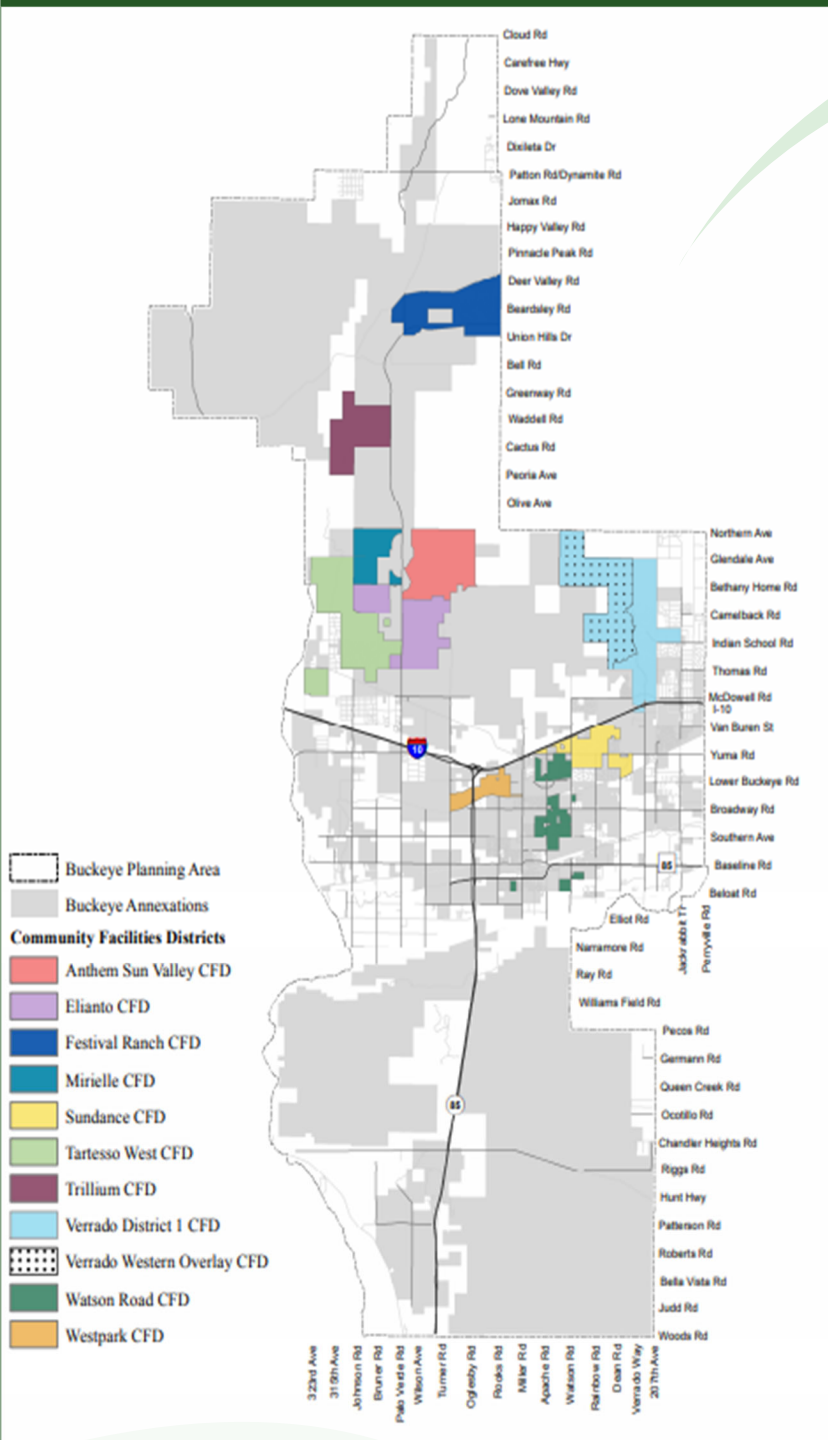


CITY OF BUCKEYE, AZ



Community Facilities Districts Financial Reports

- ◆ Festival Ranch
 - ◆ Sundance
- ◆ Tartesso West
- ◆ Verrado District 1
- ◆ Verrado Western Overlay
- ◆ Watson Road
- ◆ Westpark

CITY OF BUCKEYE, AZ

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**Community
Facilities
Districts**

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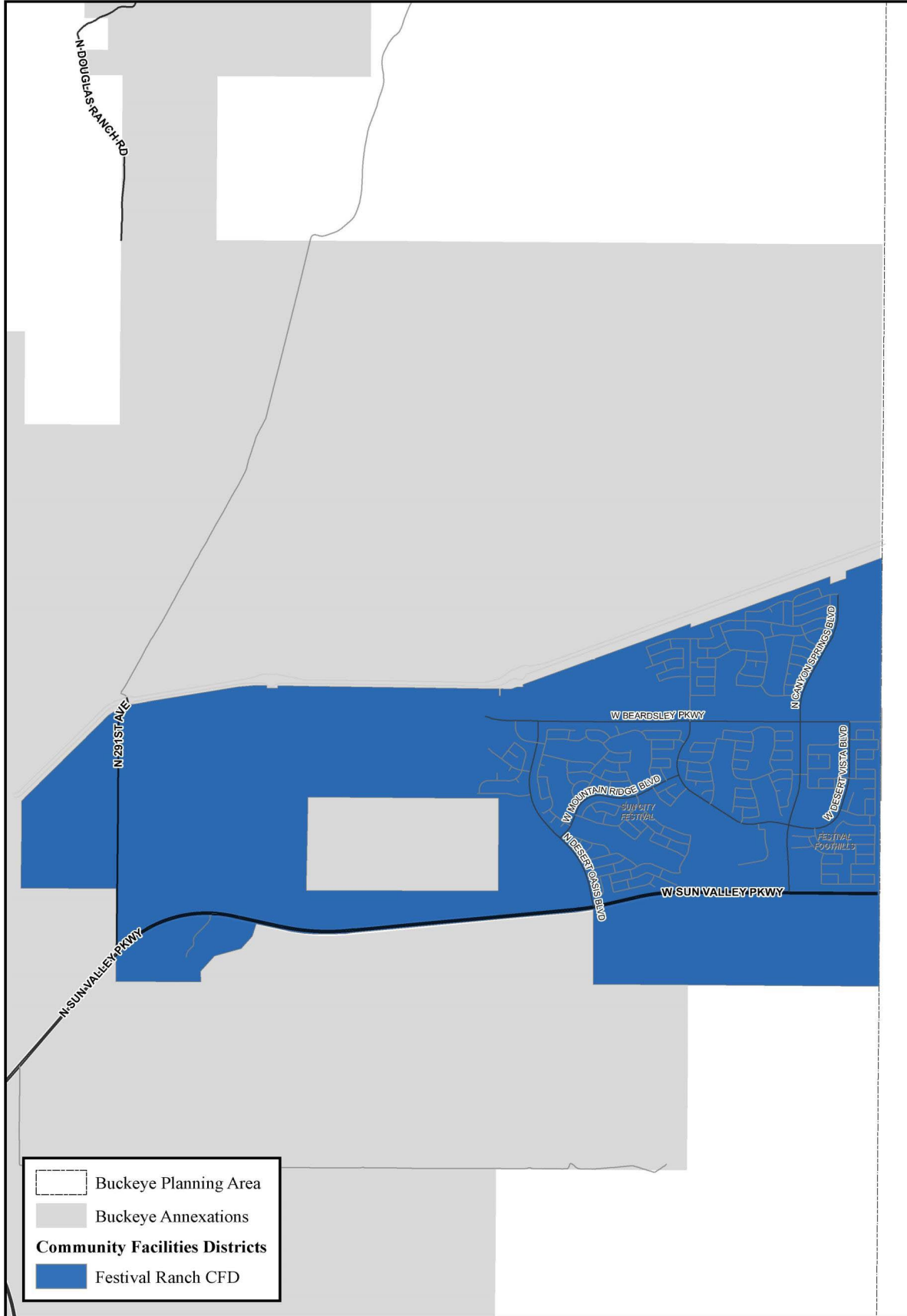


**Festival Ranch
Community Facilities District
Annual Financial Report**

City of Buckeye

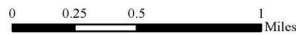
Year Ended June 30, 2022

Issued by: City of Buckeye Finance Department



While every effort has been made to ensure the accuracy of this information, the City of Buckeye makes no warranty, expressed or implied, as to its absolute accuracy and expressly disclaims liability for the accuracy thereof.

Festival Ranch CFD
Buckeye



*CFD boundaries are approximate. See recorded resolutions for the legal description of each CFD.

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Independent Auditor's Report

Board of Directors
Festival Ranch Community Facilities District

Report on Audit of Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Festival Ranch Community Facilities District (District), a component unit of the City of Buckeye, Arizona, as of and for the year ended June 30, 2022, 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 Festival Ranch Community Facilities District as of June 30, 2022, and the respective changes in financial position and the budgetary comparison for the General Fund thereof 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. 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 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 one year 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 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, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, 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. Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Our opinion on the basic financial statements is not affected by this missing information.

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 Supplementary Information, as listed in the table of contents, 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. Such 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 Supplementary Information 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 financial report. The other information, as listed in the table of contents, 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 other work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Heinfeld Meech & Co. PC

Heinfeld, Meech & Co., P.C.
Scottsdale, Arizona
December 30, 2022

BASIC FINANCIAL STATEMENTS



FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
STATEMENT OF NET POSITION
June 30, 2022

	Governmental Activities
ASSETS	
Cash and investments	\$ 7,199,281
Receivables, net	7,223,206
Restricted assets	
Cash with paying agent	2,990,635
Restricted cash	687,679
Total assets	18,100,801
 LIABILITIES	
Accounts payable	5,818,851
Matured debt interest payable	906,335
Noncurrent liabilities:	
Due within one year	2,026,969
Due in more than one year	45,777,402
Total liabilities	54,529,557
 Net position:	
Unrestricted	(36,428,756)
Total net position	\$ (36,428,756)

The notes to the basic financial statements are an integral part of this statement.

FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense)</u>
		<u>Charges for</u> <u>Services</u>	<u>Operating</u> <u>Grants and</u> <u>Contributions</u>	<u>Revenue and</u> <u>Changes in</u> <u>Net Position</u>
				<u>Governmental</u> <u>Activities</u>
Governmental activities				
General government	\$ 201,163	\$ 8,426	\$ -	\$ (192,737)
Highways and streets	5,790,000	-	-	(5,790,000)
Interest on long-term debt	1,904,783	392,613	212,690	(1,299,480)
Total governmental activities	<u>7,895,946</u>	<u>401,039</u>	<u>212,690</u>	<u>(7,282,217)</u>
General revenues:				
Taxes:				
				3,053,120
				986
				<u>3,054,106</u>
				(4,228,111)
				<u>(32,200,645)</u>
				<u>\$ (36,428,756)</u>

The notes to the basic financial statements are an integral part of this statement.

FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2022

	Debt Service			Capital Projects	Total Governmental Funds
	General	Special Assessment	General Obligation		
ASSETS					
Cash and investments	\$ 627,483	\$ 102,238	\$ 517,425	\$ 5,952,135	\$ 7,199,281
Receivables, net					
Intergovernmental	2,494	3,067	18,853	-	24,414
Special assessments	-	7,198,792	-	-	7,198,792
Restricted assets					
Cash with paying agent	-	1,138,348	1,852,287	-	2,990,635
Restricted cash	-	687,679	-	-	687,679
Total assets	<u>\$ 629,977</u>	<u>\$ 9,130,124</u>	<u>\$ 2,388,565</u>	<u>\$ 5,952,135</u>	<u>\$ 18,100,801</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 28,851	\$ -	\$ -	\$ 5,790,000	\$ 5,818,851
Matured debt principal payable	-	631,969	1,395,000	-	2,026,969
Matured debt interest payable	-	197,014	709,321	-	906,335
Total liabilities	<u>28,851</u>	<u>828,983</u>	<u>2,104,321</u>	<u>5,790,000</u>	<u>8,752,155</u>
Deferred inflows of resources:					
Unavailable revenue - special assessments	-	7,198,792	-	-	7,198,792
Total deferred inflows of resources	<u>-</u>	<u>7,198,792</u>	<u>-</u>	<u>-</u>	<u>7,198,792</u>
Fund balances:					
Restricted					
Debt service	-	1,102,349	284,244	-	1,386,593
Capital Projects	-	-	-	162,135	162,135
Unassigned	601,126	-	-	-	601,126
Total fund balances	<u>601,126</u>	<u>1,102,349</u>	<u>284,244</u>	<u>162,135</u>	<u>2,149,854</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 629,977</u>	<u>\$ 9,130,124</u>	<u>\$ 2,388,565</u>	<u>\$ 5,952,135</u>	<u>\$ 18,100,801</u>

The notes to the basic financial statements are an integral part of this statement.

**FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
 RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET POSITION
 June 30, 2022**

Total governmental fund balances		\$ 2,149,854
<p>Amounts reported for governmental activities in the statement of net position are different because:</p> <p>Some receivables are not available to pay for current period expenditures and, therefore, are reported as unavailable revenues in the funds.</p>		
Special Assessments		7,198,792
<p>Some liabilities, including bonds payable are not due and payable in the current year and therefore are not reported in the funds.</p>		
Bonds payable	(43,593,792)	
Premiums and discounts	<u>(2,183,610)</u>	
		<u>(45,777,402)</u>
Total net position of governmental activities		<u>\$ (36,428,756)</u>

The notes to the basic financial statements are an integral part of this statement.

FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022

	Debt Service			Capital Projects	Total Governmental Funds
	General	Special Assessment	General Obligation		
REVENUES					
Taxes					
Property taxes	\$ 365,464	\$ -	\$2,687,656	\$ -	\$ 3,053,120
Charges for services	8,426	-	-	-	8,426
Developer contribution	9,000	-	203,690	-	212,690
Special assessments	-	1,223,582	-	-	1,223,582
Investment earnings	-	185	801	-	986
Total revenues	<u>382,890</u>	<u>1,223,767</u>	<u>2,892,147</u>	<u>-</u>	<u>4,498,804</u>
EXPENDITURES					
Current:					
General government	201,163	-	-	-	201,163
Highway and streets	-	-	-	5,790,000	5,790,000
Debt service:					
Principal retirement	-	830,969	1,395,000	-	2,225,969
Interest and fiscal charges	18,850	398,729	1,389,100	-	1,806,679
Issuance costs	-	-	231,748	-	231,748
Total expenditures	<u>220,013</u>	<u>1,229,698</u>	<u>3,015,848</u>	<u>5,790,000</u>	<u>10,255,559</u>
Excess (deficiency) of revenues over expenditures	<u>162,877</u>	<u>(5,931)</u>	<u>(123,701)</u>	<u>(5,790,000)</u>	<u>(5,756,755)</u>
OTHER FINANCING SOURCES (USES)					
Bonds issued	-	-	5,790,000	-	5,790,000
Premiums issued	-	-	191,155	-	191,155
Transfers in	9,243	-	-	5,952,135	5,961,378
Transfers out	-	-	(5,961,378)	-	(5,961,378)
Total other financing sources and uses	<u>9,243</u>	<u>-</u>	<u>19,777</u>	<u>5,952,135</u>	<u>5,981,155</u>
Net change in fund balances	172,120	(5,931)	(103,924)	162,135	224,400
Fund balances - beginning	<u>429,006</u>	<u>1,108,280</u>	<u>388,168</u>	<u>-</u>	<u>1,925,454</u>
Fund balances - ending	<u>\$ 601,126</u>	<u>\$ 1,102,349</u>	<u>\$ 284,244</u>	<u>\$ 162,135</u>	<u>\$ 2,149,854</u>

The notes to the basic financial statements are an integral part of this statement.

FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balance of Governmental Funds to the Statement of Activities
 For the Year Ended June 30, 2022

Net change in fund balances - total governmental funds		\$ 224,400
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Some revenues reported in the governmental funds that did not provide current financial resources in prior years have been recognized previously in the statement of activities and therefore are not reported as revenues in the statement of activities.</p>		
Special assessments		(830,969)
<p>The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. The issuance of long-term debt increases long-term liabilities on the statement of net position and the repayment of principal on long-term debt reduces long-term debt on the statement of net position. Likewise, refunding and defeasance of existing debt reduces the balance of long-term debt without adding additional debt. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when the debt is first issued, whereas these items are deferred and amortized over the term of the long-term debt in the statement of activities.</p>		
Issuance of long-term debt	(5,790,000)	
Premiums on debts issued	(191,155)	
Principal payments on long-term debt	2,225,969	
Amortization of premium	133,644	
		(3,621,542)
Change in net position of governmental activities		\$ (4,228,111)

The notes to the basic financial statements are an integral part of this statement.

FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL- GENERAL FUND
YEAR ENDED JUNE 30, 2022

	Budgeted Amounts		Actual Amount Budgetary Basis	Variance Between Final Budget and Actual Amounts
	Adopted	Final		
REVENUES				
Taxes	\$ 293,809	\$ 293,809	\$ 365,464	\$ 71,655
Charges for services	-	-	8,426	8,426
Developer contribution	-	-	9,000	9,000
Total revenues	293,809	293,809	382,890	89,081
EXPENDITURES				
General government	201,423	221,423	201,163	20,260
Highway and streets	90,000	90,000	-	90,000
Interest and fiscal charges	15,000	15,000	18,850	(3,850)
Contingency	251,496	231,496	-	231,496
Total expenditures	557,919	557,919	220,013	337,906
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	9,243	9,243
Total other financing sources and uses	-	-	9,243	9,243
Net change in fund balances	(264,110)	(264,110)	172,120	436,230
Fund balances - beginning	264,110	264,110	429,006	164,896
Fund balances - ending	\$ -	\$ -	\$ 601,126	\$ 601,126

The notes to the basic financial statements are an integral part of this statement.

Notes to Financial Statements – Year Ended June 30, 2022**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Festival Ranch Community Facilities District (District) is a special purpose district created specifically to acquire or construct public infrastructure within specific areas of the City of Buckeye, Arizona, and is authorized under state law to issue general obligation (GO) or revenue bonds to be repaid by property (ad valorem) taxes levied on property within the District (for GO debt), or by specific revenues generated within the District (revenue bonds). The District was created by petition to the city council by property owners within the area to be covered by the District, and debt may be issued only after approval of voters within the District.

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The more significant of the District's accounting policies are described below.

A. Reporting Entity

The District, a component unit of the City of Buckeye, Arizona (City), was established (April 19, 2005), and is a political subdivision of the State of Arizona as well as a municipal corporation by Arizona Law. The City Council serves as the Board of Directors. All transactions of the District are included in the City's financial statements. However, the City has no liability for the debt.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net position and the statement of activities) present financial information about the District as a whole. The reported information includes all of the non-fiduciary activities of the District. For the most part, the effect of internal activity has been removed from these statements. These statements are to distinguish between the governmental and business-type activities of the District. Governmental activities normally are supported by tax revenues, and are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The District does not have any business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes, investment income and other items not included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-Wide Financial Statements – The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Special assessment revenue is recognized at the time of the special assessment levy. All other revenue items are considered to be measurable and available only when cash is received by the government. As a general rule, the effect of internal activity has been eliminated from the government-wide financial statements.

Fund Financial Statements – Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as

they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due. As permitted by generally accepted accounting principles, the District applies the “early recognition” option for debt service payments. Property tax and special assessment resources are provided in Debt Service Fund during the current year for the payment of debt service principal and interest due early in the following year (less than one month). Therefore the expenditures and related liabilities have been recognized.

