Rio Rico Fire District

Year Ended June 30, 2025

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Rio Rico Fire District

Year Ended June 30, 2025

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Independent Auditors' Report

Governing Board and Management
Rio Rico Fire District
Rio Rico, Arizona

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Rio Rico Fire District, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Rio Rico Fire District's basic financial statements as listed in the table of contents.

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 Rio Rico Fire District, as of June 30, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Rio Rico Fire District and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Rio Rico Fire District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Rio Rico Fire District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Rio Rico Fire District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis, budgetary comparison information, and the pension and other post employment benefit (OPEB) plan information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2026, on our consideration of Rio Rico 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Rio Rico Fire District's 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 Rio Rico Fire District's internal control over financial reporting and compliance.

BeachFleischman PLLC

Tucson, Arizona
March 26, 2026

Rio Rico Fire District

Management's Discussion and Analysis

Fiscal Year Ended June 30, 2025

Introduction

As management of the Rio Rico Fire District (the District), we offer readers of these financial statements, this narrative overview, and analysis of the financial activities of the District for the fiscal year ended June 30, 2025. The District understands the importance of transparency in everything we do, and so this discussion and analysis is intended to be an easily readable breakdown of the District's financial activities based on currently known facts, decisions and conditions. Readers are encouraged to consider the information presented here in conjunction with the financial statements following this narrative.

Financial Highlights for the Year

- During Fiscal Year 2024, the Santa Cruz County (County) Manager informed the District of an investigation involving the former County Treasurer and the embezzlement of District funds during the Treasurer's tenure. While the County and the District are actively pursuing the recovery of these misappropriated funds, the outcome remains uncertain. Consequently, the District may experience a reduction in its Capital Reserve, which could ultimately impact future operations. This investigation is in its early stages and may take significant time to resolve. The District continues to evaluate capital priorities and reserve strategies to ensure long-term operational sustainability and continuity of services.

- The District has continued to work collaboratively with County officials and external auditors to strengthen financial oversight, internal controls and reporting practices to safeguard public resources.

- In the government-wide financial statements, the total assets and deferred outflows of the Rio Rico Fire District were $14,128,241 at the close of the fiscal year. The total assets and deferred outflows exceeded liabilities and deferred inflows by $4,977,145. Of this amount, $3,629,001 represents the balance of the unrestricted net position.

- The District's net position increased by $1,477,530 and the District managed to maintain its expenditures under the budgeted amount.

- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of $6,793,684, an increase of $1,184,949 in comparison with the prior year.

- At the end of the current fiscal year, unassigned fund balances for the General Fund was $4,860,683. The change in fund balance for the general fund was an increase of $1,618,328 for the fiscal year. The District Board and Administration are working diligently to enhance the financial position of the organization while still providing a high level of service to the community it serves.

- The increase in the District's net position was primarily attributable to stable property tax revenues, continued cost controls, and disciplined budget management. Personnel and operating expenditures remained aligned with operational needs, allowing the District to strengthen its overall financial position while maintaining service levels.

- The District's unassigned General Fund balance provides sufficient liquidity to support ongoing operations, respond to emergencies, and manage unforeseen fiscal pressures without immediate reliance on external financing.

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* present the financial picture of the District from the economic measurement resources focus using the accrual basis of accounting. These statements include all assets of the District (including capital assets) as well as all liabilities (including long-term debt). They are intended to provide a broad overview in a manner similar to a private sector business. Additionally, certain eliminations have occurred as prescribed by Statement No. 34 in regards to interfund activity, payables and receivables.

Statement of Net Position - The *Statement of Net Position (page 16)* presents information of all District's assets plus deferred outflows of resources, less liabilities, less deferred inflows 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.

Statement of Activities - The *Statement of Activities (page 17)* 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

The Fund Financial Statements provide detailed information about the most significant funds not the District as a whole. Some funds are required to be established by State law and by bond covenants. However, management establishes other funds to help it control and manage resources for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. All the funds of the District are considered governmental funds.

Governmental Funds. Governmental Funds are used to account for essentially the same functions reported as governmental activities in the Government–wide financial statements. All of the basic services of the District are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the operations and basic services provided to residents.

Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance programs of the District. 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 near-term financing decisions of the District. The reconciliation of differences between the governmental fund financial statements and the government-wide financial statements is explained in a section following each governmental fund financial statement.

The District maintains three individual government funds: the General Fund, the Capital Projects Fund, and the Debt Service Fund. Information is presented separately in the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balances for each of these funds, all of which are considered to be major funds of the District; the concept and determination of major funds has been established by the Governmental Accounting Standards Board (GASB). There are no non-major governmental funds.

The District adopts an annual appropriated budget to levy taxes and provide for its General Fund. A budgetary comparison statement has been provided for the fund to demonstrate compliance with the budget and is presented on page 57.

Notes to the Financial Statements. The Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the Government-wide and Governmental fund financial statements.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the financial position of a government entity. In the case of the Rio Rico Fire District, assets and deferred outflows exceeded liabilities and deferred inflows by $4,977,145 at the close of the 2025 fiscal year.

By far, the largest portion of net position ($3,629,001 or 73%), reflects the District's unrestricted net assets, that may be used to meet ongoing obligations of the District to citizens and creditors. The unrestricted assets assists the District in funding the first four months of the fiscal year, until tax revenue spikes at the end of October. Utilizing the District unrestricted assets reduces the District’s need for a line of credit available via our county’s financial institution and therefore, reduced the interest costs to the District and its residents.

The net investment in capital assets ($1,113,135 or 22%) reflects the District's investment in capital assets (land, buildings and improvements, fire equipment, and vehicles), less any related debt still outstanding that was issued to acquire those items. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the District's investment in capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be liquidated to service these liabilities.

The restricted net position of $235,009 reflects amounts restricted for future pension contributions and debt service.
At the end of the current fiscal year, the District is able to report positive balances in all categories of net position.

The following table reflects the condensed Statement of Net Position:

Rio Rico Fire District
Condensed Statement of Net Position
As of June 30, 2025 and 2024

	Governmental Activities		
	2025	2024	Increase (decrease)
Cash and investments	$ 6,703,988	$ 5,212,485	$ 1,491,503
Other assets	1,266,115	956,181	309,934
Capital assets	4,746,930	4,998,717	(251,787)
Total assets	12,717,033	11,167,383	1,549,650
Total deferred outflows	1,411,208	1,466,369	(55,161)
Other liabilities	669,637	194,712	474,925
Long-term liabilities	7,640,885	8,053,638	(412,753)
Total liabilities	8,310,522	8,248,350	62,172
Total deferred inflows	840,574	885,787	(45,213)
Net investment in capital assets	1,113,135	1,368,640	(255,505)
Restricted	235,009	173,101	61,908
Unrestricted	3,629,001	1,957,874	1,671,127
Total net position	$ 4,977,145	$ 3,499,615	$ 1,477,530

Statement of Activities – The net position of the District from governmental activities increased 39%, or $1,477,530. Key elements of this increase are as follows:

Staffing Challenges and Recruitment Initiatives: The availability of Emergency Medical Technicians (EMTs) and Paramedics in Santa Cruz County continues to present recruitment and retention challenges. In response, the District pursued several long-term workforce development initiatives, including collaborations with Santa Cruz Arizona@Work Provisional College and Pima Community College to establish a Fire Academy and EMT Academy within the County. These initiatives are intended to create a sustainable local pipeline of qualified personnel and reduce future staffing and overtime pressures.

Additionally, in partnership with the Nogales Superintendent's Office, the District launched a countywide youth outreach initiative to promote careers in public safety. A weeklong summer camp was conducted to introduce participants to firefighting and prehospital medical care as viable career paths. The District also sponsored one employee to obtain Emergency Paramedic certification, supporting internal advancement and enhancing service capability.

Increase in Ambulance Revenue: Ambulance fee revenue increased by approximately 18 percent compared to the prior fiscal year. This increase reflects service demand, improved billing and collection efforts, and continued delivery of emergency medical services to the community.

Intergovernmental Agreement and Consolidation Efforts: The District extended its Intergovernmental Agreement (IGA) with the Nogales Suburban Fire District for an additional two years. This agreement covers emergency services and management for an area of approximately 21 square miles with a population of 3,000 residents. Consolidation of the two districts has been approved by both Fire Boards and is anticipated to be finalized by the first half of Fiscal Year 2025.

Operational Staffing and Training Enhancements: The District continues to focus on staffing needs informed by historical call data. Reserve Fire and EMS personnel are scheduled strategically to meet demand. Two Deputy Chiefs oversee operational staffing and training management for the District. To ensure readiness, the District provides ongoing training for EMS and fire personnel. Several Captains and Firefighters have become certified instructors, enabling on-shift training and reducing overtime costs. Training topics include command tactics and strategies, firefighting techniques, hazardous materials operations, technical rope rescue, and emergency medical care.

Technology Modernization: The District has implemented new technology and software to improve workforce efficiency, streamline workflow, and enhance data collection. These upgrades are critical for daily operations and compliance with state and federal grant requirements.

Wildland Firefighting Investments: The District continues to invest in windland firefighting capabilities in recognition of increased wildfire risk associated with changing climate conditions and extended fire seasons. In coordination with the Arizona Department of Forestry and Fire Management, the District prioritized the acquisition of wildland firefighting equipment and strengthened its operational readiness for regional and statewide deployments.

To further enhance deployment capacity, the District has expanded its use of seasonal wildland firefighters and is evaluating additional opportunities to strengthen fire response resources, including participation Rapid Extrication Module Support (REMS) a technically qualified wildland team. These investments also increased the District's ability to accept Wildland Medical assignments, which may generate additional revenue while supporting statewide emergency response efforts.

During the fiscal year, the District experienced a 132 percent increase in wildland fire assignments compared to the prior fiscal year, reflecting both increased demand and improved readiness to support interagency wildland operations.

Partnership with Local Mining Company: The District is exploring a partnership with a local mining company to enhance training opportunities and generate additional revenue. Potential benefits include providing fire and emergency services to the mine, securing grants and donations for equipment and training, and fostering long-term collaboration.

Overall, the District's activities during the fiscal year reflect a focus on maintaining service levels, strengthening workforce capacity, and positioning the organization for long-term financial and operational sustainability.

The following table presents a comparative summary of the District's revenues and expenses for the current and preceding fiscal years.

