

Corona de Tucson Fire District

Year Ended June 30, 2025

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Corona de Tucson Fire District

Year Ended June 30, 2025

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Independent Auditors' Report

Governing Board and Management
Corona de Tucson Fire District
Vail, 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 Corona de Tucson Fire District, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Corona de Tucson 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 Corona de Tucson 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 Corona de Tucson 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 Corona de Tucson 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.

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 Corona de Tucson 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 Corona de Tucson 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 , on our consideration of Corona de Tucson 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 Corona de Tucson 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 Corona de Tucson Fire District’s internal control over financial reporting and compliance.

Tucson, Arizona

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Corona de Tucson Fire District

MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year Ended June 30, 2025

INTRODUCTION

The Management of the Corona de Tucson Fire District (District) presents these financial statements with a narrative overview and analysis of financial activities for the fiscal year ended June 30, 2025. We encourage readers to consider the information presented here in conjunction with the accompanying basic financial statements and the accompanying notes to those statements in their understanding of the District's financial position.

FINANCIAL HIGHLIGHTS FOR THE YEAR

- The total assets and deferred outflows of the Corona de Tucson Fire District were \$4,876,883 at the close of the fiscal year. The total assets and deferred outflows exceeded liabilities and deferred inflows by \$1,575,739. Of this amount \$184,653 represents the deficit in unrestricted net position. This negative net position balance is directly attributed to the \$1,497,879 unfunded pension/OPEB liability and not reflective of the District's operational financial position.
- The District realized a \$672,208 increase in fund balances during the fiscal year. The increase consists of excess revenues over expenditures of \$1,107,786, before capital expenditures of \$228,270 and debt service expenditures of \$207,308.
- At the end of the current fiscal year, unassigned fund balances for the General Fund was \$1,132,566; this represents an increase of \$69,850 over the prior 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.

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 13)* 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 14)* 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 adopts an annual appropriated budget for the General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with the budget.

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 Corona de Tucson Fire District, assets and deferred outflows exceeded liabilities and deferred inflows by \$1,575,739 at the close of the 2025 fiscal year.

The net investment in capital assets, \$1,536,716, reflects the District's investment in capital assets (e.g. land, buildings, vehicles, and equipment), less any debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to residents; consequently, the assets are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The restricted portion of net position of \$223,676 reflects amounts restricted for future pension contributions and grant expenditures.

The unrestricted deficit in net position, \$(184,653), reflects its cash and current accounts receivable less any current liabilities (e.g. line of credit, accounts payable, accrued payroll, and compensated absences) and long-term liabilities not associated with capital assets. The District uses the cash balances to pay current and ongoing financial obligations in order to provide services to residents.

At the end of fiscal year 2025, the District has a negative balance in unrestricted net position. In fiscal year 2015, the District adopted Governmental Accounting Standards Board statement No. 68, Accounting and Financial Reporting for Pensions, which requires the District to report a net liability for pensions of \$1,497,879. In fiscal year 2018, the District adopted Governmental Accounting Standards Board statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, which requires the District to report a net liability (asset) for OPEB of \$(87,126). The District pays for pensions and OPEB on a pay-as-you go basis with current financial resources each year. However, the net liabilities required to be reported are actuarially determined amounts for resources that are required sometime in the future.

The following table reflects the condensed Statement of Net Position:

Corona de Tucson Fire District
Condensed Statement of Net Position
As of June 30, 2025 and 2024

	Governmental Activities		Increase (decrease)
	2025	2024	
Cash and investments	\$ 1,387,262	\$ 651,318	\$ 735,944
Other assets	155,986	124,665	31,321
Capital assets	<u>2,009,672</u>	<u>1,955,574</u>	<u>54,098</u>
Total assets	<u>3,552,920</u>	<u>2,731,557</u>	<u>821,363</u>
Total deferred outflows	<u>1,323,963</u>	<u>1,491,255</u>	<u>(167,292)</u>
Other liabilities	136,108	84,412	51,696
Long-term liabilities	<u>2,221,650</u>	<u>3,045,868</u>	<u>(824,218)</u>
Total liabilities	<u>2,357,758</u>	<u>3,130,280</u>	<u>(772,522)</u>
Total deferred inflows	<u>943,386</u>	<u>391,794</u>	<u>551,592</u>
Net investment in capital assets	1,536,716	1,300,403	236,313
Restricted	223,676	48,629	175,047
Unrestricted	<u>(184,653)</u>	<u>(648,294)</u>	<u>463,641</u>
Total net position	<u>\$ 1,575,739</u>	<u>\$ 700,738</u>	<u>\$ 875,001</u>

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Governmental Activities

The Net Position of the District from governmental activities increased from \$700,738 to \$1,575,739 a change of 124.9%. The following table reflects the Condensed Statement of Activities:

Corona de Tucson Fire District
Condensed Statement of Activities
For the Years Ended June 30, 2025 and 2024

	Governmental Activities		Increase (decrease)
	2025	2024	
Program revenues:			
Charges for services	\$ 127,157	\$ 222,350	\$ (95,193)
Grants and contributions	297,001	133,315	163,686
General revenues:			
Property taxes	3,054,261	2,740,144	314,117
Fire District Assistance Tax	402,378	405,890	(3,512)
Other	<u>77,458</u>	<u>71,270</u>	<u>6,188</u>
Total revenues	<u>3,958,255</u>	<u>3,572,969</u>	<u>385,286</u>
Expenses:			
Public safety	3,059,553	3,004,201	55,352
Interest on long-term debt	<u>23,701</u>	<u>25,955</u>	<u>(2,254)</u>
Total expenses	<u>3,083,254</u>	<u>3,030,156</u>	<u>53,098</u>
Change in net position	875,001	542,813	332,188
Beginning net position	<u>700,738</u>	<u>157,925</u>	<u>542,813</u>
Ending net position	<u>\$ 1,575,739</u>	<u>\$ 700,738</u>	<u>\$ 875,001</u>