Property taxes and investment income 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. Miscellaneous revenues are not susceptible to accrual because generally they are not measurable until received in cash.

Delinquent property taxes and other receivables that will not be collected within the available period have been reported as unavailable revenues on the governmental fund financial statements.

The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column.

The District reports all funds as major governmental funds:

General Fund – The General Fund is the District’s primary operating fund. It accounts for all resources used to finance District maintenance and operations except those required to be accounted for in other funds.

Debt Service Funds – The Debt Service Funds account for the accumulation of resources for, and the payment of, long-term debt principal, interest and related costs.

Capital Projects Fund – The Capital Projects Fund accounts for bonds proceeds to be reimbursed to the developer for public infrastructure dedicated to the City of Buckeye.

D. Cash and Investments

Arizona Revised Statutes (A.R.S.) authorize the District to invest public monies in the State Treasurer’s Local Government Investment Pool, interest-bearing savings account, certificates of deposit, and repurchase agreements in eligible depositories; bonds or other obligations of the U.S. government that are guaranteed as to principal and interest by the U.S. government; and bonds of the State of Arizona counties, cities, school districts, and special districts as specified by statute.

Cash represents amounts in demand deposits and amounts held in trust by financial institutions. The funds held in trust are available to the District upon demand. Cash equivalents as defined as short-term (original maturities of three months or less), highly liquid investments that are 1) readily convertible to known amounts of cash and 2) so near maturity that they present insignificant risk of changes in value because of changes in interest rates.

E. Investment Income

Investment income is comprised of interest, dividends, and net changes in the fair value of applicable investments.

F. Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either “due to/from other funds” (i.e. the current portion of interfund loans) or “advances to/from other funds” (i.e. the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds”.

All receivables, including property taxes receivable, are shown net of an allowance for uncollectibles.

G. Property Taxes

The County Treasurer is responsible for collecting property taxes for all governmental entities within the county. The District levies real property taxes on or before the third Monday in August, which 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.

Pursuant to A.R.S., a lien against assessed real property attaches on the first day of January preceding assessment and levy, however according to case law, an enforceable legal claim to the asset does not arise.

H. Restricted Assets

Certain proceeds of the District's bonds, as well as certain resources set aside for their repayment, are classified as restricted cash on the statement of net position and on the balance sheet because their use is limited by applicable bond covenants.

I. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position may report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position may report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

J. Long-term Obligations

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

K. Net Position Flow Assumption

In the government-wide financial statements the District applies restricted resources first when outlays are incurred for purposes for which either restricted or unrestricted amounts are available.

L. Estimates

The preparation of the 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 amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

M. Budgetary Data

According to state statutes, the District must adopt a budget on an annual basis. There are no statutory spending limitation but the District cannot spend more than actual revenues collected plus carryover unrestricted cash balance from the prior fiscal year. There were no supplemental budgetary appropriations made during the year.

N. Deficit Net Position

As described previously, the District was formed to finance and acquire or construct infrastructure assets that are subsequently dedicated to the City for operation. The District does not own or operate infrastructure. Therefore, the Statement of Net Position reflects a large liability without an offsetting asset.

NOTE 2 – FUND BALANCE CLASSIFICATIONS

Fund balances of the governmental funds are reported separately within classifications based on 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.

Nonspendable. The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact.

Restricted. Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation.

Committed. The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action of the Board of Directors. Those committed amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. Commitments may be established, modified, or rescinded only through resolutions approved by the Board of Directors.

Assigned. Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Board of Directors or a management official delegated that authority by the formal Governing Board action. The District has adopted the City’s policy on which only the Board of Directors or the District’s Treasurer may assign amounts for specific purposes.

Unassigned. Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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

NOTE 3 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

In the General, Debt Service, General Obligation, and Capital Projects Funds, the following line item accounts exceeded the amounts budgeted. The Board adopts the expenditure appropriations at the District level. For presentation purposes, we have elected to show any deficits at the line item level within the Fund, all of which was funded by available fund balances within the General, Debt Service, General Obligation, and Capital Projects Funds.

EXPENDITURES

	Budgeted Amounts		Actual Amount Budgetary Basis	Variance Between Final Budget and Actual Amounts
	Adopted	Final		
<u>General Fund:</u>				
Current:				
Interest and fiscal charges	15,000	15,000	18,850	(3,850)
<u>Debt Service Fund:</u>				
Debt Service:				
Principal retirement	611,816	611,816	830,969	(219,153)
<u>General Obligation Fund:</u>				
Debt Service:				
Principal retirement	1,330,000	1,330,000	1,395,000	(65,000)
Issuance costs	-	-	231,748	(231,748)
<u>Capital Projects Fund:</u>				
Current:				
Highway and streets	-	-	5,790,000	(5,790,000)

NOTE 4 – CASH AND INVESTMENTS

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of bank failure the District’s deposits may not be returned to the District. The District does not have a deposit policy for custodial credit risk. Bank balances are uninsured and uncollateralized. The unrestricted and restricted cash is in a repurchase sweep agreement rather than a deposit. At year end, the carrying amount of the District’s deposits and bank balance was \$7,886,960. In addition to bank deposit balances, the District also maintains deposits with paying agents and trustees.

Cash with the Trustee is collateralized by the District’s Agent in the District’s name. Cash held by paying agents at year end was \$2,990,635. Restricted cash and cash held by paying agents at year end represent amounts held by the District for future debt service payments.

NOTE 5 – LONG TERM DEBT PAYABLE

The District is a special purpose district created specifically to acquire or construct public infrastructure within specific areas of the City of Buckeye, Arizona. The District is authorized under state law to issue special assessment (SA) revenue bonds to be repaid by the property within the SA District, general obligation (GO) bonds to be repaid by property (ad valorem) taxes levied on property within the District (for GO debt), or revenue bonds to be repaid by specific revenues generated within the District (revenue bonds). The District has \$121 million of authorized GO bonds authority. The District was created by petition to the City Council by property owners within the area to be covered by the District and comprises approximately 4,015 acres.

Special Assessment Bonds

The CFD Board of Directors has pledged revenue derived from an annual assessment on the real property of the Festival Ranch CFD (Assessment District 2 and 3) to repay \$1,868,000 in special assessment lien bonds issued April 2007. Proceeds were used for infrastructure improvements within the special assessment district. The bonds are payable solely from assessments on the property owners. The remaining principal being \$592,000. The principal paid for the current year is \$53,000. Principal and interest paid for the current year approximate amounts received from special assessment property owners, which, at times, exceed special assessments billed for the year.

The CFD Board of Directors has pledged revenue derived from an annual assessment on the real property of the Festival Ranch CFD (Assessment District 4 and 5) to repay \$1,784,000 in special assessment lien bonds issued October 2007. Proceeds were used for infrastructure improvements within the special assessment district. The bonds are payable solely from assessments on the property owners. The remaining principal being \$536,000. The principal paid for the current year

is \$53,000. Principal and interest paid for the current year approximate amounts received from special assessment property owners, which, at times, exceed special assessments billed for the year.

The CFD Board of Directors has pledged revenue derived from an annual assessment on the real property of the Festival Ranch CFD (Assessment District 6) to repay \$356,000 in special assessment revenue bonds issued November 2009. Proceeds were used for infrastructure improvements within the special assessment district. The bonds are payable solely from assessments on the property owners. The remaining principal being \$112,000. The principal paid for the current year is \$7,000. Principal and interest paid for the current year approximate amounts received from special assessment property owners, which, at times, exceed special assessments billed for the year.

The CFD Board of Directors has pledged revenue derived from an annual assessment on the real property of the Festival Ranch CFD (Assessment District 7) to repay \$404,000 in special assessment revenue bonds issued April 2011. Proceeds were used for infrastructure improvements within the special assessment district. The bonds are payable solely from assessments on the property owners. The remaining principal being \$126,000. The principal paid for the current year is \$9,000. Principal and interest paid for the current year approximate amounts received from special assessment property owners, which, at times, exceed special assessments billed for the year.

The CFD Board of Directors has pledged revenue derived from an annual assessment on the real property of the Festival Ranch CFD (Assessment District 8) to repay \$186,000 in special assessment revenue bonds issued July 2013. Proceeds were used for infrastructure improvements within the special assessment district. The bonds are payable solely from assessments on the property owners. The total remaining principal being \$76,791. The principal paid for the current year is \$6,916. Principal and interest paid for the current year approximate amounts received from special assessment property owners, which, at times, exceed special assessments billed for the year.

The CFD Board of Directors has pledged revenue derived from an annual assessment on the real property of the Festival Ranch CFD (Assessment District 9) to repay \$288,000 in special assessment revenue bonds issued July 2015. Proceeds were used for infrastructure improvements within the special assessment district. The bonds are payable solely from assessments on the property owners. The remaining principal being \$148,000. The principal paid for the current year is \$8,000. Principal and interest paid for the current year approximate amounts received from special assessment property owners, which, at times, exceed special assessments billed for the year.

The CFD Board of Directors has pledged revenue derived from an annual assessment on the real property of the Festival Ranch CFD (Assessment District 10) to repay \$200,000 in special assessment revenue bonds issued March 2016. Proceeds were used for infrastructure improvements within the special assessment district. The remaining principal being \$99,201. The principal paid for the current year is \$8,153. Principal and interest paid for the current year approximate amounts received from special assessment property owners, which, at times, exceed special assessments billed for the year.

The CFD Board of Directors has pledged revenue derived from an annual assessment on the real property of the Festival Ranch CFD (Assessment District 11) to repay \$2,738,000 in special assessment revenue bonds issued February 2017. Proceeds were used for infrastructure improvements within the special assessment district. The remaining principal being \$1,945,000. The principal paid for the current year is \$209,000. Principal and interest paid for the current year approximate amounts received from special assessment property owners, which, at times, exceed special assessments billed for the year.

