

PRELIMINARY OFFICIAL STATEMENT DATED FEBRUARY 25, 2026

NEW ISSUE – BOOK-ENTRY-ONLY

RATING: See “RATING” herein.

INSURANCE: See “BOND INSURANCE AND RELATED RISK FACTORS” herein.

In the opinion of Greenberg Traurig, LLP, Bond Counsel, assuming the accuracy of certain representations and certifications and the continuing compliance with certain tax covenants, under existing statutes, regulations, rulings and court decisions, interest on the Bonds will be excludable from gross income for federal income tax purposes. Further, interest on the Bonds will not be an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals but in the case of the alternative minimum tax imposed by Section 55(b)(2) of the Internal Revenue Code of 1986, as amended (the “Code”), on applicable corporations (as defined in Section 59(k) of the Code), interest on the Bonds is not excluded from the determination of adjusted financial statement income. See “TAX EXEMPTION” herein for a description of certain other federal tax consequences of ownership of the Bonds. Bond Counsel is further of the opinion that interest on the Bonds will be exempt from income taxation under the laws of the State of Arizona.

\$10,000,000*

**VERDE VALLEY FIRE DISTRICT
OF YAVAPAI COUNTY, ARIZONA
GENERAL OBLIGATION BONDS, PROJECT OF 2025, SERIES A (2026)**

Dated: Date of Initial Authentication and Delivery

Due: July 1, as shown on the inside front cover page

The General Obligation Bonds, Project of 2025, Series A (2026) (the “Bonds”) of Verde Valley Fire District of Yavapai County, Arizona (the “District”), will be issued in the form of fully-registered bonds, registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). Bonds may be purchased in amounts of \$5,000 of principal due on a specific maturity date or integral multiples thereof. The Bonds will mature on the dates and in the principal amounts and will bear interest from their dated date to their maturity or prior redemption as set forth on the inside front cover page. Interest on the Bonds will accrue from the date of initial authentication and delivery and will be payable semiannually on January 1 and July 1 of each year commencing on January 1, 2027*, until maturity or prior redemption. Proceeds of the Bonds are expected to be used to (i) update radio communication systems, (ii) finance fire station construction and renovation costs, (iii) acquire firefighting apparatus, vehicles and equipment, and (iv) pay costs incurred in connection with the issuance of the Bonds. See “THE BONDS – Authorization and Purpose.”

SEE MATURITY SCHEDULE ON INSIDE FRONT COVER PAGE

Certain of the Bonds will be subject to redemption prior to their stated maturity dates as described under “THE BONDS – Redemption Provisions” herein.*

The District will initially utilize DTC’s “book-entry-only system,” although the District and DTC each reserve the right to discontinue the book-entry-only system at any time. Utilization of the book-entry-only system will affect the method and timing of payment of principal of and interest on the Bonds and the method of transfer of the Bonds. So long as the book-entry-only system is in effect, a single fully-registered Bond, for each maturity of the Bonds will be registered in the name of Cede & Co., as nominee of DTC, on the registration books maintained by U.S. Bank Trust Company, National Association, the initial bond registrar and paying agent for the Bonds. DTC will be responsible for distributing the principal and interest payments to its direct and indirect participants who will, in turn, be responsible for distribution to the Beneficial Owners (as defined in APPENDIX G – “BOOK-ENTRY-ONLY SYSTEM” herein) of the Bonds. So long as the book-entry-only system is in effect and Cede & Co. is the registered owner of the Bonds, all references herein (except under the heading “TAX EXEMPTION”) to owners of the Bonds will refer to Cede & Co. and not the Beneficial Owners. See APPENDIX G – “BOOK-ENTRY-ONLY SYSTEM” herein.

Principal of and interest on the Bonds will be payable from a continuing, direct, annual, *ad valorem* tax levied against all taxable property located within the boundaries of the District as more fully described herein. The Bonds will be payable from such tax without limit as to rate or amount. See “SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS” herein.

The Bonds will be offered when, as and if issued by the District and received by the underwriter identified below (the “Underwriter”), subject to the legal opinion of Greenberg Traurig, LLP, Phoenix, Arizona, Bond Counsel, as to validity and tax exemption. In addition, certain legal matters will be passed upon for the Underwriter by its counsel, Barnes & Thornburg LLP, Phoenix, Arizona. It is expected that the Bonds will be available for delivery through the facilities of DTC on or about March 26, 2026*.

This cover page contains certain information with respect to the Bonds for convenience of reference only. It is not a summary of the series of which the Bonds are a part. Investors must read this entire Official Statement to obtain information essential to the making of an informed investment decision with respect to the Bonds.

* Subject to change.

\$10,000,000*
VERDE VALLEY FIRE DISTRICT
OF YAVAPAI COUNTY, ARIZONA
GENERAL OBLIGATION BONDS, PROJECT OF 2025, SERIES A (2026)

MATURITY SCHEDULE*

Maturity Date (July 1)	Principal Amount	Interest Rate	Yield	CUSIP® ⁽¹⁾ No.
2027	\$ 260,000	%	%	
2028	515,000			
2029	130,000			
2030	225,000			
2031	290,000			
2032	440,000			
2033	460,000			
2034	485,000			
2035	505,000			
2036	530,000			
2037	560,000			
2038	585,000			
2039	615,000			
2040	645,000			
2041	680,000			
2042	715,000			
2043	750,000			
2044	785,000			
2045	825,000			

\$ _____ % Term Bond due _____ 1, 20__ – Yield _____ CUSIP ® ⁽¹⁾ _____

* Subject to change.

⁽¹⁾ CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (“CGS”) is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. Copyright© 2026 CGS. All rights reserved. CUSIP® data herein is provided by CGS. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. None of the District, Bond Counsel, the Underwriter or their agents or counsel assume responsibility for the accuracy of such numbers.

REGARDING THIS OFFICIAL STATEMENT

No dealer, broker, salesperson or other person has been authorized by Verde Valley Fire District of Yavapai County, Arizona (the “District”) or Stifel, Nicolaus & Company, Incorporated (the “Underwriter”) to give any information or to make any representations other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor will there be any sale of the District’s General Obligation Bonds, Project of 2025, Series A (2026) (the “Bonds”) by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The information set forth in this Official Statement, which includes the cover page, inside front cover page and appendices hereto, has been obtained from the District, the Arizona Department of Revenue, the Assessor and the Treasurer of Yavapai County, Arizona, and other sources that are considered to be accurate and reliable and customarily relied upon in the preparation of similar official statements, but such information has not been independently confirmed or verified by the District or the Underwriter, is not guaranteed as to accuracy or completeness, and is not to be construed as the promise or guarantee of the District or the Underwriter.

The Underwriter has provided the following sentence for inclusion in this Official Statement: “The Underwriter has reviewed the information in this Official Statement pursuant to its responsibilities to investors under the federal securities laws, but the Underwriter does not guarantee the accuracy or completeness of such information.”

None of the District, the Underwriter, counsel to the Underwriter or Bond Counsel (as defined herein) are actuaries. None of them have performed any actuarial or other analysis of the District’s share of the unfunded liabilities of the Arizona State Retirement System and the Arizona Public Safety Personnel Retirement System.

The presentation of information, including tables of receipts from taxes and other sources, shows recent historical information and is not intended to indicate future or continuing trends in the financial position or other affairs of the District. All information, estimates and assumptions contained herein are based on past experience and on the latest information available and are believed to be reliable, but no representations are made that such information, estimates and assumptions are correct, will continue, will be realized or will be repeated in the future. To the extent that any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated to be such, they are made as such and not as representations of fact or certainty, and no representation is made that any of these statements have been or will be realized. All forecasts, projections, opinions, assumptions or estimates are “forward looking statements” that must be read with an abundance of caution and that may not be realized or may not occur in the future. Information other than that obtained from official records of the District has been identified by source and has not been independently confirmed or verified by the District or the Underwriter and its accuracy cannot be guaranteed. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made pursuant hereto will, under any circumstances, create any implication that there has been no change in the affairs of the District or any of the other parties or matters described herein since the date hereof.

The Bonds will not be registered under the Securities Act of 1933, as amended, or any state securities law, and will not be listed on any stock or other securities exchange. Neither the Securities and Exchange Commission nor any other federal, state or other governmental entity or agency will have passed upon the accuracy or adequacy of this Official Statement or approved the Bonds for sale.

A wide variety of information, including financial information, concerning the District is available from publications and websites of the District and others. Any such information that is inconsistent with the information set forth in this Official Statement should be disregarded. References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader’s convenience. Unless specified otherwise, such publications and websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for purposes of Rule 15c2-12 of the Securities and Exchange Commission.

The District will undertake to provide continuing disclosure as described in this Official Statement under the heading “CONTINUING DISCLOSURE” and in APPENDIX F – “FORM OF CONTINUING DISCLOSURE UNDERTAKING” all pursuant to Rule 15c2-12 of the Securities and Exchange Commission.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY ALLOW CONCESSIONS OR DISCOUNTS FROM THE INITIAL PUBLIC OFFERING PRICES TO DEALERS AND OTHERS.

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OFFICIAL STATEMENT

\$10,000,000*

VERDE VALLEY FIRE DISTRICT OF YAVAPAI COUNTY, ARIZONA GENERAL OBLIGATION BONDS, PROJECT OF 2025, SERIES A (2026)

INTRODUCTORY STATEMENT

This Official Statement, which includes the cover page, the inside front cover page and appendices hereto, has been prepared on behalf of Verde Valley Fire District of Yavapai County, Arizona (the “District”), in connection with the issuance of \$10,000,000* aggregate principal amount of bonds designated General Obligation Bonds, Project of 2025, Series A (2026) (the “Bonds”). Certain information concerning the authorization, purpose, terms, conditions of sale and sources of payment of and security for the Bonds is stated in this Official Statement. See APPENDIX A – “THE DISTRICT – DISTRICT INFORMATION” and APPENDIX B – “THE DISTRICT – FINANCIAL DATA” for certain information about the District.

Reference to provisions of State of Arizona (the “State” or “Arizona”) law, whether codified in the Arizona Revised Statutes, or uncodified, or of the State Constitution, are references to the current provisions. These provisions may be amended, repealed or supplemented.

Neither this Official Statement nor any statement that may have been made orally or in writing in connection herewith is to be considered as or as part of a contract with the original purchasers or subsequent owners or beneficial owners of the Bonds.

THE BONDS

Authorization and Purpose

The Bonds will be issued, executed and delivered pursuant to the Arizona Constitution and the laws of the State, including particularly Title 48, Chapter 5, Article 1, Arizona Revised Statutes, a vote of the qualified electors of the District at an election held on November 4, 2025 (the “Election”), and a resolution adopted by the district board of the District (the “District Board”) on February 24, 2026 (the “Bond Resolution”).

The Bonds represent the first installment of an aggregate voted principal amount of \$15,500,000 of general obligation bonds approved at the Election. Proceeds from the sale of the Bonds are expected to be used to (i) update radio communication systems, (ii) finance fire station construction and renovation costs, (iii) acquire firefighting apparatus, vehicles and equipment, and (iv) pay costs incurred in connection with the issuance of the Bonds. After the issuance of the Bonds, the District will have \$5,500,000* remaining authorized but unissued voter authorization for general obligation bonds from the Election. Additional bonds payable from the same source as the Bonds may be issued in the future pursuant to authority remaining from the Election and authority approved at subsequent elections in and for the District.

Terms of the Bonds – Generally

The Bonds will be dated the date of delivery and will be registered only in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”), under the book-entry-only system described herein

* *Subject to change. See footnote (b) to TABLE 13 for a description of the treatment of certain proceeds of the Bonds for State voter authorization and debt limit purposes.*

(the “Book-Entry-Only System”). See APPENDIX G – “BOOK-ENTRY-ONLY SYSTEM.” The Bonds will mature on the dates and in the principal amounts and will bear interest from their date at the rates set forth on the inside front cover page of this Official Statement. Beneficial ownership interests in the Bonds may be purchased in amounts of \$5,000 of principal due on a specific maturity date or integral multiples thereof. Interest on the Bonds will be payable semiannually on each January 1 and July 1, commencing January 1, 2027* (each an “Interest Payment Date”) until maturity or prior redemption. The District has chosen the fifteenth day of the month preceding each Interest Payment Date as the “Record Date” for the Bonds.

See “TAX EXEMPTION” herein for a discussion of the treatment of interest income on the Bonds for federal and State income tax purposes.

Bond Registrar and Paying Agent

U.S. Bank Trust Company, National Association will serve as the initial bond registrar, paying agent and transfer agent (the “Bond Registrar and Paying Agent”) for the Bonds. The District may change the Bond Registrar and Paying Agent without notice to or consent of the owners of the Bonds.

Redemption Provisions*

Optional Redemption. The Bonds maturing before or on July 1, 20__ will not be subject to redemption prior to their stated maturity dates. The Bonds maturing on or after July 1, 20__ will be subject to redemption prior to their stated maturity dates, at the option of the District, in whole or in part from maturities selected by the District on July 1, 20__, or on any date thereafter, by the payment of a redemption price equal to the principal amount of each Bond called for redemption, plus interest accrued to the date fixed for redemption but without premium.

Mandatory Redemption. The Bonds maturing on July 1, 20__ (the “Term Bonds”) will be subject to mandatory redemption and will be redeemed in the years and in the amounts set forth below, at a redemption price equal to the principal amount thereof, without premium, plus interest accrued to the date fixed for redemption as follows:

Term Bond due July 1, 20__	
<u>Redemption Dates</u>	<u>Principal Amount</u>

See APPENDIX G for DTC’s method of selection when less than all of the Bonds of a maturity are called prior to redemption. If the Book-Entry-Only System is discontinued, the Bond Registrar and Paying Agent shall proceed to select for redemption (by lot in such manner as the Bond Registrar and Paying Agent may determine) from the Term Bonds, a principal amount of the Term Bonds equal to the aggregate principal amount of the Term Bonds redeemable with the required mandatory payment, and shall call such Term Bonds for redemption on the next [July] 1 and give notice of such redemption.

Whenever Bonds subject to mandatory redemption are purchased, redeemed (other than pursuant to mandatory redemption) or delivered by the District to the Bond Registrar and Paying Agent for cancellation, the principal amount of the Bonds so retired shall satisfy and be credited against the mandatory redemption requirements for such Bonds for such years as the District may direct.

* *Subject to change.*

Notice of Redemption. So long as the Bonds are held under the Book-Entry-Only System, notices of redemption will be sent to DTC in the manner required by DTC. See APPENDIX G – “BOOK-ENTRY-ONLY SYSTEM.” If the Book-Entry-Only System is discontinued, notice of redemption of any Bond will be mailed to the registered owner of the Bond or Bonds being redeemed at the address shown on the bond register maintained by the Bond Registrar and Paying Agent not more than sixty (60) nor less than thirty (30) days prior to the date set for redemption. Notice of redemption may be sent to any securities depository by mail, facsimile transmission, wire transmission or any other means of transmission of the notice generally accepted by the respective securities depository. Neither the failure of any registered owner of Bonds to receive a notice of redemption nor any defect therein will affect the validity of the proceedings for redemption of Bonds as to which proper notice of redemption was given.

Notice of any redemption will also be provided as set forth in APPENDIX F – “FORM OF CONTINUING DISCLOSURE UNDERTAKING,” but no defect in said further notice or record nor any failure to give all or a portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as prescribed above.

If monies for the payment of the redemption price and accrued interest are not held in separate accounts by the District, the Yavapai County, Arizona Treasurer (the “Treasurer of the County”) or the Bond Registrar and Paying Agent prior to sending the notice of redemption, such redemption shall be conditional on such monies being so held on the date set for redemption and if not so held by such date, the redemption shall be cancelled and be of no force and effect.

Effect of Redemption. On the date designated for redemption, the Bonds or portions thereof to be redeemed will become and be due and payable at the redemption price for such Bonds or portions thereof, and, if monies for payment of the redemption price are held in a separate account by the Bond Registrar and Paying Agent, interest on such Bonds or portions thereof to be redeemed will cease to accrue, such Bonds or portions thereof will cease to be entitled to any benefit or security under the Bond Resolution, the owners of such Bonds or portions thereof will have no rights in respect thereof except to receive payment of the redemption price thereof and such Bonds or portions thereof will be deemed paid and no longer outstanding. DTC’s practice is to determine by lot the amount of each Direct Participant’s (as defined in APPENDIX G – “BOOK-ENTRY-ONLY SYSTEM”) proportionate share that is to be redeemed.

Redemption of Less than All of a Bond. The District may redeem any amount which is included in a Bond that is subject to prior redemption in a denomination equal to or in excess of, but divisible by, \$5,000. In the event of a partial redemption, the Bond will be redeemed in accordance with DTC’s procedures. In the event of a partial redemption if the Book-Entry-Only System is discontinued, the registered owner will submit the Bond for partial redemption and the Bond Registrar and Paying Agent will make such partial payment and will cause to be issued a new Bond in a principal amount which reflects the redemption so made, to be authenticated and delivered to the registered owner thereof.

Registration and Transfer When Book-Entry-Only System Has Been Discontinued

If the Book-Entry-Only System is discontinued, the Bonds will be transferred only upon the bond register maintained by the Bond Registrar and Paying Agent and one or more new Bonds, registered in the name of the transferee, of the same principal amount, maturity and rate of interest as the surrendered Bond or Bonds will be authenticated, upon surrender to the Bond Registrar and Paying Agent of the Bond or Bonds to be transferred, together with an appropriate instrument of transfer executed by the transferor if the Bond Registrar and Paying Agent’s requirements for transfer are met. The Bond Registrar and Paying Agent may, but is not required to, transfer or exchange any Bonds during the period from the Record Date to and including the respective Interest Payment Date.

The transferor will be responsible for all transfer fees, taxes, fees and any other costs relating to the transfer of ownership of individual Bonds.

SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS

General

For the purpose of paying the principal of and interest on the Bonds and costs of administration of the Bonds, the District will be required by law to cause to be levied on all the taxable property in the District a continuing, direct, annual, *ad valorem* property tax sufficient to pay all principal, interest, and costs of administration for the Bonds as the same become due. The Bonds will be payable from such tax without limit as to rate or amount. The taxes will be levied, assessed and collected at the same time and in the same manner as other similar taxes are levied, assessed and collected. For information concerning the *ad valorem* property tax levy and collection procedures, see APPENDIX B – “THE DISTRICT – FINANCIAL DATA – PROPERTY TAXES.”

Defeasance

Pursuant to the Bond Resolution, payment of all or any part of the Bonds may be provided for by the irrevocable deposit, in trust, of monies or obligations issued or guaranteed by the United States of America (“Defeasance Obligations”) or both, which, with the maturing principal of and interest on such Defeasance Obligations, if any, will be sufficient, as evidenced by a certificate or report of an accountant in case of a deposit in trust of Defeasance Obligations, to pay when due the principal or redemption price of and interest on such Bonds. Any Bonds so provided for will no longer be outstanding under the Bond Resolution or payable from *ad valorem* taxes on taxable property in the District, and the owners of such Bonds shall thereafter be entitled to payment only from the monies and Defeasance Obligations deposited in trust.

Investment of Debt Service Funds

The amounts collected from the tax levy described above are required by law to be kept in a special fund of the District (the “Debt Service Fund”) held by the Treasurer of the County to be used only for the payment of principal, interest, and costs of administration of the Bonds as above-stated. The District instructs the Treasurer of the County to invest the monies credited to the Debt Service Fund. The District does not monitor the manner in which the Treasurer of the County invests monies in the Debt Service Fund.

ALTHOUGH THE PROCEEDS OF THE SALE OF THE BONDS WILL BE DEPOSITED IN THE CAPITAL FUND OF THE DISTRICT (THE “CAPITAL FUND”) AND INVESTED SIMILARLY TO THE AMOUNTS HELD IN THE DEBT SERVICE FUND, THE PROCEEDS OF THE SALE OF THE BONDS WILL NOT BE PLEDGED TO, NOR DO THEY SECURE, PAYMENT OF THE BONDS. THE BONDS WILL NOT BE SECURED BY PHYSICAL ASSETS OF THE DISTRICT (INCLUDING THOSE FINANCED WITH THE PROCEEDS OF THE SALE OF THE BONDS) OR AMOUNTS ON DEPOSIT IN THE CAPITAL FUND.

SOURCES AND USES OF FUNDS

Sources of Funds

Principal Amount	\$10,000,000.00*
[Net] Original Issue Premium (a)	_____
Total Sources of Funds	=====

Uses of Funds

Deposit to the Capital Fund	
Payment of Costs of Issuance (b)	_____
Total Uses of Funds	=====

* *Subject to change.*

- (a) *Net original issue premium consists of original issue premium on the Bonds, less original issue discount on the Bonds.*
- (b) *Will include bond insurance premium, if any, and compensation and costs of the Underwriter (as defined herein) with respect to the Bonds.*

ESTIMATED DEBT SERVICE REQUIREMENTS

The following table illustrates the estimated annual debt service on the Bonds.

TABLE 1

**Schedule of Estimated Annual Debt Service Requirements (a)
Verde Valley Fire District**

Fiscal Year	The Bonds*		Total Estimated Annual Debt Service Requirements*
	Principal	Interest (b)	
2026/27	\$ 260,000	\$ 666,667(c)	\$ 926,667
2027/28	515,000	487,000	1,002,000
2028/29	130,000	461,250	591,250
2029/30	225,000	454,750	679,750
2030/31	290,000	443,500	733,500
2031/32	440,000	429,000	869,000
2032/33	460,000	407,000	867,000
2033/34	485,000	384,000	869,000
2034/35	505,000	359,750	864,750
2035/36	530,000	334,500	864,500
2036/37	560,000	308,000	868,000
2037/38	585,000	280,000	865,000
2038/39	615,000	250,750	865,750
2039/40	645,000	220,000	865,000
2040/41	680,000	187,750	867,750
2041/42	715,000	153,750	868,750
2042/43	750,000	118,000	868,000
2043/44	785,000	80,500	865,500
2044/25	825,000	41,250	866,250
	<u>\$ 10,000,000</u>		

(a) Prepared by Stifel, Nicolaus & Company, Incorporated (the "Underwriter").