DISTRICT FUNDS FINANCIAL ANALYSIS

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

As of June 30, 2025, the governmental funds of the District reported combined fund balances of \$1,311,107, which is an increase of \$672,208 compared to the prior period. For the third consecutive year the District was able to increase their fund balance due to revenues exceeding expenditures. The District increased the tax rate from \$3.050 to \$3.3000 in the prior year, and kept the tax rate the same in 2025. The Governing Board and Management determined this increase was necessary to keep up with increasing expenses due to inflation and PSPRS unfunded liability. The District is also putting an emphasis on maintaining an appropriate reserve fund and building a capital fund in order to support District needs.

General Fund. The General Fund accounts for all the resources retained by the District not accounted for in any other fund.

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

Corona de Tucson Fire District
Governmental Funds – Fund Balances
As of June 30, 2025 and 2024

Major funds	June 30, 2025		June 30, 2024	
	Amount	%	Amount	%
General	\$ 1,311,107	100.0 %	\$ 638,899	100.0 %
Total fund balance	<u>\$ 1,311,107</u>	<u>100.0 %</u>	<u>\$ 638,899</u>	<u>100.0 %</u>

BUDGETARY HIGHLIGHTS

There were some variances of note for the fiscal year.

- Revenues were essentially on target, exceeding budget by about \$22,000.
- Actual expenditures were well below budgeted amounts. Staffing shortages and limited wildland deployments resulted in net personnel savings of \$300,000. Further, the District budgeted around \$215,000 for reserve funding for unforeseen expenses, which was not needed. These combined factors resulted in actual spending being \$650,000 below budget, driving the District’s strong year-end results.

Corona de Tucson Fire District
Condensed Budget to Actual - General Fund
As of June 30, 2025

	General Fund		Variance with budget
	Budget	Actual	
Total revenues	\$ 3,932,642	\$ 3,954,783	\$ 22,141
Total expenditures	<u>3,932,642</u>	<u>3,282,575</u>	<u>(650,067)</u>
Revenue over (under) expenditures	<u>-</u>	<u>672,208</u>	<u>672,208</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 672,208</u>	<u>\$ 672,208</u>

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2025, the investment in capital assets for governmental activities amounts to \$2,009,672 (net of accumulated depreciation). This investment in capital assets includes land and land improvements, buildings and improvements, vehicles, furniture and equipment. The total increase in capital assets for the current fiscal year was \$230,498 or 13.0%, which was due to capital asset additions in excess of depreciation expenses.

Corona de Tucson Fire District
Capital Assets (net of depreciation)
As of June 30, 2025 and 2024

	Governmental Activities		Increase (decrease)
	2025	2024	
Land and buildings	\$ 2,595,789	\$ 2,413,312	\$ 182,477
Equipment	553,460	528,692	24,768
Vehicles	1,108,508	911,083	197,425
Accumulated depreciation	<u>(2,248,085)</u>	<u>(2,073,913)</u>	<u>(174,172)</u>
	<u>\$ 2,009,672</u>	<u>\$ 1,779,174</u>	<u>\$ 230,498</u>

Long-Term Liabilities

At the end of the current fiscal year, the District had \$2,221,650 in long-term liabilities outstanding, a net decrease of \$824,218, or 27.1% from the prior year. The decrease is attributed to scheduled debt payments and a reduction in the net 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 (financed purchases) outstanding of \$472,957. This debt currently requires annual debt service payments that consist of principal and interest of approximately \$208,000. All debt is backed by the full faith and credit of the District.

In accordance with GASB 68 and 75, the District is required to include the net pension/OPEB liability on the financial statements. The net pension/OPEB liability is measured as the total pension/OPEB liability, less the pension/OPEB plan's fiduciary net position. A net pension/OPEB liability is recorded at June 30, 2025 relating to the District's participation in the Public Safety Personnel Retirement System (PSPRS) of \$1,497,879.

The following table shows the District’s Outstanding Debt:

Corona de Tucson Fire District
Outstanding Debt
As of June 30, 2025 and 2024

	Governmental Activities		Increase (decrease)
	2025	2024	
Compensated absences	\$ 250,814	\$ 200,042	\$ 50,772
Financed purchases	472,957	655,172	(182,215)
Net pension/OPEB liability	<u>1,497,879</u>	<u>2,190,654</u>	<u>(692,775)</u>
Total noncurrent liabilities	<u>\$ 2,221,650</u>	<u>\$ 3,045,868</u>	<u>\$ (824,218)</u>

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

ECONOMIC FACTORS AND FY 2026 BUDGET/TAX RATE

The District continues to strengthen its financial position through responsible budgeting and strategic use of its tax revenue. The District increased its tax rate in 2024 and maintained that rate for both 2025 and the upcoming 2026 budget year. As a result, combined with disciplined spending, the District improved its cash position from minimal levels to approximately \$1.3 million across FY 2024 and FY 2025. For 2026, the District kept the tax rate unchanged and benefited from an 11.88% increase in assessed valuation, providing additional financial capacity without increasing the burden on taxpayers.