The CFD Board of Directors has pledged revenue derived from an annual assessment on the real property of Festival Ranch CFD (Assessment District 12) to repay \$210,000 in special assessment revenue bonds issued in June 2018. Proceeds were used for infrastructure improvements within the special assessment district. The remaining principal being \$165,600. The principal paid for the current year is \$8,600. Principal and interest paid for the current year approximate amounts received from special assessment property owners, which, at times, exceed special assessments billed for the year.

The CFD Board of Directors has pledged revenue derived from an annual assessment on the real property of Festival Ranch CFD (Assessment District 13) to repay \$3,920,000 in special assessment revenue bonds issued in November 2018. Proceeds were used for infrastructure improvements within the special assessment district. The remaining principal being \$2,803,000. The principal paid for the current year is \$427,000. Principal and interest paid for the current year approximate amounts received from special assessment property owners, which, at times, exceed special assessments billed for the year.

The CFD Board of Directors has pledged revenue derived from an annual assessment on the real property of Festival Ranch CFD (Assessment District 14) to repay \$722,000 in special assessment revenue bonds issued February 2019. Proceeds were used for infrastructure improvements within the special assessment district. The remaining principal being \$595,200. The principal paid for the current year is \$41,300. Principal and interest paid for the current year approximate amounts received from special assessment property owners, which, at times, exceed special assessments billed for the year.

General Obligation Bonds

The CFD Board of Directors has pledged revenue derived from the property taxes levied on the real property of the Festival Ranch CFD to repay \$5,400,000 in general obligation bonds issued July 2012. Proceeds were used for the construction and acquisition of public infrastructure. The remaining total principal to be paid being \$2,185,000. The principal paid for the current year is \$195,000.

The CFD Board of Directors has pledged revenue derived from the property taxes levied on the real property of the Festival Ranch CFD to repay \$1,800,000 in general obligation bonds issued in November 2013. Proceeds were used for the construction and acquisition of public infrastructure. The remaining total principal to be paid being \$1,470,000. The principal paid for the current year is \$55,000.

The CFD Board of Directors has pledged revenue derived from the property taxes levied on the real property of the Festival Ranch CFD to repay \$5,410,000 in general obligation bonds, Series 2016, and issued in July 2016. Proceeds were used for the construction and acquisition of public infrastructure. The remaining total principal to be paid being \$4,915,000. The principal paid for the current year is \$95,000.

The CFD Board of Directors has pledged revenue derived from the property taxes levied on the real property of the Festival Ranch CFD to repay \$3,665,000 in general obligation bonds, Series 2017 issued in July 2017. Proceeds were used for the construction and acquisition of public infrastructure. The remaining total principal to be paid being \$3,190,000. The principal paid for the current year is \$100,000.

The CFD Board of Directors has pledged revenue derived from the property taxes levied on the real property of the Festival Ranch CFD to repay \$7,600,000 in general obligation bonds issued December 2009. Proceeds were used for the acquisition and construction of the CFD. By way of an advance refunding, these bonds were partially defeased through the issuance of \$2,940,000 Festival Ranch CFD General Obligation Refunding Bonds, Series 2017 issued in July 2017. The remaining total principal to be paid being \$2,465,000. The principal paid for the current year is \$105,000.

The CFD Board of Directors has pledged revenue derived from the property taxes levied on the real property of the Festival Ranch CFD to repay \$3,335,000 in general obligation bonds, Series 2018 issued in August 2018. Proceeds were used for the construction and acquisition of public infrastructure. The remaining total principal to be paid being \$3,085,000. The principal paid for the current year is \$60,000.

The CFD Board of Directors has pledged revenue derived from the property taxes levied on the real property of the Festival Ranch CFD to repay \$5,715,000 in general obligation bonds, Series 2019 issued in July 2019. Proceeds were used for the construction and acquisition of public infrastructure. The remaining total principal to be paid being \$5,210,000. The principal paid for the current year is \$175,000.

The CFD Board of Directors has pledged revenue derived from the property taxes levied on the real property of the Festival Ranch CFD to repay \$7,600,000 in general obligation bonds issued December 2009. Proceeds were used for the acquisition and construction of the CFD. By way of a current refunding, these bonds were fully defeased through the issuance of \$3,885,000 Festival Ranch CFD General Obligation Refunding Bonds, Series 2019 issued in July 2019. The remaining total principal to be paid being \$3,115,000. The principal paid for the current year is \$265,000.

The CFD Board of Directors has pledged revenue derived from the property taxes levied on the real property of the Festival Ranch CFD to repay \$5,315,000 in general obligation bonds, Series 2020 issued in November 2020. Proceeds were used for the construction and acquisition of public infrastructure. The remaining total principal to be paid being \$5,190,000. The principal paid for the current year is \$125,000.

The CFD Board of Directors has pledged revenue derived from the property taxes levied on the real property of the Festival Ranch CFD to repay \$5,790,000 in general obligation bonds, Series 2021 issued in September 2021. Proceeds were used for the construction and acquisition of public infrastructure. The remaining total principal to be paid being \$5,570,000. The

principal paid for the current year is \$220,000.

The following table shows interest rate, maturity date, original issue amount, amount outstanding, and all debt issued by the District.

Notes to Financial Statements

June 30, 2022

Purpose	Interest Rates (%)	Matures	Original Issue Amount	Amount Outstanding
Festival Ranch Special Assessment Revenue Bonds,				
Series 2007 (private placement)	4.85 - 5.0%	July 2032	\$ 1,868,000	\$ 592,000
Series 2007 (private placement)	5.05 - 5.75%	July 2032	1,784,000	536,000
Series 2009 (private placement)	8.88%	July 2034	356,000	112,000
Series 2011 (private placement)	8.50%	July 2035	404,000	126,000
Series 2013 (private placement)	7.25%	July 2033	186,000	76,791
Series 2015 (private placement)	6.00%	July 2035	288,000	148,000
Series 2016 (private placement)	5.75%	July 2035	200,000	99,201
Series 2017 (private placement)	3.65 - 5.2%	July 2037	2,738,000	1,945,000
Series 2018 (private placement)	5.88%	July 2037	210,000	165,600
Series 2018 (private placement)	3.25 - 4.9%	July 2038	3,920,000	2,803,000
Series 2019 (private placement)	5.88%	July 2038	722,000	595,200
Festival Ranch General Obligation Bonds,				
Series 2012	4.0 - 5.0%	July 2031	5,400,000	2,185,000
Series 2013	3.75 - 5.25%	July 2033	1,800,000	1,470,000
Series 2016	4.00%	July 2036	5,410,000	4,915,000
Series 2017A	3.0 - 5.0%	July 2037	3,665,000	3,190,000
Series 2017B	3.0 - 4.0%	July 2032	2,940,000	2,465,000
Series 2018	3.5 - 5.0%	July 2038	3,335,000	3,085,000
Series 2019	3.0 - 4.0%	July 2039	5,715,000	5,210,000
Series 2019 Refunding	3.0 - 4.0%	July 2034	3,885,000	3,115,000
Series 2020	2.0 - 4.0%	July 2040	5,315,000	5,190,000
Series 2021	2.25 - 4.0%	July 2041	5,790,000	5,570,000
Total Festival Ranch			<u>\$ 55,931,000</u>	<u>\$ 43,593,792</u>

Annual debt service requirements to maturity on general obligation and special assessment bonds at year-end are summarized as follows:

Fiscal Year Ending	Private Placement		Public Offering		Total Debt	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 366,911	\$ 365,540	\$ 1,340,000	\$ 1,373,079	\$ 1,706,911	\$ 1,738,619
2024	392,022	348,688	1,380,000	1,328,669	1,772,022	1,677,357
2025	403,307	330,468	1,430,000	1,280,194	1,833,307	1,610,662
2026	421,770	311,478	1,485,000	1,228,094	1,906,770	1,539,572
2027	441,515	291,246	1,540,000	1,169,031	1,981,515	1,460,277
2028-32	2,567,482	1,097,340	8,660,000	4,890,332	11,227,482	5,987,672
2033-37	2,308,285	440,014	10,505,000	3,051,400	12,813,285	3,491,414
2038-42	297,500	15,118	10,055,000	791,250	10,352,500	806,368
	<u>\$ 7,198,792</u>	<u>\$ 3,199,892</u>	<u>\$ 36,395,000</u>	<u>\$ 15,112,048</u>	<u>\$ 43,593,792</u>	<u>\$ 18,311,940</u>

NOTE 6 – CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the current fiscal year was as follows:

Notes to Financial Statements

June 30, 2022

	July 1, 2021	Increases	Decreases	June 30, 2022	Due Within One Year
Governmental Activities:					
Bonds payable:					
Special Assessments	\$ 8,029,761	\$ -	\$ (830,969)	\$ 7,198,792	\$ -
General Obligations	32,000,000	5,790,000	(1,395,000)	36,395,000	-
Deferred amount on premium	2,126,099	191,155	(133,644)	2,183,610	-
Total bonds payable	<u>\$ 42,155,860</u>	<u>\$ 5,981,155</u>	<u>\$ (2,359,613)</u>	<u>\$ 45,777,402</u>	<u>\$ -</u>

NOTE 7 – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions and natural disasters. The District’s insurance protection is provided by the Arizona Municipal Risk Retention Pool, of which the District is a participating member. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

The Arizona Municipal Risk Retention Pool is structured such that member premiums are based on an actuarial review that will provide adequate reserves to allow the pool to meet its expected financial obligations. The pool has authority to assess its member’s additional premiums should reserves and annual premium be insufficient to meet the pool’s obligations.

NOTE 8 – INTERFUND TRANSFERS

During the year, there was an \$9,243 transfer from the General Obligation Debt Service Fund to the General Fund. This represents the remaining balance of a cost of issuance proceeds from a prior bond issue that is no longer required. In addition, there was a transfer from the GO Debt Service Fund to the Capital Projects Fund. This represents bond proceeds that has not been reimbursed to the Developer.

