASRS. The net liability was measured as of June 30, 2018. 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, 2017, to the measurement date of June 30, 2018. The total pension liability as of June 30, 2018, reflect changes in actuarial assumptions based on the results of an actuarial experience study for the 5-year period ended June 30, 2016, including decreasing the discount rate from 8 percent to 7.5 percent, changing the projected salary increases from 3-6.75 percent to 2.7-7.2 percent, decreasing the inflation rate from 3 percent to 2.3 percent, and changing the mortality rates.

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, 2018. The District's proportions measured as of June 30, 2018, and the change from its proportions measured as of June 30, 2017, were:

	Proportion June 30, 2018	Increase (Decrease) from June 30, 2017
Pension	0.02123%	-0.00231%
Health insurance	0.02129%	-0.00225%
Long-term disability	0.02126%	-0.00228%

PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

Expense and Deferred Outflows/Inflows of Resources. For the year ended June 30, 2019, the District recognized expense for ASRS of -$353,525, 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	$ 81,569	$ 16,323
Changes in assumptions or other inputs	78,349	262,519
Net difference between projected and actual earnings on pension plan investments	-	71,201
Changes in proportion and differences between contributions and proportionate share of contributions	-	257,713
Contributions subsequent to the measurement date	255,405	-
Total	$ 415,323	$ 607,756

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, 2020. 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:	
2020	$ (110,622)
2021	(197,278)
2022	(108,007)
2023	(31,931)
2024	-
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, 2017
Actuarial roll forward date	June 30, 2018
Actuarial cost method	Entry age normal
Investment rate of return	7.5%
Projected salary increases	2.7-7.2%
Inflation	2.3%
Permanent base increases	Included
Mortality rates	2017 SRA Scale U-MP
Recovery rates	2012 GLDT for long-term disability

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

The long-term expected rate of return on ASRS plan investments was determined to be 7.5 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 geometric 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	50%	5.50%
Fixed income	30%	3.83%
Real estate	20%	5.85%
Total	100%	

PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

Discount Rate. At June 30, 2018, the discount rate used to measure the ASRS total pension liability was 7.5 percent, which was a decrease of .5 from the discount rate used as of June 30, 2017. 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 table presents the District's proportionate share of the net liability calculated using the discount rate of 7.5 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:

ASRS	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
District proportionate share of the net liability	$ 4,220,742	$ 2,960,838	$ 1,908,208

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.

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) or employees who became members on or after July 1, 2017, may participate in the Public Safety Personnel Defined Contribution Retirement Plan (PSPDCRP). 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) which are not further disclosed because of their relative insignificance to the District's financial statements.

PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

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 benefit terms. 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**	**On or after 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	15 years of credited service, age 52.5* 15 or more years of service, age 55
Final average salary is based on	Highest 36 consecutive months of last 20 years	Highest 60 consecutive months of last 20 years	Highest 60 consecutive months of last 15 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. 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 $100 per month to $260 per month depending on the age of the member and dependents.

Employees Covered by Benefit Terms. At June 30, 2019, the following employees were covered by the agent plans' benefit terms:

	PSPRS	
	Pension	Health
Inactive employees or beneficiaries currently receiving benefits	39	39
Inactive employees entitled to but not yet receiving benefits	32	15
Active employees	173	173
Total	244	227

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, 2019, are indicated below. Rates are a percentage of active members' annual covered payroll.

	Active member Pension	Health insurance premium benefit
Active members - pension	7.65%	
District:		
Pension	32.01%	0.42%
Tier 3 Risk Pool	9.68%	0.26%

In addition, State 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)

District contributions to the plans for the year ended June 30, 2019, were:

	Pension	Health insurance premium benefit
PSPRS	$ 4,868,124	$ 63,874

Pension Liability. At June 30, 2019, the District reported the following assets and liabilities.

	Net pension (asset) liability	Net OPEB (asset) liability
PSPRS	$ 35,961,566	$ 279,093

The net assets and net liabilities were measured as of June 30, 2018, 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, 2018, reflect statutory changes in benefit terms for automatic cost-of-living adjustments. The basis for cost-of-living adjustments was changed from excess investment earnings to the change in the consumer price index, limited to a maximum annual increase of 2 percent.

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

Actuarial valuation date	June 30, 2018
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
Cost-of-living adjustment	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, 2018, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2016.

PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

The long-term expected rate of return on PSPRS plan investments was determined to be 7.4 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%
Risk parity	4%	5.00%
Fixed income	5%	1.25%
Real assets	9%	4.52%
GTS	12%	3.96%
Private equity	16%	6.75%
Real estate	10%	3.75%
Private equity	12%	5.83%
Non-U.S. equity	14%	8.70%
U.S. equity	16%	7.60%
Total	100%	

Discount Rates. At June 30, 2018, the discount rate of used to measure the PSPRS total pension/OPEB liabilities was 7.4 percent, which was the same as the discount rate used as of June 30, 2017. 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.

PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

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, 2018	$ 96,440,832	$ 61,143,896	$ 35,296,936	$ 2,145,903	$ 1,835,367	$ 310,536
Changes for the year:						
Service cost	3,094,619	-	3,094,619	42,467	-	42,467
Interest on the total liability	7,168,188	-	7,168,188	158,601	-	158,601
Changes of benefit terms	-	-	-	-	-	-
Differences between expected and actual experience in the measurement of the total liability	(1,610,172)	-	(1,610,172)	(69,333)	-	(69,333)
Changes of assumptions or other inputs	-	-	-	-	-	-
Contributions - employer	1	4,812,301	(4,812,300)	-	37,905	(37,905)
Contributions - employee	-	1,318,032	(1,318,032)	-	-	-
Net investment income	-	4,277,334	(4,277,334)	-	127,209	(127,209)
Benefit payments, including refunds of employee contributions	(2,241,459)	(2,241,459)	-	(47,750)	(47,750)	-
Administrative expense	-	(65,800)	65,800	-	(1,936)	1,936
Other	-	(2,353,861)	2,353,861	-	-	-
Net changes	6,411,177	5,746,547	664,630	83,985	115,428	(31,443)
Balances at June 30, 2019	$ 102,852,009	$ 66,890,443	$ 35,961,566	$ 2,229,888	$ 1,950,795	$ 279,093

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following table 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:

PSPRS	1% Decrease (6.4%)	Current Discount Rate (7.4%)	1% Increase (8.4%)
Net pension liability	$ 52,464,786	$ 35,961,566	$ 22,729,790
Net OPEB liability	592,767	279,093	21,000

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, 2019, the District recognized $4,922,458 as pension expense and $62,290 as OPEB expense.

PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

Pension Deferred Outflows/Inflows of Resources. At June 30, 2019, 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	$ 696,898	$ 2,896,156	$ -	$ 94,804
Changes of assumptions or other inputs	5,294,349	-	-	91,062
Net difference between projected and actual earnings on pension plan investments	744,130	-	-	35,341
Contributions subsequent to the measurement date	4,868,124	-	63,874	-
Total	$ 11,603,501	$ 2,896,156	$ 63,874	$ 221,207

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, 2020. 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:

	Pension Net Deferred Outflows of Resources	OPEB Net Deferred Inflows of Resources
Year Ending June 30:		
2020	$ 1,348,481	$ (39,034)
2021	961,115	(39,034)
2022	225,844	(39,033)
2023	677,550	(25,072)
2024	556,842	(26,708)
Thereafter	69,389	(52,326)
Total	$ 3,839,221	$ (221,207)

PSPDCRP plan. District employees who are regularly assigned hazardous duty and aren't members of PSPRS participate in the PSPDCRP. The PSPDCRP is a defined contribution pension plan. The PSPRS Board of Trustees governs the PSPDCRP according to the provisions of ARS Title 38, Chapter 5, Article 4.1. Benefit terms, including contribution requirements, are established by State statute.

For the year ended June 30, 2019, active PSPDCRP members were required by statute to contribute at least 9 percent of the members' annual covered payroll, and the District was required to by statute to contribute 9 percent of active members' annual covered payroll to an individual employee account. Employees are immediately vested in their own contributions and the earnings on those contributions. Employees vest in a portion of the District's contributions each year as set forth in statute. The plan retains nonvested District contributions when forfeited because of employment terminations.

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

Fiscal Year	**2019**	**2018**	**2017**	**2016**	**2015**
Measurement Date	**2018**	**2017**	**2016**	**2015**	**2014**
Total pension liability					
Service cost	$ 3,094,619	$ 3,472,275	$ 2,811,831	$ 2,617,288	$ 2,668,263
Interest	7,168,188	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	(1,610,172)	(265,508)	1,076,494	(285,514)	(2,412,025)
Changes of assumptions	1	1,907,557	3,546,513	-	3,348,983
Benefit payments, including refunds of employee contributions	(2,241,459)	(2,527,515)	(1,803,276)	(2,061,936)	(1,552,405)
Net change in total pension liability	6,411,177	9,760,175	18,609,692	5,225,041	6,850,597
Total pension liability - beginning	96,440,832	86,680,657	68,070,965	62,845,924	55,995,327
Total pension liability - ending (a)	$ 102,852,009	$ 96,440,832	$ 86,680,657	$ 68,070,965	$ 62,845,924
Plan fiduciary net position					
Contributions - employer	$ 4,812,301	$ 3,100,361	$ 3,036,705	$ 2,398,854	$ 2,246,073
Contributions - employee	1,318,032	1,789,724	1,741,594	1,637,449	1,429,528
Net investment income	4,277,334	6,285,132	290,856	1,691,663	5,314,867
Benefit payments, including refunds of employee contributions	(2,241,459)	(2,527,515)	(1,803,276)	(2,061,936)	(1,552,405)
Administrative expense	(65,800)	(56,013)	(42,253)	(41,661)	(42,804)
Other	(2,353,861)	35,139	444,170	(63,639)	126,681
Net change in plan fiduciary net position	5,746,547	8,626,828	3,667,796	3,560,730	7,521,940
Plan fiduciary net position - beginning	61,143,896	52,517,068	48,849,272	45,288,542	37,766,602
Plan fiduciary net position - ending (b)	$ 66,890,443	$ 61,143,896	$ 52,517,068	$ 48,849,272	$ 45,288,542
District net pension liability - ending (a)-(b)	35,961,566	35,296,936	34,163,589	19,221,693	17,557,382
Plan fiduciary net position as a percentage of the total pension liability	65.04%	63.40%	60.59%	71.76%	72.06%
Covered payroll	$ 13,699,065	$ 14,832,442	$ 14,382,769	$ 13,502,977	$ 13,421,021
District net pension liability as a percentage of covered employee payroll	262.51%	237.97%	237.53%	142.35%	130.82%

* - Fiscal year 2015 was the 1st year of implementation, therefore only five years are shown