The District is also working diligently on improving spending efficiency, with a long-term focus on building reserves to address unexpected events, economic fluctuations, and the inherent cost pressures associated with fire district operations, such as PSPRS and worker’s compensation. In addition, the District is placing emphasis on establishing capital reserves to address future needs related to aging fleet, facilities, and essential equipment.

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 Fire Chief of the District at 99 E. Tallahassee Dr., Vail, AZ 85641 or at (520) 762-5007.

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Basic Financial Statements

Corona de Tucson Fire District

Statement of Net Position

June 30, 2025

	<u>Governmental activities</u>
Assets:	
Cash and investments	\$ 1,387,262
Property taxes receivable	26,869
Prepaid items	41,991
Net OPEB asset	87,126
Capital assets, not depreciated	492,532
Capital assets, depreciated, net	<u>1,517,140</u>
Total assets	<u>3,552,920</u>
Deferred outflows of resources:	
Deferred outflows related to pensions/OPEB	<u>1,323,963</u>
Total deferred outflows of resources	<u>1,323,963</u>
Liabilities:	
Accounts payable	34,455
Accrued payroll and related benefits	54,850
Accrued interest	10,616
Unearned revenue	36,187
Noncurrent liabilities:	
Due within one year	351,262
Due in more than one year	<u>1,870,388</u>
Total liabilities	<u>2,357,758</u>
Deferred inflows of resources:	
Deferred inflows related to pensions/OPEB	<u>943,386</u>
Total deferred inflows of resources	<u>943,386</u>
Commitments and contingencies	
Net position:	
Net investment in capital assets	1,536,716
Restricted - pension	87,126
Restricted - grants	136,550
Unrestricted	<u>(184,653)</u>
Total net position	<u>\$ 1,575,739</u>

See notes to financial statements.

Corona de Tucson Fire District

Statement of Activities

Year Ended June 30, 2025

	<u>Governmental activities</u>
Expenses:	
Public safety:	
Communications	\$ 132,827
Depreciation	174,172
Insurance	34,971
Managerial	141,840
Payroll taxes and employee benefits	798,525
Salaries and wages	1,568,170
Utilities and station	71,769
Vehicles and equipment	137,279
Interest	<u>23,701</u>
Total program expenses	<u>3,083,254</u>
Program revenues:	
Charges for services	127,157
Operating grants and contributions	29,669
Capital grants and contributions	<u>267,332</u>
Total program revenues	<u>424,158</u>
Net program expense	<u>2,659,096</u>
General revenues:	
Property taxes	3,054,261
Fire district assistance tax	402,378
State shared tax revenues	45,044
Other	<u>32,414</u>
Total general revenues	<u>3,534,097</u>
Change in net position	875,001
Net position, beginning of year	<u>700,738</u>
Net position, end of year	<u><u>\$ 1,575,739</u></u>

See notes to financial statements.

Corona de Tucson Fire District
Balance Sheet - Governmental Funds
June 30, 2025

	<u>General fund</u>
Assets:	
Cash and investments	\$ 1,387,262
Property taxes receivable	26,869
Prepaid items	<u>41,991</u>
Total assets	<u><u>\$ 1,456,122</u></u>
 Liabilities:	
Accounts payable	\$ 34,455
Accrued payroll and related benefits	54,850
Accrued interest	4,181
Unearned revenue	<u>36,187</u>
Total liabilities	<u>129,673</u>
 Deferred inflows of resources:	
Unavailable revenue - property taxes	<u>15,342</u>
Total deferred inflows of resources	<u>15,342</u>
 Commitments and contingencies	
 Fund balances:	
Nonspendable:	
Prepaid items	41,991
Restricted:	
Grants	136,550
Unassigned	<u>1,132,566</u>
Total fund balances	<u>1,311,107</u>
Total liabilities, deferred inflows of resources and fund balances	<u><u>\$ 1,456,122</u></u>

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Corona de Tucson Fire District

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

June 30, 2025

Total fund balances - governmental funds	\$	1,311,107
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 funds.		2,009,672
Some receivables are not available to pay for current period expenditures and, therefore, are reported as deferred inflows in the funds.		15,342
Net OPEB assets held in trust for future benefits are not available for District operations and, therefore, are not reported in the funds.		87,126
Noncurrent liabilities are not due and payable in the current period and, therefore, are not reported in the funds:		
Accrued interest payable		(6,435)
Accrued compensated absences		(250,814)
Financed purchases		(472,957)
Net pension liability		(1,497,879)
Deferred outflows and inflows of resources related to pensions/OPEB are applicable to future reporting periods and, therefore, are not reported in the funds:		
Deferred outflows of resources related to pensions/OPEB		1,323,963
Deferred inflows of resources related to pensions/OPEB		<u>(943,386)</u>
Net position of governmental activities	\$	<u>1,575,739</u>

Corona de Tucson Fire District

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

Year Ended June 30, 2025

	<u>General fund</u>
Revenues:	
Property taxes	\$ 3,050,789
Fire district assistance tax	402,378
State shared tax revenues	45,044
Operating grants and contributions	29,669
Charges for services	127,157
Capital grants and contributions	267,332
Other	<u>32,414</u>
Total revenues	<u>3,954,783</u>
Expenditures:	
Public safety:	
Emergency operations	2,416,086
Administration	430,911
Capital outlay:	
Buildings and improvements	23,736
Construction in progress	141,055
Fire equipment	24,768
Vehicles	38,711
Debt service:	
Principal	182,215
Interest	<u>25,093</u>
Total expenditures	<u>3,282,575</u>
Other financing sources:	
Net change in fund balance	672,208
Fund balance, beginning of year	<u>638,899</u>
Fund balance, end of year	<u>\$ 1,311,107</u>

See notes to financial statements.