Transfers to:	Transfers from:
	General Obligation
General Fund	\$ 9,243
Capital Projects	5,952,135

NOTE 9 – SUBSEQUENT EVENTS

On June 7, 2022, the Festival Ranch Community Facility District Board approved the Feasibility Report in connection with the proposed issuance by the District of its General Obligation Bonds, Series 2022 in an aggregate principal amount not to exceed \$6,940,000. This Report has been prepared for consideration of the feasibility and benefits of certain public infrastructure. The bond closing occurred on July 7, 2022 and the final amount was \$6,075,000.

SUPPLEMENTARY INFORMATION



FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL- SPECIAL ASSESSMENTS FUND
YEAR ENDED JUNE 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amount Budgetary Basis</u>	<u>Variance Between Final Budget and Actual Amounts</u>
	<u>Adopted</u>	<u>Final</u>		
REVENUES				
Special assessments	\$ 1,124,674	\$ 1,124,674	\$ 1,223,582	\$ 98,908
Investment earnings	320	320	185	(135)
Total revenues	<u>1,124,994</u>	<u>1,124,994</u>	<u>1,223,767</u>	<u>98,773</u>
EXPENDITURES				
Current:				
General government	20,000	20,000	-	20,000
Debt Service:				
Principal retirement	611,816	611,816	830,969	(219,153)
Interest and fiscal charges	451,656	451,656	398,729	52,927
Contingency	41,522	41,522	-	41,522
Total expenditures	<u>1,124,994</u>	<u>1,124,994</u>	<u>1,229,698</u>	<u>(104,704)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>(5,931)</u>	<u>(5,931)</u>
Fund balances - beginning	<u>877,775</u>	<u>877,775</u>	<u>1,108,280</u>	<u>230,505</u>
Fund balances - ending	<u>\$ 877,775</u>	<u>\$ 877,775</u>	<u>\$ 1,102,349</u>	<u>\$ 224,574</u>

FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL- GENERAL OBLIGATION FUND
YEAR ENDED JUNE 30, 2022

	Budgeted Amounts		Actual Amount Budgetary Basis	Variance Between Final Budget and Actual Amounts
	Adopted	Final		
REVENUES				
Taxes	\$ 2,704,119	\$ 2,704,119	\$ 2,687,656	\$ (16,463)
Developer contribution	-	-	203,690	203,690
Investment earnings	-	-	801	801
Total revenues	2,704,119	2,704,119	2,892,147	188,028
EXPENDITURES				
Debt Service:				
Principal retirement	1,330,000	1,330,000	1,395,000	(65,000)
Interest and fiscal charges	1,458,750	1,458,750	1,389,100	69,650
Issuance costs	-	-	231,748	(231,748)
Contingency	263,311	263,311	-	263,311
Total expenditures	3,052,061	3,052,061	3,015,848	36,213
Excess (deficiency) of revenues over (under) expenditures	(347,942)	(347,942)	(123,701)	224,241
OTHER FINANCING SOURCES (USES)				
Bonds issued	-	-	5,790,000	5,790,000
Premiums issued	-	-	191,155	191,155
Transfers out	-	-	(5,961,378)	(5,961,378)
Total other financing sources and uses	-	-	19,777	19,777
Net change in fund balances	(347,942)	(347,942)	(103,924)	244,018
Fund balances - beginning	347,942	347,942	388,168	40,226
Fund balances - ending	\$ -	\$ -	\$ 284,244	\$ 284,244

FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL- CAPITAL PROJECTS
YEAR ENDED JUNE 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amount Budgetary Basis</u>	<u>Variance Between Final Budget and Actual Amounts</u>
	<u>Adopted</u>	<u>Final</u>		
REVENUES				
Developer contribution	\$ 300,000	\$ 300,000	\$ -	(300,000)
Total revenues	<u>300,000</u>	<u>300,000</u>	<u>-</u>	<u>(300,000)</u>
EXPENDITURES				
Current:				
Highway and streets	-	-	5,790,000	(5,790,000)
Debt Service:				
Issuance costs	300,000	300,000	-	300,000
Capital Outlay	7,000,000	7,000,000	-	7,000,000
Contingency	227,505	227,505	-	227,505
Total expenditures	<u>7,527,505</u>	<u>7,527,505</u>	<u>5,790,000</u>	<u>1,737,505</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(7,227,505)</u>	<u>(7,227,505)</u>	<u>(5,790,000)</u>	<u>1,437,505</u>
OTHER FINANCING SOURCES (USES)				
Bonds issued	7,000,000	7,000,000	-	(7,000,000)
Transfers in	-	-	5,952,135	5,952,135
Total other financing sources and uses	<u>7,000,000</u>	<u>7,000,000</u>	<u>5,952,135</u>	<u>(1,047,865)</u>
Net change in fund balances	(227,505)	(227,505)	162,135	389,640
Fund balances - beginning	227,505	227,505	-	(227,505)
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 162,135</u>	<u>\$ 162,135</u>

OTHER INFORMATION



Ad Valorem Taxation in the District

The tables below are shown to indicate (a) for fiscal years FY15-16 through FY21-22, the Net Assessed Limited Property Value of the District, utilizing new constitutional and statutory property valuation requirements, and (b) for fiscal years FY12-13 through FY14-15, the then-applicable, but now-replaced, Net Secondary Assessed Valuations of the District.

The Full Cash Value and Net Assessed Limited Property Value of taxable property within the boundaries of the District for fiscal years FY15-16 through FY21-22 are as follows:

Fiscal Year	Full Cash Value	Net Assessed Limited Property Value
FY 21-22	\$1,185,672,618	\$97,448,573
FY 20-21	1,002,154,801	85,622,496
FY 19-20	863,187,088	73,879,866
FY 18-19	770,496,449	65,890,092
FY 17-18	681,640,739	58,170,129
FY 16-17	607,547,438	51,657,515
FY 15-16	510,365,897	46,490,826

The Full Cash Value and Net Secondary Assessed Valuation of taxable property within the boundaries of the District for the indicated fiscal year is as follows:

Fiscal Year	Full Cash Value	Net Secondary Assessed Value
FY 14-15	\$415,989,283	\$42,693,971
FY 13-14	392,840,021	41,112,232
FY 12-13	384,518,458	40,563,577

Source: Maricopa County Assessor’s Office

Net Assessed Valuation by Property Classification

The table below is shown to indicate for fiscal years FY20-21 and FY21-22, the Net Assessed Limited Property Values by property classification for the District, utilizing new constitutional and statutory property valuation requirements.

Net Assessed Limited Property Values by Property Classification

Legal Class	Description	Fiscal Year FY 20-21	Percent of Total	Fiscal Year FY 21-22	Percent of Total
1	Commercial/Industrial	\$3,060,862	3.57%	\$3,255,769	3.34%
2	Agricultural/Vacant	2,583,575	3.02%	1,437,532	1.48%
3	Residential	55,248,847	64.53%	65,271,404	66.98%
4	Residential Rental	24,729,212	28.88%	27,483,868	28.20%
	Total	\$85,622,496	100.00%	\$97,448,573	100.00%

Source: Maricopa County Assessor’s Office

Net Assessed Property Values of Major Taxpayers

The tables below are shown to indicate for fiscal years FY20-21 and FY21-22, the major property taxpayers located within the District, and their FY20-21 and FY21-22 Net Assessed Limited Property Value, utilizing new constitutional and statutory property valuation requirements, and their relative proportion of the total Net Assessed Limited Property Value for the District.

Fiscal Year 21-22

Taxpayer	Net Assessed Limited Property Value	As Percent of District's Total Net Assessed Limited Property Value
PULTE HOME CORPORATION	\$1,734,932	1.78%
PULTE HOME COMPANY LLC	1,437,289	1.47%
ARIZONA PUBLIC SERVICE COMPANY	462,571	0.47%
SUN CITY FESTIVAL COMMUNITY ASSOCIATION INC	281,374	0.29%
TRANSWESTERN PIPELINE COMPANY LLC	219,104	0.22%
CP 2004 STATION 1 LLC	209,034	0.21%
ACCIPITER COMMUNICATIONS INC	198,634	0.20%
BONELLA FAMILY TRUST	77,239	0.08%
GATES DOUGLAS P/KELLY A	68,618	0.07%
OPENDOOR PROPERTY TRUST I	66,212	0.07%
Total	\$4,755,007	4.88%

Fiscal Year 20-21

Taxpayer	Net Assessed Limited Property Value	As Percent of District's Total Net Assessed Limited Property Value
PULTE HOME CORPORATION	\$2,151,793	2.51%
PULTE HOME COMPANY LLC	1,121,952	1.31%
SUN CITY FESTIVAL COMMUNITY ASSOCIATION INC	768,452	0.90%
ARIZONA PUBLIC SERVICE COMPANY	351,010	0.41%
TRANSWESTERN PIPELINE COMPANY LLC	310,202	0.36%
ACCIPITER COMMUNICATIONS INC	227,608	0.27%
CP 2004 STATION 1 LLC	199,080	0.23%
BONELLA FAMILY TRUST	73,560	0.09%
GATES DOUGLAS P/KELLY A	65,350	0.08%
JUNE M MOTZER LIVING TRUST	63,841	0.07%
Total	\$5,332,848	6.23%

Record of Taxes Levied and Collected in the District

Under Arizona law, the Board of Supervisors of the County is required to establish and levy a tax in an amount sufficient to satisfy debt service and O&M requirements of the District. Property taxes are levied and collected on property within the District by the Treasurer of the County on behalf of the District. The following table sets forth the tax collection records of the District for the periods shown:

Fiscal Year	Real and Secured	Collected to June 30 th (b)(c)		Total Collections (b)(c)	
	Personal Property Tax Levy (a)	Amount	Percent of Tax Levy	Amount	Percent of Tax Levy
2021-22	\$2,996,446	\$2,981,002	99.48%	\$2,981,002	99.48%
2020-21	2,466,185	2,422,916	98.25%	2,448,087	99.26%
2019-20	2,455,175	2,439,967	99.38%	2,450,051	99.79%
2018-19	2,061,767	2,053,681	99.61%	2,041,245	99.00%
2017-18	1,877,674	1,870,937	99.64%	1,872,067	99.70%

Source: Maricopa County Assessor’s Office

- (a) Tax levy is as reported by the Treasurer of the County as of August of each fiscal year. Amount does not include adjustments made to levy amounts after the August period.
- (b) Reflects collections made through June 30, the end of the fiscal year, on such year’s levy. Property taxes are payable in two installments. The first installment is due on October 1 and becomes delinquent on November 1, but is waived if the full tax year’s taxes are paid in full by December 31. The second installment becomes due on March 1 and is delinquent on May 1. Interest at the rate of 16 percent per annum attaches on first and second installments following their delinquent dates. Penalties for delinquent payments are not included in the above collection figures.
- (c) Reflects collections made through June 30, 2022.