Rio Rico Fire District
Condensed Statement of Activities
For the Years Ended June 30, 2025 and 2024

	Governmental Activities		
	2025	2024	Increase (decrease)
Program revenues:			
Charges for services	$ 3,262,752	$ 2,680,688	$ 582,064
Intergovernmental revenue	406,286	393,111	13,175
Operating grants and contributions	83,995	5,906	78,089
Capital grants and contributions	274,219	-	274,219
General revenues:			
Property taxes	3,994,456	3,506,863	487,593
Fire district assistance tax	175,041	162,273	12,768
State shared tax revenue	81,643	80,282	1,361
Investment earnings	116,416	66,487	49,929
Miscellaneous	78,652	35,594	43,058
Total revenues	8,473,460	6,931,204	1,542,256
Expenses:			
Public safety	6,792,938	6,114,311	678,627
Interest on long-term debt	202,992	224,139	(21,147)
Total expenses	6,995,930	6,338,450	657,480
Extraordinary item	-	99,136	(99,136)
Change in net position	1,477,530	493,618	884,776
Beginning net position	3,499,615	3,005,997	493,618
Ending net position	$ 4,977,145	$ 3,499,615	$ 1,378,394

District Funds Financial Analysis

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

Governmental Funds – The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, 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's Governing Board.

At June 30, 2025, the governmental funds of the District reported a combined fund balance of $6,793,684, an increase from last year of $1,825,703. The increase includes various alternate sources of revenue established by management, wildland revenue, and reduction of overall expenditures. Further, collections are projected to improve on the ambulance services as well as revenue from the wildland program, due to an increase in the ambulance rate and an active wildland season.

General Fund – The General fund accounts for all of the financial resources of the District, which are not accounted for in any other fund. As of June 30, 2025, total fund balance was $4,869,257, of which $4,860,683 was unassigned. This balance includes the District's established contingency fund for 10% of their total budget. As a measure of the General fund's liquidity, it may be useful to compare the unassigned fund balance to total fund expenditures. Unassigned fund balance represents 78% of total general fund expenditures**.**

Capital Projects Fund – The Capital Projects fund accounts for the accumulation of resources for future construction costs for new and existing facilities and for the purchase of large fire apparatus. As of June 30, 2025, the ending fund balance in the Capital Projects fund was $1,871,310.

Debt Service Fund – The debt service fund accounts for the property tax levy dedicated to the payment of principal and interest on general obligation bonds. As of June 30, 2025, the ending fund balance in the Debt Service fund was $53,117.

The following statement provides the detail of the District fund balances:

Rio Rico Fire District
Governmental Funds – Fund Balances
As of June 30, 2025 and 2024

	June 30, 2025		June 30, 2024	
Major funds	Amount	%	Amount	%
General	$ 4,869,257	71.7 %	$ 3,202,119	64.5 %
Capital	1,871,310	27.5 %	1,721,898	34.7 %
Debt services	53,117	0.8 %	43,964	0.9 %
Total fund balance	$ 6,793,684	100.0 %	$ 4,967,981	100.0 %

Budgetary Highlights

There were some variances of note for the fiscal year.

- Revenues were under budget by $238,900, primarily due delays in the timing of grant receipts, which were offset by a very active wildland season and an increase in the ambulance fees for service.

- As in prior fiscal years, the District strives to continue fiscally responsible practices by projecting discretionary expenditures once funding is confirmed and available in the fiscal year. In addition, our District continues to promote cost-reduction practices including review of operational costs and employee related expenditures, such as workers compensation coverage. Due to proactive management of expenditures, the financials reflect a decrease of $1,626,413 from budget expenditures.

Rio Rico Fire District
Condensed Budget to Actual - General Fund
As of June 30, 2025

	Budget	Actual	Variance with budget
Total revenues	$ 8,045,154	$ 7,806,254	$ (238,900)
Total expenditures	7,852,329	6,225,916	(1,626,413)
Revenue over (under) expenditures	192,825	1,580,338	1,387,513
Total other financing sources	(192,825)	37,990	230,815
Net change in fund balance	$ -	$ 1,618,328	$ 1,618,328

Capital Asset and Debt Administration

Capital Assets

The District's investment in capital assets for its governmental type activities as of June 30, 2025 totaled $4,746,930 (net of accumulated depreciation). These assets include land, buildings and improvements, fire apparatus and vehicles, and general fire suppression and emergency medical equipment, as well as information technology and communications equipment.

During the year, the District purchased capital assets of $1,030,604, which included new door access control and security cameras equipment, purchase a Command Vehicle, new communication system, installation of new generator at station #1, and started construction of a Training Tower. The District strives to improve and enhance safety standards for the firefighters and the Community by replacing old and aging equipment.

The District depreciates capital assets, except for land and construction in progress, consistent with generally accepted accounting principles, utilizing the straight-line depreciation method. The cost of the asset is divided by its expected useful life in years and the result is charged to expense each year until the asset is fully depreciated. Major outlays for capital assets and improvements are capitalized as projects are completed and placed into service. Additional information on the District's capital assets can be found in the notes to the basic financial statements.

Rio Rico Fire District
Capital Assets (net of depreciation)
As of June 30, 2025 and 2024

	Governmental Activities		
	2025	2024	Increase (decrease)
Land and buildings	$ 5,120,929	$ 5,113,174	$ 7,755
Fire equipment	2,479,992	2,432,610	47,382
Vehicles	5,503,743	5,609,702	(105,959)
Accumulated depreciation	(8,357,734)	(8,156,769)	(200,965)
	$ 4,746,930	$ 4,998,717	$ (251,787)

Long-Term Liabilities

At the end of the current fiscal year, the District had approximately $8 million in long-term liabilities outstanding, a net decrease of $412,753, or 5.1% from the prior year. The decrease is attributed to debt payment and reduction in pension liability.

The District continues to retire and manage debt to fund various capital projects which support program services. As of June 30, 2025, the District had total long-term debt (bonds) outstanding of $4,425,000. This debt currently requires annual debt service payments that consist of principal and interest of approximately $486,000. All debt is backed by the full faith and credit of the District.

In accordance with GASB Statements No. 68 and 75, the District is required to include the net pension/OPEB liability (asset) on the financial statements. The net pension/OPEB liability is measured as the total pension/OPEB liability, less the plan's fiduciary net position. Relating to the District's participation in the Public Safety Personnel Retirement System (PSPRS), a net pension liability (asset) is recorded at June 30, 2025 of $380,757 and a net OPEB liability (asset) of $(97,775). Relating to the District's participation in the Arizona State Retirement System (ASRS), a net pension liability is recorded at June 30, 2025 of $540,851 and a net OPEB asset for health insurance premium OPEB plan of $(19,819) and a net OPEB liability for the long-term disability OPEB plan of $87.

The following table shows the District's long-term liabilities:

Rio Rico Fire District
Long-term Liabilities
As of June 30, 2025 and 2024

	Governmental Activities		
	2025	2024	Increase (decrease)
Compensated absences	$ 316,315	$ 287,340	$ 28,975
General obligation bonds - Series 2016	2,655,000	2,900,000	(245,000)
General obligation bonds - Series C (2023)	1,770,000	1,770,000	-
Unamortized premium	595,427	640,980	(45,553)
Financed purchase	50,395	100,791	(50,396)
Net pension/OPEB liability	921,695	1,022,474	(100,779)
Claims and judgment payable	1,332,053	1,332,053	-
Total noncurrent liabilities	$ 7,640,885	$ 8,053,638	$ (412,753)

Additional information can be found in the notes to the Financial Statements that follow.

Economic Factors and FY 2026 Budget/Tax Rate

Property values reflected in this report included a 4% increase in assessed property valuation. An increase of 5.2% is projected for the upcoming fiscal year. Although the increase is small, we consider this a positive outlook after years of decreases and over 30% loss in assessed property valuation. Management will remain consistent with a positive, but conservative management of District funding and strives to strengthen its Capital Fund based on capital investments determined necessary in the short to medium term. Proactive capital asset investments are necessary to increase operational efficiencies and cost reduction. Due to the slow and delayed recovery of property valuation, management will need to proactively plan for capital investments since bond issuance capacity is limited in the short term.

Employee wages and related benefits continue to be funded. Fiscally responsible management practices continue to be reviewed and pursued, with the goal of ensuring a continued level of service to our community and long-term planning.

Based on Santa Cruz County (SCC) preliminary assessment and based on the added debt service from bond issuance, management projects an overall increase in property tax rate. For next fiscal year, the District is expected to maintain the tax rate to $3.75 of secondary assessed valuation, as well as continue the same tax rate for the fiscal year for the bond debt services. Under current statute, the tax rate is limited to $3.75. With that said, the District maintains a positive outlook for the short-term and long-term goals and financial health.

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 District's administrative office at (520) 281-8421, located at 822 Pendleton Drive, Rio Rico Arizona, 85648.

Basic Financial Statements

Rio Rico Fire District

Statement of Net Position

June 30, 2025

	Governmental activities
Assets:	
Cash and investments	$ 5,138,235
Receivables:	
Property taxes	315,619
Ambulance, net	355,242
Grants	233,217
Other	156,125
Prepaid items	24,020
Cash and investments, restricted	1,565,753
Net pension/OPEB assets	181,892
Capital assets, not depreciated	491,909
Capital assets, depreciated, net	4,255,021
Total assets	12,717,033
Deferred outflows of resources:	
Deferred outflows related to pension/OPEB	1,137,230
Deferred charge on refunding of debt	273,978
Total deferred outflows of resources	1,411,208
Liabilities:	
Accounts payable	525,990
Accrued payroll and related benefits	141,907
Other current liabilities	1,740
Noncurrent liabilities:	
Due within one year	574,321
Due in more than one year	7,066,564
Total liabilities	8,310,522
Deferred inflows of resources:	
Deferred inflows related to pension/OPEB	840,574
Total deferred inflows of resources	840,574
Net position:	
Net investment in capital assets	1,113,135
Restricted - debt service	53,117
Restricted - pension	181,892
Unrestricted	3,629,001
Total net position	$ 4,977,145

See notes to financial statements.

Rio Rico Fire District

Statement of Activities

Year Ended June 30, 2025

	Governmental activities
Program expenses:	
Public safety, fire protection and emergency services:	
Administration	$ 48,918
Communications	119,071
Depreciation	537,487
Insurance	114,592
Other	271,498
Payroll taxes and employee benefits	905,224
Professional services	57,704
Repairs and maintenance	130,736
Salaries and wages	3,785,431
Supplies	58,899
Training and related	59,650
Utilities and station	120,585
Vehicles and equipment	583,143
Interest	202,992
Total program expenses	6,995,930
Program revenues:	
Charges for services	3,262,752
Intergovernmental revenue	406,286
Operating grants and contributions	83,995
Capital grants and contributions	274,219
Total program revenues	4,027,252
Net program expenses	2,968,678
General revenues:	
Property taxes	3,994,456
Fire district assistance tax	175,041
State shared tax revenue	81,643
Investment earnings	116,416
Gain on sale of capital assets	37,990
Other	40,662
Total general revenues	4,446,208
Change in net position	1,477,530
Net position, beginning of year	3,499,615
Net position, end of year	$ 4,977,145

See notes to financial statements.