Corona de Tucson 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 balance - governmental funds	\$	672,208
Amounts reported for governmental activities in the statement of activities are different because:		
<p>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:</p>		
Capital outlay		228,270
Depreciation expense		(174,172)
<p>Certain revenues relating to property taxes in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
		3,472
<p>In the statement of activities, interest is accrued on long-term debt, whereas in the governmental funds it is recorded as an interest expenditure when paid.</p>		
		1,392
<p>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 pensions/OPEB, is reported in the statement of activities.</p>		
Pension/OPEB contributions		407,890
Pension/OPEB expense		(395,502)
<p>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:</p>		
Change in compensated absences		(50,772)
<p>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:</p>		
Principal paid		182,215
Change in net position of governmental activities	\$	875,001

Corona de Tucson Fire District

Notes to Financial Statements

Year Ended June 30, 2025

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

The accounting policies of Corona de Tucson 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 position or fund balances.

Reporting entity:

The District, established in 1975 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. The District derives the majority of its cash receipts from property tax levies.

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

Corona de Tucson Fire District

Notes to Financial Statements (continued)

Year Ended June 30, 2025

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

Government-wide and fund financial statements (continued):

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

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 year-end. The District's major revenue sources that are susceptible to accrual are tax revenues, charges for services, and investment earnings. 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 capital lease agreements 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 Pima County and remitted to the District. In the governmental fund financial statements, property taxes are reflected as revenues in the fiscal period for which they were levied, provided they are due, or past due and receivable within the current period, and collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period (60 days). Otherwise, they are reported as deferred inflows of resources.

The District reports the following major governmental fund:

The *general fund* accounts for all financial resources except those required to be accounted for in another fund.

Corona de Tucson Fire District

Notes to Financial Statements (continued)

Year Ended June 30, 2025

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

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 such 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.

Fair value measurements:

Fair value is defined as the price to sell an asset between market participants in an orderly exchange in the principal or most advantageous market for that asset. 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, unearned revenue and deferred inflows of resources:

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.

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.

Corona de Tucson Fire District

Notes to Financial Statements (continued)

Year Ended June 30, 2025

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

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.

Capital assets:

Capital assets, which include land, buildings and improvements, computer equipment, fire equipment, and vehicles, are reported in the government-wide financial statements. Capital assets are defined as assets with an initial, individual cost of \$1,500 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. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

Land	Not depreciated
Buildings and improvements	10 to 39 years
Computer equipment	5 years
Fire equipment	5 to 10 years
Vehicles	5 to 10 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, one type of leave qualifies for liability recognition for compensated absences - vacation. The District's vacation policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment at 50% of the employee's current pay rate upon separation from employment.

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.

Long-term obligations:

In the government-wide financial statements, long-term debt, financed purchases, lease liabilities, and other long-term obligations are reported as noncurrent liabilities in the statement of net position.

Corona de Tucson Fire District

Notes to Financial Statements (continued)

Year Ended June 30, 2025

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 expenditures in the statement of revenues, expenditures and changes in fund balances.

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. The District has deferred outflows related to pension and OPEB. 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 property taxes. 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 pension 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.

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.

Corona de Tucson Fire District

Notes to Financial Statements (continued)

Year Ended June 30, 2025

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

Fund balance (continued):

- 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 positive fund balance within the general fund, which has not been classified within the above mentioned categories, and negative fund balances in other governmental funds.

The District applies restricted resources first when disbursements 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.

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	\$ 340,328
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Investments:

Pima County Treasurer investment pool	<u>1,046,934</u>
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	<u>\$ 1,387,262</u>
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Corona de Tucson Fire District

Notes to Financial Statements (continued)

Year Ended June 30, 2025

2. Cash and investments (continued):

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 \$340,328 and a bank balance of \$340,328. There were no deposits in transit, outstanding checks, or other reconciling items at June 30, 2025.

Investments:

Currently, monies levied by the District are invested with the Pima County Treasurer's Office and included in the Local Government Investment Pool (LGIP). The District's investment in the County's LGIP represents a proportionate interest in the pool's portfolio; however, the District's portion is not identified with specific investments. The investments are unrated. Disbursements are made by warrants to the District's operating account.

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

	<u>Rating</u>	<u>Rating Agency</u>	<u>Amount</u>
Pima County Treasurer's investment pool	Unrated	Not applicable	\$ 1,046,934

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. However, the Arizona Revised Statutes have the following requirements:

Corona de Tucson Fire District

Notes to Financial Statements (continued)

Year Ended June 30, 2025

2. Cash and investments (continued):

Investments (continued):

Credit risk -

- Commercial paper must be of prime quality and be rated within the top two ratings by a nationally recognized rating agency.
- Specified 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 County Treasurer's investment pool 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 Treasurer's investment varies by type of investment, and averages between 1 and 2 years.

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.

Corona de Tucson Fire District

Notes to Financial Statements (continued)

Year Ended June 30, 2025

3. Fair value (continued):

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:					
Pima County Treasurer	\$ 1,046,934	\$ 1,046,934	\$ -	\$ -	\$ -

The fair value of a participant's portion in the Pima County Treasurer's investment pool approximates the value of that participant's pool shares and the participant's shares are not identified with specific investments. The investment pool is not registered with the Securities and Exchange Commission as an investment company and there is no regulatory oversight of its operations. There are no unfunded commitments or redemption restrictions related to these investments.

