

MOODY'S

RATINGS

Rating Action: Moody's Ratings upgrades Avra Valley Fire District, AZ's GOs to Aa3 and assigns A1 issuer rating

30 Jan 2026

New York, January 30, 2026 -- Moody's Ratings (Moody's) has assigned an A1 issuer rating to Avra Valley Fire District, AZ. The issuer rating reflects the district's credit quality and ability to repay debt and debt-like obligations without consideration of any pledge, security, or structural features. Concurrently, we upgraded the district's general obligation unlimited tax (GOULT) rating to Aa3 from A3. This action concludes a review for possible upgrade that was initiated on December 9th, 2025 in conjunction with the release of the US Special Purpose Districts methodology. The district has about \$2.9 million in outstanding debt as of June 30, 2024.

RATINGS RATIONALE

The A1 issuer rating reflects the district's strong financial reserves, supported by a growing tax base and conservative budgeting practices. As of fiscal 2024, the district had about \$2.4 million in available fund balance (43% of revenue) and unaudited results for fiscal 2025 indicate balanced operations. The district will continue to benefit from steady development northwest of Tucson. The rating is constrained by the district's limited scale of operations. Finally, the rating incorporates the district's modest long-term liabilities ratio of around 144%.

The Aa3 rating on the district's general obligation bonds is one notch above the A1 issuer rating, reflecting the unlimited property tax levy to pay debt service, as well as Arizona general obligation bond security features that include the physical separation of pledged property tax collections through a "lockbox" and a security interest created by statute.

RATING OUTLOOK

We do not assign outlooks to local governments with this amount of debt.

FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATINGS

- Growth in total operating revenues to over \$8 million, while maintaining current fund balance/liquidity ratios
- Trend of surplus operations that grow reserves to over 70% of revenue

FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATINGS

- Significant increase in long-term liabilities ratio to over 300% of revenue
- Trend of operating deficits that reduce reserves to less than 25% of revenue

PROFILE

The district encompasses 260 square miles about 30 miles north of Tucson and provides fire protection and emergency medical response services to a local population of about 11,500. The district is governed by a five-member board elected at large from within the district's boundaries. Day-to-day administration of the district is handled by the fire chief.

METHODOLOGY

The principal methodology used in these ratings was US Special Purpose Districts published in December 2025 and available at <https://ratings.moody.com/rmc-documents/455982>. Alternatively, please see the Rating

Methodologies page on <https://ratings.moodys.com> for a copy of this methodology.

REGULATORY DISCLOSURES

For further specification of Moody's key rating assumptions and sensitivity analysis, see the sections Methodology Assumptions and Sensitivity to Assumptions in the disclosure form. Moody's Rating Symbols and Definitions can be found on <https://ratings.moodys.com/rating-definitions>.

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