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

Fiscal Year	**2019**	**2018**
Measurement Date	**2018**	**2017**
Total OPEB liability		
Service cost	$ 42,467	$ 45,981
Interest	158,601	160,815
Changes of benefit terms	-	2,012
Differences between expected and actual experience	(69,333)	(43,536)
Changes of assumptions	-	(118,400)
Benefit payments, including refunds of employee contributions	(47,750)	(44,355)
Net change in total OPEB liability	83,985	2,517
Total OPEB liability - beginning	2,145,903	2,143,386
Total OPEB liability - ending (a)	$ 2,229,888	$ 2,145,903
Plan fiduciary net position		
Contributions - employer	$ 37,905	$ 57,048
Contributions - employee	-	-
Net investment income	127,209	192,595
Benefit payments, including refunds of employee contributions	(47,750)	(44,355)
Administrative expense	(1,936)	(1,705)
Other	-	-
Net change in plan fiduciary net position	115,428	203,583
Plan fiduciary net position - beginning	1,835,367	1,631,784
Plan fiduciary net position - ending (b)	$ 1,950,795	$ 1,835,367
District net OPEB liability - ending (a)-(b)	279,093	310,536
Plan fiduciary net position as a percentage of the total OPEB liability	87.48%	85.53%
Covered payroll	$ 13,699,065	$ 14,832,442
District net OPEB liability as a percentage of covered employee payroll	2.04%	2.09%

*- Fiscal year 2018 was the 1st year of implementation, therefore only two years are displayed.

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

Year Ended June 30	Actuarially Determined Contribution	Actual Contribution	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%
2018	4,812,301	4,812,301	-	13,699,065	35.13%
2019	4,868,124	4,868,124	-	15,469,913	31.47%

*- Fiscal year 2014 was the 1st year of implementation, therefore only six 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%
2018	37,905	37,905	-	13,699,065	0.28%
2019	63,874	63,874	-	15,469,913	0.41%

*- Fiscal year 2017 was the 1st year of implementation, therefore only three years are 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:	19 years; if the actuarial value of assets exceeded the actuarial accrued liability, the excess was amortized over an open period of 18 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 2017 actuarial valuation, wage growth was decreased from 4.0% to 3.50%. In the 2014 actuarial valuation, wage growth was decreased from 4.5% to 4.0%.
Projected Salary Increases:	In the 2017 actuarial valuation, projected salary increases were decreased from 4.0% - 8.0% to 3.5% - 7.5%. In the 2014 actuarial valuation, projected salary increases were decreased from 4.5% - 8.5% to 4.0% - 8.0%.

Notes to Schedule (Continued):

Investment rate of return:	PSPRS members with initial membership date before July 1, 2017: In the 2017 actuarial valuation the investment rate of return was decreased from 7.5% to 7.4%. In the 2016 actuarial valuation, the investment rate of return was decreased from 7.85% to 7.5%. 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:	In the 2017 actuarial valuation, changed to RP-2014 tables, with 75% of MP-2016 fully generational projection scales. 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 increased 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 and 2019.

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

	2019	2018	2017	2016	2015
District's proportion of the net pension liability (asset)	0.021%	0.024%	0.024%	0.024%	0.024%
District's proportionate share of the net pension liability (asset)	$ 2,960,838	$ 3,667,073	$ 3,838,331	$ 3,712,840	$ 3,536,641
District's covered-employee payroll	$ 2,080,148	$ 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	142.34%	158.22%	171.89%	168.55%	170.96%
Plan fiduciary net position as a percentage of the total pension liability	73.40%	69.92%	67.06%	68.35%	69.49%

*- Fiscal year 2015 was the 1st year of implementation, therefore only five 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%
2018	230,010	230,010	-	2,080,148	11.06%

*- Fiscal year 2015 was the 1st year of implementation, therefore only five 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:	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:	7.50%
Price inflation:	2.30%
Salary Increases:	2.70% to 7.20%
Mortality:	2017 SRA Scale U-MP

NORTHWEST FIRE DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND
YEAR ENDED JUNE 30, 2019

	Budgeted Amounts			Variance with Final
	Original	Final	Actual	Budget
REVENUES				
Taxes and assessments	$ 31,588,395	$ 31,588,395	$ 31,080,566	$ (507,829)
Charges for services	1,208,500	1,208,500	1,312,160	103,660
Donations	-	-	769	769
Interest earned	50,000	50,000	167,175	117,175
Miscellaneous	-	-	2,679	2,679
Total Revenues	32,846,895	32,846,895	32,563,349	(283,546)
EXPENDITURES				
Public safety				
Administration	3,120,727	3,128,577	3,010,720	117,857
Emergency operations	21,202,289	21,202,189	20,606,458	595,731
Community safety services	1,463,185	1,462,435	1,372,108	90,327
Support resources	5,264,035	5,257,035	5,073,139	183,896
Capital outlay	13,000	13,000	5,298	7,702
Contingency	7,083,659	7,083,659	-	7,083,659
Total Expenditures	38,146,895	38,146,895	30,067,723	8,079,172
REVENUES OVER (UNDER) EXPENDITURES	(5,300,000)	(5,300,000)	2,495,626	7,795,626
OTHER FINANCING SOURCES (USES)				
Transfers out	(1,700,000)	(1,700,000)	(1,200,000)	500,000
NET CHANGE IN FUND BALANCE	(7,000,000)	(7,000,000)	1,295,626	8,295,626
FUND BALANCE, Beginning of year	7,000,000	7,000,000	7,329,781	329,781
FUND BALANCE, End of year	$ -	$ -	$ 8,625,407	$ 8,625,407