Rio Rico Fire District

Balance Sheet - Governmental Funds

June 30, 2025

	General	Capital projects	Debt service	Total governmental funds
Assets:				
Cash and investments	$ 4,445,420	$ 692,815	$ -	$ 5,138,235
Receivables:				
Property taxes	284,051	-	31,568	315,619
Ambulance, net	355,242	-	-	355,242
Grants receivable	233,217	-	-	233,217
Other	156,125	-	-	156,125
Prepaid items	8,574	15,446	-	24,020
Cash and investments, restricted	-	1,523,210	42,543	1,565,753
Total assets	$ 5,482,629	$ 2,231,471	$ 74,111	$ 7,788,211
Liabilities:				
Accounts payable	$ 165,829	$ 360,161	$ -	$ 525,990
Accrued payroll and related benefits	141,907	-	-	141,907
Accrued expenses	1,740	-	-	1,740
Total liabilities	309,476	360,161	-	669,637
Deferred inflows of resources:				
Unavailable revenue - property taxes	206,479	-	20,994	227,473
Unavailable revenue - ambulance	93,685	-	-	93,685
Unavailable revenue - other	3,732	-	-	3,732
Total deferred inflows of resources	303,896	-	20,994	324,890
Fund balances:				
Nonspendable:				
Prepaid expenses	8,574	15,446	-	24,020
Restricted:				
Capital projects	-	1,163,049	-	1,163,049
Debt service	-	-	53,117	53,117
Committed:				
Capital projects	-	692,815	-	692,815
Unassigned	4,860,683	-	-	4,860,683
Total fund balances	4,869,257	1,871,310	53,117	6,793,684
Total liabilities, deferred inflows of resources and fund balances	$ 5,482,629	$ 2,231,471	$ 74,111	$ 7,788,211

See notes to financial statements.

Rio Rico Fire District

Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position

June 30, 2025

Total fund balances - governmental funds	$	6,793,684
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund.		4,746,930
Some receivables are not available to pay for current period expenditures and, therefore, are reported as deferred inflows in the funds.		324,890
Net pension/OPEB assets held in trust for future benefits are not available for District operations and, therefore, are not reported in the funds.		181,892
Deferred charges related to the issuance of refunding bonds are amortized over the life of the associated bond issue in the government-wide financial statements, but are not reported in the funds.		273,978
Noncurrent liabilities are not due and payable in the current period and, therefore, are not reported in the funds:		
Accrued compensated absences		(316,315)
General obligation bonds		(4,425,000)
Unamortized premium		(595,427)
Obligations under note payable		(50,395)
Net pension/OPEB liability		(921,695)
Claims and judgment payable		(1,332,053)
Deferred outflows and inflows of resources related to pension/OPEB are applicable to future reporting periods and, therefore, are not reported in the funds:		
Deferred outflows of resources related to pension/OPEB		1,137,230
Deferred inflows of resources related to pension/OPEB		(840,574)
Net position of governmental activities	$	4,977,145

See notes to financial statements.

Rio Rico Fire District

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds

Year Ended June 30, 2025

	General	Capital projects	Debt service	Total governmental funds
Revenues:				
Property taxes	$ 3,493,457	$ -	$ 477,796	$ 3,971,253
Fire district assistance tax	175,041	-	-	175,041
State shared tax revenue	81,643	-	-	81,643
Charges for services	3,192,772	-	-	3,192,772
Intergovernmental revenue	406,286	-	-	406,286
Grants and contributions	358,214	-	-	358,214
Investment earnings	53,804	57,543	5,070	116,417
Other	45,037	-	-	45,037
Total revenues	7,806,254	57,543	482,866	8,346,663
Expenditures:				
Public safety:				
Fire protection and emergency services	5,617,611	-	-	5,617,611
Administration and support	461,501	300	3,000	464,801
Capital outlay:				
Buildings and improvements	7,753	166,504	-	174,257
Fire equipment	74,990	282,875	-	357,865
Vehicles	64,061	-	-	64,061
Debt service:				
Principal	-	50,396	245,000	295,396
Interest	-	-	225,713	225,713
Total expenditures	6,225,916	500,075	473,713	7,199,704
Revenues over expenditures	1,580,338	(442,532)	9,153	1,146,959
Other financing sources (uses):				
Proceeds from sale of capital assets	37,990	-	-	37,990
Total other financing sources (uses)	37,990	-	-	37,990
Net change in fund balances	1,618,328	(442,532)	9,153	1,184,949
Fund balances, beginning of year	3,250,929	2,313,842	43,964	5,608,735
Fund balances, end of year	$ 4,869,257	$ 1,871,310	$ 53,117	$ 6,793,684

Rio Rico Fire District

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities

Year Ended June 30, 2025

Net change in fund balances - governmental funds	$ 1,184,949
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:	
Capital outlay	285,700
Depreciation expense	(537,487)
Gain on sale of capital assets	37,990
Proceeds from sale of capital assets	(37,990)
Certain revenues relating to property taxes, ambulance services, and wildland services in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	88,808
District pension/OPEB contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the statement of net position because the reported net pension/OPEB liability is measured a year before the District's report date. Pension/OPEB expense, which is the change in the net pension/OPEB liability adjusted for changes in deferred outflows and inflows of resources related to pension/OPEB, is reported in the statement of activities.	
Pension/OPEB contributions	416,543
Pension/OPEB expense	(250,125)
Certain expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:	
Change in compensated absences	(28,975)
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces noncurrent liabilities in the statement of net position. In the current year, the amount consists of:	
Principal paid	295,396
Some revenues and expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures or revenues in governmental funds.	
Amortization of premium	45,553
Amortization of deferred charge on refunding of debt	(22,832)
Change in net position of governmental activities	$ 1,477,530

See notes to financial statements.

Notes to Financial Statements

Year Ended June 30, 2025

1. Description of organization and summary of significant accounting policies:

The accounting policies of Rio Rico Fire District (the District) conform to accounting principles generally accepted in the United States of America (GAAP) applicable to governmental units as promulgated by the Governmental Accounting Standards Board (GASB).

For the year ended June 30, 2025, the District implemented the provisions of GASB Statement No. 101 - Compensated Absences, which clarifies how governments recognize liabilities for compensated absences, improving consistency in financial reporting. All types of leave, such as vacation, sick leave, paid time off (PTO), and similar benefits, are now subject to the same principles. As a result, the District's financial statements have been modified to reflect the provisions of GASB 101. Implementation of this standard had no impact on beginning net positions or fund balance.

Reporting entity:

The District, established in 1976 pursuant to Arizona Revised Statute Title 48, is a special-purpose local government organized to provide fire protection and other emergency services to residents within the District's boundaries.

In accordance with GAAP, the financial reporting entity consists of a primary government and its component units. The District is a primary government because it is a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. Furthermore, there are no component units combined with the District for financial statement presentation purposes and it is not included in any other governmental reporting entity.

Government-wide and fund financial statements:

The basic financial statements include both government-wide financial statements and fund financial statements. The government-wide financial statements focus on the District as a whole, while the fund financial statements focus on major funds. Each presentation provides valuable information that can be analyzed and compared between years and between entities to enhance the usefulness of the information.

The government-wide financial statements include a statement of net position and a statement of activities. These statements report the financial activities of the overall government.

A statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include:

Charges to customers for services provided
Grants and contributions

Revenues that are not classified as program revenues, including all taxes and internally dedicated resources, are reported as general revenues.

1. Description of organization and summary of significant accounting policies (continued):

Government-wide and fund financial statements (continued):

Fund financial statements provide information about the District's funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

Measurement focus, basis of accounting and financial statement presentation:

The government-wide financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Property taxes are recognized as revenue in the year for which they are levied. Grants are recognized as revenue as soon as all eligibility requirements the provider imposed have been met.

Governmental funds in the fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after June 30. The District's major revenue sources that are susceptible to accrual are tax revenue and charges for services. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments and compensated absences, which are recognized as expenditures to the extent they are due and payable. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under lease contracts 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 of October and becomes delinquent after the first business day of November. The second installment is due on the first day of March of the next year and becomes delinquent after the first business day of May. A lien 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 Santa Cruz 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 inflows of resources.

1. Description of organization and 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 accounts for all financial resources except those required to be accounted for in another fund.

The capital projects fund is used to account for financial resources that are restricted, committed or assigned for the acquisition or construction of major capital assets.

The debt service fund is used to account for legally restricted tax levies of the District, which are used to meet the ongoing debt service requirements.

Estimates:

The preparation of the basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the basic financial statements and the reported amounts of revenues and expenses during the reporting period. Management evaluates its estimates and assumptions on an ongoing basis. Actual results could differ materially from those estimates and assumptions.

Cash and investments:

The District’s cash and cash equivalents are considered to be cash on hand, demand deposits, investments in the County Treasurer's local government investment pool and highly liquid investments with a maturity of three months or less when purchased. Investments are stated at fair value.

Investment earnings are comprised primarily of interest earnings.

Cash and investments, restricted:

Certain proceeds of the District's long-term debt, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net position and balance sheet because they are maintained in separate bank accounts and their use is limited by applicable debt covenants.

1. Description of organization and summary of significant accounting policies (continued):

Fair value measurements:

Fair value is defined as the price to sell an asset or transfer a liability between market participants in an orderly exchange in the principal or most advantageous market for that asset or liability. Mutual funds are valued at quoted market prices. The fair value for the commingled funds and qualifying alternative investments is determined based on the investment’s net asset value as a practical expedient. Considerable judgment is required in interpreting market data used to develop the estimates of fair value. Accordingly, the estimates presented in the financial statements are not necessarily indicative of the amounts that could be realized in a current market exchange. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Receivables:

All accounts and property tax receivables are shown net of any allowance for doubtful accounts. Accounts and property taxes receivables, which have been remitted within 60 days subsequent to June 30, are considered measurable and available and recognized as revenues in the fund financial statements. All other receivables are offset by unavailable revenues and, accordingly, have not been recorded as revenue in the fund financial statements.

The District provides emergency medical services within the same geographic region as it provides fire prevention and suppression services and interfacility transportation services originating within the Nogales city limits. Revenue from such emergency medical and transportation services is recognized as charges for services. These charges for services are reported at their estimated net realizable amounts from patients, third-party payers and others for services rendered, including estimated retroactive adjustments under reimbursement allowances with third-party payers, provisions for bad debt and uncompensated care. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. Amounts not collected by the District within 60 days subsequent to June 30 are recorded as deferred inflows of resources in the fund financial statements.