(b) Interest on the Bonds is estimated.

(c) The first interest payment on the Bonds will be due on January 1, 2027*. Thereafter, interest payments will be made semiannually on each July 1 and January 1 until maturity or prior redemption.

* Subject to change.

LITIGATION

No litigation or administrative action or proceeding is pending to restrain or enjoin, or seeking to restrain or enjoin, the issuance and delivery of the Bonds, the levy and collection of taxes to pay the debt service on the Bonds, to contest or question the proceedings and authority under which the Bonds have been authorized and are to be issued, sold, executed or delivered, or the validity of the Bonds. Representatives of the District will deliver a certificate to the same effect at the time of the initial delivery of the Bonds.

RATING

S&P Global Ratings, a division of Standard & Poor's Financial Services LLC ("S&P") has assigned the rating of "A+" to the Bonds. Such rating reflects only the view of S&P. An explanation of the significance of a rating assigned by S&P may be obtained at One California Street, 31st Floor, San Francisco, California 94111. Such rating may be revised or withdrawn entirely at any time by S&P if, in its judgment, circumstances so warrant. Any downward revision or withdrawal of such rating may have an adverse effect on the market price or marketability of the Bonds. The District will covenant in its continuing disclosure undertaking with respect to the Bonds that it will file notice of any formal change in any rating relating to the Bonds. See "CONTINUING DISCLOSURE" and APPENDIX F – "FORM OF CONTINUING DISCLOSURE UNDERTAKING" herein.

BOND INSURANCE AND RELATED RISK FACTORS

The District intends to apply, or has applied, to bond insurance companies (each a "Bond Insurer") for a municipal bond insurance policy (the "Policy") for the Bonds to guarantee the scheduled payments of principal of and interest on the Bonds. A commitment to provide the Policy has not been issued, and representatives of the District have yet to determine whether, if such commitment is issued, the Policy will be purchased. If the Policy is purchased, the following are risk factors relating to bond insurance generally.

If the District ultimately determines to obtain the Policy for the Bonds, in the event of default of the payment of principal or interest with respect to any of the Bonds when all or some become due, any owner of the Bonds on which such principal or interest was not paid will have a claim under the Policy for such payments. In the event the Bond Insurer is unable to make payment of principal and interest as such payments become due under the Policy, the Bonds will remain payable solely from *ad valorem* property taxes as described under "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS." In the event the Bond Insurer becomes obligated to make payments with respect to the Bonds, no assurance will be given that such event will not adversely affect the market price of the Bonds and the marketability (liquidity) of the Bonds.

The long-term ratings on the Bonds will be dependent in part on the financial strength of the Bond Insurer and its claims paying ability. The Bond Insurer's financial strength and claims paying ability will be predicated upon a number of factors which could change over time. No assurance will be given that the long-term rating of the Bond Insurer and of the rating on the Bonds insured by the Bond Insurer will not be subject to downgrade, and such event could adversely affect the market price of the Bonds and the marketability (liquidity) of the Bonds.

The obligations of the Bond Insurer will be general obligations of the Bond Insurer, and in an event of default by the Bond Insurer, the remedies available may be limited by applicable bankruptcy law, state receivership or other similar laws related to insolvency of insurance companies.

None of the District, the Underwriter, or their respective attorneys, agents or consultants have made independent investigation into the claims paying ability of the Bond Insurer and no assurance or representation regarding the financial strength or projected financial strength of the Bond Insurer will be given. Thus, when making an investment decision, potential investors should carefully consider the ability of the District to pay principal of and interest on the Bonds and the claims paying ability of the Bond Insurer, particularly over the life of the investment.

LEGAL MATTERS

The Bonds are to be sold with the understanding that the District will furnish the Underwriter with the approving opinion of Greenberg Traurig, LLP, Phoenix, Arizona, Bond Counsel (“Bond Counsel”) addressing legal matters relating to the validity of the Bonds under Arizona law, and with regard to the tax-exempt status of the interest income thereon (see “TAX EXEMPTION”). The signed legal opinion of Bond Counsel is dated and premised on the law in effect only as of the date of original delivery of the Bonds and will be delivered to the District at the time of original issuance. The fees of Bond Counsel and counsel to the Underwriter are expected to be paid from the proceeds of the sale of the Bonds and are contingent upon delivery of the Bonds.

The proposed text of the legal opinion is set forth as APPENDIX E – “FORM OF APPROVING LEGAL OPINION.” The legal opinion to be delivered may vary from the text of APPENDIX E – “FORM OF APPROVING LEGAL OPINION” if necessary to reflect the facts and law on the date of delivery. The opinion will speak only as of its date, and subsequent distribution, by recirculation of this Official Statement or otherwise, should not be construed as a representation that Bond Counsel has reviewed or expressed any opinion concerning any matters relating to the Bonds subsequent to the original delivery of the Bonds.

Bond Counsel has reviewed the information in the tax caption on the cover page as well as the information under the headings “THE BONDS,” “SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS,” “TAX EXEMPTION,” “RELATIONSHIP AMONG PARTIES” (but only as it applies to Bond Counsel) and “CONTINUING DISCLOSURE” (except as it relates to the District’s compliance with prior continuing disclosure undertakings, if any) and in APPENDICES E – “FORM OF APPROVING LEGAL OPINION” and F – “FORM OF CONTINUING DISCLOSURE UNDERTAKING” but otherwise has not participated in the preparation of this Official Statement and will not pass upon its accuracy, completeness or sufficiency. Bond Counsel has neither examined nor attempted to examine nor verify any of the financial or statistical statements or data contained in this Official Statement and will express no opinion with respect thereto.

Certain legal matters will be passed upon for the Underwriter by Barnes & Thornburg LLP, Phoenix, Arizona, counsel to the Underwriter.

From time to time, there are legislative proposals (and interpretations of such proposals by courts of law and other entities and individuals) which, if enacted, could alter or amend the property tax system of the State and numerous matters, both financial and non-financial, impacting the operations of fire districts which could have a material impact on the District and could adversely affect the secondary market value and marketability (liquidity) of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to obligations (such as the Bonds) issued prior to enactment.

The various legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to the transaction. The rendering of an opinion also does not guarantee the outcome of any legal dispute that may arise out of the transaction.

TAX EXEMPTION

In General

The Internal Revenue Code of 1986, as amended (the “Code”), includes requirements which the District must continue to meet after the issuance of the Bonds in order that the interest on the Bonds be and remain excludable from gross income for federal income tax purposes. The District’s failure to meet these requirements may cause the interest on the Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds. The District has covenanted in the Bond Resolution to take the actions required by the Code in order to maintain the exclusion from gross income for federal income tax purposes of interest on the Bonds.

In the opinion of Bond Counsel, assuming the accuracy of certain representations and certifications of the District and continuing compliance by the District with the tax covenants referred to above, under existing statutes, regulations, rulings and court decisions, the interest on the Bonds will be excludable from gross income of the owners thereof for federal income tax purposes. Interest on the Bonds will not be an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals, but in the case of the alternative minimum tax imposed by Section 55(b)(2) of the Code on applicable corporations (as defined in Section 59(k) of the Code), interest on the Bonds is not excluded from the determination of adjusted financial statement income. Bond Counsel is further of the opinion that the interest on the Bonds will be exempt from income taxation under the laws of the State. Bond Counsel will express no opinion as to any other tax consequences regarding the Bonds. Prospective purchasers of the Bonds should consult with their own tax advisors as to the status of interest on the Bonds under the tax laws of any state other than the State.

The above opinion on federal tax matters with respect to the Bonds will be based on and will assume the accuracy of certain representations and certifications of the District, and compliance with certain covenants of the District to be contained in the transcript of proceedings and that are intended to evidence and assure the foregoing, including that the Bonds will be and will remain obligations the interest on which is excludable from gross income for federal income tax purposes. Bond Counsel will not independently verify the accuracy of those certifications and representations. Bond Counsel will express no opinion as to any other consequences regarding the Bonds.

Except as described above, Bond Counsel will express no opinion regarding the federal income tax consequences resulting from the receipt or accrual of the interest on the Bonds, or the ownership or disposition of the Bonds. Prospective purchasers of the Bonds should be aware that the ownership of the Bonds may result in other collateral federal tax consequences, including (i) the denial of a deduction for interest on indebtedness incurred or continued to purchase or carry the Bonds, (ii) the reduction of the loss reserve deduction for property and casualty insurance companies by the applicable statutory percentage of certain items, including the interest on the Bonds, (iii) the inclusion of the interest on the Bonds in the earnings of certain foreign corporations doing business in the United States for purposes of a branch profits tax, (iv) the inclusion of the interest on the Bonds in the passive income subject to federal income taxation of certain Subchapter S corporations with Subchapter C earnings and profits at the close of the taxable year, (v) the inclusion of interest on the Bonds in the determination of the taxability of certain Social Security and Railroad Retirement benefits to certain recipients of such benefits, (vi) net gain realized upon the sale or other disposition of property such as the Bonds generally must be taken into account when computing the Medicare tax with respect to net investment income or undistributed net investment income, as applicable, imposed on certain high income individuals and specified trusts and estates, and (vii) receipt of certain investment income, including interest on the Bonds, is considered when determining qualification limits for obtaining the earned income credit provided by Section 32(a) of the Code. The nature and extent of the other tax consequences described above will depend on the particular tax status and situation of each owner of the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors as to the impact of these other tax consequences.

Bond Counsel's opinions are based on existing law, which is subject to change. Such opinions are further based on factual representations made to Bond Counsel as of the date thereof. Bond Counsel assumes no duty to update or supplement its opinions to reflect any facts or circumstances that may thereafter come to Bond Counsel's attention, or to reflect any changes in law that may thereafter occur or become effective. Moreover, Bond Counsel's opinions are not a guarantee of a particular result, and are not binding on the Internal Revenue Service or the courts; rather, such opinions represent Bond Counsel's professional judgment based on its review of existing law, and in reliance on the representations and covenants that it deems relevant to such opinion.

Original Issue Discount and Original Issue Premium

Certain of the Bonds ("Discount Bonds") may be offered and sold to the public at an original issue discount ("OID"). OID is the excess of the stated redemption price at maturity (the principal amount) over the "issue price" of a Discount Bond determined under Code Section 1273 or 1274 (i.e., for obligations issued for money in a public offering, the initial offering price to the public (other than to bond houses and brokers) at which a substantial amount of the obligation of the same maturity is sold pursuant to that offering). For federal income tax purposes, OID accrues to the owner of a Discount Bond over the period to maturity based on the constant yield method, compounded semiannually (or over a shorter permitted compounding interval selected by the owner). The portion of OID that accrues during the period of ownership of a Discount Bond (i) is interest excludable from the owner's gross income for federal income tax purposes to the same extent, and subject to the same considerations discussed above, as other

interest on the Bonds, and (ii) is added to the owner's tax basis for purposes of determining gain or loss on the maturity, redemption, prior sale or other disposition of that Discount Bond.

Certain of the Bonds ("Premium Bonds") may be offered and sold to the public at a price in excess of their stated redemption price (the principal amount) at maturity (or earlier for certain Premium Bonds callable prior to maturity). That excess constitutes bond premium. For federal income tax purposes, bond premium is amortized over the period to maturity of a Premium Bond, based on the yield to maturity of that Premium Bond (or, in the case of a Premium Bond callable prior to its stated maturity, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on that Premium Bond), compounded semiannually (or over a shorter permitted compounding interval selected by the owner). No portion of that bond premium is deductible by the owner of a Premium Bond. For purposes of determining the owner's gain or loss on the sale, redemption (including redemption at maturity) or other disposition of a Premium Bond, the owner's tax basis in the Premium Bond is reduced by the amount of bond premium that accrues during the period of ownership. As a result, an owner may realize taxable gain for federal income tax purposes from the sale or other disposition of a Premium Bond for an amount equal to or less than the amount paid by the owner for that Premium Bond.

Owners of Discount Bonds and Premium Bonds should consult their own tax advisors as to the determination for federal income tax purposes of the amount of OID or bond premium properly accruable or amortizable in any period with respect to the Discount Bonds or Premium Bonds and as to other federal tax consequences, and the treatment of OID and bond premium for purposes of state and local taxes on, or based on, income.

Changes in Federal and State Tax Law

From time to time, there are legislative proposals suggested, debated, introduced or pending in Congress or in the State legislature that, if enacted into law, could alter or amend one or more of the federal tax matters, or State tax matters, respectively, described above including, without limitation, the excludability from gross income of interest on the Bonds, adversely affect the market price or marketability of the Bonds, or otherwise prevent the holders from realizing the full current benefit of the status of the interest thereon. It cannot be predicted whether or in what form any such proposal may be enacted, or whether, if enacted, any such proposal would affect the Bonds. Prospective purchasers of the Bonds should consult their tax advisors as to the impact of any proposed or pending legislation.

Information Reporting and Backup Withholding

Interest paid on tax-exempt bonds such as the Bonds is subject to information reporting to the Internal Revenue Service in a manner similar to interest paid on taxable obligations. This reporting requirement does not affect the excludability of interest on the Bonds from gross income for federal income tax purposes. However, in conjunction with that information reporting requirement, the Code subjects certain non-corporate owners of the Bonds, under certain circumstances, to "backup withholding" at the rates set forth in the Code, with respect to payments on the Bonds and proceeds from the sale of the Bonds. Any amount so withheld would be refunded or allowed as a credit against the federal income tax of such owner of the Bonds. This withholding generally applies if the owner of the Bonds (i) fails to furnish the payor such owner's social security number or other taxpayer identification number ("TIN"), (ii) furnished the payor an incorrect TIN, (iii) fails to properly report interest, dividends, or other "reportable payments" as defined in the Code, or (iv) under certain circumstances, fails to provide the payor or such owner's securities broker with a certified statement, signed under penalty of perjury, that the TIN provided is correct and that such owner is not subject to backup withholding. Prospective purchasers of the Bonds may also wish to consult with their tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding.

UNDERWRITING

The Bonds will be purchased by the Underwriter at an aggregate purchase price of \$ _____, pursuant to a bond purchase agreement (the “Purchase Contract”) entered into by and between the District and the Underwriter. If the Bonds are sold to produce the yields shown on the inside front cover page hereof, the Underwriter’s compensation will be \$ _____. The Purchase Contract provides that the Underwriter will purchase all of the Bonds so offered if any are purchased. The Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing the Bonds into unit investment trusts) and others at yields lower than the public offering yields stated on the inside front cover page hereof. The initial offering yields set forth on the inside front cover page may be changed, from time to time, by the Underwriter without amendment of this Official Statement.

The Underwriter and its affiliates comprise a full service financial institution engaged in activities which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. The Underwriter and its affiliates may have provided, and may in the future provide, a variety of these services to the District and to persons and entities with relationships with the District, for which they received or will receive customary fees and expenses.

In the ordinary course of these business activities, the Underwriter and its affiliates may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the District (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the District.

The Underwriter and its affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire such assets, securities and instruments. Such investment and securities activities may involve securities and instruments of the District.

RELATIONSHIP AMONG PARTIES

Bond Counsel has previously represented, and is currently representing, the Underwriter with respect to other financings and has acted or is acting as bond counsel with respect to other bonds underwritten by the Underwriter and may do so in the future. Bond Counsel and counsel to the Underwriter also serve and have served as bond counsel for one or more of the political subdivisions that the District territorially overlaps. Counsel to the Underwriter has previously acted or is acting as bond counsel with respect to other bonds underwritten by the Underwriter and may continue to do so in the future if requested.

CONTINUING DISCLOSURE

The District will covenant for the benefit of the owners of the Bonds to provide certain financial information and operating data relating to the District by not later than February 1 in each year commencing February 1, 2027 (the “Annual Reports”), and to provide notices of the occurrence of certain enumerated events (the “Notices of Listed Events”). The Annual Reports, the Notices of Listed Events and any other document or information required to be filed by the District as such will be filed with the Municipal Securities Rulemaking Board (the “MSRB”) through the MSRB’s Electronic Municipal Market Access system (“EMMA”), each as described in APPENDIX F – “FORM OF CONTINUING DISCLOSURE UNDERTAKING.” The specific nature of the information to be contained in the Annual Reports and the Notices of Listed Events is also set forth in APPENDIX F – “FORM OF CONTINUING DISCLOSURE UNDERTAKING.” These covenants will be made in order to assist the Underwriter in complying with the Securities and Exchange Commission’s Rule 15c2-12(b)(5) (the “Rule”). A failure by the District to comply with these covenants must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price. *Pursuant to Arizona Law, the ability of the District to comply with such covenants will be subject to annual appropriation of funds sufficient to provide for the costs of compliance with such covenants.* Should the District not

comply with such covenants due to a failure to appropriate for such purpose, the District has covenanted to provide notice of such fact to the MSRB through EMMA. Absence of continuing disclosure, due to non-appropriation or otherwise, could adversely affect the Bonds, specifically their market price and transferability.

The District has implemented procedures to facilitate compliance with its continuing disclosure undertakings in all material respects.

GENERAL PURPOSE FINANCIAL STATEMENTS

The annual comprehensive financial report of the District for the fiscal year ended June 30, 2025, a copy of which is included in APPENDIX C – “THE DISTRICT – AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2025” of this Official Statement, includes the District’s financial statements for the fiscal year ended June 30, 2025 that were audited by Walker & Armstrong, LLP, to the extent indicated in its report thereon. Such audited financial statements are the most recent available for the District, are not current and therefore must be considered with an abundance of caution. **The District has not requested or received the consent of Walker & Armstrong, LLP to include its report and Walker & Armstrong, LLP has performed no procedures subsequent to rendering its report on the financial statements.**

THE FINANCIAL STATEMENTS INCLUDED IN APPENDIX C OF THIS OFFICIAL STATEMENT ARE CURRENT AS OF THEIR DATE ONLY AND MAY NOT REPRESENT THE CURRENT FINANCIAL CONDITION OF THE DISTRICT.

CONCLUDING STATEMENT

To the extent that any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated to be such, they are made as such and not as representations of fact or certainty, and no representation is made that any of these statements have been or will be realized. All forecasts, projections, opinions, assumptions or estimates are “forward looking statements” that must be read with an abundance of caution and that may not be realized or may not occur in the future. All financial and other information in this Official Statement has been derived by the District from official records and other sources and is believed by the District to be accurate and reliable. Information other than that obtained from official records of the District has been identified by source and has not been independently confirmed or verified by the District and its accuracy is not guaranteed. The presentation of information, including tables of receipts from taxes and other sources, is intended to show recent historic information and is not intended to indicate future or continuing trends in the financial position or other affairs of the District. No representation is made that past experience, as is shown by that financial and other information, will necessarily continue or be repeated in the future.

The District Board has authorized the execution and use of this Official Statement.

VERDE VALLEY FIRE DISTRICT
OF YAVAPAI COUNTY, ARIZONA

By: _____
Chairman of the District Board

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**THE DISTRICT –
DISTRICT INFORMATION**

General Information

The District was formed in 2002 with the merger of Verde Rural Fire District and Cornville-Page Springs Fire District. This merger was approved by a vote of the residents in the area. Prior to the merger, Verde Rural Fire District was originally formed on December 21, 1964 and served the Verde Village and Bridgeport areas as well as portions of Camp Verde and Cottonwood. Cornville-Page Springs Fire District was originally formed on October 5, 1970 and served the Cornville and Page Springs areas including Verde Santa Fe.

On July 1, 2016, Verde Valley Fire District consolidated Clarkdale Fire District into the District’s boundaries. The boundaries of Clarkdale Fire District included the incorporated area of the Town of Clarkdale, including the Clarkdale Community of the Yavapai-Apache Nation, plus an additional 0.82 square miles of unincorporated area within Yavapai County adjacent to the Town of Clarkdale’s boundaries. The consolidation of Clarkdale Fire District provided for the ability to maintain needed staffing levels and emergency medical care as well as reducing redundancies between the two districts.

The District encompasses an area of approximately 104 square miles and serves an estimated population of 28,064.

The District provides fire and emergency medical services by career firefighters and state certified paramedics. The District has a full complement of fire, medical and rescue equipment. The District also provides fire inspection and public education programs.

The District responds to approximately 3,500 requests for emergency and non-emergency service annually. The District currently includes 3 manned fire stations and 2 unmanned fire stations.

Administration and Governance

The District has 48 full-time employees, of which 25 are state certified paramedics, 13 are emergency responders and 5 are administrative.

The District operates under the supervision of the District Board, comprised of five-members. The members of the District Board are elected at large from within the District’s boundaries for four year terms. The present members of the District Board are:

TABLE 2

**DISTRICT BOARD
Verde Valley Fire District**

Coleen Gilboy, *Chairman*
Donald Peck, *Board Clerk*
Robert Brummett, *Member*
Ken Bishop, *Member*
Nicholas Brunori, *Member*

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**THE DISTRICT –
FINANCIAL DATA**

PROPERTY TAXES

As described under the heading “SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS,” the District will be required by law to cause to be levied on all the taxable property in the District a continuing, direct, annual, *ad valorem* property tax sufficient to pay all principal, interest, and costs of administration for the Bonds as the same become due. The State’s *ad valorem* property tax levy and collection procedures are summarized under this heading “PROPERTY TAXES.”