The Pima County Treasurer's investment pool invests primarily in the State Treasurer's Local Government Investment Pools, corporate bonds, U. S. Treasury notes, and agency bonds.

4. 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	\$ 351,477	\$ -	\$ -	\$ 351,477
Construction in progress	176,400	141,055	(176,400)	141,055
Total capital assets, not depreciated	527,877	141,055	(176,400)	492,532
Capital assets, depreciated:				
Buildings and improvements	2,061,835	23,736	17,686	2,103,257
Computer equipment	44,047	-	-	44,047
Fire equipment	484,645	24,768	-	509,413
Vehicles	911,083	38,711	158,714	1,108,508
Total capital assets, depreciated	3,501,610	87,215	176,400	3,765,225

Corona de Tucson Fire District

Notes to Financial Statements (continued)

Year Ended June 30, 2025

4. Capital assets (continued):

	Beginning balance	Increases	Decreases	Ending balance
Less accumulated depreciation for:				
Buildings and improvements	(978,157)	(56,095)	-	(1,034,252)
Computer equipment	(34,158)	(4,841)	-	(38,999)
Fire equipment	(292,537)	(50,006)	-	(342,543)
Vehicles	(769,061)	(63,230)	-	(832,291)
Total accumulated depreciation	(2,073,913)	(174,172)	-	(2,248,085)
Total capital assets, depreciated, net	1,427,697	(86,957)	176,400	1,517,140
Total capital assets, net	\$ 1,955,574	\$ 54,098	\$ -	\$ 2,009,672

5. Line of credit:

The Board of Supervisors of Pima County, on behalf of the District, established a line of credit in the amount of \$1,800,000. 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. Interest is payable at the bank's prime rate (7.50% at June 30, 2025) and the line matures in June 2026. There was no balance on the line at June 30, 2025.

6. 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	\$ 200,042	\$ 50,772	\$ -	\$ 250,814	\$ 162,000
Financed purchases	655,172	-	(182,215)	472,957	189,262
Net pension liability	2,190,654	-	(692,775)	1,497,879	-
	\$ 3,045,868	\$ 50,772	\$ (874,990)	\$ 2,221,650	\$ 351,262

The change 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.

Corona de Tucson Fire District

Notes to Financial Statements (continued)

Year Ended June 30, 2025

7. Financed purchases:

The District has acquired land, buildings, computer equipment, fire equipment, and vehicles under contract agreements at a total purchase price of \$2,400,000. The following schedule details debt service requirements to maturity of the District's financed purchases at June 30, 2025.

Year ending <u>June 30,</u>	Principal	Interest	Total
2026	\$ 189,262	\$ 18,335	\$ 207,597
2027	196,796	11,219	208,015
2028	42,211	5,101	47,312
2029	44,688	2,623	47,311
	\$ 472,957	\$ 37,278	\$ 510,235

8. 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.

9. 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.

Legal:

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.

Corona de Tucson Fire District

Notes to Financial Statements (continued)

Year Ended June 30, 2025

9. Commitments and contingencies (continued):

Other:

In October 2025, the District received a notice from Pima County Treasurer's Office regarding a reporting error that caused an overstatement of investment earnings during a prior period. In the memo, Pima County notes that they will recover the amount incorrectly reported to various taxing jurisdictions over the eight months starting in November 2025. The District is one of many taxing jurisdictions that has money invested with Pima County. The District does not expect this correction to have a material impact on the amount of investment earnings they will receive in the subsequent year.

10. Public Safety Personnel Retirement System (PSPRS):

The District contributes to the Public Safety Personnel Retirement System (PSPRS). This plan is a component unit 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 PSPRS:

	<u>Governmental Activities</u>
Net OPEB asset	\$ 87,126
Net pension liability	1,497,879
Deferred outflows of resources related to pensions and OPEB	1,323,963
Deferred inflows of resources related to pensions and OPEB	943,386
Pension and OPEB expense	395,502

The District's accrued payroll and related benefits includes \$11,390 of outstanding pension and OPEB contribution amounts payable to all plans for the year ended June 30, 2025.

The District reported \$407,890 of pension and OPEB contributions as expenditures in the governmental funds related to all plans in which it contributes.

Corona de Tucson Fire District

Notes to Financial Statements (continued)

Year Ended June 30, 2025

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

Plan descriptions - District employees who are regularly assigned hazardous duty participate in the Public Safety Personnel Retirement System (PSPRS) or employees who became members on or after July 1, 2017, may participate in the Public Safety Personnel Defined Contribution Retirement Plan (PSPDCRP). The PSPRS administers an agent and cost-sharing multiple-employer defined benefit pension plans and an 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), which are not further disclosed because of their relative insignificance to the District's financial statements. There are no employees currently participating in the 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:

	Initial membership date:		
	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:	1.5% to 2.5% per year of credited service, not to exceed 80%		
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%		
Accidental disability retirement	50% or normal retirement, whichever is greater		

Corona de Tucson Fire District

Notes to Financial Statements (continued)

Year Ended June 30, 2025

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

	Initial membership date:		
	Before January 1, 2012	On or after January 1, 2012 and before July 1, 2017	On or after July 1, 2017
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		

Retirement and survivor benefits are subject to automatic cost-of-living adjustments based on inflation. PSPRS also provides temporary disability benefits of 50% 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	4	4
Inactive employees entitled to but not yet receiving benefits	-	-
Active employees	16	16
	20	20

Corona de Tucson Fire District

Notes to Financial Statements (continued)

Year Ended June 30, 2025

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

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:

Active members - pension	7.65 %
District:	
Pension	29.07 %
Health insurance	0.43 %

In addition, the District is required to contribute at the actuarially determined rate of 14.09% 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.