Federal and state grants and contracts are recorded as receivables and revenues when the related expenditures are incurred. The portion of reimbursement in excess of expenditures are recorded as unearned revenues and amounts not remitted within 60 days subsequent to June 30 are recorded as deferred inflows of resources in the fund financial statements.

Prepaid items:

Payments made to vendors for services that will benefit future accounting periods are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year in which services are consumed.

1. Description of organization and summary of significant accounting policies (continued):

Capital assets:

Capital assets, which include land, buildings and improvements, fire equipment, and vehicles, are reported in the government-wide financial statements. Capital assets are defined as assets with an initial, individual cost of $5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if actual cost is not available. Donated capital assets are recorded at acquisition value.

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

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Land	Not depreciated
Buildings and improvements	40 years
Fire equipment	3 - 10 years
Vehicles	10 - 15 years

Compensated absences:

The District recognizes a liability for compensated absences for leave time that has been earned for services previously rendered by employees, accumulates and is allowed to be carried over to subsequent years, and is more likely than not to be used as time off or otherwise paid in cash or settled through noncash means. Based on the criteria listed, two types of leave qualify for liability recognition for compensated absences - vacation and sick leave. The liability for compensated absences is reported as incurred in the government-wide financial statements. A liability for compensated absences is recorded in the governmental funds only if the liability has matured because of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

The District's vacation policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment at the employee’s current pay rate upon separation from employment. The District's sick leave policy permits employees to accumulate earned but unused sick leave, and an estimate of sick leave that will be used by employees as time off is included in the liability for compensated absences. Further, for employees that reach retirement through a District retirement plan, the sick leave is eligible for payment at 25% of the employee's current pay rate.

Long-term obligations:

In the government-wide financial statements, long-term debt, lease liabilities, and other long-term obligations are reported as noncurrent liabilities in the statement of net position. Bond premiums and discounts are amortized over the life of the bonds using the straight-line method. Deferred amounts on refunding result from the difference between the carrying value of refunded debt and its requisition price, and are amortized over the shorter of the life of the refunded or refunding debt.

1. Description of organization and summary of significant accounting policies (continued):

Long-term obligations (continued):

In the fund financial statements, proceeds from debt issued are reported as other financing sources and principal and interest payments are recognized as debt service expenditures in the statement of revenues, expenditures and changes in fund balances. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Deferred outflows and inflows of resources:

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. In the government-wide statement of net position, the District reports a deferred charge on refunding and deferred amounts related to pension and OPEB. The deferred charge on refunding resulted from the difference between the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred amounts related to pension and OPEB relate differences between estimated and actual investment earnings, changes in actuarial assumptions, and other pension and OPEB related changes.

In addition to liabilities, the statement of net position includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. In the government-wide financial statements, the District reports deferred amounts related to pension and OPEB. In the governmental funds balance sheet, the District reports unavailable revenue. The governmental funds report unavailable revenues primarily from the following sources: property taxes and ambulance charges. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Postemployment benefits:

For purposes of measuring the net pensions and other postemployment benefits (OPEB) liabilities or assets, 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. The plan's investments are reported at fair value.

1. Description of organization and summary of significant accounting policies (continued):

Fund balance:

In the fund financial statements, 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. The classifications are as follows:

- Nonspendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
- Restricted – includes fund balance amounts that are constrained for specific purposes, which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
- Committed – includes fund balance amounts that can only be used for the specific purposes imposed by formal action (resolution) of the Governing Board. Those committed amounts cannot be used for any other purpose unless the Governing Board removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those accounts.
- Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance may be assigned by the Governing Board or District officials delegated the authority by the Governing Board.
- Unassigned – includes fund balances within the general fund, which have not been classified within the above mentioned categories. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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

Net position:

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

1. Description of organization and summary of significant accounting policies (continued):

Budgetary information:

The District is required, under Arizona Revised Statutes, to adopt a budget each fiscal year and to submit it to the County Treasurer and the County Board of Supervisors no later than the first day of August each year; under statute only the General Fund must legally adopt an annual budget. The adopted budget is on the modified accrual basis of accounting, which is a legally allowable basis for budgetary purposes. All annual appropriations lapse at fiscal year-end.

2. Cash and investments:

Deposits:	
Operating accounts	$ 2,334,561
Investments:	
Santa Cruz County Treasurer investment pool	802,129
Santa Cruz County Treasurer investment pool - restricted	1,565,753
State Treasurer's investment pool 5	2,001,545
	$ 6,703,988
As presented on the statement of net position:	
Cash and investments	5,138,235
Cash and investments, restricted	1,565,753
	$ 6,703,988

The Arizona Revised Statutes authorize the District to invest public monies in the State or County Treasurer's investment pool; interest-bearing savings accounts, certificates of deposit and repurchase agreements in eligible depositories; bonds or other obligations of the United States government that are guaranteed as to principal and interest by the United States government; and bonds of the State of Arizona's counties, cities, towns, school districts and special districts as specified by statute.

Deposits:

Custodial credit risk - Custodial credit risk is the risk that in the event of bank failure, the District's deposits may not be returned. The 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, 2025, deposits with financial institutions have a carrying value of $2,334,561 and a bank balance of $2,363,886. The difference represents deposits in transit, outstanding checks and other reconciling items at June 30, 2025.

2. Cash and investments (continued):

Investments:

The District's investments at June 30, 2025 were as follows:

	Rating	Rating Agency	Amount
Santa Cruz County Treasurer's investment pool	Unrated	Not applicable	$ 2,367,882
State Treasurer's investment pool 5	Unrated	Not applicable	$ 2,001,545

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

Credit risk - The Arizona Revised Statutes have the following requirements for credit risk:

- Commercial paper must be of prime quality and be rated within the top two ratings by a nationally recognized rating agency.
- Corporate bonds, debentures and notes must be rated A or better by at least two nationally recognized rating agencies at the time of purchase.
- 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 these services rates the security, it must carry the highest rating of that service.

Custodial credit risk - The District’s investment in the 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 - The Arizona Revised Statutes do not include any requirements for concentration of credit risk.

Interest rate risk - Interest rate risk is the risk that changes in interest rates will adversely affect an investment's fair value. The Arizona Revised Statutes require that public monies invested in securities and deposits have a maximum maturity of 5 years. Investments in repurchase agreements must have a maximum maturity of 180 days.

The weighted average maturity of the County and State Treasurer’s investment pools vary by type of investment, and averages less than one year.

Foreign currency risk - The Arizona Revised Statutes do not allow foreign investments unless the investment is denominated in the United States dollars.

3. Fair value:

The District measures and categorizes its investments using fair value measurement guidelines established by GAAP. These guidelines establish a three-tier hierarchy of inputs to valuation techniques used to measure fair value, as follows:

Level 1 - Inputs are unadjusted quoted prices for identical assets or liabilities in active markets that the District has the ability to access.

Level 2 - Inputs, other than quoted market prices included within Level 1, are observable, either directly or indirectly.

Level 3 - Inputs are unobservable and significant to the fair value measurement.

Other investments at fair value - Investments for which fair value is measured at net asset value per share (or its equivalent). Due to the inherent uncertainty of these estimates, these values may differ materially from the values that would have been used had a ready market for these investments existed.

At June 30, 2025, the fair value of investments measured on a recurring basis is as follows:

	Fair value	Other investments at fair value	Level 1	Level 2	Level 3
External investment pools:					
Santa Cruz County Treasurer	$ 2,367,882	$ 2,367,882	$ -	$ -	$ -
State Treasurer	2,001,545	2,001,545		-	-
	$ 4,369,427	$ 4,369,427	$ -	$ -	$ -

Investments in the State Treasurer's investment pools are valued at the pool's share price multiplied by the number of shares the District held. The fair value of a participant's position in the pool approximates the value of that participant's pool shares .The investment in the County Treasurer's pool is valued using the District's proportionate participation in the pool because the pool structure does not provide for shares. The State Board of Investment provides oversight for the State Treasurer's investment pools. No comparable oversight is provided for the County Treasurer's investment pool.

4. Interfund transfers:

Interfund transfers are typically to transfer between the general fund and the capital projects fund to be used for current and future capital purchases. There were no interfund transfers during the year.

5. Receivables:

	General	Debt service	Total
Property taxes	$ 284,051	$ 31,568	$ 315,619
Ambulance receivables	808,839	-	808,839
Grants	233,217	-	233,217
Other	156,125	-	156,125
	1,482,232	31,568	1,513,800
Less allowance for doubtful accounts and contractual adjustments	453,597	-	453,597
	$ 1,028,635	$ 31,568	$ 1,060,203

6. Capital assets:

Capital asset activity for the year ended June 30, 2025 was as follows:

	Beginning balance	Increases	Decreases	Ending balance
Capital assets, not depreciated:				
Land	$ 286,340	$ -	$ -	$ 286,340
Deposits on capital assets	275,668	166,502	(236,601)	205,569
Total capital assets, not depreciated	562,008	166,502	(236,601)	491,909
Capital assets, depreciated:				
Buildings and improvements	4,826,834	7,755	-	4,834,589
Fire equipment	2,432,610	47,382	-	2,479,992
Vehicles	5,334,034	300,662	(336,522)	5,298,174
Total capital assets, depreciated	12,593,478	355,799	(336,522)	12,612,755
Less accumulated depreciation for:				
Buildings and improvements	(2,169,038)	(117,857)	-	(2,286,895)
Fire equipment	(2,040,789)	(185,024)	-	(2,225,813)
Vehicles	(3,946,942)	(234,606)	336,522	(3,845,026)
Total accumulated depreciation	(8,156,769)	(537,487)	336,522	(8,357,734)
Total capital assets, depreciated, net	4,436,709	(181,688)	-	4,255,021
Total capital assets, net	$ 4,998,717	$ (15,186)	$ (236,601)	$ 4,746,930

7. Line of credit:

On behalf of the District, the Board of Supervisors of Santa Cruz County established a line of credit with JPMorgan Chase Bank, which covers all the Districts in Santa Cruz County. In accordance with the Arizona Revised Statutes, the line of credit can only be drawn on by the County Treasurer in order to pay warrants issued by the District to fund operations prior to the collection of the property tax levy in the current year. Borrowings are limited to 45% of the direct property tax levy. At June 30 of each year, the aggregate obligations outstanding under the line of credit are required to be $0. The balance on the line at June 30, 2025 was $0.