Taxable Property

Real property and improvements and personal property are either valued by the Assessor of the County or the Arizona Department of Revenue (the “Department of Revenue”). Property valued by the Assessor of the County is referred to as “locally assessed” property and generally encompasses residential, agricultural and traditional commercial and industrial property. Property valued by the Department of Revenue is referred to as “centrally valued” property and generally includes large mine and utility entities.

Locally assessed property is assigned two values: Full Cash Value and Limited Property Value (both as defined herein). Centrally valued property is assigned one value: Full Cash Value.

Full Cash Value

In the context of a specific property parcel, full cash value (“Full Cash Value”) is statutorily defined to mean “the value determined as prescribed by statute” or if a statutory method is not prescribed it is “synonymous with market value, which means the estimate of value that is derived annually by using standard appraisal methods and techniques,” which generally include the market approach, the cost approach and the income approach. In valuing locally assessed property, the Assessor of the County generally uses a cost approach to value commercial/industrial property and a market approach to value residential property. In valuing centrally valued property, the Department of Revenue begins generally with information provided by taxpayers and then applies procedures provided by State law. State law allows taxpayers to appeal such Full Cash Values by providing evidence of a lower value, which may be based upon another valuation approach. Full Cash Value is used as the ceiling for determining Limited Property Value. Unlike Limited Property Value, increases in Full Cash Value are not limited.

Limited Property Value

In the context of a specific property parcel, limited property value (“Limited Property Value”) is a property value determined pursuant to the Arizona Constitution and the Arizona Revised Statutes. Except as described in the next sentence, for locally assessed property in existence in the prior year, Limited Property Value is limited to the lesser of Full Cash Value or an amount 5% greater than Limited Property Value determined for the prior year for such specific property parcel. In the following circumstances, Limited Property Value is established at a level or percentage of Full Cash Value that is comparable to that of other properties of the same or a similar use or classification: property that was erroneously totally or partially omitted from the property tax rolls in the preceding tax year, except as a result of the matters described in this sentence; property for which a change in use has occurred since the preceding tax year and property that has been modified by construction, destruction, or demolition since the preceding valuation year such that the total value of the modification is equal to or greater than fifteen percent of the Full Cash Value. (Limited Property Value of property that has been split, subdivided or consolidated varies depending on when the change occurred.) A separate Limited Property Value is not provided for centrally valued property.

Full Cash Value and Limited Property Value for Taxing Jurisdictions

The Full Cash Value in the context of a taxing jurisdiction is the sum of the Full Cash Value associated with each parcel of property in the jurisdiction. Full Cash Value of the jurisdiction is the basis for determining constitutional and statutory debt limits for certain political subdivisions in Arizona, but not for fire districts.

The Limited Property Value in the context of a taxing jurisdiction is the sum of the Limited Property Value associated with each parcel of locally assessed property within the jurisdiction plus the sum of the Full Cash Value associated with each parcel of centrally valued property within the jurisdiction. Limited Property Value of the jurisdiction is used as the basis for levying both primary and secondary taxes and as the basis for determining debt limits for fire districts, including the District. See “Primary Taxes” and “Secondary Taxes” below.

Property Classification and Assessment Ratios

All property, both real and personal, is assigned a classification (defined by property use) and related assessment ratio that is multiplied by the Limited Property Value or Full Cash Value of the property, as applicable, to obtain the “Limited Assessed Property Value” and the “Full Cash Assessed Value,” respectively.

The assessment ratios for each property classification are set forth by tax year in the following table.

TABLE 3

Property Tax Assessment Ratios (Tax Year)

Property Classification (a)	2021	2022	2023	2024	2025
Mining, utilities, commercial and industrial (b)	18%	17.5%	17%	16.5%	16%
Agricultural and vacant land	15	15	15	15	15
Owner occupied residential	10	10	10	10	10
Leased or rented residential	10	10	10	10	10
Railroad, private car company and airline flight property (c)	15	15	14	14	13

(a) Additional classes of property exist, but seldom amount to a significant portion of a municipal body’s total valuation.

(b) The assessment ratio for this property classification has decreased to 15.5% for tax year 2026 and will decrease to 15% for tax year 2027 and for each tax year thereafter.

(c) This percentage is determined annually pursuant to Section 42-15005, Arizona Revised Statutes.

Source: State and County Abstract of the Assessment Roll, Arizona Department of Revenue.

Primary Taxes

Per State statute, taxes levied for the maintenance and operation of counties, cities, towns, school districts, community college districts and the State are “primary taxes.” Primary taxes are levied against Net Limited Assessed Property Value (as defined herein). “Net Limited Assessed Property Value” is determined by excluding the value of property exempt from taxation from Limited Assessed Property Value of locally assessed property and from Full Cash Assessed Value of centrally valued property and combining the resulting two amounts. Fire districts do not levy primary taxes.

The primary taxes levied by each county, city, town and community college district are constitutionally limited to a maximum increase of 2% over the maximum allowable prior year’s levy limit plus any taxes on property not subject to taxation in the preceding year (e.g., new construction and property brought into the jurisdiction because of annexation). The 2% limitation does not apply to primary taxes levied on behalf of school districts.

The combined taxes on owner occupied residential property only, for purposes other than voter-approved bond indebtedness and overrides and certain special district assessments, are constitutionally limited to 1% of the Limited Property Value of such property. This constitutional limitation on the combined tax levies for owner occupied residential property is implemented by reducing the school district's taxes. To offset the effects of reduced school district property taxes, the State compensates the school district by providing additional State aid.

Secondary Taxes

Per State statute, taxes levied for payment of bonds, voter-approved budget overrides, the maintenance and operation of special purpose districts such as sanitary, fire, road improvement, water conservation and career technical education districts, and taxes levied by school districts for qualified desegregation expenditures are "secondary taxes." Like primary taxes, secondary taxes are also levied against Net Limited Assessed Property Value. There is no constitutional or statutory limitation on annual levies for voter-approved bond indebtedness and overrides and certain special district assessments. Specific to fire districts, the law permits an annual operation and maintenance secondary tax levy that is limited to the lesser of the amount of the levy in the preceding tax year multiplied by 1.08 or a tax rate of \$3.75 per \$100 of Net Limited Assessed Property Value as of the date hereof and for each tax year thereafter. It should be noted that the assessment ratio of class one property, shown as "Mining, utilities, commercial and industrial" in TABLE 3 has decreased to 15.5% in tax year 2026 and will decrease to 15% for tax year 2027 and for each tax year thereafter. The District does not anticipate that the combined effect of the changes to tax rates and assessment ratios described above will be material. Additionally, State law permits an unlimited secondary tax for payment of voter approved bonds such as the Bonds. Fire districts also have a mechanism for imposition of a limited tax rate for voter approved operation and maintenance overrides.

Calculating Debt Limitations

Net Limited Assessed Property Value is determined by excluding the value of property exempt from taxation from Limited Assessed Property Value of both locally assessed and centrally valued property and combining the resulting two amounts. This is the basis for determining bonded debt limitations for certain political subdivisions in Arizona, including the District.

Tax Procedures

The State tax year has been defined as the calendar year, notwithstanding the fact that tax procedures begin prior to January 1 of the tax year and continue through May of the succeeding calendar year.

On or before the third Monday in August each year the Board of Supervisors of the County prepares the tax roll setting forth certain valuations by taxing district of all property in the County subject to taxation. The tax roll is then forwarded to the Treasurer of the County. (The Assessor of the County is required to have completed the assessment roll by December 15th of the year prior to the levy. This roll identifies the valuation and classification of each parcel located within the County for the tax year.)

Property owners may file an appeal with the Assessor of the County to request a review of the Assessor of the County's determination of the Full Cash Value and legal classification of their property. Once the appeals process is complete, the Assessor of the County, if necessary, corrects the tax roll based upon the appeal decisions and sends the corrected values to each taxing jurisdiction (cities, school districts, including the District, community colleges and special districts such as fire and health).

On occasion, it may be determined that a taxpayer or class of taxpayers is due a property tax refund associated with a successful appeal. These refunds may be for a single year or several years and may range widely in amount. Generally, these refunds are paid by the Treasurer of the appropriate County with amounts received from the underlying taxing jurisdictions which, in most cases, may levy an additional property tax in the following year to account for that underlying taxing jurisdiction's portion of the taxpayer refund. Importantly, in most cases, taxpayer refunds of this type are not the ultimate burden of the underlying taxing jurisdiction, as the underlying taxing jurisdictions levied a tax in an amount which was based on the approved (i.e., pre-appeal) property tax levy. Refunds do not change the amount of revenue the underlying taxing jurisdictions are eligible to receive for the affected fiscal years, but such

refunds do change the distribution of the burden of the property taxes among the taxpayers. This is reconciled by the underlying taxing jurisdictions levying for the refunded amounts in a subsequent year.

With the various budgetary procedures having been completed by the governmental entities, the appropriate tax rate for each jurisdiction is then levied upon each non-exempt parcel of property in order to determine the total tax owed by each property owner. Any subsequent decrease in the value of the tax roll due to appeals or other reasons reduces the amount of taxes received by each jurisdiction.

The property tax lien on real property attaches on January 1 of the year the tax is levied. Such lien is prior and superior to all other liens and encumbrances on the property subject to such tax except liens or encumbrances held by the State or liens for taxes accruing in any other years and liens imposed by the United States. Set forth below is a record of property taxes levied and collected in the District for a portion of the current fiscal year and all of the previous five fiscal years.

TABLE 4

**Property Taxes Levied and Collected (a)
Verde Valley Fire District**

Fiscal Year	District Tax Rate	District Tax Levy	Collected to June 30th of Initial Fiscal Year		Cumulative Collections to January 20, 2026	
			Amount	% of Levy	Amount	% of Levy
2025/26	\$3.3100	\$ 7,682,760	(b)	(b)	\$ 4,972,591	64.72%
2024/25	3.3100	7,226,250	\$ 7,062,265	97.73%	7,182,048	99.39
2023/24	3.2100	6,568,538	6,460,112	98.35	6,561,537	99.89
2022/23	3.2100	6,193,061	6,046,673	97.64	6,180,830	99.80
2021/22	3.2100	5,868,889	5,731,387	97.66	5,860,668	99.86
2020/21	3.2100	5,604,712	5,469,561	97.59	5,596,713	99.86

(a) Taxes are collected by the Treasurer of the County. Taxes in support of debt service are levied by the Board of Supervisors of the County as required by Arizona Revised Statutes. Interest and penalty collections for delinquent taxes are not included in the collection figures above, but are deposited in the County's General Fund.

(b) 2025/26 taxes in course of collection:
First installment due 10-01-25; delinquent 11-01-25;
Second installment due 03-01-26; delinquent 05-01-26.

Source: Office of the Treasurer of the County.

Delinquent Tax Procedures

The property taxes due the District are billed, along with State and other taxes, each September and are due and payable in two installments on October 1 and March 1 and become delinquent on November 1 and May 1, respectively. Delinquent taxes are subject to an interest penalty of 16% per annum prorated monthly as of the first day of each subsequent month. (Delinquent interest is waived if a taxpayer, delinquent as to the November 1 payment, pays the entire year's tax bill by December 31.) After the close of the tax collection period, the Treasurer prepares a delinquent property tax list and the property so listed is subject to a tax lien sale in February of the succeeding year. In the event that there is no purchaser for the tax lien at the sale, the tax lien is assigned to the State, and the property is reoffered for sale from time to time until such time as it is sold, subject to redemption, for an amount sufficient to cover all delinquent taxes.

After three years from the sale of the tax lien, the tax lien certificate holder may bring an action in a court of competent jurisdiction to foreclose the right of redemption and, if the delinquent taxes plus accrued interest are not paid by the

owner of record or any entity having a right to redeem, a judgment is entered ordering the Treasurer to deliver a treasurer's deed to the certificate holder as prescribed by law.

Chapter 176, Laws of Arizona 2024 (commonly referred to by its original bill number as "SB 1431") revises the redemption and foreclosure process for tax lien certificate holders whereby a delinquent taxpayer may request an entry of judgment directing the sale of the property for excess proceeds. If a delinquent taxpayer requests an excess proceeds sale, and an entry of judgment is granted to direct such excess proceeds sale, a tax lien certificate holder's potential financial return on the subject tax lien eligible for foreclosure may decrease relative to the tax lien certificate holder's potential financial return on such tax lien prior to the enactment of SB 1431. Therefore, in connection with the new excess proceeds sale process instituted by SB 1431, it is reasonable to conclude that "tax sale investors" may be less willing to purchase tax liens. The effective date of SB 1431 was September 14, 2024. None of the District, the Underwriter or the counsel or agents of either of them, are able to determine or predict what impact, if any, SB 1431 will have on property tax collections in the District.

In the event of bankruptcy of a taxpayer pursuant to the United States Bankruptcy Code (the "Bankruptcy Code"), the law is currently unsettled as to whether a lien can attach against the taxpayer's property for property taxes levied during the pendency of bankruptcy. Such taxes might constitute an unsecured and possibly non-interest bearing administrative expense payable only to the extent that the secured creditors of a taxpayer are oversecured, and then possibly only on the prorated basis with other allowed administrative claims. It cannot be determined, therefore, what adverse impact bankruptcy might have on the ability to collect *ad valorem* taxes on property of a taxpayer within the District. Proceeds to pay such taxes come only from the taxpayer or from a sale of the tax lien on delinquent property.

When an owner of land or property within the District (a "debtor") files or is forced into bankruptcy, any act to obtain possession of the debtor's estate, any act to create or perfect any lien against the property of the debtor or any act to collect, assess or recover a claim against the debtor that arose before the commencement of the bankruptcy is stayed pursuant to the Bankruptcy Code. While the automatic stay of a bankruptcy court may not prevent the sale of tax liens against the real property of a bankrupt taxpayer, the judicial or administrative foreclosure of a tax lien against the real property of a debtor would be subject to the stay of bankruptcy court. It is reasonable to conclude that "tax sale investors" may be reluctant to purchase tax liens under such circumstances, and, therefore, the timeliness of the payment of post-bankruptcy petition tax collections becomes uncertain.

It cannot be determined what impact any deterioration of the financial conditions of any taxpayer, whether or not protection under the Bankruptcy Code is sought, may have on payment of or the secondary market for the Bonds. None of the District, the Underwriter or their respective agents or consultants has undertaken any independent investigation of the operations and financial condition of any taxpayer, nor have they assumed responsibility for the same.

In the event the County is expressly enjoined or prohibited by law from collecting taxes due from any taxpayer, such as may result from the bankruptcy of a taxpayer, any resulting deficiency could be collected in subsequent tax years by adjusting the District's tax rate charged to non-bankrupt taxpayers during such subsequent tax years.

ASSESSED VALUATIONS AND TAX RATES

TABLE 5

**Direct and Overlapping Net Limited Assessed Property Values and Tax Rates
Per \$100 Net Limited Assessed Property Valuation**

Overlapping Jurisdiction	2025/26 Net Limited Assessed Property Value	2025/26 Combined Tax Rates Per \$100 Net Limited Assessed Property Value
State of Arizona	\$ 92,371,826,506	None
Yavapai County	4,026,883,941	\$1.6443
Yavapai County Community College District	4,026,883,941	1.4463
Yavapai County Fire District Assistance Tax	4,026,883,941	0.0767
Yavapai County Library District	4,026,883,941	0.1346
Yavapai County Flood Control District (a)	3,654,309,150	0.1599
Town of Camp Verde	105,784,666	None
Town of Clarkdale	54,203,268	1.3431
City of Cottonwood	130,499,588	None
Camp Verde Unified School District No. 28	114,321,821	3.6945
Clarkdale-Jerome Elementary School District No. 3	65,589,200	2.1890
Cottonwood-Oak Creek Elementary School District No. 6	335,201,790	2.5106
Mingus Union High School District No. 4	400,790,990	1.9907
Verde Valley Fire District	232,107,551	3.3100

(a) *The assessed value of the Yavapai County Flood Control District does not include the personal property assessed valuation of the County.*

Source: *State and County Abstract of the Assessment Roll, Arizona Department of Revenue, Property Tax Rates and Assessed Values, Arizona Tax Research Association and the Assessor of the County.*

TABLE 6**Net Limited Assessed Property Value by Property Classification
Verde Valley Fire District**

Class	2025/26	2024/25	2023/24	2022/23	2021/22
Commercial, industrial, utilities and mines	\$21,955,983	\$19,913,892	\$18,312,015	\$17,908,846	\$17,476,705
Agricultural and vacant	16,052,274	15,382,259	15,190,188	14,377,693	14,205,918
Residential (owner occupied)	150,591,046	142,764,754	135,065,492	127,524,191	119,936,833
Residential (rental)	42,949,236	39,709,581	35,537,062	32,619,488	30,715,489
Railroad	31,117	29,580	28,015	33,808	45,897
Historical property	522,634	510,623	489,813	461,686	446,258
Certain Government property improvements	5,261	5,011	4,771	4,545	4,328
Totals (a)	<u>\$232,107,551</u>	<u>\$218,315,700</u>	<u>\$204,627,356</u>	<u>\$192,930,257</u>	<u>\$182,831,428</u>

(a) Totals may not add up due to rounding.

Source: State and County Abstract of the Assessment Roll, Arizona Department of Revenue.

TABLE 7**Net Limited Assessed Property Value of Major Taxpayers
Verde Valley Fire District**

Major Taxpayer (a)	2025/26 Net Limited Assessed Property Value	As % of 2025/26 Net Limited Assessed Property Value
Arizona Public Service Co	\$ 8,909,727	3.84%
Unisource Energy Corp	1,811,393	0.78
Hopi Tribe Economic Development Corporation	966,727	0.42
Indian Creek Ranch LLC	738,506	0.32
Thousand Trails Inc	731,385	0.32
Clarkdale Minerals LLC	720,678	0.31
Joram Corporation	661,651	0.29
Qwest Corporation	585,165	0.25
Red River Cattle LLP	502,117	0.22
CCJB Holdings LLC	460,423	0.20
	<u>\$ 16,087,772</u>	<u>6.93%</u>

(a) Some of such taxpayers or their parent corporations are subject to the informational requirements of the Securities Exchange Act of 1934, as amended, and in accordance therewith file reports, proxy statements and other information with the Securities and Exchange Commission (the "Commission"). Such reports, proxy statements and other information (collectively, the "Filings") may be inspected, copied and obtained at prescribed rates at the Commission's public reference facilities at 100 F Street, N.E., Washington, D.C. 20549-2736. In addition, the Filings may also be inspected at the offices of the New York Stock Exchange at 20 Broad Street, New York, New York 10005. The Filings may also be obtained through the Internet on the Commission's EDGAR database at <http://www.sec.gov>. No representatives of the District, the Underwriter, Bond Counsel or counsel to the Underwriter have examined the information set forth in the Filings for accuracy or completeness, nor do they assume responsibility for the same.

Source: The Assessor of the County.

TABLE 8

**Comparative Net Limited Assessed Property Values
Verde Valley Fire District**

<u>Fiscal Year</u>	<u>Verde Valley Fire District</u>	<u>City of Cottonwood</u>	<u>Yavapai County</u>	<u>State of Arizona</u>
2025/26	\$ 232,107,551	\$ 130,499,588	\$ 4,026,883,941	\$ 92,371,826,506
2024/25	218,315,700	123,511,503	3,806,627,185	88,425,611,337
2023/24	204,627,356	118,096,516	3,556,683,080	83,026,530,244
2022/23	192,930,257	112,917,238	3,333,228,450	78,405,598,978
2021/22	182,831,428	107,044,059	3,143,221,199	74,200,233,397

Source: *Property Tax Rates and Assessed Values*, Arizona Tax Research Association.

TABLE 9

**Estimated Net Full Cash Value History
Verde Valley Fire District**

<u>Fiscal Year</u>	<u>Estimated Net Full Cash Value (a)</u>
2025/26	\$ 3,759,058,060
2024/25	3,739,616,095
2023/24	3,029,345,240
2022/23	2,442,957,057
2021/22	2,293,590,939

(a) *Estimated Net Full Cash Value is the total market value of the property within the District less the estimated Full Cash Value of property exempt from taxation within the District.*

Source: *State and County Abstract of the Assessment Roll*, Arizona Department of Revenue.

DIRECT AND OVERLAPPING BONDED INDEBTEDNESS

TABLE 10

**Current Year Statistics (For Fiscal Year 2025/26)
Verde Valley Fire District**

Total General Obligation Bonds Outstanding and to be Outstanding	\$ 10,000,000* (a)
Total Certificates of Participation Outstanding	7,875,000
Net Limited Assessed Property Value	232,107,551
Net Full Cash Assessed Value	404,414,423
Estimated Net Full Cash Value	3,759,058,060

The District's preliminary fiscal year 2026/27 Net Full Cash Assessed Value is estimated at \$419,181,355, an increase of approximately 3.7% from the fiscal year 2025/26 Net Full Cash Assessed Value. The District's preliminary fiscal year 2026/27 Net Limited Assessed Property Value is estimated at \$245,364,615, an increase of approximately 5.7% from the fiscal year 2025/26 Net Limited Assessed Property Value. The values are subject to adjustment until approved by the Board of Supervisors of the County before or on August 17, 2026.

* Subject to change.

(a) Includes the Bonds. See footnote (b) to TABLE 13 for a description of the treatment of certain proceeds of the Bonds for State voter authorization and debt limit purposes.

Source: *Property Tax Rates and Assessed Values*, Arizona Tax Research Association and *State and County Abstract of the Assessment Roll*, Arizona Department of Revenue.

TABLE 11

**Direct General Obligation Bonded Debt Outstanding and to be Outstanding
Verde Valley Fire District**

<u>Issue Series</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Final Maturity Date (July 1)</u>	<u>Balance Outstanding</u>	<u>Balance Outstanding and to be Outstanding*</u>
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No Outstanding General Obligation Debt

Total General Obligation Bonded Debt Outstanding	\$ -
Plus: The Bonds	10,000,000*
Total General Obligation Bonded Debt Outstanding and to be Outstanding	<u>\$ 10,000,000* (a)</u>

* Subject to change.