The District's contributions to the pension plan for the year ended June 30, 2025 were \$401,944, and contributions to the OPEB plan were \$5,946. During fiscal year 2025, the District paid for the pension and OPEB contributions from the General Fund.

Liability (asset) - At June 30, 2025, the District reported net pension liability of \$1,497,879 and a net OPEB asset of \$(87,126). The net assets and net liabilities were measured as of June 30, 2024, and the total liability used to calculate the net asset or 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, 2021.

Corona de Tucson Fire District

Notes to Financial Statements (continued)

Year Ended June 30, 2025

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

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 plan investment expenses and inflation) are developed for each major asset class.

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

Asset Class	Target Allocation	Long-term expected geometric real rate of return
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.

Corona de Tucson Fire District

Notes to Financial Statements (continued)

Year Ended June 30, 2025

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

Changes in the net pension liability -

	<u>Total pension liability</u> <u>(a)</u>	<u>Plan fiduciary net position</u> <u>(b)</u>	<u>Net pension liability</u> <u>(a) - (b)</u>
Balances at June 30, 2024	<u>\$ 8,174,984</u>	<u>\$ 5,984,330</u>	<u>\$ 2,190,654</u>
Changes for the year:			
Service cost	358,569	-	358,569
Interest on the total pension liability	609,454	-	609,454
Differences between expected and actual experience in the measurement of the pension liability	(570,662)	-	(570,662)
Contributions - employer	-	359,882	(359,882)
Contributions - employee	-	103,649	(103,649)
Net investment income	-	631,052	(631,052)
Benefit payments, including refunds of employee contributions	(137,834)	(137,834)	-
Administrative expense	-	(4,447)	4,447
Net changes	<u>259,527</u>	<u>952,302</u>	<u>(692,775)</u>
Balances at June 30, 2025	<u>\$ 8,434,511</u>	<u>\$ 6,936,632</u>	<u>\$ 1,497,879</u>

Changes in the net OPEB liability (asset) -

	<u>Total OPEB liability</u> <u>(a)</u>	<u>Plan fiduciary net position</u> <u>(b)</u>	<u>Net OPEB liability (asset)</u> <u>(a) - (b)</u>
Balances at June 30, 2024	<u>\$ 135,007</u>	<u>\$ 183,636</u>	<u>\$ (48,629)</u>
Changes for the year:			
Service cost	6,813	-	6,813
Interest on the total OPEB liability	10,211	-	10,211
Differences between expected and actual experience in the measurement of the OPEB liability	(30,626)	-	(30,626)
Contributions - employer	-	6,223	(6,223)
Net investment income	-	18,790	(18,790)
Administrative expense	-	(118)	118
Net changes	<u>(13,602)</u>	<u>24,895</u>	<u>(38,497)</u>
Balances at June 30, 2025	<u>\$ 121,405</u>	<u>\$ 208,531</u>	<u>\$ (87,126)</u>

Corona de Tucson Fire District

Notes to Financial Statements (continued)

Year Ended June 30, 2025

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

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	\$ 3,025,546	\$ 1,497,879	\$ 286,908
District's net OPEB liability (asset)	\$ (69,016)	\$ (87,126)	\$ (102,151)

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

Expense - For the year ended June 30, 2025, the District recognized pension expense for PSPRS of \$398,184, and OPEB expense (benefit) of \$(2,682).

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	\$ 694,572	\$ 797,100	\$ 5,312	\$ 51,438
Changes in assumptions	211,391	-	4,798	1,859
Net difference between projected and actual earnings on plan investments	-	90,617	-	2,372
Contributions subsequent to the measurement date	401,944	-	5,946	-
	\$ 1,307,907	\$ 887,717	\$ 16,056	\$ 55,669

Corona de Tucson Fire District

Notes to Financial Statements (continued)

Year Ended June 30, 2025

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

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 <u>June 30,</u>	Pension	Health
2026	\$ (60,423)	\$ (8,248)
2027	87,158	(2,723)
2028	(49,879)	(6,669)
2029	(28,978)	(6,315)
2030	8,745	(5,139)
Thereafter	61,623	(16,465)
	\$ 18,246	\$ (45,559)

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Required Supplementary Information

Corona de Tucson Fire District

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

Year Ended June 30, 2025

	<u>Budgeted amounts</u>		<u>Actual</u>	<u>Variance with final budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxes	\$ 3,055,142	\$ 3,055,142	\$ 3,050,789	\$ (4,353)
Fire district assistance tax	400,000	400,000	402,378	2,378
State shared tax revenues	50,000	50,000	45,044	(4,956)
Operating grants and contributions	200,000	200,000	297,001	97,001
Charges for services	220,000	220,000	127,157	(92,843)
Other	<u>7,500</u>	<u>7,500</u>	<u>32,414</u>	<u>24,914</u>
Total revenues	<u>3,932,642</u>	<u>3,932,642</u>	<u>3,954,783</u>	<u>22,141</u>
Expenditures:				
Public safety:				
Emergency operations	2,988,979	2,988,979	2,416,086	(572,893)
Administration	520,332	520,332	430,911	(89,421)
Capital outlay	-	-	228,270	228,270
Debt service	207,598	207,598	207,308	(290)
Reserve funding	<u>215,733</u>	<u>215,733</u>	<u>-</u>	<u>(215,733)</u>
Total expenditures	<u>3,932,642</u>	<u>3,932,642</u>	<u>3,282,575</u>	<u>(650,067)</u>
Other financing sources:				
Net change in fund balance	-	-	672,208	672,208
Fund balance, beginning of year	<u>638,899</u>	<u>638,899</u>	<u>638,899</u>	<u>-</u>
Fund balance, end of year	<u>\$ 638,899</u>	<u>\$ 638,899</u>	<u>\$ 1,311,107</u>	<u>\$ 672,208</u>