8. Changes in noncurrent liabilities:

A summary of the changes in noncurrent liabilities for the year ended June 30, 2025 was as follows:

	Beginning balance	Additions	Reductions	Ending balance	Due within one year
Compensated absences	$ 287,340	$ 28,975	$ -	$ 316,315	$ 253,926
General obligation refunding bonds - Series 2016	2,900,000	-	(245,000)	2,655,000	255,000
General obligation refunding bonds - Series C (2023)	1,770,000	-	-	1,770,000	15,000
Unamortized premium	640,980	-	(45,553)	595,427	-
Financed purchase	100,791	-	(50,396)	50,395	50,395
Net pension liability	1,022,026	-	(100,418)	921,608	-
Net OPEB liability	448	-	(361)	87	-
Claims and judgment payable	1,332,053	-	-	1,332,053	-
	$ 8,053,638	$ 28,975	$ (441,728)	$ 7,640,885	$ 574,321

Changes in compensated absences above is a net change for the year.

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

9. Theft of District funds by County Treasurer:

During fiscal year 2024, the Santa Cruz County (County) Manager informed the District of an investigation involving the former County Treasurer and the embezzlement of funds from the County's pooled investment account. The District had funds in the County's pooled investment account during the period in which the theft occurred. The County has reported that it does not have sufficient cash to cover the reported balances of the participating entities in the pooled investment account.

During fiscal year 2025, a certified public accounting firm prepared an allocation of the theft to all the entities participating in the County's pooled investment account. A portion of the loss has been allocated to the District. Of the known embezzlement of $39 million, approximately $1,679,000 has been allocated to the District. The certified public accounting firm also provided an estimate for recovery of funds from seized assets held in receivership. The District's estimated share of recoveries is expected to range between $100,000 and $550,000. As of June 30, 2025, the District recorded a recovery of $346,000 as an offset to the allocated loss. This estimate is based on the report from the company appointed as receiver for the assets, which includes a listing of the assets and estimates of the recovery values. As a result of the theft, the District recorded a payable to the County of $1,332,053 related to the embezzlement of District funds by the former County Treasurer, which is reported within claims and judgments.

The District's Board has not accepted the allocation of the embezzlement loss and does not intend to approve the allocation until related litigation is resolved. The District is working with legal counsel to evaluate available legal remedies and other options to mitigate or potentially eliminate the loss allocated to the District.

In accordance with loss contingency guidance in GAAP, an estimate for the potential loss has been recorded. The amount of the loss and the amount recovered could differ by a material amount from the recorded estimate.

10. General obligation bonds:

Series 2016:

In November 2016, the District issued $4,065,000 in Series 2016 General Obligation Refunding Bonds with an interest rate ranging from 2% to 5% to advance refund $3,060,000 of outstanding Series 2008A bonds and $1,050,000 of outstanding Series 2011B bonds. Principal and interest on the Series 2016 bonds is payable semiannually on July 1 and January 1 each year through July 2037. The Series 2016 bonds were issued with a premium of $770,278 that is being amortized over the life of the debt.

10. General obligation bonds (continued):

Series C (2023):

In March 2023, the District issued $1,770,000 in Series C (2023) General Obligation Bonds with an interest rate ranging from 3.25% to 5.5% to fund the construction of a training facility. Principal and interest on the Series C (2023) bonds is payable semiannually on July 1 and January 1 each year through July 2043. The Series C (2023) bonds were issued with a premium of $162,617 that is being amortized over the life of the debt.

Future principal and interest payments on the bonds are as follows:

Year ending June 30,	Principal	Interest	Total
2026	$ 270,000	$ 215,913	$ 485,913
2027	270,000	205,113	475,113
2028	280,000	194,350	474,350
2029	295,000	183,188	478,188
2030	310,000	168,525	478,525
2031 - 2035	1,355,000	650,200	2,005,200
2036 - 2040	1,165,000	292,688	1,457,688
2041 - 2045	480,000	53,625	533,625
	$ 4,425,000	$ 1,963,602	$ 6,388,602

11. Financed purchase:

The District acquired various equipment under a contract agreement at a total purchase price of $251,583. The following schedule details debt service requirements to maturity of the District's financed purchase at June 30, 2025.

Year ending June 30,	Principal	Interest	Total
2026	$ 50,395	$ -	$ 50,395
	$ 50,395	$ -	$ 50,395

In August 2025, the District entered into a contract to finance the purchase of an ambulance for $118,822, payable in annual installments of $39,607 over three years.

12. 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.

13. Commitments and contingencies:

Intergovernmental agreements:

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

Intergovernmental agreements - Nogales Suburban Fire District:

During 2021, the District entered into an agreement with Nogales Suburban Fire District (NSFD), the agreement is effective through June 30, 2026. The District provides operation, management, administrative and financial accounting services to NSFD in exchange for 100% of its total annual revenue from all sources. Revenues related to the agreement have been recorded as intergovernmental revenue and expenses incurred by the District on behalf of NSFD have been classified as their natural classification in the statement of activities and the statement of revenues, expenditures and changes in fund balance.

Effective July 2025, the Board approved the consolidation of NSFD to the District's financial statements.

Commitments:

As of June 2025, the District had entered into agreements to build a training tower for approximately $1,500,000. At June 30, 2025 only approximately $113,000 of these costs have been incurred.

Legal proceedings:

From time to time, the District may be party to certain pending or threatened lawsuits arising out of or incident to the ordinary course of business for which it carries general liability and other insurance coverages. In the opinion of management and based upon consultation with legal counsel, resolution of any pending or threatened lawsuits will not have a material adverse effect on the District's financial statements.

14. Pension and other postemployment benefits:

The District contributes to the Arizona State Retirement System (ASRS) and the Public Safety Personnel Retirement System (PSPRS). These plans are component units of the State of Arizona.

At June 30, 2025, the District reported on the statement of net position and statement of activities the following aggregate amounts related to pensions and other postemployment benefits (OPEB) for all plans to which it contributes:

	Net pension/ OPEB liability	Net pension/ OPEB asset	Deferred outflows of resources	Deferred inflows of resources	Pension/ OPEB expense
Pension plans:					
ASRS	$ 540,851	$ -	$ 91,251	$ 44,111	$ 43,810
PSPRS - Tier 1 & 2	380,757	-	785,902	693,909	160,521
PSPRS - Tier 3 Risk Pool	-	(54,841)	236,431	36,974	57,507
Total pension plans	921,608	(54,841)	1,113,584	774,994	261,838
OPEB plans:					
ASRS - health insurance premium benefit	-	(19,819)	1,283	6,384	(2,501)
ASRS - long-term disability	87	-	1,251	1,059	334
PSPRS - Tier 1 & 2	-	(97,775)	18,463	56,584	(7,300)
PSPRS - Tier 3 Risk Pool	-	(9,457)	2,649	1,553	(2,246)
Total OPEB plans	87	(127,051)	23,646	65,580	(11,713)
	$ 921,695	$ (181,892)	$ 1,137,230	$ 840,574	$ 250,125

The District's accrued payroll and related benefits includes $19,869 of outstanding pension and OPEB contribution amounts payable to all plans for the year ended June 30, 2025.

The District reported $416,543 of pension and OPEB contributions as expenditures in the governmental funds related to all plans to which it contributes.

14. Pension and other postemployment benefits (continued):

Arizona State Retirement System (ASRS):

Plan description - District employees not covered by the other pension plan described below 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 its 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:

	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 consecutive months of last 120 months	Highest 60 consecutive months of last 120 months
Benefit percent per year of service	2.1% to 2.3%	2.1% to 2.3%

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 member’s 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.

14. Pension and other postemployment benefits (continued):

Arizona State Retirement System (ASRS) (continued):

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

Contributions - In accordance with State statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2025, statute required active ASRS members to contribute at the actuarially determined rate of 12.27% (12.12% for retirement and 0.15% for long-term disability) of the members' annual covered payroll, and statute required the District to contribute at the actuarially determined rate of 12.27% (12.05% for retirement, 0.07% for health insurance premium benefit, and 0.15% for long-term disability) of the active members' annual covered payroll.

The District's contributions for the year ended June 30, 2025 were as follows:

	Contributions
Pension	$ 61,061
Health insurance premium	355
Long-term disability	760

During fiscal year 2025, the District paid for the ASRS pension and OPEB contributions from the general fund.

Pension and OPEB assets/liabilities - At June 30, 2025, the District reported the following asset and liabilities for its proportionate share of the ASRS' net pension/OPEB asset or liability.

	Net pension/OPEB (asset) liability
Pension	$ 540,851
Health insurance premium benefit	(19,819)
Long-term disability	87

The net asset and net liabilities were measured as of June 30, 2024. The total liability used to calculate the net asset or net liability was determined using update procedures to roll forward the total liability from an actuarial valuation as of June 30, 2023 to the measurement date of June 30, 2024.

14. Pension and other postemployment benefits (continued):

Arizona State Retirement System (ASRS) (continued):

The District’s proportion of the net asset or 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, 2024. The District’s proportion measured as of June 30, 2024, and the change in proportions measured as of June 30, 2023, were:

	Proportion	Increase (decrease)
Pension	0.00338 %	(0.00008)
Health insurance premium benefit	0.00328 %	(0.00009)
Long-term disability	0.00332 %	(0.00010)

Pension/OPEB expense - For the year ended June 30, 2025, the District recognized pension and OPEB expense for ASRS as follows:

	Expense
Pension	$ 43,810
Health insurance premium benefit	(2,501)
Long-term disability	334

14. Pension and other postemployment benefits (continued):

Arizona State Retirement System (ASRS) (continued):

Deferred outflows/inflows of resources - At June 30, 2025, 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		Long-term disability	
	Deferred outflows of resources	Deferred inflows of resources	Deferred outflows of resources	Deferred inflows of resources	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	$ 30,190	$ -	$ 574	$ 4,785	$ 318	$ 230
Net difference between projected and actual earnings on pension plan investments	-	34,539	-	1,362	-	95
Changes in assumptions	-	-	-	206	63	518
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	9,572	354	31	110	216
Contributions subsequent to the measurement date	61,061	-	355	-	760	-
	$ 91,251	$ 44,111	$ 1,283	$ 6,384	$ 1,251	$ 1,059

14. Pension and other postemployment benefits (continued):

Arizona State Retirement System (ASRS) (continued):

The amounts reported as deferred outflows of resources related to ASRS pensions and OPEB resulting from District contributions subsequent to the measurement date will be recognized as an increase of the net asset and a reduction of the net liability in the year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and OPEB will be recognized as expenses as follows:

Year ending June 30,	Pension	Health insurance premium benefit	Long-term disability
2026	$ (21,187)	$ (3,593)	$ (209)
2027	22,347	(744)	(35)
2028	(8,743)	(756)	(163)
2029	(6,338)	(313)	(127)
2030	-	(50)	(62)
Thereafter	-	-	28
	$ (13,921)	$ (5,456)	$ (568)

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

Actuarial valuation date	June 30, 2023
Actuarial roll forward date	June 30, 2024
Actuarial cost method	Entry age normal
Investment rate of return	7.0%
Projected salary increases	2.9% - 8.4% for pensions/not applicable for OPEB
Inflation	2.3%
Permanent benefit increase	Included for pensions/not applicable for OPEB
Mortality rates	2017 SRA Scale U-MP for pension and health insurance premium benefit
Recovery rates	2012 GLDT for long-term disability
Healthcare cost trend rate	Not applicable

Actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2020.