(a) Includes the Bonds.

TABLE 12

**Certificates of Participation Outstanding
Verde Valley Fire District**

Issue Series	Original Amount	Purpose	Final Maturity Date (June 1)	Balance Outstanding
2021 (Taxable)	\$ 9,495,000	Pension management	2037	\$ 7,875,000
Total Certificates of Participation Outstanding				<u>\$ 7,875,000</u>

**Statutory Debt Limit / Unused Borrowing Capacity after Bond Issuance
Verde Valley Fire District**

TABLE 13

2025/26 Debt Limitation (6% of Net Limited Assessed Property Value)	\$ 13,926,453
Less: General Obligation Bonds Outstanding and to be Outstanding (a)	(10,000,000)*
Less: [Net] Original Issue Premium on the Bonds (b)	()*
Unused Borrowing Capacity	<u>\$ 3,926,453 *</u>

* *Subject to change.*

(a) *Includes the Bonds.*

(b) *This amount represents premium on the Bonds, which has been or will be deposited into the Capital Fund for project cost use, and such amount reduces in equal amount the borrowing capacity of the District under State statutes and the principal amount of general obligation bonds authorized at the Election (as described under the heading "THE BONDS – Authorization and Purpose"). Such capacity (but not authorization) will be recaptured as premium is amortized.*

TABLE 14

**Direct and Overlapping General Obligation Bonded Debt
Verde Valley Fire District**

Overlapping Jurisdiction	General Obligation Bonded Debt (b)	Proportion Applicable to the District (a)	
		Approximate Percent	Net Debt Amount
State of Arizona	None	0.25%	None
Yavapai County	None	5.76	None
Yavapai County Community College District	None	5.76	None
Town of Camp Verde	None	1.05	None
Town of Clarkdale	None	99.87	None
Camp Verde Unified School District No. 28	None	0.05	None
Clarkdale-Jerome Elementary School District No. 3	None	63.48	None
Cottonwood-Oak Creek Elementary School District No. 6	\$ 7,825,000	56.81	\$ 4,445,106
Mingus Union High School District No. 4	2,780,000	57.90	1,609,586
Verde Valley Fire District (c)	10,000,000*	100.00	10,000,000*
Net Direct and Overlapping General Obligation Bonded Debt			<u>\$ 16,054,692*</u>

(a) *Proportion applicable to the District is computed on the ratio of Net Limited Assessed Property Value for 2025/26.*

(b) *Includes total stated principal amount of general obligation bonds outstanding. Does not include outstanding principal amount of certificates of participation, revenue obligations or loan obligations outstanding for the jurisdictions listed above. Does not include outstanding principal amounts of various County and city improvement districts, as the bonds of these districts are presently being paid from special assessments against property within the various improvement districts.*

Does not include presently authorized but unissued general obligation bonds of such jurisdictions which may be issued in the future as indicated in the following table. Additional bonds may also be authorized by voters within overlapping jurisdictions pursuant to future elections.

Overlapping Jurisdiction	General Obligation Bonds Authorized but Unissued
Verde Valley Fire District (d)	\$5,500,000*

(c) *Includes the Bonds.*

(d) *Reflects the reduction in authorization from the Election in connection with the issuance of the Bonds.*

Source: The various entities, *Property Tax Rates and Assessed Values*, Arizona Tax Research Association and Assessor of the County.

* *Subject to change.*

TABLE 15

**Direct and Overlapping General Obligation Bonded Debt Ratios
Verde Valley Fire District**

	Per Capita Bonded Debt Population Estimated @ 28,064	As % of District's 2025/26 Net Limited Assessed Property Value	As % of District's 2025/26 Estimated Net Full Cash Value
Net Direct General Obligation Bonded Debt (a)*	\$356.33	4.31%	0.27%
Net Direct and Overlapping General Obligation Debt (a)*	572.07	6.92	0.43

* *Subject to change.*

(a) *Includes the Bonds.*

Source: State and County Abstract of the Assessment Roll, Arizona Department of Revenue, Property Tax Rates and Assessed Values, Arizona Tax Research Association and the District.

**Other Obligations
Verde Valley Fire District**

The District currently has no other capital lease or installment payment obligations outstanding or unpaid.

DISTRICT EMPLOYEE RETIREMENT SYSTEM

Pension and Retirement Plans

The District contributes to the multiple-employer Public Safety Personnel Retirement System (“PSPRS”) and Arizona State Retirement System (“ASRS”). Benefits are established by State statute and, depending on the plan, provide retirement, death, long-term disability, survivor and health insurance premium benefits. Both the District and each covered employee contribute.

The Governmental Accounting Standards Board (“GASB”) adopted Statement Number 68, Accounting and Financial Reporting for Pensions, which requires that cost-sharing employers report their “proportionate share” of a plan’s net pension liability in their government-wide financial statements and that the cost-sharing employer’s pension expense component include its proportionate share of the system’s pension expense, the net effect of annual changes in the employer’s proportionate share and the annual differences between the employer’s actual contributions and its proportionate share. GASB’s Statement No. 67, Financial Reporting for Pensions, is designed to improve financial reporting by state and local governmental pension plans.

In APPENDIX C – “THE DISTRICT – AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2025” is information about the plan based on GASB’s Statements No.s 67 and 68. Please refer to APPENDIX C for more specific information about the plans. In the case of any difference between what is here versus what is in APPENDIX C, the latter supersedes the former.

The Arizona State Retirement System

ASRS is a multiple-employer defined benefit pension plan, a multiple-employer defined benefit health insurance premium benefit plan, and a multiple-employer defined benefit long-term disability plan for approximately 650,000 Arizona public employees including qualified employees of the State, municipal governments, counties and K-12 education agencies. As of June 30, 2025, the unfunded liability for ASRS was \$18.29 billion with a funding ratio of 75.6% and an assumed earning rate of 7.0%. As of June 30, 2025, the District reported a liability of \$470,444 for its proportionate share of the net pension liability under ASRS. Pursuant to State statute, the contribution rate for the employer (the District) and active members of ASRS are equal. For fiscal year 2024/25, the actuarially determined contribution rate for the District and active members of ASRS is 12.27% (12.12% for retirement and health insurance and 0.15% for long-term disability).

The table below shows recent actuarially determined contribution rates that the active ASRS members and the District are/were required to contribute, the plan’s funded status and the pension contributions under ASRS for the current and past four fiscal years.

Fiscal year ended	Retirement and Health Insurance Premiums	Long-term Disability	Total Contribution Rate	Funded Status	Pension Contributions
June 30, 2027	11.87%	0.11%	11.98%	unavailable	unavailable
June 30, 2026	11.86	0.14	12.00	unavailable	unavailable
June 30, 2025	12.12	0.15	12.27	75.6%	\$55,367
June 30, 2024	12.14	0.15	12.29	74.0	46,872
June 30, 2023	12.03	0.14	12.17	73.1	47,303

The Public Safety Personnel Retirement System

PSPRS is an agent multiple-employer defined benefit pension plan and an agent multiple employer defined benefit health insurance premium benefit plan that covers public safety personnel who are regularly assigned to hazardous duties for which the Arizona State Legislature establishes active plan members’ contribution rates and member benefits. This is not a “pooled” system – a separate account exists for the police and fire employees of each

participating political subdivision. In total, there are 258 individual plans in PSPRS. Each plan has its own financial condition, funding status, etc. which varies greatly across the system.

A 2016 amendment to the State constitution (“Prop 124”) created an exception to the prohibition in the Constitution against diminishing or impairing public retirement system benefits by allowing for certain adjustments to PSPRS and preserved the State’s legislature ability to modify public retirement benefits. Prop 124 allowed for, among other things, the replacement of permanent benefit increases then required by law with COLA (defined below) provisions tied to the regional consumer price indexes.

PSPRS active membership is comprised of three separate “tiers” based on date of hire which are shown in the following table.

<u>“Tier 1” Members</u>	<u>“Tier 2” Members</u>	<u>“Tier 3” Members</u>
Hired into PSPRS position before January 1, 2012	Hired into PSPRS position on or after January 1, 2012 and before July 1, 2017	Hired into PSPRS position on or after July 1, 2017

The different tiers have different types of plans. Tier 1 members have a defined benefit plan, Tier 2 members have a defined benefit or defined benefit hybrid plan and Tier 3 members have a defined contribution, defined benefit or define benefit hybrid plan. (The hybrid plan is a pension with an additional defined contribution tax-deferred retirement savings account for Tier 2 and Tier 3 members who do not contribute to Social Security). For Tier 1 and Tier 2 members, the type of plan is determined automatically. For Tier 3 members the type of plan is an irrevocable career choice with a default to a defined benefit plan after 90 days. The actuarially determined employer contribution rate varies among the different tiers and the different types of plans as shown in the tables below.

As of June 30, 2025, the unfunded liability for Tiers 1 and 2 of PSPRS was \$7.1 billion with a funding ratio of 70.5% (using an assumed earning rate of 7.2%).

The following table shows the District’s actuarially determined annual contribution rates, funded status and annual pension contribution amounts for its obligations under PSPRS.

	Fiscal Year Ended				
	6/30/2027	6/30/2026	6/30/2025	6/30/2024	6/30/2023
<u>Contribution Rates</u>					
Tier 1 Defined Benefit Employer	12.77%	11.03%	12.39%	14.91%	31.83%
Tier 1 Defined Benefit Employee	7.65%	7.65%	7.65%	7.65%	7.65%
Tier 2 Defined Benefit Employer (a)	12.77%	11.03%	12.39%	14.91%	31.83%
Tier 2 Defined Benefit Employee (a)(b)	7.65%	7.65%	7.65%	7.65%	7.65%
Tier 3 Defined Benefit Employer (a)(c)	10.38%	8.69%	8.89%	9.56%	27.95%
Tier 3 Defined Benefit Employee (a)	8.66%	8.69%	8.89%	9.56%	9.94%
Tier 3 Defined Contribution Employer (c)	12.50%	10.74%	10.73%	10.60%	28.86%
Tier 3 Defined Contribution Employee	10.78%	10.74%	10.73%	10.60%	10.85%
Pension Funded Status	N/A	N/A	97.8%	100.7%	71.0%
Health Funded Status	N/A	N/A	181.9%	152.4%	122.8%
Total District (Employer) Pension and Health Contribution	N/A	N/A	\$489,878	\$515,648	\$405,486

- (a) Does not include additional contribution percentage of 3% associated with Tier 2 defined benefit (“DB”) members additionally participating in the defined contribution (“DC”) plan. Employer rate is 4% for Tier 2 members for a period of time depending on the individual’s membership date.
- (b) Tier 2 employees contribute a maximum of 11.65%, but statutory requirements dictate only 7.65% is applied toward employer costs.
- (c) The amortization of unfunded liabilities for Tier 1 and Tier 2 is applied to the payroll for employees in all tiers, including Tier 3, on a level percent basis.

PSPRS has reported increases in its unfunded liabilities. The increases in unfunded liabilities is expected to result in increased future annual contributions by the District and its employees; however the specific impact on the District’s and its employees’ future contributions cannot be determined at this time.

Statutory Changes and Court Decisions Regarding the PSPRS

PSPRS is operated under the umbrella of the Public Safety Personnel Retirement System and the Public Safety Personnel Retirement System Board of Trustees. Since 2011, there have been various retirement program modifications designed to mitigate the increasing unfunded liabilities in the programs. Some of these modifications were enacted by the Arizona Legislature and other changes (like Prop 124) were implemented by voter approved amendments to the State Constitution. Additionally, in some instances, modifications enacted by the Arizona Legislature were reversed based on the outcome of successful court challenges. Substantively, the modifications have included changes to contribution rates, retirement criteria, funding horizons, retirement benefits and post-retirement benefit increase calculations.

Potential Future State Legislation Affecting PSPRS

Bills are frequently introduced at sessions of the State Legislature that, if enacted, could impact the administration of the PSPRS and the eligibility, timing and payment of benefits from such plans. The District is unable to determine whether any such bills will be enacted into legislation or in what form such legislation may be enacted and what the impact of any such legislation may be.

Other Post-Employment Retirement Benefits

The District was required to implement GASB 75, which requires reporting the actuarially accrued cost of post-employment benefits, other than pension benefits (“OPEB”), such as health and life insurance for current and future retirees. GASB 75 requires that such benefits be recognized as current costs over the working lifetime of employees, and to the extent such costs are not pre-funded, GASB 75 will require the reporting of such costs as a financial statement liability.

The District does not offer OPEBs. The District employees, their spouses and survivors may, however, be eligible for certain retiree health care benefits under health care programs provided by the State. Employees on long-term disability and their spouses may also qualify for retiree health care benefits through the State. It is expected that substantially all the District employees that reach normal or early retirement age while working for the District will become eligible for such benefits. Currently, such retirees may obtain the health care benefits offered by the State by paying the applicable health care insurance premium; such plan is available to all participants, whether retired or not, in the State’s health care program. It is not the responsibility of the District to fund such costs.

Governmental Accounting Standards

New Reporting Requirements - Governmental Accounting Standards Board Statement No. 67, Financial Reporting for Pension Plans, An Amendment of GASB Statement No. 25, is designed to improve financial reporting by state and local governmental pension plans. This statement replaces the requirements of Statements No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, and No. 50, Pension Disclosures, as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria.

REVENUES AND EXPENDITURES

The following information of the District was derived from the annual budget of the District for fiscal year 2025/26 and the audited financial statements of the District for fiscal years 2020/21 through and including 2024/25. Budgeted figures for fiscal year 2025/26 are on a modified accrual basis and are presented in the format required by State law. Budgeted figures for fiscal year 2025/26 are “forward looking” statements that may not be realized during the course of the fiscal year as presented herein and thus must be viewed with an abundance of caution. Audited figures for fiscal years 2020/21 through and including 2024/25 are on a modified accrual basis. The presentation which follows has not been independently subject to any audit procedures.

The following information should be read in conjunction with the audited financial statements of the District. **See APPENDIX C for the District’s most recent audited general purpose financial statements, which are for fiscal year ended June 30, 2025.** Such audited financial statements are the most recent available for the District, are not current and therefore must be considered with an abundance of caution. **The District has not requested the consent of Walker & Armstrong, LLP to include its report and Walker & Armstrong, LLP has performed no procedures subsequent to rendering its report on the financial statements.**

TABLE 16

**General Fund
Verde Valley Fire District**

	Budgeted	Audited				
	2025/26 (a)	2024/25	2023/24	2022/23	2021/22	2020/21
FUND BALANCE AT BEGINNING OF YEAR		\$ 5,004,337	\$ 4,836,582	\$ 5,005,336	\$ 2,000,244	\$ 1,969,631
REVENUES						
Property taxes	\$ 8,147,073	\$ 7,178,199	\$ 6,602,805	\$ 6,186,794	\$ 5,878,829	\$ 5,549,874
Fire district assistance taxes	-	462,023	464,983	464,859	465,082	461,964
Intergovernmental/grants	1,418,892	271,620	177,449	721,522	584,284	720,045
Charges for services	95,679	1,501,992	1,262,937	908,338	950,750	830,754
Interest revenues	-	-	-	-	6,035	9,398
Contributions	-	-	-	5,087	1,324	1,011
Other income	32,200	36,690	43,189	32,617	35,080	60,029
Investment earnings	-	255,567	156,809	105,892	-	-
Ambulance revenues	857,000	-	-	-	-	-
Other financing sources	325,000	-	-	-	-	-
TOTAL REVENUES	\$ 10,875,844	\$ 9,706,091	\$ 8,708,172	\$ 8,425,109	\$ 7,921,384	\$ 7,633,075
ADJUSTMENTS						
Transfers in (out)	\$ (272,681)	\$ (400,000)	\$ (608,819)	\$ (1,262,297)	\$ 917,828	\$ 230,005
Sale of capital assets	-	-	-	-	278	1,115
Proceeds from bond	-	-	-	-	9,495,000	-
Subscription-based IT arrangements	-	-	355,881	-	-	-
Lease agreements	-	52,277	-	-	-	-
TOTAL FUNDS AVAILABLE FOR EXPENDITURES	\$ 10,603,163	\$ 14,362,705	\$ 13,291,816	\$ 12,168,148	\$ 20,334,734	\$ 9,833,826
EXPENDITURES						
Public safety, fire protection						
Emergency services	\$ -	\$ 6,215,138	\$ 5,817,833	\$ 5,689,422	\$ 13,700,950	\$ 6,230,978
Administrative and support services	-	1,222,017	1,309,680	1,032,812	787,061	945,164
Capital Outlay	-	176,819	355,881	-	-	281,048
Debt Service	871,152	-	-	-	-	-
Principal	-	666,079	588,017	397,152	354,948	372,012
Interest and fiscal charges	-	210,643	216,068	212,180	198,010	4,380
Bond issuance costs	-	-	-	-	288,429	-
Personnel expenses	6,699,437	-	-	-	-	-
Operating expenses	1,428,877	-	-	-	-	-
Grant expenses	1,340,197	-	-	-	-	-
Other financing uses	263,500	-	-	-	-	-
TOTAL EXPENDITURES	\$ 10,603,163	\$ 8,490,696	\$ 8,287,479	\$ 7,331,566	\$ 15,329,398	\$ 7,833,582
FUND BALANCE AT END OF YEAR		\$ 5,872,009	\$ 5,004,337	\$ 4,836,582	\$ 5,005,336	\$ 2,000,244

(a) Reflects the District's budgeted figures for fiscal year 2025/26 which are unaudited and subject to change upon audit. These amounts are "forward looking" statements and should be considered with an abundance of caution.

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APPENDIX C

AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2025

The following audited financial statements are for the fiscal year ended June 30, 2025. These are the most recent audited financial statements available to the District. THESE FINANCIAL STATEMENTS ARE NOT CURRENT AND MAY NOT REPRESENT THE CURRENT FINANCIAL CONDITION OF THE DISTRICT.

Such audited financial statements are the most recent available for the District, are not current and, therefore, must be considered with an abundance of caution. The District has not requested or received the consent of Walker & Armstrong, LLP to include its report and Walker & Armstrong, LLP has performed no procedures subsequent to rendering its report herein, on the financial statements.

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Independent Auditor's Report

Board of Directors and Management
Verde Valley Fire District
Cottonwood, 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 Verde Valley Fire District (the "District"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the 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 the 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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 the 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.

Auditor's 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 auditor's 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 the 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 the 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 on pages 4 through 10, the budgetary comparison information on pages 40 and 41, and the pension related schedules on pages 42 through 48, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying capital reserve fund budgetary comparison schedule, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the capital reserve fund budgetary comparison schedule is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2025, on our consideration of the 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 the 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 the District's internal control over financial reporting and compliance.

Wain & Armstrong, LLP

Phoenix, Arizona
November 17, 2025

**Verde Valley Fire District
Management's Discussion and Analysis
Year Ended June 30, 2025**

As management of Verde Valley Fire District (the "District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2025. We encourage readers to consider the information presented here in conjunction with the District's financial statements, which begin on page 11. This annual financial report consists of three parts, Management's Discussion and Analysis (this section), the basic financial statements and the statistical section.

Financial Highlights

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$6,413,311. Of this amount, \$3,417,479 is invested in capital assets, net of related debt.
- During the year, the District's total net position increased by \$1,164,189 or 22.18% from the previous year.
- Total revenues increased over the previous fiscal year by \$1,232,867 or 14.11% due to an increase in property tax of \$666,514, charges for service of \$164,090, grants and intergovernmental of \$147,372, and investment earnings of \$187,375.
- Total public safety expenses decreased by \$121,499.
- At the end of the current fiscal year, unrestricted net position for governmental activities was \$1,176,843.

Overview of the Financial Statements

Management's discussion and analysis is intended to serve as an introduction to the District's basic financial statements which are comprised of three components: (1) government-wide financial statements, (2) fund financial statements and (3) notes to the basic financial statements. This report also contains required supplementary information, other information and a statistical section in addition to the basic financial statements themselves.

The main purpose of these statements is to provide the reader with sufficient information to assess whether or not the District's overall financial position has improved or deteriorated.

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business. Consequently, the entity-wide presentation utilizes the accrual basis of accounting and consolidates all governmental funds of the District.

Management's Discussion and Analysis - Continued

Government-wide Financial Statements

The *statement of net position* presents information on all of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference between them reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position 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).

The government-wide financial statements can be found on pages 11 and 12 of this report.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Management establishes governmental funds based on the application of generally accepted accounting principles and the evaluation of applicable laws, regulations and reporting objectives.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains two (2) governmental funds: the general fund and capital reserve fund.

Management's Discussion and Analysis - Continued

Fund Financial Statements - Continued

Information is presented separately in the governmental funds balance sheet and governmental funds statement of revenues, expenditures, and changes in fund balances for the general fund and capital reserve fund (major governmental funds). The concept and determination of major funds has been established by the Governmental Accounting Standards Board (GASB).

The District adopts an annual appropriated budget to provide for its general fund. A budgetary comparison statement for the general fund has been provided as part of the supplementary information following the basic financial statements to demonstrate compliance with the budget and is presented on pages 40 through 41.

The basic governmental funds financial statements can be found on pages 13-16 of this report.

Notes to Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 17-39 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report includes required supplementary information, other than *Management's Discussion and Analysis*, concerning a comparison of the District's budget to actual revenues and expenditures for the general fund, as described earlier and can be found on pages 40 and 41 of this report and certain pension/other post-employment benefits (OPEB) information is reported on pages 42 through 48.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$6,413,311 at the close of the 2025 fiscal year. A portion of the District's net position, \$3,417,479, reflects its investment in capital assets (e.g., land, construction in progress, buildings and improvements, vehicles and equipment, right-to-use subscription assets, and right-to-use lease assets); less any related outstanding debt used to acquire those assets.