Overlapping General Obligation Bonded Indebtedness

Overlapping general obligation bonded indebtedness is shown below including a breakdown of each overlapping jurisdiction’s applicable general obligation bonded indebtedness, Net Assessed Limited Property Value and combined tax rate per \$100 Net Assessed Limited Property Value. Outstanding bonded indebtedness is comprised of general obligation bonds outstanding and general obligation bonds schedule for sale. The applicable percentage of each jurisdiction’s assessed valuation which lies within the District’s boundaries was derived from information obtained from the Assessor of the County.

Direct and Overlapping Jurisdiction	Net Assessed Limited Property Value	Net Outstanding Bonded Debt (a)	Proportion Applicable to the District		Tax Rate per \$100 of Net Assessed Limited Property Value
			Approx. Percent	Net Amount	
State of Arizona	\$74,200,233,397	None	0.131%	None	\$0.0000
Maricopa County	48,724,126,672	None	0.200%	None	2.1556 (b)
Maricopa County Community College District	48,724,126,672	\$184,715,000	0.200%	\$369,431	1.2257
Maricopa County Special Health Care District	48,837,616,505	640,695,000	0.200%	1,278,416	0.2970
West Maricopa Education Center District No. 402	18,045,628,311	144,220,000	0.540%	778,805	0.1579
Wickenburg Unified School District No. 9	232,497,766	6,800,000	41.914%	2,850,136	3.6153
City of Buckeye	617,421,432	None	15.783%	None	1.7671
Festival Ranch Community Facilities District	97,448,573	37,790,000	100.000%	37,790,000	3.0749
Total Net Direct and Overlapping General Obligation Bonded Debt				\$43,066,789	\$12.2935

Source: Maricopa County Tax Levy and State and County Abstract of the Assessment Roll.

- (a) Outstanding bonded debt for various jurisdictions is as of June 30, 2022.
- (b) The County’s tax rate includes the \$0.1400 tax rate of the Central Arizona Project, the \$0.1792 tax rate of the Maricopa County Flood Control District, the \$0.4263 tax rate of the County Education Equalization, the \$0.0556 tax rate of the Maricopa County Free Library, the \$0.0086 tax rate for the contribution to the Maricopa County Fire District, and the \$1.3459 tax rate of the County. It should be noted that the County Flood Control District does not levy taxes on personal property.



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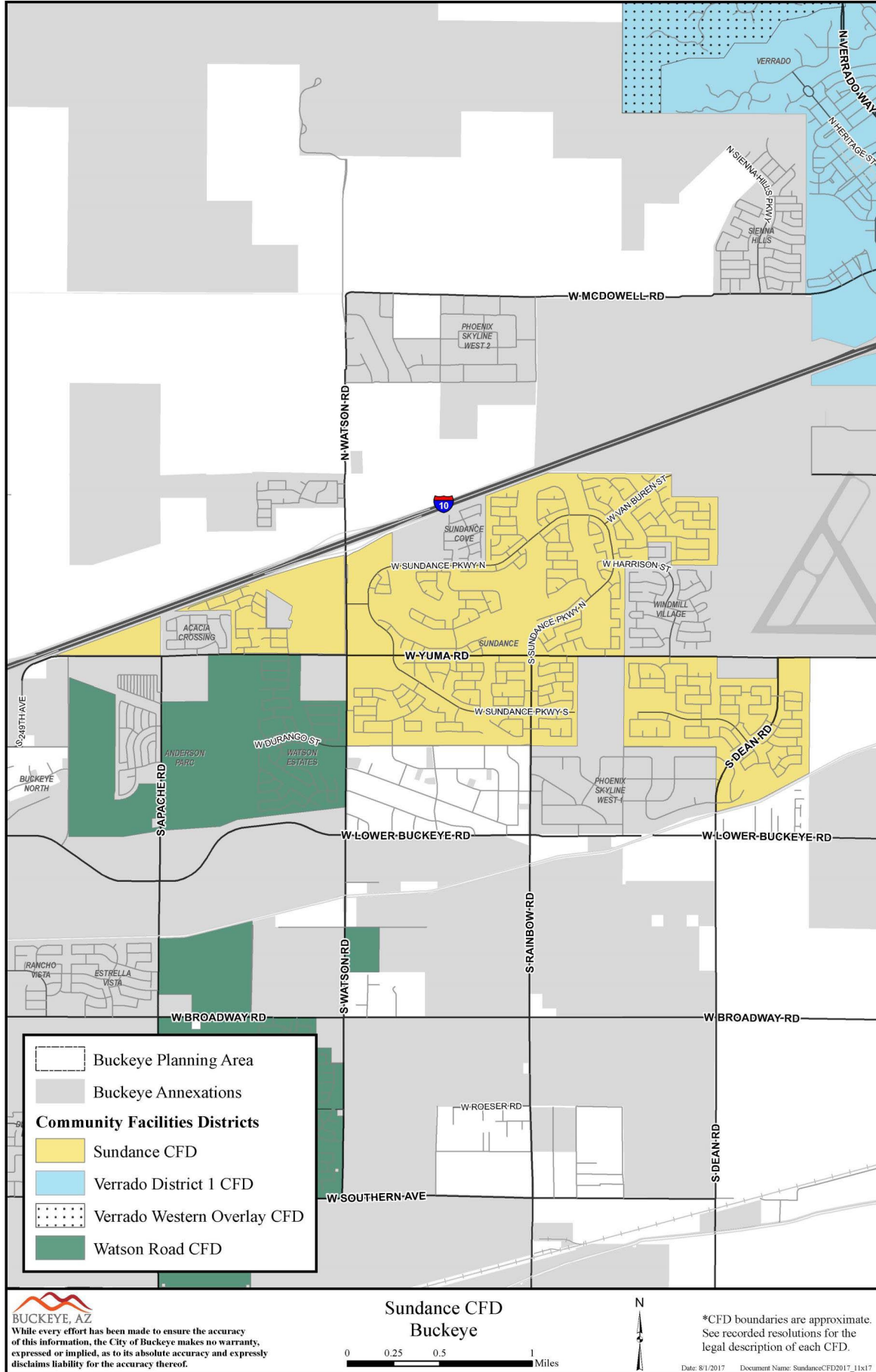


Sundance Community Facilities District Annual Financial Report

City of Buckeye

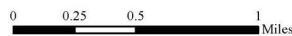
Year Ended June 30, 2022

Issued by: City of Buckeye Finance Department



While every effort has been made to ensure the accuracy of this information, the City of Buckeye makes no warranty, expressed or implied, as to its absolute accuracy and expressly disclaims liability for the accuracy thereof.

Sundance CFD
Buckeye



*CFD boundaries are approximate.
See recorded resolutions for the legal description of each CFD.

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Independent Auditor's Report

Board of Directors
Sundance Community Facilities District

Report on Audit of Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Sundance Community Facilities District, (District), a component unit of the City of Buckeye, Arizona, as of and for the year ended June 30, 2022, 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 Sundance Community Facilities District as of June 30, 2022, and the respective changes in financial position and the budgetary comparison for the General Fund thereof 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. 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 Sundance Community Facilities 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 one year 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 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, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis 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. Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Our opinion on the basic financial statements is not affected by this missing information.

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 Supplementary Information, as listed in the table of contents, 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. Such 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 Supplementary Information 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 financial report. The other information, as listed in the table of contents, 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 other work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Heinfeld Meech & Co. PC

Heinfeld, Meech & Co., P.C.
Scottsdale, Arizona
December 30, 2022

BASIC FINANCIAL STATEMENTS



SUNDANCE COMMUNITY FACILITIES DISTRICT
STATEMENT OF NET POSITION
June 30, 2022

	Governmental Activities
ASSETS	
Cash and investments	\$ 2,193,361
Receivables, net	705,476
Prepaid expense	220
Restricted assets	
Cash with paying agent	773,362
Total assets	3,672,419
LIABILITIES	
Accounts payable	6,704
Matured debt interest payable	456,244
Noncurrent liabilities:	
Due within one year	1,093,000
Due in more than one year	19,559,898
Total liabilities	21,115,846
Net position:	
Unrestricted	(17,443,427)
Total net position	\$ (17,443,427)

The notes to the basic financial statements are an integral part of this statement.

SUNDANCE COMMUNITY FACILITIES DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues Charges for Services</u>	<u>Net (Expense) Revenue and Changes in Net Position Governmental Activities</u>
Governmental activities			
General government	\$ 60,616	\$ 19,388	\$ (41,228)
Interest on long-term debt	896,120	168,327	(727,793)
Total governmental activities	<u>956,736</u>	<u>187,715</u>	<u>(769,021)</u>
General revenues:			
Taxes:			
Property taxes			2,143,343
Investment earnings			379
Transfers to City Wastewater Fund			<u>(727,304)</u>
Total general revenues			<u>1,416,418</u>
Change in net position			647,397
Net position - beginning			<u>(18,090,824)</u>
Net position - ending			<u>\$ (17,443,427)</u>

The notes to the basic financial statements are an integral part of this statement.