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, 2019

	Budgeted Amounts			Variance with Final
	Original	Final	Actual	Budget
REVENUES				
Intergovernmental	$ 566,900	$ 566,900	$ 847,918	$ 281,018
EXPENDITURES				
Personnel services	491,000	491,000	174,823	316,177
Materials and services	75,900	75,900	450,108	(374,208)
Total Expenditures	566,900	566,900	624,931	(58,031)
NET CHANGE IN FUND BALANCE	-	-	222,987	222,987
FUND BALANCE, Beginning of year	-	-	339,785	339,785
FUND BALANCE, End of year	$ -	$ -	$ 562,772	$ 562,772

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, 2019

	Budgeted Amounts			Variance with Final
	Original	Final	Actual	Budget
REVENUES				
Charges for services	$ 2,800,000	$ 2,800,000	$ 2,563,251	$ (236,749)
EXPENDITURES				
Personnel services	1,882,452	1,882,452	1,878,881	3,571
Materials and services	816,738	816,738	760,045	56,693
Contingency	100,810	100,810	-	100,810
Total Expenditures	2,800,000	2,800,000	2,638,926	161,074
NET CHANGE IN FUND BALANCE	-	-	(75,675)	(75,675)
FUND BALANCE, Beginning of year	-	-	125,409	125,409
FUND BALANCE, End of year	$ -	$ -	$ 49,734	$ 49,734

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, 2019

	Budgeted Amounts			Variance with Final
	Original	Final	Actual	Budget
REVENUES				
Intergovernmental	$ 1,500,000	$ 1,500,000	$ 1,110,906	$ (389,094)
EXPENDITURES				
Personnel services	1,091,789	1,091,789	1,666,407	(574,618)
Materials and services	-	-	7,217	(7,217)
Capital outlay	-	-	25,400	(25,400)
Contingency	1,408,211	1,408,211	-	1,408,211
Total Expenditures	2,500,000	2,500,000	1,699,024	800,976
NET CHANGE IN FUND BALANCE	(1,000,000)	(1,000,000)	(588,118)	411,882
FUND BALANCE, Beginning of year	1,000,000	1,000,000	1,015,667	15,667
FUND BALANCE, End of year	$ -	$ -	$ 427,549	$ 427,549

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, 2019

	Budgeted Amounts			Variance with Final
	Original	Final	Actual	Budget
REVENUES				
Charges for services	$ 75,000	$ 75,000	$ 92,329	$ 17,329
Investment income	-	-	230,079	230,079
Total Revenues	75,000	75,000	322,408	247,408
EXPENDITURES				
Materials and services	320,000	450,000	139,014	310,986
Capital outlay	11,175,000	11,045,000	6,289,996	4,755,004
Contingency	3,280,000	3,280,000	-	3,280,000
Total Expenditures	14,775,000	14,775,000	6,429,010	8,345,990
REVENUES OVER (UNDER) EXPENDITURES	(14,700,000)	(14,700,000)	(6,106,602)	8,593,398
OTHER FINANCING SOURCES				
Transfers in	1,700,000	1,700,000	1,200,000	(500,000)
Total Other Financing Sources	1,700,000	1,700,000	1,200,000	(500,000)
NET CHANGE IN FUND BALANCE	(13,000,000)	(13,000,000)	(4,906,602)	8,093,398
FUND BALANCE, Beginning of year	13,000,000	13,000,000	13,363,562	363,562
FUND BALANCE, End of year	$ -	$ -	$ 8,456,960	$ 8,456,960

NORTHWEST FIRE DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – GENERAL OBLIGATION DEBT SERVICE FUND
YEAR ENDED JUNE 30, 2019

	Budgeted Amounts			Variance with Final
	Original	Final	Actual	Budget
REVENUES				
Taxes and assessments	$ 3,871,867	$ 3,871,867	$ 3,859,744	$ (12,123)
Intergovernmental	140,000	140,000	138,392	(1,608)
Interest earned	-	-	36,655	36,655
Total Revenues	4,011,867	4,011,867	4,034,791	22,924
EXPENDITURES				
Materials and services	5,000	5,000	1,785	3,215
Debt service:				
Principal	2,470,000	2,470,000	2,470,000	-
Interest	1,386,867	1,386,867	1,386,867	-
Contingency	150,000	150,000	-	150,000
Total Expenditures	4,011,867	4,011,867	3,858,652	153,215
NET CHANGE IN FUND BALANCE	-	-	176,139	176,139
FUND BALANCE, Beginning of year	-	-	1,014,290	1,014,290
FUND BALANCE, End of year	$ -	$ -	$ 1,190,429	$ 1,190,429

NORTHWEST FIRE DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – CAPITAL RESERVE FUND
YEAR ENDED JUNE 30, 2019

	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, 2019

Tax Year	*Taxes Uncollected June 30, 2018*	*2018-19 Levy*	*Discounts & Adjustments*	*Turnovers*	*Uncollected Balances June 30, 2019*
2018-2019	$ -	$ 34,661,264	$ -	$ 34,086,975	$ 574,289
2017-2018	611,837	-	-	463,976	147,861
2016-2017	154,627	-	-	(467)	155,094
2015-2016	94,909	-	-	9,741	85,168
2014-2015	101,373	-	-	2,195	99,178
2013-2014	111,717	-	-	24,205	87,512
Prior	600,943	-	-	2,426	598,517
	$ 1,675,406	$ 34,661,264	$ -	$ 34,589,051	$ 1,747,619