The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. The District had \$1,818,989 in restricted fund balance, including \$1,189,951 for future pension contributions and \$629,038 for the net other post-employment benefit asset with a remaining unrestricted net position of \$1,176,843.

Management's Discussion and Analysis - Continued

Government-Wide Financial Analysis - Continued

The District's \$3,656,033 in capital assets consists of land, construction in progress, buildings and improvements, vehicles and equipment, right-of-use subscription assets, and right-of-use lease assets.

The following contains an analysis of the current year government-wide statements.

Condensed Statements of Net Position

GOVERNMENTAL ACTIVITIES

	2025	2024
Assets		
Cash and investments	\$ 8,032,666	\$ 7,159,807
Cash and investments, restricted	1,189,951	1,127,669
Other assets	556,264	377,571
Net other post-employment benefits asset	629,038	118,544
Capital assets, net	3,656,033	3,664,271
Total assets	14,063,952	12,447,862
Deferred outflows of resources related to pension and OPEB		
	2,230,211	3,073,443
Liabilities		
Current liabilities	410,121	321,876
Noncurrent liabilities	9,094,646	9,528,182
Total liabilities	9,504,767	9,850,058
Deferred inflows of resources related to pension and OPEB		
	376,085	104,025
Net position		
Net investment in capital assets	3,417,479	3,381,915
Restricted	1,818,989	1,246,213
Unrestricted	1,176,843	939,094
Total net position	\$ 6,413,311	\$ 5,567,222

Governmental Activities revenues totaled \$9,972,639 for fiscal year 2025, an increase of \$1,232,867 or 14.1%. These increases can be attributed to an additional \$666,514 or 10.2% in property taxes from an increase of 6.7% in assessed values and 3.1% increase in the levy rate, an increase of \$187,375 or 72.3% in investment earnings during the year, an increase of \$164,090 or 11.9% in charges for services resulting from increased ambulance transports and an increase in grants and intergovernmental revenues of \$147,372 or 96.3% for various grants received in the current year.

The cost of all governmental activities for the year ended June 30, 2025, was \$8,808,450, an increase of \$121,499 or 1.4%. The majority of expenses is salaries, wages and related expenses which overall decreased due to a decrease in pension expense.

Management's Discussion and Analysis - Continued

Government-Wide Financial Analysis - Continued

The following table presents a summary of the District's revenues and expenses for the current fiscal year:

Condensed Statements of Activities

GOVERNMENTAL ACTIVITIES

	<u>2025</u>	<u>2024</u>
Revenues:		
Program revenue:		
Charges for services	\$ 1,432,555	\$ 1,268,465
Grants and intergovernmental	300,396	153,024
Capital contributions	62,000	-
General revenues:		
Property taxes	7,216,728	6,550,214
Fire district assistance tax	462,023	464,983
Gain on disposal of capital assets	15,560	585
Investment earnings	446,687	259,312
Other revenue	36,690	43,189
Total revenues	<u>9,972,639</u>	<u>8,739,772</u>
Expenses:		
Public safety	<u>8,808,450</u>	<u>8,929,949</u>
Total expenses	<u>8,808,450</u>	<u>8,929,949</u>
Change in net position	1,164,189	(190,177)
Net position, beginning of year, as restated	<u>5,249,122</u>	<u>5,757,399</u>
Net position, ending of year	<u>\$ 6,413,311</u>	<u>\$ 5,567,222</u>

The 2024 beginning net position was restated due to the implementation of GASB 101, *Compensated Absences*, see note 2 on page 22 for more details.

Financial Analysis of the Governmental Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements and generally accepted accounting principles (GAAP).

The focus of the District's governmental fund 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 balance may serve as a useful measure of a government's net resources available for spending at the end of fiscal year.

Management's Discussion and Analysis - Continued

Financial Analysis of the Governmental Funds - Continued

At the end of the current fiscal year, the District's governmental funds reported combined ending fund balance of \$9,153,713. Revenues for the year included property tax revenues, fire district assistance tax, intergovernmental agreements and charges for services.

Of the \$9,153,713 total combined governmental fund balance, \$83,923 was nonspendable because of prepaid items, \$1,189,951 was restricted for future pension contributions, \$3,281,704 was committed for future capital outlay, and \$4,598,135 was unassigned.

The general fund is the chief operating fund of the District. The general fund balance increased \$867,672 or 17.3% during the fiscal year. This increase was primarily attributed to an increase in revenues of \$997,919 or 11.5%. This increase was comprised of an increase of property taxes of \$575,394 or 8.7% and charges for services of \$225,560 or 17.9%. General fund expenditures increased \$203,217 or 2.5%, primarily due to an increase in salaries from an increase of personnel.

At the end of the current fiscal year, unassigned fund balance of the general fund was \$4,598,135. As a measure of the general fund's liquidity, it may be useful to compare spendable fund balance to total fund expenditures. Spendable fund balance represents 54.15% of total general fund expenditures of \$8,490,696.

The capital reserve fund accounts for the amounts received and expended for the construction and improvements of buildings, and acquisition of apparatus and major equipment. As of June 30, 2025, the ending fund balance in the capital reserve fund was \$3,281,704. Due to amounts transferred in from the general fund and investment earnings, offset by capital outlay, the balance increased by \$184,631.

General Fund Budgetary Highlights

Total revenues were \$2,264,420 less than budgeted revenues while total expenditures were \$3,241,874 less than budgeted expenditures. The decrease in budgeted revenues occurred primarily due to intergovernmental revenues being \$2,256,985 less than budgeted and other revenue being \$415,125 less than budgeted; offset by charges for service revenues being \$239,064 more than budgeted and interest earnings being \$218,967 more than budgeted. The expenditure variance resulted primarily from emergency services expenditures being \$522,539 less than budgeted amounts, and administrative and support services expenditures were \$2,610,998 less than budgeted.

Capital Asset and Debt Administration

Capital Assets - The District's investment in capital assets as of June 30, 2025, totaled \$3,656,033 (net of accumulated depreciation/amortization). These assets include land, construction in progress, buildings and improvements, vehicles and equipment, right-of-use subscription assets, and right-of-use lease assets.

Major capital asset transactions during the year included \$609,617 in capital asset acquisitions, the majority of which included four new vehicles and emergency services equipment.

Management's Discussion and Analysis - Continued

Capital Asset and Debt Administration - Continued

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 the 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 Note 5 in the basic financial statements on page 25.

Long-Term Liabilities - At the end of the current year, the District had long-term liabilities outstanding of \$9,094,646, which included unfunded pension and other post-employment benefit (OPEB) obligation liabilities in the amount of \$470,522, certificates of participation of \$7,875,000, compensated absences of \$510,570, a lease liability of \$28,843, and subscription liabilities of \$209,711.

Additional information on the District's long-term liabilities can be found in Note 6 in the basic financial statements on pages 26 and 27.

Economic Factors Affecting Future Results

The District has continued to pursue every feasible method of reducing operational costs while providing the highest level of service to the community. Despite aggressive management of expenditures, costs, such as employee benefits and workers compensation, continue to rise. While the District realized a 6.32% increase in property values for fiscal year 2026, the assessed value of the District, factored for the consolidation with Clarkdale Fire District in 2016, remains significantly below (\$12,938,487) its peak in tax year 2008. The District's tax rate for fiscal year 2026 was \$3.3100 to continue to fund the three (3) additional firefighters that were hired in fiscal year 2025.

The District held a special election to propose a \$15.5 million General Obligation Bond in the November 2025 election. The citizens of the Verde Valley Fire District passed this bond initiative with 74.21% of the votes. The bond funds will construct a new fire station in the Town of Clarkdale, upgrade communication infrastructure, and provide needed renovations at the current fire stations in Cottonwood (Station 31) and Cornville (Station 32). The bonds will be sold in two (2) phases with the first issuance projected in March 2026. The first phase will total \$10 million and will be used for the new fire station in Clarkdale and the communications infrastructure. Phase 2 will total \$5.5 million and will be used for renovations at the current fire stations. The issuance of bonds for phase 2 will be dependent on the progress made on the phase 1 projects.

Contacting the District

This financial report is designed to provide an overview of the District's finances for anyone with an interest in the government's finances. Any questions regarding this report or requests for additional information may be directed to Verde Valley Fire District at 2700 East Godard Road, Cottonwood, Arizona 86326.

Verde Valley Fire District
Statement of Net Position
June 30, 2025

	Governmental Activities
Assets	
Cash and investments	\$ 8,032,666
Receivables, net:	
Accounts	177,977
Taxes	167,550
Other	126,814
Prepaid items	83,923
Cash and investments, restricted	1,189,951
Net pension an other post-employment benefits asset	629,038
Capital assets, not being depreciated/amortized	299,366
Capital assets, being depreciated/amortized, net	3,356,667
Total assets	14,063,952
Deferred outflows of resources	
Deferred outflows related to pension and other post-employment benefits	2,230,211
Total deferred outflows of resources	2,230,211
Liabilities	
Accounts payable	92,763
Accrued payroll and related	292,776
Interest payable	24,582
Noncurrent liabilities:	
Due within one year	902,598
Due in more than one year	8,192,048
Total liabilities	9,504,767
Deferred inflows of resources	
Deferred inflows related to pension and other post-employment benefits	376,085
Total deferred inflows of resources	376,085
Net position	
Net investment in capital assets	3,417,479
Restricted for:	
Future pension contributions	1,189,951
Net other post-employment benefits asset	629,038
Unrestricted	1,176,843
Total net position	\$ 6,413,311

The accompanying notes are an
integral part of these basic financial statements.

**Verde Valley Fire District
Statement of Activities
Year Ended June 30, 2025**

	Governmental Activities
Program expenses	
<i>Public safety-fire protection and emergency medical services</i>	
Emergency services	\$ 6,682,102
Administrative and support services	1,273,268
Depreciation expense	617,855
Debt service - interest	235,225
Total program expenses	8,808,450
Program revenues	
Charges for services	1,432,555
Intergovernmental	300,396
Capital contributions	62,000
Total program revenues	1,794,951
Net program expense	7,013,499
General revenues	
Taxes:	
Property taxes	7,216,728
Fire district assistance tax	462,023
Investment earnings	446,687
Other revenue	36,690
Gain on disposal of capital assets	15,560
Total general revenues	8,177,688
Change in net position	1,164,189
Net position, July 1, 2024, as originally reported	5,567,222
Aggregate amount of adjustments to and restatements of beginning net position	(318,100)
Net position, July 1, 2024, as restated	5,249,122
Net position, June 30, 2025	\$ 6,413,311

The accompanying notes are an
integral part of these basic financial statements.

**Verde Valley Fire District
Balance Sheet
Governmental Funds
June 30, 2025**

	<u>General Fund</u>	<u>Capital Reserve Fund</u>	<u>Total Governmental Funds</u>
Assets			
Cash and investments	\$ 4,388,901	\$ 3,643,765	\$ 8,032,666
Receivables, net:			
Accounts	177,977	-	177,977
Taxes	167,550	-	167,550
Other	126,814	-	126,814
Due from other funds	362,061	-	362,061
Prepaid items	83,923	-	83,923
Cash and investments, restricted	1,189,951	-	1,189,951
Total assets	<u>\$ 6,497,177</u>	<u>\$ 3,643,765</u>	<u>\$ 10,140,942</u>
Liabilities			
Accounts payable	\$ 92,763	\$ -	\$ 92,763
Accrued payroll and related	292,776	-	292,776
Due to other funds	-	362,061	362,061
Total liabilities	385,539	362,061	747,600
Deferred inflows of resources			
Unavailable revenues - property taxes	119,862	-	119,862
Unavailable revenues - ambulance	39,105	-	39,105
Unavailable revenues - miscellaneous	80,662	-	80,662
Total deferred inflows of resources	239,629	-	239,629
Fund balances			
Nonspendable	83,923	-	83,923
Restricted for future pension contributions	1,189,951	-	1,189,951
Committed:			
Capital projects	-	3,281,704	3,281,704
Unassigned	4,598,135	-	4,598,135
Total fund balances	5,872,009	3,281,704	9,153,713
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 6,497,177</u>	<u>\$ 3,643,765</u>	<u>\$ 10,140,942</u>

The accompanying notes are an
integral part of these basic financial statements.

Verde Valley Fire District
Reconciliation of the Governmental Funds Balance Sheet
to the Government-wide Statement of Net Position
June 30, 2025

Total fund balances		\$ 9,153,713
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.		
Capital assets	\$ 9,753,555	
Less accumulated depreciation/amortization	<u>(6,097,522)</u>	3,656,033
Some of the District's receivables will be collected after year-end, but are not available soon enough to pay for the current period expenditures and therefore are deferred in the funds.		
		239,629
Net pension/other post-employment benefits assets held in trust for future benefits are not available for operations and therefore, are not reported in the funds.		
		629,038
Accrued interest for long-term debt is not recorded as an expenditure for current year while it is recorded in the statement of activities		
		(24,582)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as a liability in the funds as follows:		
Accrued compensated absences	(510,570)	
Net pension obligation	(470,522)	
Certificates of participation payable	(7,875,000)	
Lease liability	(28,843)	
Subscription liabilities	<u>(209,711)</u>	(9,094,646)
Deferred outflows and inflows of resources related to pensions and other post-employment benefits are applicable to future reporting periods and therefore, are not reported in the funds.		
Deferred outflows of resources	2,230,211	
Deferred inflows of resources	<u>(376,085)</u>	1,854,126
Net position of governmental activities		<u><u>\$ 6,413,311</u></u>

The accompanying notes are an integral part of these basic financial statements.

Verde Valley Fire District
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Governmental Funds
Year Ended June 30, 2025

	<u>General Fund</u>	<u>Capital Reserve Fund</u>	<u>Total Governmental Funds</u>
Revenues			
<i>Taxes:</i>			
Property taxes	\$ 7,178,199	\$ -	\$ 7,178,199
Fire district assistance tax	462,023	-	462,023
Intergovernmental	271,620	-	271,620
Charges for services	1,501,992	-	1,501,992
Investment earnings	255,567	191,120	446,687
Other revenue	36,690	-	36,690
Total revenues	<u>9,706,091</u>	<u>191,120</u>	<u>9,897,211</u>
Expenditures			
<i>Public safety-fire protection and emergency medical services</i>			
Current:			
Emergency services	6,215,138	-	6,215,138
Administrative and support services	1,222,017	51,251	1,273,268
Debt Service:			
Principal	666,079	-	666,079
Interest	210,643	-	210,643
Capital Outlay	176,819	370,798	547,617
Total expenditures	<u>8,490,696</u>	<u>422,049</u>	<u>8,912,745</u>
Excess (deficiency) of revenues over (under) expenditures	1,215,395	(230,929)	984,466
Other financing sources			
Transfers in	-	400,000	400,000
Transfers out	(400,000)	-	(400,000)
Lease agreements	52,277	-	52,277
Proceeds on sale of capital assets	-	15,560	15,560
Total other financing (uses) sources	<u>(347,723)</u>	<u>415,560</u>	<u>67,837</u>
Net change in fund balances	867,672	184,631	1,052,303
Fund balances, July 1, 2024	<u>5,004,337</u>	<u>3,097,073</u>	<u>8,101,410</u>
Fund balances, June 30, 2025	<u>\$ 5,872,009</u>	<u>\$ 3,281,704</u>	<u>\$ 9,153,713</u>

The accompanying notes are an
integral part of these basic financial statements.

Verde Valley Fire District
Reconciliation of the Governmental Funds Statement of Revenues,
Expenditures and Changes in Fund Balances to the
Government-wide Statement of Activities
Year Ended June 30, 2025

Net change in fund balances - total governmental fund	\$ 1,052,303
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 assets is allocated over their estimated useful lives and reported as depreciation/amortization expense in the current period:	
Expenditures for capital outlays	547,617
Depreciation/amortization expense	(617,855)
Revenues reported in the statement of activities do not provide current financial resources and therefore, are not reported as revenues in the governmental funds.	
Capital contributions	62,000
Collections of revenues in the governmental funds exceeded revenues reported in the statement of activities.	
	(2,132)
District pension 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 liability is measured a year before the District's report. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the statement of activities:	
District pension contributions	489,878
Pension expense	(1,011,737)
Accrued interest for long-term debt is not recorded as an expenditure for the current year while it is recorded in the statement of activities	
	(24,582)
Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:	
Change in compensated absences	54,895
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:	
Certificates of participation principal paid	570,000
Subscription liabilities paid	72,645
Lease liability paid	23,434
Lease liability incurred	(52,277)
Change in net position of governmental activities	\$ 1,164,189

The accompanying notes are an integral part of these basic financial statements.

**Verde Valley Fire District
Notes to Financial Statements
Year Ended June 30, 2025**

Note 1 – Summary of Significant Accounting Policies

The accounting policies of Verde Valley Fire District (the “District”) conform to generally accepted accounting principles applicable to governmental units adopted by the Governmental Accounting Standards Board (GASB).

Effective for the fiscal year ended June, 30, 2025, the District implemented the provisions of GASB Statement No. 101 (“GASB 101”), *Compensated Absences*. This statement establishes recognition and measurement guidance for leave that has not yet been used and enhances the consistency of financial reporting among governments. Under GASB 101, the District recognizes a liability for compensated absences when (1) the leave is attributable to services already rendered, (2) the leave accumulates and carries forward to future periods, and (3) it is probable that the leave will be used for time off or otherwise paid upon termination or retirement. Implementation of GASB 101 resulted in a change in accounting principle that requires restatement of beginning net position balance for the earliest period presented. See note 2 for the cumulative effect of adopting this standard.

During the fiscal year ended June 30, 2025, the District also implemented the provisions of GASB Statement No. 102, *Certain Risk Disclosures*. This statement requires governments to disclose certain risks that could affect the provision of services or the ability to meet obligations as they come due, including vulnerabilities due to concentrations or constraints. The implementation of this standard did not have a material impact on the District’s financial statements or related note disclosures.

A. Reporting Entity

The District is a local governmental unit formed and is operated pursuant to the provisions of Title 48 of the Arizona Revised Statutes. The District operates under the oversight of an elected board, which is the policy making body of the District. The purpose of the District is to provide fire protection, emergency medical and related services to the residents and guests of the District and the surrounding area. The day-to-day operations are supervised by the fire chief and the chief’s staff.

The District has the power to issue bonds, levy taxes, bill for services and raise revenues with the power of the County government. In addition, the District has the power to expend public funds for any legitimate purpose required to further its needs. The District operates as an independent governmental agency directly responsible to the local taxpayers and voters.

B. Basis of Presentation

The basic financial statements include both government-wide 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.

Notes to Financial Statements - Continued

Note 1 – Summary of Significant Accounting Policies - Continued

Government-wide Financial Statements – These statements include a statement of net position and a statement of activities. These statements report the financial activities of the overall District.

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 emergency services provided and grants for the purchase of new equipment.

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

Generally, the effect of interfund activity has been eliminated from the government-wide financial statements to minimize the double-counting of internal activities.

Fund Financial Statements – These statements provide information about the District's funds. The emphasis of fund financial statements is on the major governmental funds.

The District reports the following major governmental funds:

- The *general fund* is the District's primary operating fund which accounts for all financial resources except those required to be accounted for in another fund.
- The *capital reserve fund* is used to account for the construction of buildings and improvements as well as for the acquisition of apparatus and major equipment for use by the District.

C. Basis of Accounting

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 they are levied.

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. 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 the general and capital reserve funds. Proceeds of general long-term debt and acquisitions under lease contracts and subscription-based information technology arrangements are reported as other financing sources.

Notes to Financial Statements - Continued

Note 1 – Summary of Significant Accounting Policies - Continued

Taxes, charges for services and investment earnings associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Fund Balance Classifications – Fund balances of the governmental funds are reported separately within classifications based on a hierarchy of the constraints placed on the use of those resources. The classifications are based on the relative strength of the constraints that control how the specific amounts can be spent. The classifications are nonspendable, restricted, and unrestricted (which includes committed, assigned, and unassigned fund balance classifications).

The nonspendable fund balance classification includes amounts that cannot be expended because they are either not in spendable form, such as prepaid items, or are legally or contractually required to be maintained intact. Restricted fund balances are those that have externally imposed restrictions on their usage by creditors, such as through debt covenants, grantors, contributors, or laws and regulations.

The unrestricted fund balance category is comprised of committed, assigned, and unassigned resources. Committed fund balances are self-imposed limitations approved by the District's Board of Directors, which is the highest level of decision-making authority within the District. The constraints placed on committed fund balances can only be removed or changed by the Board of Directors, by an approved agenda item at a public meeting.

Assigned fund balances are resources constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. Only the Board of Directors or any official or body to which the District Board delegates authority may assign amounts for specific purposes.

The unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not reported in the other classifications. Deficits in fund balances of the other governmental funds are reported as unassigned. When an expenditure is incurred that can be paid from either restricted or unrestricted fund balances, it is the District's policy to use restricted fund balance first. For the disbursement of unrestricted fund balances, it is the District's policy to use committed amounts first, followed by assigned amounts, and lastly unassigned amounts.

Cash and Investments – The District's cash and cash equivalents are considered to be cash on hand, and demand deposits. 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 market assumptions and estimation methodologies may have a material effect on the estimated fair value.

Notes to Financial Statements - Continued

Note 1 – Summary of Significant Accounting Policies - Continued

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.

Revenue from emergency medical transportation services are 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.

Due to the nature of the ambulance billing process, amounts recorded as receivables are subject to significant reductions from contractual adjustments and uncollectible accounts. Contractual adjustments represent the difference between established rates for services and amounts expected to be realized from third-party payors such as Medicare, Medicaid, and private insurance companies, based on contractual or regulatory agreements. At June 30, 2025, the allowance for doubtful accounts includes estimated contractual adjustments of \$176,729 and uncollectible amounts of \$244,733. 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 – Prepaid items are accounted for using the purchase method in the governmental fund financial statements. Under this method, expenditures are reported at the time they are consumed rather than purchased.