14. Pension and other postemployment benefits (continued):

Arizona State Retirement System (ASRS) (continued):

The long-term expected rate of return on ASRS pension plan investments was determined to be 7.0% using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage.

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
Public Equity	44 %	4.48 %
Credit	23 %	4.40 %
Real Estate	17 %	6.05 %
Private Equity	10 %	6.11 %
Interest Rate Sensitive	6 %	(0.45)%
	100 %	

Discount rate - At June 30, 2024, the discount rate used to measure the ASRS total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board's funding policy, which establishes the contractually required rate under Arizona statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

14. Pension and other postemployment benefits (continued):

Arizona State Retirement System (ASRS) (continued):

Sensitivity of the District's proportionate share of the ASRS net pension liability to changes in the discount rate - The following table presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.0%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.0%) or 1 percentage point higher (8.0%) than the current rate:

	1% decrease (6.0%)	Current discount rate (7.0%)	1% increase (8.0%)
Net pension liability	$ 828,153	$ 540,851	$ 301,409
Net health insurance premium liability (asset)	$ (14,408)	$ (19,819)	$ (24,419)
Net long-term disability liability	$ 298	$ 87	$ (121)

Pension plan fiduciary net position - Detailed information about the pension plan's fiduciary net position is available in the separately issued ASRS financial report.

Public Safety Personnel Retirement System (PSPRS):

Plan description - 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. Employees who were PSPRS members before July 1, 2017, participate in the agent plans, and those who became PSPRS members on or after July 1, 2017, participate in the cost-sharing plans (PSPRS Tier 3 Risk Pool).

The PSPRS issues a publicly available financial report that includes 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:

14. Pension and other postemployment benefits (continued):

Public Safety Personnel Retirement System (PSPRS) (continued):

	Initial membership date:		
	Tier 1	Tier 2	Tier 3
	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 2.0% for each year of credited service less than 20 years OR plus 2.0% to 2.5% for each year of credited service over 20 years, not to exceed 80%	1.5% to 2.5% per year of credited service, not to exceed 80%	
Accidental disability retirement	50% or 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% to 100% of retired member's pension benefit		
Active member	80% to 100% of accidental disability retirement benefit or 100% of average monthly compensation if death was the result of injuries received on the job		

14. Pension and other postemployment benefits (continued):

Public Safety Personnel Retirement System (PSPRS) (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, 2025, the following employees were covered by the agent plans' benefit terms:

	Pension	Health
Inactive employees or beneficiaries currently receiving benefits	3	3
Inactive employees entitled to but not yet receiving benefits	7	-
Active employees	16	16
	26	19

Contributions - 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 are a percentage of active members' annual covered payroll. Contribution rates for the year ended June 30, 2025 are indicated below:

	Tier 1 & 2	Tier 3
Active members - pension	7.65 %	8.89 %
District:		
Pension	15.48 %	8.77 %
Health insurance	0.16 %	0.12 %
Legacy cost - Tiers 1 & 2 unfunded liabilities	- %	1.48 %

In addition, the District is required to contribute at the actuarially determined rate of 8.00% of annual covered payroll of retired members who worked for the District in positions that an employee who contributes to the PSPRS would typically fill and of employees participating in the PSPRS Tier 3 Risk Pool and PSPDCRP members in addition to the District's required contributions to the PSPRS Tier 3 Risk Pool and PSPDCRP.

14. Pension and other postemployment benefits (continued):

Public Safety Personnel Retirement System (PSPRS) (continued):

The District's contributions to the pension and OPEB plans for the year ended June 30, 2025 were:

	Tier 1 & 2	Tier 3
Pension	$ 245,732	$ 104,663
Health insurance	2,540	1,432

During fiscal year 2025, the District paid for the pension and OPEB contributions from the General Fund.

PSPRS agent multiple employer plans (Tier 1 & 2):

Liability (asset) - At June 30, 2025, the District reported a net pension liability (asset) of $380,757 and a net OPEB liability (asset) of $(97,775). The net assets and net liabilities were measured as of June 30, 2024, and the total liability used to calculate the net asset or net liability was determined by an actuarial valuation as of that date.

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

Actuarial valuation date	June 30, 2024
Actuarial cost method	Entry age normal
Investment rate of return	7.2%
Wage inflation	3.0% - 6.25% for pension/not applicable for OPEB
Price inflation	2.5% for pension/not applicable for OPEB
Cost-of-living adjustment	1.85% for pension/not applicable for OPEB
Mortality rates	PubS-2010 tables
Healthcare cost trend rate	Not applicable

Actuarial assumptions used in the June 30, 2024 valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2024.

The long-term expected rate of return on PSPRS plan investments was determined to be 7.2% using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class.

14. Pension and other postemployment benefits (continued):

Public Safety Personnel Retirement System (PSPRS) (continued):

PSPRS agent multiple employer plans (Tier 1 & 2) (continued):

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
U.S. Public Equity	24 %	3.62 %
International Public Equity	16 %	4.47 %
Global Private Equity	27 %	7.05 %
Core Bonds	6 %	2.44 %
Private Credit	20 %	6.24 %
Diversifying Strategies	5 %	3.15 %
Cash Mellon -	2 %	0.89 %
	100 %	

Discount rate - At June 30, 2024, the discount rate used to measure the total pension/OPEB liability was 7.20%. The projection of cash flows used to determine the discount rate 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 rate 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 (asset).

14. Pension and other postemployment benefits (continued):

Public Safety Personnel Retirement System (PSPRS) (continued):

PSPRS agent multiple employer plans (Tier 1 & 2) (continued):

Changes in the net pension liability (asset) -

	Total pension liability (a)	Plan fiduciary net position (b)	Net pension liability (asset) (a) - (b)
Balances at June 30, 2024	$ 9,457,489	$ 8,995,341	$ 462,148
Changes for the year:			
Service cost	328,175	-	328,175
Interest on the total pension liability	695,936	-	695,936
Differences between expected and actual experience	150,427	-	150,427
Contributions - employer	-	244,504	(244,504)
Contributions - employee	-	97,519	(97,519)
Net investment income	-	922,514	(922,514)
Benefit payments, including refunds of employee contributions	(239,778)	(239,778)	-
Administrative expense	-	(8,608)	8,608
Net changes	934,760	1,016,151	(81,391)
Balances at June 30, 2025	$ 10,392,249	$ 10,011,492	$ 380,757

14. Pension and other postemployment benefits (continued):

Public Safety Personnel Retirement System (PSPRS) (continued):

PSPRS agent multiple employer plans (Tier 1 & 2) (continued):

Changes in the net OPEB liability (asset) -

	Total OPEB liability (a)	Plan fiduciary net position (b)	Net OPEB liability (asset) (a) - (b)
Balances at June 30, 2024	$ 185,823	$ 267,640	$ (81,817)
Changes for the year:			
Service cost	6,366	-	6,366
Interest on the total OPEB liability	13,725	-	13,725
Differences between expected and actual experience	(4,518)	-	(4,518)
Contributions - employer	-	4,979	(4,979)
Net investment income	-	26,774	(26,774)
Benefit payments, including refunds of employee contributions	(3,120)	(3,120)	-
Administrative expense	-	(222)	222
Net changes	12,453	28,411	(15,958)
Balances at June 30, 2025	$ 198,276	$ 296,051	$ (97,775)

Sensitivity of the District’s net pension/OPEB (asset) liability to changes in the discount rate - The following table presents the District’s net pension/OPEB (assets) liabilities calculated using the discount rate of 7.20%, as well as what the District's net pension/OPEB (asset) liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.2%) or 1 percentage point higher (8.2%) than the current rate:

	1% decrease (6.2%)	Current discount rate (7.20%)	1% increase (8.2%)
District's net pension liability (asset)	$ 2,186,474	$ 380,757	$ (1,062,993)
District's net OPEB liability (asset)	$ (72,640)	$ (97,775)	$ (118,788)

Plan fiduciary net position - Detailed information about the plans' fiduciary net position is available in the separately issued PSPRS financial report.

Expense - For the year ended June 30, 2025, the District recognized pension expense for PSPRS of $160,521 and OPEB expense of $(7,300).

14. Pension and other postemployment benefits (continued):

Public Safety Personnel Retirement System (PSPRS) (continued):

PSPRS agent multiple employer plans (Tier 1 & 2) (continued):

Deferred outflows/inflows of resources - At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions and OPEB from the following sources:

	Pension		Health	
	Deferred outflows of resources	Deferred inflows of resources	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	$ 376,204	$ 577,054	$ 11,274	$ 50,740
Changes in assumptions	163,966	-	4,649	2,843
Net difference between projected and actual earnings on plan investments	-	116,855	-	3,001
Contributions subsequent to the measurement date	245,732	-	2,540	-
	$ 785,902	$ 693,909	$ 18,463	$ 56,584

The amounts reported as deferred outflows of resources related to pensions and OPEB resulting from District contributions subsequent to the measurement date will be recognized as an increase in the net asset or a reduction of the net liability in the year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and OPEB will be recognized as expenses as follows:

Year ending June 30,	Pension	Health
2026	$ (144,886)	$ (10,972)
2027	104,723	(2,828)
2028	(102,919)	(8,652)
2029	(35,728)	(8,469)
2030	25,071	(6,278)
Thereafter	-	(3,462)
	$ (153,739)	$ (40,661)

14. Pension and other postemployment benefits (continued):

Public Safety Personnel Retirement System (PSPRS) (continued):

PSPRS cost-sharing multiple-employer plans (Tier 3 Risk Pool):

Pension and OPEB assets/liabilities - At June 30, 2025, the District reported the following asset and liabilities for its proportionate share of the PSPRS Tier 3 Risk Pool net pension/OPEB asset or liability.

	Net pension/OPEB (asset) liability
Pension	$ (54,841)
Health insurance premium benefit	(9,457)

The net asset and net liabilities were measured as of June 30, 2024. The total liability used to calculate the net asset or net liability was determined using update procedures to roll forward the total liability from an actuarial valuation as of June 30, 2023, to the measurement date of June 30, 2024.