Reconciliation to tax revenues on combined financial statements:	*General Fund*	*Debt Service Fund*	*Total*
Property tax collections above	$ 30,722,052	$ 3,866,999	$ 34,589,051
Other taxes (FDAT) and adjustments	398,493	-	398,493
Property taxes susceptible to accrual at June 30, 2019	129,638	16,281	145,919
Property taxes susceptible to accrual at June 30, 2018	(169,617)	(23,536)	(193,153)
	$ 31,080,566	$ 3,859,744	$ 34,940,310

NORTHWEST FIRE DISTRICT
SCHEDULE OF LONG-TERM DEBT PRINCIPAL AND INTEREST TRANSACTIONS
YEAR ENDED JUNE 30, 2019

	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, 2018	*Issued*	*Paid*	*Outstanding June 30, 2019*
$ 7,505,000	$ -	$ 515,000	$ 6,990,000
5,505,000	-	850,000	4,655,000
7,380,000	-	705,000	6,675,000
12,420,000	-	400,000	12,020,000
$ 32,810,000	$ -	$ 2,470,000	$ 30,340,000

Unmatured Interest July 1, 2018	*New Issues*	*Interest Coupons Paid/ Refunded*	*Unmatured Interest June 30, 2019*
$ 2,850,049	$ -	$ 421,542	$ 2,428,507
730,750	-	185,550	545,200
1,335,475	-	237,250	1,098,225
7,338,600	-	542,525	6,796,075
$ 12,254,874	$ -	$ 1,386,867	$ 10,868,007

NORTHWEST FIRE DISTRICT

SCHEDULE OF FUTURE BONDED DEBT REQUIREMENTS

JUNE 30, 2019

Fiscal Year Ending	*2010A GO Bonds*			*2014 Refunding Bonds*			*2016 Refunding Bonds.*		
June 30,	*Principal*	*Interest*	*Total*	*Principal*	*Interest*	*Total*	*Principal*	*Interest*	*Total*
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	-	-	-	-	-	-	-	-	-
	$ 6,990,000	$ 2,428,507	$ 9,418,507	$ 4,655,000	$ 545,200	$ 5,200,200	$ 6,675,000	$ 1,098,225	$ 7,773,225

201 7 GO Bonds.			*Totals*		
Principal	***Interest***	***Total***	***Principal***	***Interest***	***Total***
$ 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
$ 12,020,000	$ 6,796,075	$ 18,816,075	$ 30,340,000	$ 10,868,007	$ 41,208,007

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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)

	2019	***2018***	***2017***	***2016***
Governmental Activities:				
Net investment in capital assets	$ 20,259,409	$ 7,126,330	$ 19,286,564	$ 17,218,346
Restricted	1,787,295	2,188,440	1,995,585	2,351,605
Unrestricted	(21,261,894)	(8,261,452)	(20,350,803)	(8,869,151)
Total primary government net position	$ 784,810	$ 1,053,318	$ 931,346	$ 10,700,800

2015	*2014*	*2013*	*2012*	*2011*	*2010*
$ 16,176,516	$ 14,956,884	$ 15,549,975	$ 15,286,788	$ 17,213,277	$ 15,451,950
2,300,240	2,989,141	2,983,301	2,882,157	2,473,572	681,132
(8,795,879)	12,481,770	11,318,560	11,640,020	9,725,396	9,498,230
$ 9,680,877	$ 30,427,795	$ 29,851,836	$ 29,808,965	$ 29,412,245	$ 25,631,312

NORTHWEST FIRE DISTRICT

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS (accrual basis of accounting)

	2019	2018	2017	2016
Expenses				
Governmental activities:				
Public safety	$ 41,061,066	$ 37,067,135	$ 45,119,860	$ 33,014,022
Interest on long-term debt	1,167,555	1,186,250	808,138	1,487,972
Total primary government expenses	42,228,621	38,253,385	45,927,998	34,501,994
Program Revenues				
Governmental activities:				
Charges for services	3,900,953	2,477,942	2,915,582	4,851,624
Operating grants and contributions	2,561,029	2,595,746	1,859,470	1,317,763
Capital grants and contributions	-	-	-	-
Total primary government program revenues	6,461,982	5,073,688	4,775,052	6,169,387
Net (expense)/revenue:				
Total primary government net expense	$ (35,766,639)	$ (33,179,697)	$ (41,152,946)	$ (28,332,607)
General Revenues and Other Changes in Net Position				
Governmental activities:				
Property taxes	$ 34,663,050	$ 33,127,433	$ 30,905,973	$ 28,884,757
Intergovernmental	398,493	402,130	398,246	394,641
Investment earnings	433,909	206,572	71,261	72,176
Miscellaneous	2,679	19,336	8,012	956
Total primary government	35,498,131	33,755,471	31,383,492	29,352,530
Change in Net Position				
Total primary government	$ (268,508)	$ 575,774	$ (9,769,454)	$ 1,019,923

2015	2014	2013	2012	2011	2010
$ 32,104,719	$ 30,445,273	$ 30,801,909	$ 30,493,803	$ 27,994,855	$ 26,202,413
1,396,551	1,426,530	1,578,447	1,648,780	1,786,477	1,207,853
33,501,270	31,871,803	32,380,356	32,142,583	29,781,332	27,410,266
1,702,701	1,304,169	904,883	978,950	1,083,979	1,205,438
2,128,289	2,249,185	2,536,916	2,762,769	2,968,198	1,663,139
-	-	-	421,498	37,489	417,005
3,830,990	3,553,354	3,441,799	4,163,217	4,089,666	3,285,582
$ (29,670,280)	$ (28,318,449)	$ (28,938,557)	$ (27,979,366)	$ (25,691,666)	$ (24,124,684)
$ 28,298,804	$ 28,414,889	$ 28,381,375	$ 28,181,528	$ 28,752,945	$ 26,832,368
398,891	394,560	397,605	516,341	516,341	520,875
66,526	67,999	157,240	73,829	159,360	266,746
4,228	16,960	45,208	48,849	43,953	67,024
28,768,449	28,894,408	28,981,428	28,820,547	29,472,599	27,687,013
$ (901,831)	$ 575,959	$ 42,871	$ 841,181	$ 3,780,933	$ 3,562,329