In the government-wide financial statements, prepaid purchases are recorded as assets when the goods or services are purchased and are expensed over the period consumed.

Capital Assets – Capital assets are reported in the government-wide financial statements at actual cost or estimated historical cost if historical records are not available. Donated capital assets are reported at acquisition value. Capital assets are assets with an initial, individual cost of \$10,000 or more and an estimated useful life exceeding one year.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are expensed as incurred.

Notes to Financial Statements - Continued

Note 1 – Summary of Significant Accounting Policies - Continued

Capital assets are depreciated/amortized using the straight-line method as follows:

<u>Capital asset class</u>	<u>Estimated useful life</u>
Land	Non-depreciable
Construction in progress	Non-depreciable
Buildings and improvements	10 to 50 years
Vehicles and equipment	3 to 15 years
Intangibles:	
Right-of-use subscription assets	3 to 5 years
Right-of-use lease assets	3 to 5 years

Intangible right-to-use subscription assets are amortized over the shorter of the subscription term or the useful life of the underlying information technology (IT) assets.

Subscription-Based Information Technology Arrangements – The District recognizes subscription liabilities with an initial, individual value of \$10,000 or more. The District uses its estimated incremental borrowing rate to measure subscription liabilities unless it can readily determine the interest rate implicit in the arrangement. The District's estimated incremental borrowing rate is 3.0%.

Leases – As lessee, the District recognizes lease liabilities with an initial, individual value of \$10,000 or more. The District uses its estimated incremental borrowing rate to measure lease liabilities unless it can readily determine the interest rate implicit in the lease. The incremental borrowing rate of the District is 5%.

Compensated Absences – Compensated absences payable consists of vacation leave and a calculated amount of sick leave employees earned based on services already rendered. All full-time employees of the District accrue vacation and sick time each pay period. Upon separation from the District, accrued sick time is paid based on the employee's years of service and vacation time is paid out in full. Sick leave and vacation benefits accrue at the employee's current rate of pay. The long-term liabilities for accumulated vacation and sick leave are reported on the government-wide financial statements. Resources from the general fund are generally used to liquidate compensated absences for the governmental funds.

Deferred Outflows/Inflows of Resources – The statement of net position and balance sheet include separate sections, as appropriate, for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to future periods that will be recognized as an expense or expenditure in future periods. Deferred inflows of resources represent an acquisition of net assets or fund balance that applies to future periods and will be recognized as revenue in future periods.

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 plan's fiduciary net position and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. 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.

Notes to Financial Statements - Continued

Note 1 – Summary of Significant Accounting Policies - Continued

Estimates – The preparation of the basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, deferred inflows of resources and disclosure of contingent assets, deferred outflows of resources, liabilities and deferred inflows of resources at the date of the basic financial statements and the reported amounts of revenues and expenditures/expenses during the tax calendar reporting period. Actual results may differ from those estimates.

Property Tax Calendar – The District levies real and personal property taxes 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 against the real and personal property assessed attaches on the first day of January preceding assessment of the levy thereof.

Budgetary Accounting – 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 of each year; under the 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. The District is subject to expenditure limitations under Arizona Revised Statutes. Statutes also do not permit the District to incur debt in excess of the tax levy outstanding and to be collected plus the available and unencumbered cash on deposit. The limitation is applied to the total of the combined governmental funds.

Note 2 – Accounting Changes

Restatement of beginning balances

During the fiscal year ended June 30, 2025, accounting changes resulted in a restatement of beginning net position as follows:

	Net Position June 30, 2024, as previously reported	Change in accounting principle	Net Position June 30, 2024, as restated
Government-wide			
Governmental activities	\$ 5,567,222	\$(318,100)	\$ 5,249,122

Change in Accounting Principle – During fiscal year 2025, the District implemented the provisions of GASB Statement No. 101, *Compensated Absences*. The effect of this change to the net position is an increase in compensated absences liability as reported above to include the accrued sick time. In addition, personnel costs would have been increased by \$318,100 in fiscal year 2024 if the statement had been in effect.

Notes to Financial Statements - Continued

Note 3 – Cash and Investments

Arizona Revised Statutes authorize the District to invest public monies in the State or County Treasurer's investment pools; 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 counties, cities, towns, school districts, and special districts as specified by statute. Monies received by the District as part of services, contributions, or from the issuance of long-term debt are also deposited with the County Treasurer or local financial institutions.

The District utilizes Yavapai County as its repository for cash and allows their pool to invest those funds. A.R.S. §48-807 allows the District to establish bank accounts with any financial institution that is authorized to do business in the State of Arizona for the purpose of operating a payroll account, holding special revenues, ambulance revenues or both as necessary to fulfill the District's fiduciary responsibilities. The District may also establish, through the County Treasurer, accounts for monies from property taxes, grants, contributions and donations. The County Treasurer is required to establish a fund known as the "fire district general fund" for the receipt of all taxes levied on behalf of the District.

Cash on Hand and Deposits – At June 30, 2025, the District's carrying amount of the total cash in bank was \$519,073 and the bank balance was \$520,015, in which up to \$250,000 of the bank balance is insured by the FDIC at each individual institution. \$268,279 was not insured by the FDIC as of June 30, 2025.

Investments – The District's investments at June 30, 2025, are comprised of the amount held by the Yavapai County Treasurer totaling \$8,703,544.

The District's investments at June 30, 2025, are categorized within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The Yavapai County Treasurer's investment pool is not registered with the Securities and Exchange Commission and there is no regulatory oversight of its operations. However, the majority of Yavapai County's investment pool is invested in the State of Arizona's local government investment pool which is regulated by the State Board of Investment. The pool's structure does not provide for shares, and the County has not provided or obtained any legally binding guarantees to support the value of the participants' investments. Participants in the pool are not required to categorize the value of shares in accordance with the fair value hierarchy.

Credit Risk – At June 30, 2025, all of the District's investments were invested in the Yavapai County investment pool which is not rated by rating agencies.

Custodial Credit Risk – For an investment, custodial credit risk is the risk that, in the event of the counterparty's failure, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. External investment pools are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

Interest Rate Risk – At June 30, 2025, the District's investments can be withdrawn from the pools at will and therefore, are not subject to a significant amount of interest rate risk.

Notes to Financial Statements - Continued

Note 3 – Cash and Investments - Continued

Foreign Currency Risk – The District does not have a formal investment policy with respect to foreign currency risk because state statutes do not allow for foreign investments.

A reconciliation of cash and investments to amounts shown on the statement of net position is as follows:

Carrying amount of deposits	\$ 519,073
Amounts held by Yavapai County Treasurer’s Office	<u>8,703,544</u>
Total	<u>\$ 9,222,617</u>
	<u>Governmental</u>
	<u>Activities</u>
Cash and investments	\$ 8,032,666
Cash and investments, restricted	<u>1,189,951</u>
Cash and investments	<u>\$ 9,222,617</u>

Note 4 – Net Revenue

The District provides emergency medical and transportation services, within the same geographic region as it provides fire prevention and suppression services. Charges for such emergency medical and transportation services are recognized as service revenues.

Net revenue is reported at the 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.

The difference between customary charges and the contractually established rates is accounted for as a contractual adjustment. The District's customary charges, contractual adjustments, provision for bad debts and uncompensated services for the year ended June 30, 2025, are reported in the fund financial statements as follows:

Gross ambulance service revenues	\$ 2,337,743
Contractual adjustments and uncompensated services	<u>(1,361,581)</u>
Net ambulance service revenue	<u>\$ 976,162</u>

The net ambulance service revenue is reported in charges for services revenues in the statement of activities as follows:

Net ambulance service revenue	\$ 976,162
Wildland fire suppression services	284,976
Contracted fire suppression services	68,994
Other services	<u>102,423</u>
Net charges for services	<u>\$ 1,432,555</u>

Notes to Financial Statements - Continued

Note 5 – Capital Assets

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

	Balance, July 1, 2024	Increases	Decreases	Balance, June 30, 2025
Capital assets not being depreciated/amortized:				
Land	\$ 255,399	\$ -	\$ -	\$ 255,399
Construction in progress	22,581	24,915	(3,529)	43,967
Total capital assets not being depreciated/amortized	277,980	24,915	(3,529)	299,366
Capital assets being depreciated/amortized:				
Buildings and improvements	2,803,862	14,600		2,818,462
Vehicles and equipment	5,807,024	521,354	(100,809)	6,227,569
Intangibles:				
Right-to-use subscription assets	355,881	-	-	355,881
Right-of-use lease assets	-	52,277	-	52,277
Total capital assets being depreciated/amortized	8,966,767	588,231	(100,809)	9,454,189
Less accumulated depreciation/amortization for:				
Buildings and improvements	(1,381,381)	(75,388)	-	(1,456,769)
Vehicles and equipment	(4,134,550)	(437,429)	100,809	(4,471,170)
Intangibles:				
Right-to-use subscription assets	(64,545)	(81,077)	-	(145,622)
Right-of-use lease assets	-	(23,961)	-	(23,961)
Total accumulated depreciation/amortization	(5,580,476)	(617,855)	100,809	(6,097,522)
Total capital assets being depreciated/amortized, net	3,386,291	(29,624)	-	3,356,667
Total capital assets, net	\$ 3,664,271	\$ (4,709)	\$ (3,529)	\$ 3,656,033

Governmental activities depreciation/amortization expense in the amount of \$617,855 was charged to the public safety function of the District.

Notes to Financial Statements - Continued

Note 6 – Long-Term Liabilities

A summary of the changes in long-term liabilities for the year ended June 30, 2025, follows:

	Balance July 1, 2024 (as restated)	Additions	Reductions	Balance June 30, 2025	Due Within 1 Year
Certificates of participation payable	\$ 8,445,000	\$ -	\$(570,000)	\$ 7,875,000	\$ 585,000
Net pension/OPEB liability	553,461	-	(82,939)	470,522	-
Subscription liabilities	282,356	-	(72,645)	209,711	79,165
Lease liability	-	52,277	(23,434)	28,843	26,569
Compensated absences	565,465	-	*(54,895)	510,570	211,864
	<u>\$ 9,846,282</u>	<u>\$ 52,277</u>	<u>\$(803,913)</u>	<u>\$ 9,094,646</u>	<u>\$ 902,598</u>

*The change in compensated absences is reported as net.

The 2024 beginning balance was restated due to the implementation of GASB 101, *Compensated Absences*, see note 2 on page 22 for more details.

The general fund is used to liquidate the liability for the net pension/OPEB liability and compensated absences in prior years.

Certificates of Participation - On July 1, 2021, the District issued certificates of participation (COP) to provide funds to the Arizona Public Safety Pension Retirement System (PSPRS) to fund the pension liability with PSPRS on July 1, 2021. COPs are a leasing agreement in which the District has pledged land, fire district station 31, and fire district station 32 as collateral in the event of default by the District. These COPs mature on June 1, 2037, and accrue interest at a range of 0.421-3.024% annually.

A summary of the principal and interest amounts for the remaining arrangements includes the following payments:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 585,000	\$ 196,663	\$ 781,663
2027	590,000	188,427	778,427
2028	600,000	178,226	778,226
2029	615,000	166,652	781,652
2030	625,000	152,974	777,974
2031-2035	3,370,000	519,804	3,889,804
2036-2037	1,490,000	67,889	1,557,889
	<u>\$ 7,875,000</u>	<u>\$ 1,470,635</u>	<u>\$ 9,345,635</u>

Notes to Financial Statements - Continued

Note 6 – Long-Term Liabilities - Continued

Subscription-Based Information Technology Arrangements – The District has entered into various subscription-based information technology arrangements (SBITA) for various software. The total amount of the District’s subscription assets were \$355,881, net of \$145,622 in accumulated amortization as of June 30, 2025.

The following schedule details minimum subscription payments to maturity for the District’s subscription liability as of June 30:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 79,165	\$ 4,670	\$ 83,835
2027	60,831	2,545	63,376
2028	67,951	528	68,479
2029	1,764	-	1,764
	<u>\$ 209,711</u>	<u>\$ 7,743</u>	<u>\$ 217,454</u>

Lease Liability – The District has entered into a lease agreement for the purchase of various equipment. The total amount of the District’s leased assets were \$52,277, net of \$23,961 in accumulated amortization.

The following schedule details minimum finance lease payments to maturity for the District’s finance lease liability as of June 30, 2025.

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 26,569	\$ 839	\$ 27,408
2027	2,274	10	2,284
	<u>\$ 28,843</u>	<u>\$ 849</u>	<u>\$ 29,692</u>

Note 7 – Interfund Receivables, Payables and Transfers

Interfund balances resulted from the timing difference between the dates that goods and services are provided or reimbursable expenditures occur, and payments made between funds. As of June 30, 2025, the general fund had an interfund receivable totaling \$362,061 due from the capital reserve fund.

The District has implemented a practice whereby it will transfer general taxes received, as appropriated and unencumbered at year end, to the capital reserve fund to provide for future planned acquisitions of apparatus, vehicles, buildings, and improvements. Such transfers are not restricted by statute and can be transferred back to the general fund if needed. For the year ended June 30, 2025, the general fund transferred \$400,000 to the capital reserve fund.

Notes to Financial Statements - Continued

Note 8 – Risk Management

The District is contingently liable for claims and judgements resulting from lawsuits incidental to normal operations. In the opinion of the District’s management, an adverse decision that might result, to the extent not covered by insurance, would not have a material effect on the financial statements. Claims have not exceeded the limits of insurance in any of the last three years. No provision has been made in the financial statements for possible losses of this nature.

Note 9 – Commitments

The District has a cancelable agreement with the City of Cottonwood for computer aided dispatching and mobile digital communications equipment. The agreement renews each year unless cancelled by one or both parties at least three months prior to the first of July for the upcoming year. Should the District not renew the contract, substantial costs would be incurred to construct the necessary dispatching and communications infrastructure. The annual expense under this agreement for the year ended June 30, 2025, was \$231,333. The District is not responsible for repairs and maintenance expenses related to equipment used in their District; these costs are covered under the annual agreement.

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.

Note 10 – Employee Retirement System and Post Employment Plan

The District contributes to the plans described below. The plans are component units of the State of Arizona. At June 30, 2025, the District reported the following aggregate amounts related to pensions and other postemployment benefits (OPEB) to which it contributes:

	<u>ASRS</u>	<u>PSPRS</u>	<u>Total</u>
Net pension and OPEB liability	\$ 470,522	\$ -	\$ 470,522
Net pension and OPEB asset	18,187	610,851	629,038
Deferred outflows of resources	91,125	2,139,086	2,230,211
Deferred inflows of resources	47,864	328,221	376,085
Pension and OPEB expense	48,518	963,219	1,011,737

The District’s accrued payroll and employee benefits includes \$32,783 of outstanding pension and OPEB contribution amounts payable for the year ended June 30, 2025.

A. Arizona State Retirement System

Plan Description - District employees not covered by the other pension plan described below participate in the Arizona State Retirement System (ASRS).

Notes to Financial Statements - Continued

Note 10 – Employee Retirement System and Post Employment Plan - Continued

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

ASRS	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 earning. 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 survivor benefit is determined by the retirement benefit option chosen. For all other members, the beneficiary is entitled to the member’s account balance that includes the member’s contributions and employer’s contributions, plus interest earned.

Health insurance premium benefits are available to retired or disabled members with 5 years of credited service. The benefits are payable only with respect to allowable health insurance premiums for which the member is responsible. For members with 10 or more years of service, benefits range from \$100 per month to \$260 per month depending on the age of the member and dependents. For members with 5 to 9 years of service, the benefits are the same dollar amounts as above multiplied by a vesting fraction based on completed years of service.

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

Notes to Financial Statements - Continued

Note 10 – Employee Retirement System and Post Employment Plan - Continued

Contributions - In accordance with State Statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the 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 to the pension, health insurance premium benefit, and long-term disability plans for the year ended June 30, 2025, were \$55,367, \$322, and \$689, respectively.

During the fiscal year 2025, the District paid 100% of the ASRS pension and OPEB contributions from the general fund.

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

	Net Pension/OPEB (Asset) Liability
Pension	\$ 470,444
Health insurance premium benefit	(18,187)
Long-term disability	78

The net assets 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 assets and net liabilities 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 from its proportions measured as of June 30, 2023, were:

	Proportion June 30, 2024	Increase From June 30, 2023
Pension	0.00294%	0.00010%
Health insurance premium benefit	0.00301%	0.00010%
Long-term disability	0.00298%	0.00009%

Notes to Financial Statements - Continued

Note 10 – Employee Retirement System and Post Employment Plan - Continued

Expense – For the year ended June 30, 2025, the District recognized the following pension and OPEB expense.

<u>ASRS</u>	<u>Pension/ OPEB Expense</u>
Pension	\$ 50,835
Health insurance premium benefit	(2,669)
Long-term disability	352

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:

	<u>Pension</u>		<u>Health insurance premium benefit</u>		<u>Long-term disability</u>	
	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>
Differences between expected and actual experience	\$ 26,260	\$ -	\$ 526	\$ 4,392	\$ 286	\$ 207
Changes of assumptions or other inputs	-	-	-	189	56	465
Net difference between projected and actual earnings on plan investments	-	30,043	-	1,250	-	85
Changes in proportion and differences between District contributions and proportionate share of contributions	7,217	10,828	278	359	124	46
District contributions subsequent to the measurement date	55,367	-	322	-	689	-
Total	<u>\$ 88,844</u>	<u>\$ 40,871</u>	<u>\$ 1,126</u>	<u>\$ 6,190</u>	<u>\$ 1,155</u>	<u>\$ 803</u>

Notes to Financial Statements - Continued

Note 10 – Employee Retirement System and Post Employment Plan - Continued

The amounts reported as deferred outflows of resources related to the pension and OPEB resulting from the District’s contributions subsequent to the measurement date will be recognized as an increase of 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 in pension expense as follows:

<u>Year ending June 30,</u>	<u>Pension</u>	<u>Health insurance premium benefit</u>	<u>Long-term disability</u>
2026	\$ (12,161)	\$ (3,426)	\$ (102)
2027	17,885	(830)	8
2028	(7,605)	(792)	(120)
2029	(5,513)	(299)	(112)
2030	-	(39)	(36)
Thereafter	-	-	25

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

Actuarial valuation date	June 30, 2023
Actuarial roll forward date	June 20, 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 pensions and health insurance premium benefit
Recovery rates	2012 GLDT for long-term disability
Healthcare cost trend rate	Not applicable

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

The long-term expected rate of return on ASRS plan investment was determined to be 7.0 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expenses and inflation) are developed for each major asset class. 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.

Notes to Financial Statements - Continued

Note 10 – Employee Retirement System and Post Employment Plan - Continued

The target allocation and best estimates of geometric real rates of return for each major assets 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)%
Total	100%	

Discount Rate – At June 30, 2024, the discount rate used to measure the ASRS total pension/OPEB liability was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that contributions for participating employer will be made based on the actuarially determined rates based on the ASRS Board’s funding policy, which establishes the contractually required rate under the Arizona statute. 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.

Sensitivity of the District’s Proportionate Share of the ASRS 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 (assets) liabilities calculated using the discount rate of 7.0 percent, 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 percent) or 1 percentage point higher (8.0 percent) than the current rate.

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
District’s proportionate share of the			
Net pension liability	\$ 720,346	\$ 470,444	\$ 262,173
Net insurance premium benefit liability (asset)	(13,222)	(18,187)	(22,409)
Net long-term disability liability	267	78	(109)

Plan Fiduciary Net Position – Detailed information about the plan’s fiduciary net position is available in the separately issued ASRS financial report.

Notes to Financial Statements - Continued

Note 10 – Employee Retirement System and Post Employment Plan - Continued

B. Public Safety Personnel Retirement System

Plan Description – Fire service 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 plan and an agent and cost-sharing multiple-employer defined benefit health insurance premium benefit (OPEB) plan (agent 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.

The PSPRS issues a publicly available financial report that includes their financial statements and required supplementary information. The reports are available on the PSPRS web site 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 July 1, 2012	On or after July 1, 2012 and before July 1, 2017
Retirement and Disability		
Years of service and age required to receive benefit	20 years of service, any age 15 years of service, age 62	25 years of service or 15 years of credited service, age 52.5
Final average salary is based on	Highest 36 consecutive months of last 20 years	Highest 60 consecutive months of last 20 years
Benefit percent:		
Normal retirement	50% less 2.0% 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	

Notes to Financial Statements - Continued

Note 10 – Employee Retirement System and Post Employment Plan - Continued

	Initial membership date	
	Before July 1, 2012	On or after July 1, 2012 and before July 1, 2017
Survivor Benefit		
Retired members	80% to 100% of retired member’s pension benefit	
Active members	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 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 plan’s benefit terms:

	Pension	Health
Inactive employees or beneficiaries currently receiving benefits	14	14
Inactive employees entitled to but not yet receiving benefits	7	3
Active employees	26	26
Total	<u>47</u>	<u>43</u>

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 costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute at an actuarially determined rate. Contribution rates for the year ended June 30, 2025, are indicated below. Rates are a percentage of active members’ annual covered payroll.

Notes to Financial Statements - Continued

Note 10 – Employee Retirement System and Post Employment Plan - Continued

For the year ended June 30, 2025, the District was required to contribute 12.16% for the pension plan and 0.23% for the health insurance premium benefit plans. The employees were required to contribute 7.65% for the employee portion of the pension plan. In addition, statute required the District is required to contribute at the actuarially determined rate of 8.63% for the pension portion and 0.12% for the health insurance premium benefit for employees participating in the PSPRS Tier 3 Risk Pool. Total pension contributions made during the year were \$426,089, and the total health insurance premium benefit contributions were \$7,411. During the fiscal year 2025, the District paid PSPRS and OPEB contributions from the general fund.