Corona de Tucson Fire District

Schedule of Changes in Net Pension Liability 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	\$ 358,569	\$ 348,788	\$ 318,929	\$ 283,517	\$ 274,606	\$ 276,058	\$ 258,700	\$ 267,525	\$ 199,760	\$ 193,979
Interest	609,454	519,736	475,365	413,104	361,807	328,428	300,214	288,216	246,421	217,247
Benefit changes	-	-	-	-	-	-	-	47,003	304,684	-
Difference between expected and actual experience	(570,662)	506,512	(121,773)	232,401	166,722	(67,986)	(163,134)	(319,749)	16,586	224,341
Assumption changes	-	-	130,476	-	-	92,401	-	93,111	169,240	-
Benefit payments, including refunds of employee contributions	(137,834)	(139,651)	(112,642)	(110,433)	(108,267)	(110,557)	(211,863)	(103,387)	(430,241)	(103,387)
Net change in total pension liability	259,527	1,235,385	690,355	818,589	694,868	518,344	183,917	272,719	506,450	532,180
Total pension liability, beginning	8,174,984	6,939,599	6,249,244	5,430,655	4,735,787	4,217,443	4,033,526	3,760,807	3,254,357	2,722,177
Total pension liability, ending (a)	\$ 8,434,511	\$ 8,174,984	\$ 6,939,599	\$ 6,249,244	\$ 5,430,655	\$ 4,735,787	\$ 4,217,443	\$ 4,033,526	\$ 3,760,807	\$ 3,254,357
Plan fiduciary net position										
Contributions - employer	\$ 359,882	\$ 394,545	\$ 344,246	\$ 326,566	\$ 296,826	\$ 291,231	\$ 330,547	\$ 213,082	\$ 187,621	\$ 154,022
Contributions - employee	103,649	129,795	121,598	121,294	109,803	107,031	97,500	116,727	126,500	110,882
Pension plan net investment income	631,052	415,227	(208,089)	1,074,426	44,480	164,145	182,990	266,448	12,400	77,150
Benefit payments, including refunds of employee contributions	(137,834)	(139,651)	(112,642)	(110,433)	(108,267)	(110,557)	(211,863)	(103,387)	(430,241)	(103,387)
Hall/Parker settlement	-	-	-	-	-	-	(155,402)	-	-	-
Administrative expense	(4,447)	(3,696)	(3,750)	(4,993)	(3,627)	(3,852)	(3,485)	(2,758)	(2,184)	(2,267)
Tier 1 & 2 adjustments	-	(7,687)	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	10,017	27	13	(1,511)
Net change in fiduciary net position	952,302	788,533	141,363	1,406,860	339,215	447,998	250,304	490,139	(105,891)	234,889
Plan fiduciary net position, beginning	5,984,330	5,195,797	5,054,434	3,647,574	3,351,216	2,903,952	2,653,648	2,163,509	2,269,400	2,034,511
Adjustment to beginning of year	-	-	-	-	(42,857)	(734)	-	-	-	-
Plan fiduciary net position, ending (b)	\$ 6,936,632	\$ 5,984,330	\$ 5,195,797	\$ 5,054,434	\$ 3,647,574	\$ 3,351,216	\$ 2,903,952	\$ 2,653,648	\$ 2,163,509	\$ 2,269,400
Net pension liability (asset), ending (a) - (b)	\$ 1,497,879	\$ 2,190,654	\$ 1,743,802	\$ 1,194,810	\$ 1,783,081	\$ 1,384,571	\$ 1,313,491	\$ 1,379,878	\$ 1,597,298	\$ 984,957
Plan fiduciary net position as a percentage of total pension liability	82.24 %	73.20 %	74.87 %	80.88 %	67.17 %	70.76 %	68.86 %	65.79 %	57.53 %	69.73 %
Covered valuation payroll	\$ 1,409,513	\$ 1,522,773	\$ 1,484,481	\$ 1,360,750	\$ 1,343,692	\$ 1,319,873	\$ 1,209,214	\$ 1,118,417	\$ 989,891	\$ 927,109
Net pension liability as a percentage of covered valuation payroll	106.27 %	143.86 %	117.47 %	87.81 %	132.70 %	104.90 %	108.62 %	123.38 %	161.36 %	106.24 %