The District’s proportion of the net asset or 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, 2024. The District’s proportion measured as of June 30, 2024, and the change in proportions measured as of June 30, 2023, were:

	Proportion	Increase (decrease)
Pension	0.32139 %	0.03734
Health insurance premium benefit	0.32163 %	0.03744

Pension/OPEB expense - For the year ended June 30, 2025, the District recognized pension and OPEB expense (income) for PSPRS Tier 3 Risk Pool as follows:

	Expense
Pension	$ 57,507
Health insurance premium benefit	(2,246)

14. Pension and other postemployment benefits (continued):

Public Safety Personnel Retirement System (PSPRS) (continued):

PSPRS cost-sharing multiple-employer plans (Tier 3 Risk Pool) (continued):

Deferred outflows/inflows of resources - At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions and OPEB from the following sources:

	Pension		Health	
	Deferred outflows of resources	Deferred inflows of resources	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	$ 108,721	$ 17,920	$ 569	$ 276
Net difference between projected and actual earnings on pension plan investments	-	-	-	546
Changes in assumptions	168	3,535	85	1
Changes in proportion and differences between employer contributions and proportionate share of contributions	22,879	15,519	563	730
Contributions subsequent to the measurement date	104,663	-	1,432	-
	$ 236,431	$ 36,974	$ 2,649	$ 1,553

The amounts reported as deferred outflows of resources related to PSPRS Tier 3 Risk Pool pensions and OPEB resulting from District contributions subsequent to the measurement date will be recognized as an increase of the net asset and a reduction of the net liability in the year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and OPEB will be recognized as expenses as follows:

Year ending June 30,	Pension	Health
2026	$ 6,028	$ (191)
2027	11,338	(3)
2028	6,553	(154)
2029	7,885	(115)
2030	12,431	21
Thereafter	50,560	109
	$ 94,795	$ (333)

14. Pension and other postemployment benefits (continued):

Public Safety Personnel Retirement System (PSPRS) (continued):

PSPRS cost-sharing multiple-employer plans (Tier 3 Risk Pool) (continued):

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

Valuation (measurement) date	June 30, 2024
Actuarial cost method	Entry age normal
Investment rate of return	7.0%
Projected salary increases	2.75% - 15% for pensions/not applicable for OPEB
Price inflation	2.5% for pensions/not applicable for OPEB
Future benefit increases	1.85% for pensions/not applicable for OPEB
Mortality rates	PubS-2010 tables

Actuarial assumptions used were based on the results of an actuarial experience study for the 5-year period ended June 30, 2024.

The long-term expected rate of return on PSPRS Tier 3 Risk Pool pension plan investments was determined to be 7.0% 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.

The target allocation and best estimates of geometric real rates of return for each major asset class are consistent with the allocations disclosed for the PSPRS agent multiple-employer plans (Tier 1 & 2).

Discount rate - The discount rate used to measure the PSPRS Tier 3 Risk Pool total pension/OPEB liability was 7.0%. 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 those assumptions, the plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension/OPEB liability.

14. Pension and other postemployment benefits (continued):

Public Safety Personnel Retirement System (PSPRS) (continued):

PSPRS cost-sharing multiple-employer plans (Tier 3 Risk Pool) (continued):

Sensitivity of the District's proportionate share of the PSPRS Tier 3 Risk Pool net pension/OPEB (asset) liability to changes in the discount rate - The following table presents the District's proportionate share of the net pension/OPEB (asset) liability calculated using the discount rate of 7.0%, as well as what the District's proportionate share of the net pension/OPEB (asset) liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.0%) or 1 percentage point higher (8.0%) than the current rate:

	1% decrease (6.0%)	Current discount rate (7.0%)	1% increase (8.0%)
Net pension liability (asset)	$ 86,660	$ (54,841)	$ (160,652)
Net health insurance premium liability (asset)	$ (7,720)	$ (9,457)	$ (10,842)

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 A.R.S. Title 38, Chapter 5, Article 4.1. Benefit terms, including contribution requirements, are established by State statute.

For the year ended June 30, 2025, active PSPDCRP members were required by statute to contribute at least 9 percent of the members' annual covered payroll, and the District was required 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

Rio Rico Fire District

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual - General Fund

Year Ended June 30, 2025

	Budgeted amounts			
	Original	Final	Actual	Variance with final budget
Revenues:				
Property taxes	$ 3,544,882	$ 3,544,882	$ 3,493,457	$ (51,425)
Fire district assistance tax	175,041	175,041	175,041	-
State shared tax revenue	75,000	75,000	81,643	6,643
Charges for services	2,304,500	2,304,500	3,192,772	888,272
Intergovernmental revenue	717,997	717,997	406,286	(311,711)
Grants and contributions	1,037,134	1,037,134	358,214	(678,920)
Investment earnings	18,000	18,000	53,804	35,804
Other	172,600	172,600	45,037	(127,563)
Total revenues	8,045,154	8,045,154	7,806,254	(238,900)
Expenditures:				
Public safety:				
Fire protection and emergency services	7,199,135	7,199,135	5,617,611	(1,581,524)
Administration and support	480,583	480,583	461,501	(19,082)
Capital outlay	172,611	172,611	146,804	(25,807)
Total expenditures	7,852,329	7,852,329	6,225,916	(1,626,413)
Revenues over expenditures	192,825	192,825	1,580,338	1,387,513
Other financing sources:				
Transfers in	(192,825)	(192,825)	-	192,825
Proceeds from sale of capital assets	-	-	37,990	37,990
Total other financing sources	(192,825)	(192,825)	37,990	230,815
Net change in fund balance	-	-	1,618,328	1,618,328
Fund balance, beginning of year	3,250,929	3,250,929	3,250,929	-
Fund balance, end of year	$ 3,250,929	$ 3,250,929	$ 4,869,257	$ 1,618,328

Rio Rico Fire District

Schedule of the District's Proportionate Share of the Net Pension Liability - Cost Sharing Plan (ASRS)

Year Ended June 30, 2025

Reporting date (Measurement date)	2025 (2024)	2024 (2023)	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)
District's proportion of the net pension liability	0.003380 %	0.003460 %	0.003480 %	0.003630 %	0.003300 %	0.003670 %	0.003510 %	0.004490 %	0.004930 %	0.003940 %
District's proportionate share of the net pension liability	$ 540,851	$ 559,878	$ 568,013	$ 476,966	$ 571,775	$ 534,028	$ 489,521	$ 699,454	$ 795,752	$ 613,100
District's covered employee payroll	$ 447,550	$ 414,022	$ 395,337	$ 415,702	$ 400,480	$ 373,857	$ 400,480	$ 433,211	$ 464,657	$ 359,956
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	121 %	135 %	144 %	115 %	143 %	143 %	122 %	161 %	171 %	170 %
Plan fiduciary net position as a percentage of total pension liability	77 %	75 %	74 %	79 %	69 %	73 %	73 %	70 %	67 %	68 %

Rio Rico Fire District

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios - Agent Retirement Plan (PSPRS)

Year Ended June 30, 2025

Reporting date (Measurement date)	2025 (2024)	2024 (2023)	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)
Total pension liability										
Service cost	$ 328,175	$ 357,490	$ 360,441	$ 328,484	$ 348,361	$ 390,553	$ 384,572	$ 397,840	$ 349,189	$ 294,444
Interest	695,936	652,958	620,146	544,489	472,810	476,077	404,634	353,182	274,473	244,462
Benefit changes	-	-	-	-	-	-	-	64,590	478,652	-
Difference between expected and actual experience	150,427	(149,873)	(332,059)	226,878	274,267	(743,963)	154,540	(149,811)	(48,921)	(99,820)
Assumption changes	-	-	88,015	-	-	152,113	-	161,013	213,090	-
Benefit payments, including refunds of employee contributions	(239,778)	(228,909)	(90,849)	(99,984)	(87,321)	(291,105)	(62,041)	(60,452)	(95,924)	(72,369)
Net change in total pension liability	934,760	631,666	645,694	999,867	1,008,117	(16,325)	881,705	766,362	1,170,559	366,717
Total pension liability, beginning	9,457,489	8,825,823	8,180,129	7,180,262	6,172,145	6,188,470	5,306,765	4,540,403	3,369,844	3,003,127
Total pension liability, ending (a)	$ 10,392,249	$ 9,457,489	$ 8,825,823	$ 8,180,129	$ 7,180,262	$ 6,172,145	$ 6,188,470	$ 5,306,765	$ 4,540,403	$ 3,369,844
Plan fiduciary net position										
Contributions - employer	$ 244,504	$ 328,963	$ 299,923	$ 291,941	$ 284,186	$ 244,118	$ 329,351	$ 224,968	$ 201,179	$ 178,675
Contributions - employee	97,519	124,970	140,224	143,176	132,686	142,823	175,508	200,393	207,054	176,557
Pension plan net investment income	922,514	640,086	(335,480)	1,765,568	75,425	292,364	343,848	494,617	22,724	129,350
Benefit payments, including refunds of employee contributions	(239,778)	(228,909)	(90,849)	(99,984)	(87,321)	(291,105)	(62,041)	(60,452)	(95,924)	(72,369)
Hall/Parker settlement	-	-	-	-	-	-	(212,520)	-	-	-
Administrative expense	(8,608)	(6,780)	(6,046)	(8,209)	(6,150)	(6,074)	(5,933)	(4,777)	(3,670)	(3,542)
Tier 1 & 2 adjustment	-	(162,783)	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	55	(31,671)	(125,665)	5,422
Net change in fiduciary net position	1,016,151	695,547	7,772	2,092,492	398,826	382,126	568,268	823,078	205,698	414,093
Plan fiduciary net position, beginning	8,995,341	8,299,794	8,292,022	6,199,530	5,800,704	5,419,097	4,850,829	4,027,751	3,822,053	3,407,960
Adjustment to beginning of year	-	-	-	-	-	(519)	-	-	-	-
Plan fiduciary net position, ending (b)	$ 10,011,492	$ 8,995,341	$ 8,299,794	$ 8,292,022	$ 6,199,530	$ 5,800,704	$ 5,419,097	$ 4,850,829	$ 4,027,751	$ 3,822,053
Net pension liability (asset), ending (a) - (b)	$ 380,757	$ 462,148	$ 526,029	$ (111,893)	$ 980,732	$ 371,441	$ 769,373	$ 455,936	$ 512,652	$ (452,209)
Plan fiduciary net position as a percentage of total pension liability	96.34 %	95.11 %	94.04 %	101.37 %	86.34 %	93.98 %	87.57 %	91.41 %	88.71 %	113.42 %
Covered valuation payroll	$ 1,318,402	$ 1,420,876	$ 1,403,189	$ 2,079,195	$ 2,099,484	$ 1,849,410	$ 1,938,889	$ 1,789,652	$ 1,822,490	$ 1,491,487
Net pension liability (asset) as a percentage of covered valuation payroll	28.88 %	32.53 %	37.49 %	(5.38)%	46.71 %	20.08 %	39.68 %	25.48 %	28.13 %	(30.32)%