Liability – At June 30, 2025, the District reported assets of \$433,978 and \$176,873 for the pension and health insurance premium benefit, respectively. The net assets and liabilities were measured as of June 30, 2024, and the total liability used to calculate the 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 pensions/not applicable for OPEB
Price inflation	2.5% for pensions/ not applicable for OPEB
Cost-of-living adjustment	1.85% for pensions/ 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.

The long-term expected rate of return on PSPRS plan investments was determined to be 7.2 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expenses and inflation) are developed for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Geometric Real Rate of Return
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%
Total	100%	

Notes to Financial Statements - Continued

Note 10 – Employee Retirement System and Post Employment Plan - Continued

Discount Rate – At June 30, 2024, the discount rate used to measure the PSPRS total pension/OPEB liability was 7.2 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at a 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 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.

Changes in the Net Pension/OPEB Liability

PSPRS - Pension	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension (Asset) Liability (a) – (b)
Balances at June 30, 2024	\$ 23,700,339	\$ 23,639,196	\$ 61,143
Changes for the current year:			
Service cost	451,266	-	451,266
Interest on the total pension liability	1,704,310	-	1,704,310
Differences between expected and actual experience in the measurement of the pension liability	383,569	-	383,569
Net investment income	-	2,410,706	(2,410,706)
Contributions - employer	-	457,844	(457,844)
Contributions - employee	-	177,835	(177,835)
Benefit payments	(961,269)	(961,269)	-
Pension plan administrative expense	-	(12,119)	12,119
Net changes	1,577,876	2,072,997	(495,121)
Balances at June 30, 2025	\$ 25,278,215	\$ 25,712,193	\$ (433,978)

Notes to Financial Statements - Continued

Note 10 – Employee Retirement System and Post Employment Plan - Continued

PSPRS - OPEB	Increase (Decrease)		Net OPEB (Asset) Liability (a) – (b)
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	
Balances at June 30, 2024	\$ 357,310	\$ 459,062	\$ (101,752)
Changes for the current year:			
Service cost	9,340	-	9,340
Interest on the total OPEB liability	26,041	-	26,041
Differences between expected and actual experience in the measurement of the OPEB liability	(57,950)	-	(57,950)
Contributions – employer	-	6,684	(6,684)
Net investment income	-	46,076	(46,076)
Benefit payments	(9,934)	(9,934)	-
OPEB plan administrative expense	-	(208)	208
Net changes	(32,503)	42,618	(75,121)
Balances at June 30, 2025	\$ 324,807	\$ 501,680	\$ (176,873)

Sensitivity of the District's Net Pension/OPEB Asset to Changes in the Discount Rate – The following table presents the District's proportionate share of the net pension/OPEB (assets) liabilities calculated using the discount rate of 7.2 percent, 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 (6.2 percent) or 1 percentage point higher (8.2 percent) than the current rate.

	1% Decrease (6.2%)	Current Discount Rate (7.2%)	1% Increase (8.2%)
Net pension (asset) liability	\$ 3,119,626	\$ (433,978)	\$ (3,328,953)
Net OPEB (asset) liability	(136,442)	(176,873)	(210,878)

Notes to Financial Statements - Continued

Note 10 – Employee Retirement System and Post Employment Plan - Continued

Plan Fiduciary Net Position – Detailed information about the plan’s 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 of \$979,014 and OPEB revenues of \$15,795.

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	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,372,212	\$ 8,530	\$ 7,310	\$ 93,387
Changes of assumptions or other inputs	320,443	-	5,621	1,202
Net difference between projected and actual earnings on plan investments	-	219,344	-	5,758
District contributions subsequent to the measurement date	426,089	-	7,411	-
Total	\$ 2,118,744	\$ 227,874	\$ 20,342	\$ 100,347

The amounts reported as deferred outflows of resources related to the pension and OPEB resulting from the District’s contributions subsequent to the measurement date will be recognized as an increase of 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 in pension expense as follows:

Year Ending June 30,	Pension	Health
2026	\$ 433,071	\$ (24,737)
2027	858,661	(11,620)
2028	240,503	(24,149)
2029	(67,454)	(17,252)
2030	-	(9,658)

Note 11 – Subsequent Events

The District held a special election to propose a \$15.5 million General Obligation Bond in the November 2025 election. The citizens of the Verde Valley Fire District passed this bond initiative with 74.21% of the votes. The bond funds will construct a new fire station in the Town of Clarkdale, upgrade communication infrastructure, and provide needed renovations at the current fire stations in Cottonwood (Station 31) and Cornville (Station 32).



Required Supplementary Information



Crews showing students the fire engine at a local school.

Verde Valley Fire District
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
Year Ended June 30, 2025

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
<i>Taxes:</i>			
Property taxes	\$ 7,226,250	\$ 7,178,199	\$ (48,051)
Fire district assistance tax	464,313	462,023	(2,290)
Intergovernmental	2,528,605	271,620	(2,256,985)
Charges for service	1,249,433	1,501,992	252,559
Investment earnings	36,600	255,567	218,967
Other revenue	465,310	36,690	(428,620)
Total revenues	11,970,511	9,706,091	(2,264,420)
Expenditures:			
<i>Public safety-fire protection and emergency medical services</i>			
<i>Current:</i>			
Emergency services	6,737,677	6,215,138	522,539
Administrative and support services	3,833,015	1,222,017	2,610,998
<i>Debt Service:</i>			
Principal	856,878	666,079	190,799
Interest	-	210,643	(210,643)
Capital Outlay	305,000	176,819	128,181
Total expenditures	11,732,570	8,490,696	3,241,874
Excess of revenues over expenditures	237,941	1,215,395	977,454
Other financing sources:			
Transfers in	288,825	-	(288,825)
Transfers out	(811,046)	(400,000)	411,046
Lease agreements	-	52,277	52,277
Total other financing sources (uses)	(522,221)	(347,723)	174,498
Net change in fund balances	(284,280)	867,672	1,151,952
Fund balance, July 1, 2024	4,858,414	5,004,337	145,923
Fund balance, June 30, 2025	\$ 4,574,134	\$ 5,872,009	\$ 1,297,875

See accompanying notes to the
budgetary comparison schedule.

**Verde Valley Fire District
Required Supplementary Information
Notes to Budgetary Comparison Schedule
Year ended June 30, 2025**

Note 1 – Budgeting and Budgetary Control

A.R.S. requires the District to prepare and adopt a balanced budget annually for its general fund. The Board of Directors must approve such operating budget on or before the third Monday in July to allow sufficient time for the legal announcements and hearings required for the adoption of the property tax levy on the third Monday in August. A.R.S. prohibits expenditures or liabilities in excess of the amount budgeted.

Note 2 – Budgetary Requirements and Basis of Accounting

The District’s budget is prepared on the modified accrual basis of accounting, which is a legally allowable basis for budgetary purposes. A budgetary comparison schedule for the general fund is included as required supplementary information to provide meaningful comparison of actual results to the budget. The Board is responsible for approving the budget on an annual basis.

Note 3 – Expenditures in Excess of Appropriations

For the year ended June 30, 2025, expenditures exceeded final budget amounts in the general fund for the following line items:

Debt service – interest	\$ 210,643
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The District does not separately budget interest expense. The District monitors expenses on an ongoing basis to ensure that expenditures are within the budget.

Verde Valley Fire District
Required Supplementary Information
Schedule of the District's Proportionate Share of the Net Pension/OPEB Liability
and Related Ratios - Cost-Sharing Pension/OPEB Plans
June 30, 2025

	Reporting fiscal year (measurement date)									
	2025 (2024)	2024 (2023)	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)
ASRS - Pension										
Disitret's proportion of the net pension liability	0.00294%	0.00304%	0.00288%	0.00271%	0.00280%	0.00273%	0.00251%	0.00246%	0.00271%	0.00340%
Disitret's proportion's share of the net pension liability	\$ 470,444	\$ 491,916	\$ 470,080	\$ 356,082	\$ 485,143	\$ 397,247	\$ 350,057	\$ 383,220	\$ 437,421	\$ 530,033
Disitret's covered payroll	389,628	396,837	342,465	307,313	309,162	288,086	242,860	242,860	255,544	313,415
Disitret's proportion's share of the net pension liability as a percentage of its covered payroll	120.74%	123.96%	137.26%	115.87%	156.92%	137.89%	144.14%	157.79%	171.17%	169.12%
Plan fiduciary net position as a percentage of the total pension liability	76.93%	75.47%	74.26%	78.58%	69.33%	73.24%	73.40%	69.92%	67.06%	68.35%
ASRS - Health insurance premium benefit										
	Reporting fiscal year (measurement date)								2017 through 2016	
	2025 (2024)	2024 (2023)	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)		
Disitret's proportion of the net OPEB asset	0.00301%	0.00311%	0.00295%	0.00277%	0.00287%	0.00279%	0.00255%	0.00246%	Information not available	
Disitret's proportion's share of the net OPEB asset	\$ (18,187)	\$ (16,792)	\$ (16,464)	\$ (13,496)	\$ (2,030)	\$ (771)	\$ (918)	\$ (1,361)		
Disitret's covered payroll	389,628	396,837	342,465	307,313	309,162	288,086	242,860	242,860		
Disitret's proportion's share of the net OPEB asset as a percentage of its covered payroll	-4.67%	-4.23%	-4.81%	-4.39%	-0.66%	-0.27%	-0.38%	-0.56%		
Plan fiduciary net position as a percentage of the total OPEB	137.51%	134.37%	137.79%	130.24%	104.33%	101.62%	102.20%	103.57%		
ASRS - Long-term Disability										
	Reporting fiscal year (measurement date)								2017 through 2016	
	2025 (2024)	2024 (2023)	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)		
Disitret's proportion of the net OPEB liability	0.00298%	0.00307%	0.00290%	0.00274%	0.00284%	0.00251%	0.00251%	0.00247%	Information not available	
Disitret's proportion's share of the net OPEB liability	\$ 78	\$ 402	\$ 268	\$ 566	\$ 2,154	\$ 1,311	\$ 1,311	\$ 895		
Disitret's covered payroll	389,628	396,837	342,465	307,313	309,162	288,086	242,860	242,860		
Disitret's proportion's share of the net OPEB liability as a percentage of its covered payroll	0.02%	0.10%	0.08%	0.18%	0.70%	0.46%	0.54%	0.37%		
Plan fiduciary net position as a percentage of the total OPEB	98.77%	93.70%	95.40%	90.38%	68.01%	72.85%	77.83%	84.44%		

See accompanying notes to pension plan/OPEB schedules.

Verde Valley Fire District
Required Supplementary Information
Schedule of Changes in the District's Net Pension/OPEB Liability and Related Ratios
Agent Pension/OPEB Plan
June 30, 2025

PSPRS - Pension	Reporting fiscal year (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	\$ 451,266	\$ 541,695	\$ 536,416	\$ 547,677	\$ 539,491	\$ 534,127	\$ 526,521	\$ 524,611	\$ 417,276	\$ 354,623
Interest on total pension liability	1,704,310	1,616,577	1,428,520	1,309,214	1,250,879	1,130,257	1,006,967	899,076	680,015	625,667
Changes of benefit terms	-	-	-	-	-	-	-	95,671	969,436	-
Difference between expected and actual experience in the measurement of the pension liability	383,569	9,798	1,269,177	405,609	5,567	820,801	299,196	(83,306)	1,157,258	33,659
Changes of assumptions or other inputs	-	-	356,887	-	-	373,377	-	475,072	432,725	-
Benefit payments, including refunds of employee contributions	(961,269)	(757,000)	(668,164)	(565,653)	(1,444,389)	(560,292)	(314,643)	(269,541)	(501,071)	(204,825)
Net change in pension liability	1,577,876	1,411,070	2,922,836	1,696,847	351,548	2,298,270	1,518,041	1,641,583	3,155,639	809,124
Total pension liability - beginning	23,700,339	22,289,269	19,366,433	17,669,586	17,318,038	15,019,768	13,501,727	11,860,144	8,704,505	7,895,381
Total pension liability - ending (a)	<u>\$ 25,278,215</u>	<u>\$ 23,700,339</u>	<u>\$ 22,289,269</u>	<u>\$ 19,366,433</u>	<u>\$ 17,669,586</u>	<u>\$ 17,318,038</u>	<u>\$ 15,019,768</u>	<u>\$ 13,501,727</u>	<u>\$ 11,860,144</u>	<u>\$ 8,704,505</u>
Plan fiduciary net position										
Contributions - employer	\$ 457,844	\$ 428,817	\$ 8,451,568	\$ 1,048,719	\$ 836,253	\$ 659,020	\$ 685,042	\$ 445,141	\$ 357,049	\$ 263,023
Contributions - employee	177,835	206,443	207,385	236,664	288,124	192,372	260,608	353,538	281,921	250,363
Net investment income	2,410,706	1,704,569	(918,897)	3,305,711	143,284	568,174	657,177	959,103	45,858	232,682
Benefit payments, including refunds of employee contributions	(961,269)	(757,000)	(668,164)	(565,653)	(1,444,389)	(560,292)	(314,643)	(269,541)	(501,071)	(204,825)
Administrative expenses	(12,119)	(9,868)	(16,500)	(15,381)	(11,685)	(10,872)	(11,402)	(9,286)	(7,399)	(6,062)
Other changes	-	(31,472)	-	-	-	(1,520)	(323,602)	101	1,013,325	(4,983)
Net change in plan fiduciary net position	2,072,997	1,541,489	7,055,392	4,010,060	(188,413)	846,882	953,180	1,479,056	1,189,683	530,198
Plan fiduciary net position - beginning	23,639,196	22,097,707	15,042,315	11,032,255	11,220,667	10,373,785	9,420,605	7,941,549	6,751,866	6,221,668
Adjustment to beginning of year	-	-	-	-	1	-	-	-	-	-
Plan fiduciary net position - ending (b)	<u>\$ 25,712,193</u>	<u>\$ 23,639,196</u>	<u>\$ 22,097,707</u>	<u>\$ 15,042,315</u>	<u>\$ 11,032,255</u>	<u>\$ 11,220,667</u>	<u>\$ 10,373,785</u>	<u>\$ 9,420,605</u>	<u>\$ 7,941,549</u>	<u>\$ 6,751,866</u>
District's net pension liability (asset) - ending (a) - (b)	\$ (433,978)	\$ 61,143	\$ 191,562	\$ 4,324,118	\$ 6,637,331	\$ 6,097,371	\$ 4,645,983	\$ 4,081,122	\$ 3,918,595	\$ 1,952,639
Plan fiduciary net position as a percentage of the total pension liability	101.72%	99.74%	99.14%	77.67%	62.44%	64.79%	69.07%	69.77%	66.96%	77.57%
Covered-employee payroll	\$ 2,478,618	\$ 2,268,216	\$ 2,347,571	\$ 2,562,505	\$ 2,450,623	\$ 2,415,236	\$ 2,335,756	\$ 2,131,136	\$ 1,638,967	\$ 1,920,313
District's net pension (asset) liability as a percentage of covered-employee payroll	-17.51%	2.70%	8.16%	168.75%	270.84%	252.45%	198.91%	191.50%	239.09%	101.68%

See accompanying notes to pension plan/OPEB schedules.

Verde Valley Fire District
Required Supplementary Informatior
Schedule of Changes in the District's Net Pension/OPEB Liability and Related Ratio:
Agent Pension/OPEB Plan - Continued
June 30, 2025

PSPRS - Health insurance premium benefit	Reporting fiscal year (measurement date)								2017 through 2016
	2025 (2024)	2024 (2023)	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	
Total OPEB liability									
Service cost	\$ 9,340	\$ 9,730	\$ 11,097	\$ 12,171	\$ 12,383	\$ 9,419	\$ 9,661	\$ 8,409	Information not available
Interest on total OPEB liability	26,041	24,809	25,362	23,906	22,968	25,371	22,353	18,912	
Changes of benefit terms	-	-	-	-	-	-	-	6,246	
Difference between expected and actual experience in the measurement of the OPEB liability	(57,950)	(5,550)	(32,645)	(733)	(3,932)	(61,873)	13,157	29,588	
Changes of assumptions or other inputs	-	-	8,075	-	-	3,019	-	(7,274)	
Benefit payments, including refunds of employee contributions	(9,934)	(13,032)	(13,741)	(14,891)	(13,333)	(9,392)	(8,560)	(4,660)	
Net change in OPEB liability	(32,503)	15,957	(1,852)	20,453	18,086	(33,456)	36,611	51,221	
Total OPEB liability - beginning	357,310	341,353	343,205	322,752	304,666	338,122	301,511	250,290	
Total OPEB liability - ending (a)	<u>\$ 324,807</u>	<u>\$ 357,310</u>	<u>\$ 341,353</u>	<u>\$ 343,205</u>	<u>\$ 322,752</u>	<u>\$ 304,666</u>	<u>\$ 338,122</u>	<u>\$ 301,511</u>	
Plan fiduciary net position									
Contributions - employer	\$ 6,684	\$ 4,491	\$ 4,761	\$ 7,168	\$ 9,946	\$ 10,075	\$ 1,917	\$ 2,707	
Contributions - employee	-	-	-	-	-	-	-	-	
Net investment income	46,076	32,790	(18,007)	100,385	4,617	18,911	22,997	35,205	
Benefit payments, including refunds of employee contributions	(9,934)	(13,032)	(13,741)	(14,891)	(13,333)	(9,392)	(8,560)	(4,660)	
Administrative expenses	(208)	(201)	(321)	(413)	(375)	(326)	(350)	(311)	
Other changes	-	-	-	-	-	1,519	-	-	
Net change in plan fiduciary net position	42,618	24,048	(27,308)	92,249	855	20,787	16,004	32,941	
Plan fiduciary net position - beginning	459,062	435,014	462,322	370,073	369,218	348,431	332,427	299,486	
Adjustment to beginning of year	-	-	-	-	-	-	-	-	
Plan fiduciary net position - ending (b)	<u>\$ 501,680</u>	<u>\$ 459,062</u>	<u>\$ 435,014</u>	<u>\$ 462,322</u>	<u>\$ 370,073</u>	<u>\$ 369,218</u>	<u>\$ 348,431</u>	<u>\$ 332,427</u>	
District's net OPEB liability (asset) - ending (a) - (b)	<u>\$ (176,873)</u>	<u>\$ (101,752)</u>	<u>\$ (93,661)</u>	<u>\$ (119,117)</u>	<u>\$ (47,321)</u>	<u>\$ (64,552)</u>	<u>\$ (10,309)</u>	<u>\$ (30,916)</u>	
Plan fiduciary net position as a percentage of the total OPEB liability	154.45%	128.48%	127.44%	134.71%	114.66%	121.19%	103.05%	110.25%	
Covered-employee payroll	\$ 2,478,618	\$ 2,268,216	\$ 2,347,571	\$ 2,562,505	\$ 2,450,623	\$ 2,415,236	\$ 2,335,756	\$ 2,131,136	
District's net OPEB (asset) liability as a percentage of covered- employee payroll	-7.14%	-4.49%	-3.99%	-4.65%	-1.93%	-2.67%	-0.44%	-1.45%	

See accompanying notes to pension plan/OPEB schedules.

Verde Valley Fire District
Required Supplementary Information
Schedule of District Pension/OPEB Contribution:
Year Ended June 30, 2025

ASRS - Pension	Reporting Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Statutorily required contribution	\$ 55,367	\$ 46,872	\$ 47,303	\$ 41,130	\$ 35,802	\$ 35,399	\$ 32,208	\$ 27,254	\$ 27,701	\$ 143,755
District's contributions in relation to the statutorily required contribution	55,367	46,872	47,303	41,130	35,802	35,399	32,208	27,254	27,701	143,755
District's contribution deficiency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 459,478	\$ 389,628	\$ 396,837	\$ 342,465	\$ 307,313	\$ 309,162	\$ 288,086	\$ 242,860	\$ 242,860	\$ 255,544
District's contributions as a percentage of covered payroll	12.05%	12.03%	11.92%	12.01%	11.65%	11.45%	11.18%	11.22%	11.41%	56.25%

ASRS - Health insurance premium benefit	Reporting Fiscal Year									
	2024	2024	2023	2022	2021	2020	2019	2018	2017	2016
Statutorily required contribution	\$ 322	\$ 429	\$ 437	\$ 719	\$ 1,199	\$ 1,515	\$ 1,325	\$ 1,100	\$ 1,360	Information not available
District's contributions in relation to the statutorily required contribution	322	429	437	719	1,199	1,515	1,325	1,100	1,360	
District's contribution deficiency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
District's covered payroll	\$ 459,478	\$ 389,628	\$ 396,837	\$ 342,465	\$ 307,313	\$ 309,162	\$ 288,086	\$ 242,860	\$ 242,860	
District's contributions as a percentage of covered payroll	0.07%	0.11%	0.11%	0.21%	0.39%	0.49%	0.46%	0.45%	0.56%	

ASRS - Long-term Disability	Reporting Fiscal Year									
	2024	2024	2023	2022	2021	2020	2019	2018	2017	2016
Statutorily required contribution	\$ 689	\$ 584	\$ 556	\$ 651	\$ 553	\$ 526	\$ 461	\$ 400	\$ 340	Information not available
District's contributions in relation to the statutorily required contribution	689	584	556	651	553	526	461	400	340	
District's contribution deficiency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
District's covered payroll	\$ 459,478	\$ 389,628	\$ 396,837	\$ 342,465	\$ 307,313	\$ 309,162	\$ 288,086	\$ 242,860	\$ 242,860	
District's contributions as a percentage of covered payroll	0.15%	0.15%	0.14%	0.19%	0.18%	0.17%	0.16%	0.16%	0.14%	

See accompanying notes to pension plan/OPEB schedules.