SUNDANCE COMMUNITY FACILITIES DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2022

	<u>Debt Service</u>			<u>Capital Projects</u>	<u>Total Governmental Funds</u>
	<u>General</u>	<u>Special Assessment</u>	<u>General Obligation</u>		
ASSETS					
Cash and cash equivalents	\$ 591,434	\$ 16,703	\$ 1,585,224	\$ -	\$ 2,193,361
Receivables, net					
Intergovernmental	1,756	2,312	14,408	-	18,476
Special assessments	-	687,000	-	-	687,000
Prepaid expenses	220	-	-	-	220
Restricted assets					
Cash with paying agent	-	773,362	-	-	773,362
Total assets	<u>\$ 593,410</u>	<u>\$ 1,479,377</u>	<u>\$ 1,599,632</u>	<u>\$ -</u>	<u>\$ 3,672,419</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 6,704	\$ -	\$ -	\$ -	\$ 6,704
Matured debt principal payable	-	123,000	970,000	-	1,093,000
Matured debt interest payable	-	28,185	428,059	-	456,244
Total liabilities	<u>6,704</u>	<u>151,185</u>	<u>1,398,059</u>	<u>-</u>	<u>1,555,948</u>
Deferred inflows of resources:					
Unavailable revenue - special assessment:	-	687,000	-	-	687,000
Total deferred inflows of resources	<u>-</u>	<u>687,000</u>	<u>-</u>	<u>-</u>	<u>687,000</u>
Fund balances:					
Nonspendable	220	-	-	-	220
Restricted					
Debt service	-	641,192	201,573	-	842,765
Unassigned	586,486	-	-	-	586,486
Total fund balances	<u>586,706</u>	<u>641,192</u>	<u>201,573</u>	<u>-</u>	<u>1,429,471</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 593,410</u>	<u>\$ 1,479,377</u>	<u>\$ 1,599,632</u>	<u>\$ -</u>	<u>\$ 3,672,419</u>

The notes to the basic financial statements are an integral part of this statement.

SUNDANCE COMMUNITY FACILITIES DISTRICT
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
June 30, 2022

Total governmental fund balances		\$ 1,429,471
<p>Amounts reported for governmental activities in the statement of net position are different because:</p> <p>Some receivables are not available to pay for current period expenditures and, therefore, are reported as unavailable revenues in the funds.</p>		
Special Assessments		687,000
<p>Some liabilities, including bonds payable are not due and payable in the current year and therefore are not reported in the funds.</p>		
Bonds payable	(19,287,000)	
Premiums and discounts	(272,898)	
		(19,559,898)
Total net position of governmental activities		\$ (17,443,427)

The notes to the basic financial statements are an integral part of this statement.

SUNDANCE COMMUNITY FACILITIES DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022

	Debt Service			Capital Projects	Total Governmental Funds
	General	Special Assessment	General Obligation		
REVENUES					
Taxes					
Property taxes	\$ 214,229	\$ -	\$ 1,929,114	\$ -	\$ 2,143,343
Charges for services	19,388	-	-	-	19,388
Special assessments	-	300,327	-	-	300,327
Investment earnings	-	379	-	-	379
Total revenues	<u>233,617</u>	<u>300,706</u>	<u>1,929,114</u>	<u>-</u>	<u>2,463,437</u>
EXPENDITURES					
Current:					
General government	60,616	-	-	-	60,616
Debt service:					
Principal retirement	-	132,000	970,000	-	1,102,000
Interest and fiscal charges	4,000	60,189	856,118	-	920,307
Total expenditures	<u>64,616</u>	<u>192,189</u>	<u>1,826,118</u>	<u>-</u>	<u>2,082,923</u>
Excess (deficiency) of revenues over expenditures	<u>169,001</u>	<u>108,517</u>	<u>102,996</u>	<u>-</u>	<u>380,514</u>
OTHER FINANCING SOURCES (USES)					
Transfers out	-	-	-	(727,304)	(727,304)
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>(727,304)</u>	<u>(727,304)</u>
Net change in fund balances	169,001	108,517	102,996	(727,304)	(346,790)
Fund balances - beginning	<u>417,705</u>	<u>532,675</u>	<u>98,577</u>	<u>727,304</u>	<u>1,776,261</u>
Fund balances - ending	<u>\$ 586,706</u>	<u>\$ 641,192</u>	<u>\$ 201,573</u>	<u>\$ -</u>	<u>\$ 1,429,471</u>

The notes to the basic financial statements are an integral part of this statement.

SUNDANCE COMMUNITY FACILITIES DISTRICT
Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balance of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2022

Net change in fund balances - total governmental funds		(346,790)
Amounts reported for governmental activities in the statement of activities are different because:		
Some revenues reported in the governmental funds that did not provide current financial resources in prior years have been recognized previously in the statement of activities and therefore are not reported as revenues in the statement of activities.		
Special assessments		(132,000)
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. The issuance of long-term debt increases long-term liabilities on the statement of net position and the repayment of principal on long-term debt reduces long-term debt on the statement of net position. Likewise, refunding and defeasance of existing debt reduces the balance of long-term debt without adding additional debt. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when the debt is first issued, whereas these items are deferred and amortized over the term of the long-term debt in the statement of activities.		
Principal payments on long-term debt	1,102,000	
Amortization of premium	24,187	
		1,126,187
Change in net position of governmental activities		\$ 647,397

The notes to the basic financial statements are an integral part of this statement.

SUNDANCE COMMUNITY FACILITIES DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED JUNE 30, 2022

	Budgeted Amounts		Actual Amount Budgetary Basis	Variance Between Final Budget and Actual Amounts
	Adopted	Final		
REVENUES				
Taxes	\$ 241,640	\$ 241,640	\$ 214,229	\$ (27,411)
Charges for services	-	-	19,388	19,388
Total revenues	241,640	241,640	233,617	(8,023)
EXPENDITURES				
Current:				
General government	119,245	119,245	60,616	58,629
Highway and streets	185,000	185,000	-	185,000
Interest and fiscal charges	-	-	4,000	(4,000)
Contingency	117,861	117,861	-	117,861
Total expenditures	422,106	422,106	64,616	357,490
Excess (deficiency) of revenues over (under) expenditures	(180,466)	(180,466)	169,001	349,467
Net change in fund balances	(180,466)	(180,466)	169,001	349,467
Fund balances - beginning	180,466	180,466	417,705	237,239
Fund balances - ending	\$ -	\$ -	\$ 586,706	\$ 586,706

The notes to the basic financial statements are an integral part of this statement.

Notes to Financial Statements – Year Ended June 30, 2022**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Sundance Community Facilities District (District) is a special purpose district created specifically to acquire or construct public infrastructure within specific areas of the City of Buckeye, Arizona, and is authorized under state law to issue general obligation (GO) or revenue bonds to be repaid by property (ad valorem) taxes levied on property within the District (for GO debt), or by specific revenues generated within the District (revenue bonds). The District was created by petition to the city council by property owners within the area to be covered by the District, and debt may be issued only after approval of voters within the District.

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The more significant of the District's accounting policies are described below.

A. Reporting Entity

The District, a component unit of the City of Buckeye, Arizona (City), was established (June 19, 2001), and is a political subdivision of the State of Arizona as well as a municipal corporation by Arizona Law. The City Council serves as the Board of Directors. All transactions of the District are included in the City's financial statements. However, the City has no liability for the debt.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net position and the statement of activities) present financial information about the District as a whole. The reported information includes all of the non-fiduciary activities of the District. For the most part, the effect of internal activity has been removed from these statements. These statements are to distinguish between the governmental and business-type activities of the District. Governmental activities normally are supported by tax revenues, and are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The District does not have any business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes, investment income and other items not included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-Wide Financial Statements – The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Special assessment revenue is recognized at the time of the special assessment levy. All other revenue items are considered to be measurable and available only when cash is received by the government. As a general rule, the effect of internal activity has been eliminated from the government-wide financial statements.

Fund Financial Statements – Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are

recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due. As permitted by generally accepted accounting principles, the District applies the “early recognition” option for debt service payments. Property tax and special assessment resources are provided in Debt Service Fund during the current year for the payment of debt service principal and interest due early in the following year (less than one month). Therefore the expenditures and related liabilities have been recognized.

Property taxes and investment income 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. Miscellaneous revenues are not susceptible to accrual because generally they are not measurable until received in cash.

Delinquent property taxes and other receivables that will not be collected within the available period have been reported as unavailable revenues on the governmental fund financial statements.

The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column.

The District reports all funds as major governmental funds:

General Fund – The General Fund is the District’s primary operating fund. It accounts for all resources used to finance District maintenance and operations except those required to be accounted for in other funds.

Debt Service Funds – The Debt Service Funds account for the accumulation of resources for, and the payment of, long-term debt principal, interest and related costs.

Capital Projects Fund – The Capital Projects Fund accounts for bonds proceeds to be reimbursed to the developer for public infrastructure dedicated to the City of Buckeye.

D. Cash and Investments

Arizona Revised Statutes (A.R.S.) authorize the District to invest public monies in the State Treasurer’s Local Government Investment Pool, interest-bearing savings account, certificates of deposit, and repurchase agreements in eligible depositories; bonds or other obligations of the U.S. government that are guaranteed as to principal and interest by the U.S. government; and bonds of the State of Arizona counties, cities, school districts, and special districts as specified by statute.

Cash represents amounts in demand deposits and amounts held in trust by financial institutions. The funds held in trust are available to the District upon demand. Cash equivalents as defined as short-term (original maturities of three months or less), highly liquid investments that are 1) readily convertible to known amounts of cash and 2) so near maturity that they present insignificant risk of changes in value because of changes in interest rates.

E. Investment Income

Investment income is comprised of interest, dividends, and net changes in the fair value of applicable investments.

F. Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either “due to/from other funds” (i.e. the current portion of interfund loans) or “advances to/from other funds” (i.e. the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds”.

All receivables, including property taxes receivable, are shown net of an allowance for uncollectibles.