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

	2019	***2018***	***2017***	***2016***
General fund				
Reserved	$ -	$ -	$ -	$ -
Unreserved	-	-	-	-
Nonspendable	48,808	76,899	121,124	88,352
Assigned	2,088,526	2,088,182	2,088,255	2,057,411
Unassigned	6,488,073	5,164,700	5,329,844	5,750,826
Total general fund	$ 8,625,407	$ 7,329,781	$ 7,539,223	$ 7,896,589
All other governmental funds				
Reserved	$ -	$ -	$ -	$ -
Unreserved, reported in:				
Special revenue funds	-	-	-	-
Capital project funds	-	-	-	-
Restricted	9,190,387	2,029,957	1,857,406	2,227,260
Assigned	2,704,550	15,036,249	2,154,911	2,496,384
Unassigned	-	-	-	-
Total all other governmental funds	$ 11,894,937	$ 17,066,206	$ 4,012,317	$ 4,723,644

2015	*2014*	*2013*	*2012*	*2011*	*2010*
$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-
41,851	41,618	32,558	60,536	46,313	38,996
1,904,439	1,284,406	271,292	543,807	635,817	19,803
6,354,350	7,784,984	8,865,044	8,638,855	6,789,421	6,323,963
$ 8,300,640	$ 9,111,008	$ 9,168,894	$ 9,243,198	$ 7,471,551	$ 6,382,762
$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-
-	-	-	-	-	-
2,181,549	3,091,615	3,461,598	3,707,599	10,504,078	18,311,186
4,180,238	4,448,158	3,386,617	3,449,582	2,182,187	2,560,962
394,014	126,524	(315,838)	(722,909)	(991,857)	(315,373)
$ 6,755,801	$ 7,666,297	$ 6,532,377	$ 6,434,272	$ 11,694,408	$ 20,556,775

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

	2019	2018	2017	2016
Revenues				
Taxes	$ 34,940,310	$ 33,421,453	$ 31,139,956	$ 29,211,164
Charges for services	3,967,740	3,503,811	3,604,842	3,004,176
Intergovernmental	2,097,216	2,546,993	1,286,412	1,265,675
Donations	769	1,215	536,037	542
Interest	433,909	206,572	71,261	72,176
Miscellaneous	2,679	19,336	8,012	956
Total revenues	41,442,623	39,699,380	36,646,520	33,554,689
Expenditures				
Public safety	35,140,705	34,278,478	31,492,717	30,370,341
Capital outlay	6,320,694	3,108,379	2,792,316	2,522,752
Debt service				
Principal	2,470,000	2,380,000	2,550,000	2,010,000
Interest	1,386,867	1,398,820	983,797	1,203,879
Issuance cost on bonds	-	-	-	166,700
Total expenditures	45,318,266	41,165,677	37,818,830	36,273,672
Excess of revenues over (under) expenditures	(3,875,643)	(1,466,297)	(1,172,310)	(2,718,983)
Other financing sources (uses)				
Premium on bonds issued	-	1,530,428	-	788,774
Proceeds from debt issuance	-	12,780,000	-	8,300,000
Payment to refunded bond agent	-	-	-	(8,853,234)
Proceeds from sale of capital assets	-	316	103,617	47,235
Capital leases	-	-	-	-
Total other financing sources (uses)	-	14,310,744	103,617	282,775
Net change in fund balances	$ (3,875,643)	$ 12,844,447	$ (1,068,693)	$ (2,436,208)
Debt service as a percentage of noncapital expenditures	9.89%	9.93%	10.09%	9.52%

2015	*2014*	*2013*	*2012*	*2011*	*2010*
$ 28,747,650	$ 28,565,186	$ 28,847,572	$ 29,281,639	$ 29,201,070	$ 27,200,848
1,702,701	1,304,169	904,883	978,950	1,083,979	1,205,438
2,415,042	2,669,485	2,980,824	3,410,753	2,083,552	1,940,613
1,014	886	440	890	1,015	1,454
66,526	67,999	157,240	73,829	159,360	266,746
4,228	16,960	45,208	48,849	43,953	67,024
32,937,161	32,624,685	32,936,167	33,794,910	32,572,929	30,682,123
28,540,781	27,281,172	28,545,390	27,122,488	25,895,667	25,094,335
2,178,537	1,319,617	1,178,971	6,891,859	11,115,191	5,418,600
2,231,560	1,590,000	1,604,222	1,614,273	1,543,873	1,697,872
1,793,719	1,513,509	1,583,783	1,654,779	1,791,775	1,207,853
153,539	-	-	-	-	163,982
34,898,136	31,704,298	32,912,366	37,283,399	40,346,506	33,582,642
(1,960,975)	920,387	23,801	(3,488,489)	(7,773,577)	(2,900,519)
566,867	-	-	-	-	163,129
8,215,000	-	-	-	-	10,950,000
(8,608,438)	-	-	-	-	-
66,682	155,647	-	-	-	-
-	-	-	-	-	-
240,111	155,647	-	-	-	11,113,129
$ (1,720,864)	$ 1,076,034	$ 23,801	$ (3,488,489)	$ (7,773,577)	$ 8,212,610
12.30%	10.21%	10.05%	10.76%	11.41%	10.90%