Verde Valley Fire District
Required Supplementary Information
Schedule of District Pension/OPEB Contributions - Continued
Year Ended June 30, 2025

PSPRS - Pension	Reporting Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contribution	\$ 426,089	\$ 459,238	\$ 405,486	\$ 391,716	\$ 901,252	\$ 659,020	\$ 685,042	\$ 597,466	\$ 349,754	\$ 359,115
District's contributions in relation to the actuarially determined contribution	426,089	459,238	405,486	8,144,274	901,252	703,674	685,042	635,847	349,754	359,115
District's contribution deficiency	\$ -	\$ -	\$ -	\$ (7,752,558)	\$ -	\$ (44,654)	\$ -	\$ (38,381)	\$ -	\$ -
District's covered payroll	\$ 2,440,139	\$ 2,478,618	\$ 2,268,216	\$ 2,347,571	\$ 2,562,505	\$ 2,450,623	\$ 2,415,236	\$ 2,335,756	\$ 2,131,136	\$ 1,638,967
District's contributions as a percentage of covered payroll	17.46%	18.53%	17.88%	346.92%	35.17%	28.71%	28.36%	27.22%	16.41%	21.91%
Reporting Fiscal Year										
PSPRS - Health insurance premium benefit										
	2024	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contribution	\$ 7,411	\$ 8,525	\$ 3,068	\$ 3,324	\$ 9,032	\$ 10,075	\$ 1,917	\$ 8,560	\$ 8,311	Information not
District's contributions in relation to the actuarially determined contribution	7,411	8,525	3,068	3,324	9,032	10,075	1,917	8,560	8,311	available
District's contribution deficiency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
District's covered payroll	\$ 2,440,139	\$ 2,478,618	\$ 2,268,216	\$ 2,347,571	\$ 2,562,505	\$ 2,450,623	\$ 2,415,236	\$ 2,335,756	\$ 2,131,136	
District's contributions as a percentage of covered payroll	0.30%	0.34%	0.14%	0.14%	0.35%	0.41%	0.08%	0.37%	0.39%	

See accompanying notes to pension plan/OPEB schedules.

**Verde Valley Fire District
Notes to Pension/OPEB Plan Schedules
Year Ended June 30, 2025**

Note 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 payroll, closed
Remaining amortization period as of the 2023 actuarial valuation	15 years
Asset valuation method	7-year smoothed market value; 80%/120% market 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%.
Projected salary increases	In the 2017 actuarial valuation, projected salary increases were decreased from 4.0%-8.0% to 3.5%-7.5%. In the 2014 actuarial valuation, projected salary increases were decreased from 4.5% - 8.5% to 4.0% - 8.0%. 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 3.5% to a range of 3.2-6.25%. 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%.
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).

Note 2 – 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 plan's 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.



Other Information



Car Seat Technicians from Verde Valley Fire District and Copper Canyon Fire and Medical District hosted a car seat event to provide free car seats as well as installation assistance for those in need.

**Verde Valley Fire District
Other Information
Budgetary Comparison Schedule
Capital Reserve Fund
Year Ended June 30, 2025**

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Investment earnings	\$ 60,000	\$ 191,120	\$ 131,120
Total revenues	60,000	191,120	131,120
Expenditures:			
<i>Public safety-fire protection and emergency medical services</i>			
Current:			
Administrative and support services	155,400	51,251	104,149
Capital outlay	772,453	370,798	401,655
Total expenditures	927,853	422,049	505,804
Excess (deficiency) of revenues over (under) expenditures	(867,853)	(230,929)	636,924
Other financing sources:			
Transfers in	400,000	400,000	-
Transfers out	(142,153)	-	142,153
Proceeds from sale of capital assets	4,000	15,560	11,560
Total other financing sources	261,847	415,560	153,713
Net change in fund balances	(606,006)	184,631	790,637
Fund balance, July 1, 2024	3,051,491	3,097,073	45,582
Fund balance, June 30, 2025	<u>\$ 2,445,485</u>	<u>\$ 3,281,704</u>	<u>\$ 836,219</u>

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YAVAPAI COUNTY, ARIZONA

The following information regarding the County is provided for background information only. No attempt has been made to determine what part, if any, of the data presented is applicable to the District; consequently no representation is made as to the relevance of the data to the District or the Bonds. THE BONDS WILL NOT BE OBLIGATIONS OF THE COUNTY. The Bonds will be direct obligations of the District, payable solely from ad valorem taxes levied against all taxable property in the District as described under the heading "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS."

General

The County was formed in 1864, is located in west-central Arizona and encompasses 8,125 square miles. The topography varies from high desert with rugged mountain terrain in the southernmost portion of the County to a highlands region of high mountain ranges and valleys. The northeast portion of the County is traversed by a strip of ponderosa pine forests which crosses the State from the northwest to the eastern border. Elevations in the County range from 1,900 feet to over 7,700 feet. Approximately 49% of the County’s land is national forest, including the Prescott National Forest, Coconino National Forest and the Tonto National Forest, and is managed by the federal government.

**LAND OWNERSHIP
Yavapai County, Arizona**

<u>Control/Ownership</u>	<u>Percent of Land in County</u>
State of Arizona	24.6%
Indian Reservation	0.4
Individuals or Corporations	25.0
U.S. Forest Service and Bureau of Land Management	49.6
Other Public Lands	0.4
Total	<u>100.0%</u>

Source: *Arizona County Profiles*, Arizona Commerce Authority.

Located within the County are the cities of Prescott, Cottonwood and Sedona, Arizona, and the towns of Prescott Valley, Camp Verde, Dewey-Humboldt and Chino Valley, Arizona. The following table illustrates respective population statistics for the principal communities of the County, the County and the State.

Municipal Government and Organization

The governmental and administrative affairs of the County are carried out by a Board of Supervisors (the “Board”) whose members serve four-year terms. The Board appoints a County Administrator who is responsible for carrying out Board policies and administering county operations.

The following table illustrates respective population statistics for the principal communities of the County, the County and the State.

POPULATION STATISTICS

	<u>Town of Camp Verde</u>	<u>Town of Chino Valley</u>	<u>Town of Clarkdale</u>	<u>City of Cottonwood</u>	<u>City of Prescott</u>	<u>Town of Prescott Valley</u>	<u>Yavapai County</u>	<u>State of Arizona</u>
2025 Estimate (a)	12,465	13,890	4,941	12,796	48,403	52,682	253,595	7,718,747
2020 Census	12,147	13,020	4,424	12,029	45,827	46,785	236,209	7,151,502
2010 Census	10,873	10,817	4,097	11,265	39,843	38,822	211,033	6,392,017
2000 Census	9,451	7,835	3,422	9,179	33,938	23,535	167,517	5,130,632
1990 Census	6,243	4,837	2,144	5,918	26,592	8,904	107,714	3,665,339
1980 Census	3,824	2,858	1,512	4,550	19,865	2,284	68,145	2,716,546

(a) Estimate as of July 2025 (data released in December 2025).

Source: Arizona Office of Economic Opportunity, prepared in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics.

Economy

The table below illustrates the employment structure of the County.

**NON-AGRICULTURAL EMPLOYMENT STRUCTURE
Yavapai County, Arizona**

	<u>2025 Percent of Total (a)</u>
Mining and construction	10.1%
Manufacturing	4.7
Trade, transportation, and utilities	18.5
Information	0.7
Financial activities	3.7
Professional and business services	9.9
Educational and health services	18.7
Leisure and hospitality	13.4
Other Services	3.9
Government	16.5
Total	<u>100.0%</u>

(a) Data through November 2025.

Source: Arizona Office of Economic Opportunity, prepared in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics.

LABOR FORCE AND NONFARM EMPLOYMENT
Yavapai County, Arizona

	<u>2025 (a)</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Mining and construction	7,300	7,200	7,100	7,000	6,700	6,500
Manufacturing	3,400	3,700	3,700	4,000	3,800	3,600
Trade, transportation, and utilities	13,400	13,700	13,700	13,700	13,200	12,500
Information	500	500	500	500	400	400
Financial activities	2,700	2,700	2,700	2,800	2,500	2,300
Professional and business services	7,200	7,200	7,300	6,500	5,400	4,700
Educational and health services	13,600	13,100	12,500	12,000	11,900	12,000
Leisure and hospitality	9,700	9,900	10,300	10,600	10,000	8,900
Other Services	2,800	2,600	2,500	2,400	2,300	2,200
Government	12,000	11,400	11,100	10,700	10,500	10,600
	<u>72,600</u>	<u>72,000</u>	<u>71,400</u>	<u>70,200</u>	<u>66,700</u>	<u>63,700</u>

(a) Data through November 2025.

Source: Arizona Office of Economic Opportunity, prepared in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics.

The following table illustrates the unemployment rate averages for the County, the State and the United States of America.

UNEMPLOYMENT RATE AVERAGES

<u>Calendar Year</u>	<u>Yavapai County (a)</u>	<u>State of Arizona (a)</u>	<u>United States of America</u>
2025 (b)	4.1%	4.2%	4.3%
2024	3.3	3.6	4.0
2023	3.6	3.7	3.6
2022	3.4	3.8	3.6
2021	4.3	5.0	5.3
2020	7.4	7.8	8.1

(a) Each year, historical estimates from the Local Area Unemployment Statistics (LAUS) program are revised to reflect new population controls from the Census Bureau, updated input data, and reestimation. The data for model-based areas also incorporate new seasonal adjustment, and the unadjusted estimates are controlled to new census division and U.S. totals. Sub-state area data subsequently are revised to incorporate updated inputs, reestimation, and controlling to new statewide totals.

(b) Data through November 2025.

Source: Arizona Office of Economic Opportunity, prepared in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics.

Retail Sales

The following table illustrates retail sales for the County.

TAXABLE RETAIL SALES Yavapai County, Arizona (\$000s omitted)

Calendar Year	Taxable Retail Sales (a)
2025 (b)	\$ 2,860,867
2024	3,060,305
2023	3,052,650
2022	2,967,930
2021	2,792,470
2020	2,367,155

(a) The statutory definition of "Retail Sales" is the business of selling tangible personal property at retail. Therefore, this class does not include services or hotels, restaurants or food sales.

(b) Data through November 2025.

Source: Arizona Department of Revenue, Office of Economic Research and Analysis.

Bank Deposits

The following table illustrates bank deposits for the County.

BANK DEPOSITS Yavapai County, Arizona (\$000s omitted)

Fiscal Year	Amount
2025	\$ 5,629,950
2024	5,630,910
2023	5,727,666
2022	6,157,690
2021	5,417,294

Source: Federal Deposit Insurance Corporation.

FORM OF APPROVING LEGAL OPINION

[Closing Date]

District Board
Verde Valley Fire District
of Yavapai County, Arizona

Re: Verde Valley Fire District of Yavapai County, Arizona General Obligation Bonds, Project of 2025, Series A (2026)

We have examined copies of the proceedings of the District Board of Verde Valley Fire District of Yavapai County, Arizona (the “District”), and other proofs submitted to us relative to the sale and issuance of the captioned Bonds (the “Bonds”). In addition, we have examined such other proceedings, proofs, instruments, certificates and other documents as well as such other materials and such matters of law as we have deemed necessary or appropriate for the purposes of the opinion rendered herein below. In such examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity to the original documents of all documents submitted to us as copies. As to any facts material to our opinion, we have, when relevant facts were not independently established, relied upon the aforesaid proceedings and proofs.

We are of the opinion that such proceedings and proofs show lawful authority for the sale and issuance of the Bonds pursuant to the Constitution and laws of the State of Arizona now in force, and particularly the provisions of Title 48, Chapter 5, Article 1, Arizona Revised Statutes, as amended, and that the Bonds are valid and legally binding obligations of the District, all of the taxable property within which is subject to the levy of a tax, without limitation as to rate or amount, to pay the principal of and interest on the Bonds.

Under existing statutes, regulations, rulings and court decisions, subject to the reliance and assumption stated in the last sentence of this paragraph, interest on the Bonds is excludable from the gross income of the owners thereof for federal income tax purposes, and interest on the Bonds is exempt from income taxation under the laws of the State of Arizona. Furthermore, interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. In the case of the alternative minimum tax imposed by Section 55(b)(2) of the Internal Revenue Code of 1986, as amended (the “Code”) on applicable corporations (as defined in Section 59(k) of the Code), interest on the Bonds is not excluded from the determination of adjusted financial statement income. (We express no opinion regarding other federal or state tax consequences resulting from the ownership, receipt or accrual of interest on, or disposition of, the Bonds.) The Code includes requirements which the District must continue to meet after the issuance of the Bonds in order that interest on the Bonds not be included in gross income for federal income tax purposes. The failure of the District to meet these requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to their date of issuance. The District Board of the District has resolved in the resolution authorizing the issuance of the Bonds adopted by the District Board of the District on February 24, 2026, to take the actions required by the Code in order to maintain the exclusion from gross income for federal income tax purposes of interest on the Bonds. (Subject to the same limitations in the penultimate paragraph hereof, the District has full legal power and authority to comply with such covenants.) In rendering the opinion expressed above, we have assumed continuing compliance with the tax covenants referred to above that must be met after the issuance of the Bonds in order that interest on the Bonds not be included in gross income for federal tax purposes.

The rights of the holders of the Bonds and the enforceability of those rights may be subject to bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors’ rights. The enforcement of such rights may also be subject to the exercise of judicial discretion in accordance with general principles of equity.

This opinion represents our legal judgment based upon our review of the law and the facts we deem relevant to render such opinion and is not a guarantee of a result. This opinion is given as of the date hereof, and we assume no obligation to review or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Respectfully submitted,

FORM OF CONTINUING DISCLOSURE UNDERTAKING

CONTINUING DISCLOSURE UNDERTAKING

\$10,000,000*

**VERDE VALLEY FIRE DISTRICT
OF YAVAPAI COUNTY, ARIZONA
GENERAL OBLIGATION BONDS, PROJECT OF 2025, SERIES A (2026)**

(BASE CUSIP IDENTIFICATION NO. _____)

This Continuing Disclosure Undertaking (this “Disclosure Undertaking”) is executed and delivered by Verde Valley Fire District of Yavapai County, Arizona (the “District”), in connection with the \$10,000,000* aggregate principal amount of General Obligation Bonds, Project of 2025, Series A (2026) (the “Series 2026 Bonds”). The Series 2026 Bonds are being issued pursuant to a resolution adopted by the District Board of the District on February 24, 2026 (the “Bond Resolution”). The District covenants and agrees as follows:

SECTION 1. Definitions. In addition to the definitions set forth hereinabove, which apply to any capitalized term used in this Disclosure Undertaking unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Undertaking.

“Beneficial Owner” shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Series 2026 Bonds (including persons holding Series 2026 Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Series 2026 Bonds for federal income tax purposes.

“Dissemination Agent” shall mean the District, or any successor Dissemination Agent designated in writing by the District and which has filed with the District a written acceptance of such designation.

“EMMA” shall mean the Electronic Municipal Market Access system of the MSRB. As of the date of this Disclosure Undertaking, information regarding submissions to EMMA is available at <http://emma.msrb.org>.

“Financial Obligation” shall mean a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) a guarantee of (i) or (ii). The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Disclosure Undertaking.

“MSRB” shall mean Municipal Securities Rulemaking Board.

“Official Statement” shall mean the final Official Statement, dated [_____, 2026], for the Series 2026 Bonds.

“Participating Underwriters” shall mean the original underwriters of the Series 2026 Bonds required to comply with the Rule in connection with the offering of the Series 2026 Bonds.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“State” shall mean the State of Arizona.

SECTION 2. Purpose of the Disclosure Undertaking. This Disclosure Undertaking is being executed and delivered by the District for the benefit of the Beneficial Owners and in order to assist the Participating Underwriters in complying with the Rule.

SECTION 3. Provision of Annual Reports.

(a) Subject to annual appropriation to cover the costs of preparation and mailing thereof, the District shall, or shall cause the Dissemination Agent to, not later than February 1 following the end of the District’s fiscal year (presently June 30), commencing with the Annual Report for the 2025-2026 Fiscal Year, provide through EMMA an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Undertaking. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Undertaking; provided that the audited financial statements of the District may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the District’s fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(a).

(b) Not later than fifteen (15) business days prior to the date on which the Annual Report shall be provided through EMMA pursuant to subsection (a), the District shall provide the Annual Report to the Dissemination Agent (if other than the District). If the District is unable to provide through EMMA an Annual Report by the date required in subsection (a), the District shall send a notice on the form provided through EMMA for such purpose not more than ten (10) business days after the date on which the Annual Report is due.

(c) The Dissemination Agent shall, if the Dissemination Agent is other than the District, file a report with the District certifying that the Annual Report has been provided pursuant to this Disclosure Undertaking, stating the date it was provided.

SECTION 4. Content of Annual Reports. The District’s Annual Report shall contain or include by reference the following:

(a) If available at the time of such filing, the audited financial statements of the District for the prior fiscal year, prepared in accordance with generally accepted auditing standards. If the District’s audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report within 30 days of the date they become available.

(b) Additional financial information and operating data of the type included with respect to the District in the following tables in APPENDIX A – “THE DISTRICT – DISTRICT INFORMATION” and APPENDIX B – “THE DISTRICT – FINANCIAL DATA” to the Official Statement:

- TABLE 4 – Property Taxes Levied and Collected;
- TABLE 6 – Net Limited Assessed Property Value by Property Classification; and
- TABLE 7 – Net Limited Assessed Property Value of Major Taxpayers.

SECTION 5. Reporting of Listed Events.

(a) Pursuant to the provisions of this Section 5, but subject to annual appropriation to cover the costs of preparation and mailing thereof, the District shall give, or cause to be given in a timely manner, but not more than ten (10) business days thereafter, through EMMA notice of the occurrence of any of the following events with respect to the Series 2026 Bonds:

1. Principal and interest payment delinquencies,
2. Nonpayment related defaults, if material,

3. Unscheduled draws on debt service reserves, if any, reflecting financial difficulties,
4. Unscheduled draws on credit enhancements reflecting financial difficulties,
5. Substitution of the credit or liquidity providers or their failure to perform,
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations, in each case, with respect to the tax status of the Series 2026 Bonds or other material events affecting the tax status of the Series 2026 Bonds,
7. Modifications to rights of holders of the Series 2026 Bonds, if material,
8. Bond calls, if material, or tender offers,
9. Defeasances,
10. Release, substitution or sale of property securing repayment of the Series 2026 Bonds, if material,
11. Rating changes,
12. Bankruptcy, insolvency, receivership or similar events of the District, being if any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the District in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under State or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District,
13. The consummation of a merger, consolidation or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material,
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material,
15. Incurrence of a Financial Obligation of the District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the District, any of which affect security holders, if material,
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the District, any of which reflect financial difficulties, and
17. Notice of a failure of the District to provide required annual financial information on or before the date specified in Section 3 above, including any non-appropriation to cover applicable costs.

(b) Whether events subject to the standard “material” would be material shall be determined under applicable federal securities laws.

SECTION 6. Termination of Reporting Obligation. The District's obligations under this Disclosure Undertaking shall terminate (A) upon the legal defeasance, prior redemption or payment in full of all of the Series 2026 Bonds, or (B) upon the termination of the continuing disclosure requirements of the Rule by legislative, judicial or administrative action. If termination pursuant to (A) occurs prior to the final maturity of the Series 2026 Bonds, the District shall give notice of such termination in the same manner as for a Listed Event under Section 5(a).

SECTION 7. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Undertaking, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the District pursuant to this Disclosure Undertaking.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Undertaking, the District may amend this Disclosure Undertaking, and any provision of this Disclosure Undertaking may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Series 2026 Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized securities law counsel, have complied with the requirements of the Rule at the time of the original issuance of the Series 2026 Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver does not, in the opinion of nationally recognized securities law counsel, materially impair the interests of the Beneficial Owners.

In the event of any amendment or waiver of a provision of this Disclosure Undertaking, the District shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the District. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(a), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. Additional Information. Nothing in this Disclosure Undertaking shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Undertaking or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Undertaking. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Undertaking, the District shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the District to comply with any provision of this Disclosure Undertaking, any Beneficial Owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Undertaking. A default under this Disclosure Undertaking shall not be deemed an event of default under the Bond Resolution, and the sole remedy under this Disclosure Undertaking in the event of any failure of the District to comply with this Disclosure Undertaking shall be an action to compel performance.

SECTION 11. Non-Appropriation. The performance by the District of its obligations in this Disclosure Undertaking shall be subject to the annual appropriation of any funds that may be necessary to permit such performance. In the event of a failure by the District to comply with its covenants under this Disclosure Undertaking due to a failure to appropriate the necessary funds, the District covenants to provide prompt notice of such fact to the MSRB through EMMA.

SECTION 12. Beneficiaries. This Disclosure Undertaking shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriters and the Beneficial Owners from time to time of the Series 2026 Bonds, and shall create no rights in any other person or entity.

Dated: [Closing Date]

VERDE VALLEY FIRE DISTRICT OF YAVAPAI COUNTY,
ARIZONA

By
Chairman, District Board

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BOOK-ENTRY-ONLY SYSTEM

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Securities Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants” and together with the Direct Participants, the “Participants”). DTC has Standard & Poor’s rating of: “AA+.” The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of the Bonds may wish to ascertain that the nominee holding the

Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Bond Registrar and Paying Agent and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payment of principal of and interest on the Bonds and the redemption price of any Bond will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Bond Registrar and Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Bond Registrar and Paying Agent or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal of and interest on the Bonds and the redemption price of any Bonds will be made to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or Bond Registrar and Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the District or the Bond Registrar and Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, certificates are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy thereof.