Rio Rico Fire District

Schedule of Changes in Net OPEB Liability (Asset) and Related Ratios - Agent Retirement Plan (PSPRS)

Year Ended June 30, 2025

(schedule to be built prospectively from 2018; 2017 - 2016 information not available)

Reporting date (Measurement date)	2025 (2024)	2024 (2023)	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)
Total OPEB liability										
Service cost	$ 6,366	$ 7,666	$ 7,676	$ 8,027	$ 8,752	$ 6,352	$ 7,259	$ 7,159	$ -	$ -
Interest on total OPEB liability	13,725	13,829	12,465	12,195	9,748	11,260	10,338	10,037	-	-
Benefit changes	-	-	-	-	-	-	-	1,943	-	-
Difference between expected and actual experience	(4,518)	(18,511)	(1,307)	(13,064)	20,672	(40,876)	(7,849)	(5,750)	-	-
Assumption changes	-	-	5,614	-	-	1,990	-	(7,571)	-	-
Benefit payments	(3,120)	(3,120)	(3,120)	(3,120)	(3,120)	-	-	-	-	-
Net change in total OPEB liability	12,453	(136)	21,328	4,038	36,052	(21,274)	9,748	5,818	-	-
Total OPEB liability, beginning	185,823	185,959	164,631	160,593	124,541	145,815	136,067	130,249	-	-
Total OPEB liability, ending (a)	$ 198,276	$ 185,823	$ 185,959	$ 164,631	$ 160,593	$ 124,541	$ 145,815	$ 136,067	$ -	$ -
Plan fiduciary net position										
Contributions - employer	$ 4,979	$ 2,417	$ 3,684	$ 3,772	$ 2,818	$ 3,887	$ 5,344	$ 6,153	$ -	$ -
Contributions - employee	-	-	-	-	-	-	-	-	-	-
Net investment income	26,774	18,860	(10,165)	55,588	2,527	10,213	12,024	17,557	-	-
Benefit payments	(3,120)	(3,120)	(3,120)	(3,120)	(3,120)	-	-	-	-	-
Administrative expenses	(222)	(212)	(181)	(229)	(206)	(176)	(183)	(155)	-	-
Other	-	-	-	-	-	-	(1)	-	-	-
Net change in fiduciary net position	28,411	17,945	(9,782)	56,011	2,019	13,924	17,184	23,555	-	-
Plan fiduciary net position, beginning	267,640	249,695	259,477	203,466	201,447	187,003	169,819	146,264	-	-
Adjustment to beginning of year	-	-	-	-	-	520	-	-	-	-
Plan fiduciary net position, ending (b)	$ 296,051	$ 267,640	$ 249,695	$ 259,477	$ 203,466	$ 201,447	$ 187,003	$ 169,819	$ -	$ -
Net OPEB liability (asset), ending (a) - (b)	$ (97,775)	$ (81,817)	$ (63,736)	$ (94,846)	$ (42,873)	$ (76,906)	$ (41,188)	$ (33,752)	$ -	$ -
Plan fiduciary net position as a percentage of total OPEB liability	149.31 %	144.03 %	134.27 %	157.61 %	126.70 %	161.75 %	128.25 %	124.81 %	- %	- %
Covered valuation payroll	$ 1,318,402	$ 1,420,876	$ 1,403,189	$ 2,079,195	$ 2,099,484	$ 1,849,410	$ 1,938,889	$ 1,789,652	$ -	$ -
Net OPEB liability (asset) as a percentage of covered valuation payroll	(7.42)%	(5.76)%	(4.54)%	(4.56)%	(2.04)%	(4.16)%	(2.12)%	(1.89)%	- %	- %

Rio Rico Fire District

Schedule of the District's Proportionate Share of the Net Pension Liability (Asset) - Cost Sharing Plan (PSPRS Tier 3 Risk Pool)

Year Ended June 30, 2025

(schedule to be built prospectively from 2019; 2018 - 2016)

Reporting date (Measurement date)	2025 (2024)	2024 (2023)	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)
District's proportion of the net pension liability	0.321 %	0.284 %	0.307 %	0.404 %	0.419 %	0.461 %	0.133 %	- %	- %	- %
District's proportionate share of the net pension liability (asset)	$ (54,841)	$ (23,795)	$ (16,572)	$ (37,387)	$ 1,255	$ (6,625)	$ 263	$ -	$ -	$ -
District's covered payroll	$ 835,430	$ 543,824	$ 535,529	$ 280,473	$ 170,966	$ 10,563	$ -	$ -	$ -	$ -
District's proportionate share of the net pension liability as a percentage of its covered payroll	(6.6)%	(4.4)%	(3.1)%	(13.3)%	0.7 %	(62.7)%	- %	- %	- %	- %
Plan fiduciary net position as a percentage of total pension liability	110 %	108 %	108 %	122 %	99 %	118 %	89 %	- %	- %	- %

Rio Rico Fire District

Schedule of Pension/OPEB Contributions

Year Ended June 30, 2025

ASRS - Pension

Reporting fiscal year	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially required contribution	$ 61,061	$ 65,271	$ 51,253	$ 48,937	$ 48,416	$ 42,720	$ 44,736	$ 47,220	$ 50,090	$ 39,480
Contributions in relation to the actuarial required contribution	61,061	65,271	51,253	48,937	48,416	42,720	44,736	47,220	50,090	39,480
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 483,129	$ 447,550	$ 414,022	$ 395,337	$ 415,702	$ 400,480	$ 400,480	$ 433,211	$ 464,657	$ 359,954
Contributions as a percentage of covered payroll	12.64 %	14.58 %	12.38 %	12.38 %	11.65 %	10.67 %	11.17 %	10.90 %	10.78 %	10.97 %

PSPRS Tier 1 & 2 - Pension

Reporting fiscal year	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contribution	$ 245,732	$ 209,300	$ 302,040	$ 244,180	$ 263,231	$ 303,304	$ 287,402	$ 308,240	$ 201,179	$ 178,675
Contributions in relation to the actuarially determined contribution	245,732	209,300	302,040	244,180	263,231	303,304	287,402	95,720	201,179	178,675
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 212,520	$ -	$ -
District's covered employee payroll	$ 1,489,721	$ 1,318,402	$ 1,318,402	$ 1,403,189	$ 2,079,195	$ 2,099,484	$ 1,849,410	$ 1,938,889	$ 1,789,652	$ 1,822,490
Contributions as a percentage of covered employee payroll	16.50 %	15.88 %	22.91 %	17.40 %	12.66 %	14.45 %	15.54 %	4.94 %	11.24 %	9.80 %

Schedule of Pension/OPEB Contributions (continued)

Year Ended June 30, 2025

PSPRS Tier 1 & 2 - Health (schedule to be built prospectively from 2018; 2017 - 2016 information not available)

Reporting fiscal year	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contribution	$ 2,540	$ 5,233	$ 2,579	$ 3,349	$ 3,949	$ 3,472	$ 4,491	$ 1,789	$ -	$ -
Contributions in relation to the actuarially determined contribution	2,540	5,233	2,579	3,349	3,949	3,472	4,491	1,789	-	-
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered employee payroll	$ 1,489,721	$ 1,318,402	$ 1,318,402	$ 1,403,189	$ 2,079,195	$ 2,099,484	$ 1,849,410	$ 1,938,889	$ -	$ -
Contributions as a percentage of covered employee payroll	0.17 %	0.40 %	0.20 %	0.24 %	0.19 %	0.17 %	0.24 %	0.09 %	- %	- %

PSPRS Tier 3 Risk Pool - Pension (schedule to be built prospectively from 2019; 2018 - 2016)

Reporting fiscal year	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contribution	$ 104,663	$ 78,865	$ 54,056	$ 53,232	$ 27,879	$ 16,994	$ 1,050	$ -	$ -	$ -
Contributions in relation to the actuarially determined contribution	104,663	78,865	54,056	53,232	27,879	16,994	1,050	-	-	-
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 861,936	$ 835,430	$ 543,824	$ 535,529	$ 280,473	$ 170,966	$ 10,563	$ -	$ -	$ -
Contributions as a percentage of covered payroll	12.14 %	9.44 %	9.94 %	9.94 %	9.94 %	9.94 %	9.94 %	- %	- %	- %

Contributions to the PSPRS Tier 3 Risk Pool - Health, and ASRS - Health Insurance Premium and ASRS - Long-term Disability are not further disclosed because of their relative insignificance to the District's financial statements.

Rio Rico Fire District

Notes to Required Supplementary Information

Year Ended June 30, 2025

1. Budgetary basis of accounting:

The District prepares its annual budget on the modified accrual basis of accounting. A budgetary comparison schedule for the general fund is included as required supplementary information to provide meaningful comparison of actual results to budget on a budget basis.

2. Pension and OPEB plan schedules:

Actuarially determined contribution rates:

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
Remaining amortization period as of the 2023 actuarial valuation	15 years
Asset valuation method	7 year smoothed market; 80%/120% corridor
Actuarial assumptions:	
Investment rate of return	In the 2022 actuarial valuation, the investment rate of return was decreased from 7.3% to 7.2%. In the 2019 actuarial valuation, the investment rate of return was decreased from 7.4% to 7.3%. 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%. In the 2013 actuarial valuation, the investment rate of return was decreased from 8% to 7.85%.
Salary increase	In the 2017 actuarial valuation, projected salary increases were decreased from 4% - 8% to 3.5% - 7.5%. In the 2014 actuarial valuation, projected salary increases were decreased from 4.5% – 8.5% to 4% – 8%. In the 2013 actuarial valuation, projected salary increases were decreased from 5% – 9% to 4.5% – 8.5%.

2. Pension and OPEB plan schedules (continued):

Actuarially determined contribution rates (continued):

Wage growth	In the 2022 actuarial valuation, wage growth was changed from 3.5% to a range of 3.0% - 6.25%. In the 2017 actuarial valuation, wage growth was decreased from 4% to 3.5%. In the 2014 actuarial valuation, wage growth was decreased from 4.5% to 4%. In the 2013 actuarial valuation, wage growth was decreased from 5% to 4.5%.
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 2019 actuarial valuation, changed to PubS-2010 tables. 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).

Factors that affect trends:

Arizona courts have ruled that provisions of a 2011 law that changed 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, the 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's pension contributions were less than the actuarially or statutorily determined contributions for 2018 and 2019.