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***
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
2019	1,075,817,115	26,993,172	33,857,668	95,889,348

Source: Pima County

Total			
Taxable Assessed Value	*Direct Tax Rate*	*Estimated Net Full Cash Value*	*Assessed Value as a % of Full Cash Value*
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%
1,136,667,955	3.0501	11,502,260,357	9.88%

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

Fiscal Year Ended June 30,	*Northwest Fire District*			*Pima County*		
	General	*Debt Service*	*Total District*	*General*	*Debt Service*	*Total County*
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
2019	2.7095	0.3406	3.0501	4.0696	0.6900	4.7596

Source: Pima County

Overlapping Rates

Marana Unified School District				*Total Direct*
General	*Debt Service*	*Total School District*	*Special Districts*	*& Overlapping Rates*
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
4.1688	1.9152	6.0840	2.9553	16.8490

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NORTHWEST FIRE DISTRICT
PRINCIPAL PROPERTY TAXPAYERS
CURRENT AND NINE YEARS AGO

		June 30, 2019	
Taxpayer	***Type of Business***	***Assessed Value***	***% of Total Assessed Value***
Northwest Hospital LLC	Healthcare	$ 20,959,030	1.84%
Unisource Energy Corporation	Utility	19,959,904	1.76%
FHM Partners LLC	Developer	7,072,913	0.62%
HSL Cottonwood RC Hotel LLC	Resort	6,115,839	0.54%
Wal-Mart Stores Inc	Retail	6,100,713	0.54%
Tucson Premium Outlets LLC	Retail	5,804,429	0.51%
Southwest Gas Corp	Utility	5,194,411	0.46%
Verizon Wireless	Utility	3,390,641	0.30%
Westward Look Resort LLC	Resort	3,110,149	0.27%
Qwest Corporation	Utility	3,032,649	0.27%
		$ 80,740,678	7.10%
Total Limited Assessed Value		$ 1,136,667,955	

		June 30, 2010	
Taxpayer	***Type of Business***	***Assessed Value***	***% of Total Assessed Value***
Northwest Hospital LLC	Healthcare	$ 17,097,093	1.40%
Unisource Energy Corp	Utility	10,713,852	0.88%
FMP Kimpco Foothills LLC	Retail	8,158,931	0.67%
First American Title Tr 9089	Developer	6,448,587	0.53%
Wal-Mart Stores Inc	Retail	6,091,232	0.50%
Qwest Communications Corp	Utility	3,701,348	0.30%
APHM Westward Look LLC	Resort	3,695,739	0.30%
Kimco Barclay Marana LP	Developer	2,985,690	0.24%
Dove Mountain Retail II LLC	Retail	2,719,151	0.22%
La Cholla & River Road Assn LLC	Developer	2,591,168	0.21%
		$ 64,202,791	5.27%
Total Secondary Assessed Value		$ 1,218,976,247	

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*
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%
2019	34,661,264	-	34,661,264	34,086,975	98.34%

Collections in Subsequent Years	Total Collections to Date	
	Amount	% of Levy
1,447,252	26,809,544	99.67%
1,115,468	28,724,203	99.92%
728,740	28,107,107	98.97%
690,792	28,651,213	99.51%
681,632	28,340,841	99.69%
710,887	28,199,397	99.65%
699,957	28,799,589	99.71%
506,142	30,750,878	99.50%
463,976	32,979,292	99.55%
-	34,086,975	98.34%

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*			
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
2019	32,669,439	-	32,669,439	0.08%	266.93

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*	*Estimated Net Bonded Debt per Capita*
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
2019	1,136,667,955	32,669,439	1,174,148	31,495,291	2.77%	257.34

NORTHWEST FIRE DISTRICT

DIRECT AND OVERLAPPING GENERAL OBLIGATION DEBT RATIOS
LAST NINE 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%
2019	Direct GO Bonded Debt	$ 266.93	2.87%	0.28%
2019	Direct & Overlapping GO Bonded Debt	1,666.86	17.95%	1.77%

NORTHWEST FIRE DISTRICT
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2019

Governmental Unit		*Debt Outstanding*	*Estimated Percentage Applicable*		*Estimated Share of Overlapping Debt*
Debt repaid with property taxes:					
Pima County	$	227,335,000	13.64%	$	31,010,194
Gladden Farms Community Facilities Dist		8,520,000	100.00%		8,520,000
Saguaro Springs Community Facilities Dist		3,745,000	100.00%		3,745,000
Marana Unified School District		131,915,000	72.11%		95,123,907
Flowing Wells Unified School District		24,690,000	68.08%		16,808,952
Amphitheater Unified School District		84,045,000	19.19%		16,128,236
Subtotal, overlapping debt					171,336,288
Northwest Fire District direct debt					32,669,439
Total estimated direct and overlapping debt				$	204,005,727

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

	2019	***2018***	***2017***	***2016***
Assessed Value	$ 1,136,667,955	$ 1,080,073,267	$ 1,035,651,466	$ 993,806,475
Debt limit rate	x 6%	x 6%	x 6%	x 6%
Debt limit	68,200,077	64,804,396	62,139,088	59,628,389
Less bonded debt at June 30	(32,669,439)	(35,358,751)	(23,640,893)	(26,329,301)
Legal debt margin	$ 35,530,638	$ 29,445,645	$ 38,498,195	$ 33,299,088
Total net debt applicable to the limit as a percentage of debt limit	47.90%	54.56%	38.05%	44.16%