See accompanying notes to required supplementary information

Corona de Tucson 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	\$ 6,813	\$ 7,211	\$ 6,551	\$ 6,254	\$ 5,978	\$ 4,358	\$ 4,587	\$ 4,362	\$ -	\$ -
Interest on total OPEB liability	10,211	10,004	8,317	7,272	6,279	6,817	6,076	5,644	-	-
Benefit changes	-	-	-	-	-	-	-	217	-	-
Difference between expected and actual experience	(30,626)	(13,939)	3,830	497	2,229	(21,342)	(2,709)	2,800	-	-
Assumption changes	-	-	5,651	-	-	1,270	-	(6,283)	-	-
Benefit payments	-	-	-	-	-	-	-	-	-	-
Net change in total OPEB liability	(13,602)	3,276	24,349	14,023	14,486	(8,897)	7,954	6,740	-	-
Total OPEB liability, beginning	135,007	131,731	107,382	93,359	78,873	87,770	79,816	73,076	-	-
Total OPEB liability, ending (a)	\$ 121,405	\$ 135,007	\$ 131,731	\$ 107,382	\$ 93,359	\$ 78,873	\$ 87,770	\$ 79,816	\$ -	\$ -
Plan fiduciary net position										
Contributions - employer	\$ 6,223	\$ 1,830	\$ 1,418	\$ 2,113	\$ 2,000	\$ 2,012	\$ 1,205	\$ 3,304	\$ -	\$ -
Contributions - employee	-	-	-	-	-	-	-	-	-	-
Net investment income	18,790	12,991	(6,938)	37,555	1,674	6,681	7,940	11,738	-	-
Benefit payments	-	-	-	-	-	-	-	-	-	-
Administrative expenses	(118)	(123)	(124)	(154)	(136)	(115)	(121)	(104)	-	-
Other	-	-	-	-	-	-	-	-	-	-
Net change in fiduciary net position	24,895	14,698	(5,644)	39,514	3,538	8,578	9,024	14,938	-	-
Plan fiduciary net position, beginning	183,636	168,938	174,582	135,068	131,530	122,218	113,194	98,256	-	-
Adjustment to beginning of year	-	-	-	-	-	734	-	-	-	-
Plan fiduciary net position, ending (b)	\$ 208,531	\$ 183,636	\$ 168,938	\$ 174,582	\$ 135,068	\$ 131,530	\$ 122,218	\$ 113,194	\$ -	\$ -
Net OPEB liability (asset), ending (a) - (b)	\$ (87,126)	\$ (48,629)	\$ (37,207)	\$ (67,200)	\$ (41,709)	\$ (52,657)	\$ (34,448)	\$ (33,378)	\$ -	\$ -
Plan fiduciary net position as a percentage of total OPEB liability	171.76 %	136.02 %	128.24 %	162.58 %	144.68 %	166.76 %	139.25 %	141.82 %	- %	- %
Covered valuation payroll	\$ 1,409,513	\$ 1,522,773	\$ 1,484,481	\$ 1,360,750	\$ 1,343,692	\$ 1,319,873	\$ 1,209,214	\$ 1,118,417	\$ -	\$ -
Net OPEB liability as a percentage of covered valuation payroll	(6.18)%	(3.19)%	(2.51)%	(4.94)%	(3.10)%	(3.99)%	(2.85)%	(2.98)%	- %	- %

Corona de Tucson Fire District

Schedule of Pension/OPEB Contributions

Year Ended June 30, 2025

PSPRS - pension

Reporting fiscal year	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contribution	\$ 401,944	\$ 350,546	\$ 390,165	\$ 337,342	\$ 307,121	\$ 295,208	\$ 304,764	\$ 313,912	\$ 213,082	\$ 187,621
Contributions in relation to the actuarially determined contribution	<u>401,944</u>	<u>350,546</u>	<u>390,165</u>	<u>337,342</u>	<u>307,121</u>	<u>295,208</u>	<u>304,764</u>	<u>113,887</u>	<u>213,082</u>	<u>187,621</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 200,025</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 1,382,676	\$ 1,409,513	\$ 1,522,773	\$ 1,484,481	\$ 1,360,750	\$ 1,343,692	\$ 1,319,873	\$ 1,209,214	\$ 1,118,417	\$ 989,891
Contributions as a percentage of covered payroll	29.07 %	24.87 %	25.62 %	22.72 %	22.57 %	21.97 %	23.09 %	9.42 %	19.05 %	18.95 %

PSPRS - 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	\$ 5,946	\$ 6,484	\$ 1,859	\$ 1,478	\$ 2,006	\$ 2,063	\$ 2,152	\$ 727	\$ -	\$ -
Contributions in relation to the actuarially determined contribution	<u>5,946</u>	<u>6,484</u>	<u>1,859</u>	<u>1,478</u>	<u>2,006</u>	<u>2,063</u>	<u>2,152</u>	<u>727</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 1,382,676	\$ 1,409,513	\$ 1,522,773	\$ 1,484,481	\$ 1,360,750	\$ 1,343,692	\$ 1,319,873	\$ 1,209,214	\$ -	\$ -
Contributions as a percentage of covered payroll	0.43 %	0.46 %	0.12 %	0.10 %	0.15 %	0.15 %	0.16 %	0.06 %	- %	- %

See accompanying notes to required supplementary information

Corona de Tucson Fire District

Notes to Required Supplementary Information

Year Ended June 30, 2025

1. 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
Amortization method	Level percent-of-pay, closed
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 8.0% to 7.85%.
Salary increase	In the 2017 actuarial valuation, projected salary increases were decreased from 4.0% - 8.0% to 3.5% - 7.5%. In the 2014 actuarial valuation, projected salary increases were decreased from 4.5% - 8.5% to 4.0% - 8.0%. In the 2013 actuarial valuation, projected salary increases were decreased from 5.0% - 9.0% to 4.5% - 8.5%.
Wage growth	In the 2022 actuarial valuation, wage growth was changed from 3.55 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 4.0%. In the 2013 actuarial valuation, wage growth was decreased from 5.0% to 4.5%.

Corona de Tucson Fire District

Notes to Required Supplementary Information (continued)

Year Ended June 30, 2025

1. Actuarially determined contribution rates (continued):

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.