2015	*2014*	*2013*	*2012*	*2011*	*2010*
$ 973,803,888	$ 943,310,315	$ 1,005,771,804	$ 1,047,501,333	$ 1,168,351,209	$ 1,218,976,247
x 6%	x 6%	x 6%	x 6%	x 6%	x 6%
58,428,233	56,598,619	60,346,308	62,850,080	70,101,073	73,138,575
(27,984,314)	(30,554,014)	(28,932,937)	(30,225,596)	(24,671,658)	(17,515,936)
$ 30,443,919	$ 26,044,605	$ 31,413,371	$ 32,624,484	$ 45,429,415	$ 55,622,639
47.90%	53.98%	47.94%	48.09%	35.19%	23.95%

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)***
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	1,029,400	41,349,600	40,169	150,316	4.9%
2018	1,026,099	39,240,415	38,242	145,665	4.9%
2019	1,034,201	40,182,115	38,853	unavailable	5.0%

NORTHWEST FIRE DISTRICT
PRINCIPAL EMPLOYERS
CURRENT AND NINE YEARS AGO

June 30, 2019

Employer	***Employees***	***Rank***
Marana Unified School District	1,600	1
Northwest Medical Center	1,500	2
Wal-Mart	1,020	3
Afni	1,000	4
Frys Food and Drug	450	5
Top Golf	435	6
Town of Marana	365	7
Marana Health Center	356	8
Ritz Carlton Dove Mountain	320	9
Sargent Aerospace & Defense	313	10
Total	7,359	

June 30, 2010

Employer	***Employees***	***Rank***
Marana Unified School District	1,755	1
Northwest Medical Center	1,658	2
Wal-Mart	480	3
Home Depot	367	4
Lowes	364	5
Town of Marana	322	6
Costco	269	7
Sargent Controls	256	8
Marana Health Center	245	9
Kohls	215	10
Total	5,931	

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	***2019***	***2018***	***2017***	***2016***
Public safety				
Fire prevention inspections	2,140	3,495	3,495	4,991
Emergency medical service calls	11,523	11,913	11,913	11,824
Fire responses	302	289	289	512
Other Responses - including hazardous materials, mutual aid, public service	2,611	2,633	2,633	2,449
Miscellaneous - including false alarms, good intent	1,738	-	-	-

Sources: Various District Departments

2015	*2014*	*2013*	*2012*	*2011*	*2010*
6,113	3,982	3,003	3,007	3,097	2,790
10,725	10,417	11,413	10,538	10,301	9,385
1,032	1,258	1,526	350	230	206
1,064	1,292	1,316	1,127	1,889	1,669
2	2	36	999	1,537	1,396

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

Function	***2019***	***2018***	***2017***	***2016***
Public safety				
Fire and rescue service	195	198	198	182
Fire prevention	12	11	11	11
Administrative and support	41	36	36	40
Total	248	245	245	233

Source: District HR Department

2015	*2014*	*2013*	*2012*	*2011*	*2010*
177	208	204	206	202	207
12	9	8	9	9	9
40	40	37	37	37	36
229	257	249	252	248	252

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

Function	***2019***	***2018***	***2017***	***2016***
Public safety				
Stations	10	10	10	10
Equipment:				
Engines	16	16	16	15
Ladder trucks	2	2	2	2
Brush rigs	3	3	3	3
Rescue/Ambulance units	10	10	10	10
Tenders	3	3	3	3
Hazmat squad	1	1	1	1
Squad/support units	2	2	2	2
Technical rescue	1	1	1	1
Heavy squad	1	1	1	1

Source: District Fleet Department

2015	*2014*	*2013*	*2012*	*2011*	*2010*
10	10	10	10	10	10
16	16	16	16	16	15
2	3	3	3	3	3
4	6	6	6	6	6
8	6	6	6	6	6
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, 2019, 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 6, 2019.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Report on Compliance with State of Arizona Regulatory Requirements

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

Purpose of this Report

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

Henry + Horne, LLP

Tempe, Arizona
November 6, 2019

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 6, 2019. 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, 2019.

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

Tempe, Arizona
November 6, 2019

NORTHWEST FIRE DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2019

Federal Grantor/Pass-through Grantor/Program Title	*CFDA Number*	*Grantor's Number*	*Expenditures*	
U.S. Department of Housing and Urban Development				
Passed through Pima County -				
Community Development Block Grant	14.218	B-17-UC-04-0502	20,093	
U.S. Department of Transportation				
Passed through State of Arizona -				
State & Community Highway Safety	20.600	2019-EM-013	7,217	
Interagency Hazardous Materials Public Sector Training & Planning Grants	20.703	HM-HMP-0583-16-01-00	3,366	
U.S. Department of Homeland Security				
Direct Grant -				
Staffing for Adequate Fire and Emergency Response	97.083	EMW-2015-FH-00602	1,569,787	*
Passed through City of Tucson -				
Homeland Security Grant Program - CBRNE	97.067	180405-02	6,705	
Total Expenditures of Federal Awards			$ 1,607,168	

Totals by CFDA Number:			
CDBG Entitlement Grants Cluster	14.218		20,093
Highway Safety Cluster	20.600		7,217
Interagency Hazardous Materials Public Sector Training & Planning Grants	20.703		3,366
Staffing for Adequate Fire and Emergency Response	97.083		1,569,787
Homeland Security Cluster	97.067		6,705
Total Expenditures of Federal Awards			$ 1,607,168

* - Denotes major program

See Notes to Schedule of Expenditures of Federal Awards

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 2019 *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.

NORTHWEST FIRE DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2019

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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