G. Property Taxes

The County Treasurer is responsible for collecting property taxes for all governmental entities within the county. The District levies real property taxes on or before the third Monday in August, which 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.

Pursuant to A.R.S., a lien against assessed real property attaches on the first day of January preceding assessment and levy, however according to case law, an enforceable legal claim to the asset does not arise.

H. Restricted Assets

Certain proceeds of the District's bonds, as well as certain resources set aside for their repayment, are classified as restricted cash on the statement of net position and on the balance sheet because their use is limited by applicable bond covenants.

I. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position may report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position may report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

J. Long-term Obligations

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

K. Net Position Flow Assumption

In the government-wide financial statements the District applies restricted resources first when outlays are incurred for purposes for which either restricted or unrestricted amounts are available.

L. Estimates

The preparation of the 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 amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

M. Budgetary Data

According to state statutes, the District must adopt a budget on an annual basis. There are no statutory spending limitation but the District cannot spend more than actual revenues collected and carryover

unrestricted cash balance from the prior fiscal year. There were no supplemental budgetary appropriations made during the year.

N. Deficit Net Position

As described previously, the District was formed to finance and acquire or construct infrastructure assets that are subsequently dedicated to the City for operation. The District does not own or operate infrastructure. Therefore, the Statement of Net Position reflects a large liability without an offsetting asset.

NOTE 2 – FUND BALANCE CLASSIFICATIONS

Fund balances of the governmental funds are reported separately within classifications based on 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.

Nonspendable. The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact.

Restricted. Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation.

Committed. The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action of the Board of Directors. Those committed amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. Commitments may be established, modified, or rescinded only through resolutions approved by the Board of Directors.

Assigned. Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Board of Directors or a management official delegated that authority by the formal Governing Board action. The District has adopted the City’s policy on which only the Board of Directors or the District’s Treasurer may assign amounts for specific purposes.

Unassigned. Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, then unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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

NOTE 3 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

In the General Fund, the following line item account exceeded the amounts budgeted. The Board adopts the expenditure appropriations at the District level. For presentation purposes, we have elected to show any deficits at the line item level within the Fund, all of which was funded by available fund balances within the General Fund.

	Budgeted Amounts		Actual Amount Budgetary Basis	Variance Between Final Budget and Actual Amounts
	Adopted	Final		
General Fund:				
Current:				
Interest and fiscal charges	-	-	4,000	(4,000)

NOTE 4 – CASH AND INVESTMENTS

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of bank failure the District’s deposits may not be returned to the District. The District does not have a deposit policy for custodial credit risk. At year end, the carrying amount of the District’s deposits and bank balance was \$2,193,361. Bank balances are uninsured and uncollateralized. The unrestricted cash is in a repurchase sweep agreement rather than a deposit. In addition to unrestricted cash balance, the District also maintains deposits with paying agents and trustees. Cash with the Trustee is collateralized by the District’s Agent in the District’s name. Restricted cash at year end equaled \$773,362 which represents amounts held by the District’s Trustee for future debt service payments.

NOTE 5 – LONG TERM DEBT PAYABLE

The District is a special purpose district created specifically to acquire or construct public infrastructure within specific areas of the City of Buckeye, Arizona. The District is authorized under state law to issue special assessment (SA) revenue bonds to be repaid by the property within the SA District, general obligation (GO) bonds to be repaid by property (ad valorem) taxes levied on property within the District (for GO debt), or revenue bonds to be repaid by specific revenues generated within the District (revenue bonds). The District has \$17.8 million of authorized GO bonds authority remaining. The District was created by petition to the City Council by property owners within the area to be covered by the District, and comprises approximately 2,105 acres.

Special Assessments Bonds

The CFD Board of Directors has pledged revenue derived from an annual assessment on the real property of the Sundance CFD No. 2 to repay \$7,175,000 in special assessment revenue bonds issued April 2003. Proceeds were used for infrastructure improvements within the special assessment District. The bonds are payable solely from assessments on the properties. The total principal remaining to be paid on the bonds is \$495,000. The principal paid for the current year was \$109,000. Principal and interest paid for the current year approximate amounts received from special assessment property owners, which, at times exceed special assessments billed for the year.

The CFD Board of Directors has pledged revenue derived from an annual assessment and levy of taxes on the real property of the Sundance CFD No. 3 to repay \$2,050,000 in special assessment bonds issued June 2004. Proceeds were used for infrastructure improvements within the special assessment District. The total principal remaining to be paid on the bonds is \$192,000. The principal paid for the current year was \$23,000. Principal and interest paid for the current year approximate amounts received from special assessment properties, which, at times exceed special assessments billed for the year.

General Obligation Bonds

The CFD Board of Directors has pledged revenue derived from the property taxes levied on the real property of the Sundance CFD to repay \$17,945,000 in general obligation bonds issued March 2014. Proceeds were used for the construction and acquisition of public infrastructure. The bonds are payable from property taxes levied on properties within the District. The total principal remaining to be paid on the bonds is \$13,180,000. The principal paid for the current year was \$690,000.

In November 2018, the CFD Board of Directors pledged revenue derived from the property taxes levied on the real property of the Sundance CFD to repay \$3,140,000 in general obligation refunding bonds. The proceeds of the refunding bonds were used to refund \$3,045,000 of outstanding Series 2005 general obligation bonds. The total principal remaining to be paid on the bonds is \$2,155,000. The principal paid for the current year was \$280,000.

In November 2018, the CFD Board of Directors pledged revenue derived from the property taxes levied on the real property of the Sundance CFD to repay \$3,265,000 in general obligation bonds, whose proceeds were used for infrastructure improvements within the District. The total principal remaining to be paid on the bonds is \$3,265,000. No principal was paid during the year. The first principal payment will be FY 2034-35.

Sundance CFD

Notes to Financial Statements

June 30, 2022

Purpose	Interest Rates (%)	Matures	Original Issue Amount	Amount Outstanding
Sundance Special Assessment Revenue Bonds				
Series 2003 (private placement)	5.0 - 7.125%	July 2027	\$ 7,175,000	\$ 495,000
Series 2004 (private placement)	6.50%	July 2029	2,050,000	192,000
Sundance General Obligation Bonds,				
Series 2014	2.0 - 4.625%	July 2034	17,945,000	13,180,000
Refunding, Series 2018	4.00%	July 2029	3,140,000	2,155,000
Series 2018	4.0 - 5.0%	July 2043	3,265,000	3,265,000
Total Sundance			<u>\$ 33,575,000</u>	<u>\$ 19,287,000</u>

Annual debt service requirements to maturity on general obligation and special assessment bonds at year-end are summarized as follows:

Fiscal Year Ending	Private Placement		Public Offering		Total Debt	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$108,000	\$47,748	\$1,010,000	\$817,319	\$1,118,000	\$865,067
2024	118,000	40,178	1,050,000	776,919	1,168,000	817,097
2025	122,000	31,928	1,090,000	734,919	1,212,000	766,847
2026	131,000	23,392	1,135,000	689,381	1,266,000	712,773
2027	142,000	14,214	1,185,000	641,956	1,327,000	656,170
2028-32	66,000	6,630	6,725,000	2,404,994	6,791,000	2,411,624
2033-37	-	-	4,085,000	909,206	4,085,000	909,206
2038-42	-	-	1,890,000	330,050	1,890,000	330,050
2043-47	-	-	430,000	17,200	430,000	17,200
	<u>\$ 687,000</u>	<u>\$ 164,090</u>	<u>\$ 18,600,000</u>	<u>\$ 7,321,944</u>	<u>\$ 19,287,000</u>	<u>\$ 7,486,034</u>

NOTE 6 – CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the current fiscal year was as follows:

Notes to Financial Statements

June 30, 2022

	July 1, 2021	Increases	Decreases	June 30, 2022	Due Within One Year
Governmental Activities:					
Bonds payable:					
Special Assessments	\$ 819,000	\$ -	\$ (132,000)	\$ 687,000	\$ -
General Obligations	19,570,000	-	(970,000)	18,600,000	-
Deferred amount on premium	297,085	-	(24,187)	272,898	-
Total bonds payable	<u>\$ 20,686,085</u>	<u>\$ -</u>	<u>\$ (1,126,187)</u>	<u>\$ 19,559,898</u>	<u>\$ -</u>

NOTE 7 – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions and natural disasters. The District's insurance protection is provided by the Arizona Municipal Risk Retention Pool, of which the District is a participating member. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

The Arizona Municipal Risk Retention Pool is structured such that member premiums are based on an actuarial review that will provide adequate reserves to allow the pool to meet its expected financial obligations. The pool has authority to assess its member's additional premiums should reserves and annual premium be insufficient to meet the pool's obligations.

NOTE 8 – INTERFUND TRANSFERS

During the year, there was an \$727,304 transfer from the Capital Projects Fund to the City Wastewater Fund. This represents the funds allocated for the Sundance Centrifuge Project in the 2018 General Obligation Bond Feasibility Report.

	<u>Transfers from:</u>
	Capital Projects
<u>Transfers to:</u>	<u>Fund</u>
City Wastewater Fund	\$ 727,304



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SUPPLEMENTARY INFORMATION



SUNDANCE COMMUNITY FACILITIES DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - SPECIAL ASSESSMENTS FUND
YEAR ENDED JUNE 30, 2022

	Budgeted Amounts		Actual Amount Budgetary Basis	Variance Between Final Budget and Actual Amounts
	Adopted	Final		
REVENUES				
Special assessments	\$ 313,898	\$ 313,898	\$ 300,327	\$ (13,571)
Investment earnings	2,030	2,030	379	(1,651)
Charges for services	11,250	11,250	-	(11,250)
Total revenues	327,178	327,178	300,706	(26,472)
EXPENDITURES				
Current:				
General government	1,350	1,350	-	1,350
Debt Service:				
Principal retirement	216,000	216,000	132,000	84,000
Interest and fiscal charges	67,012	67,012	60,189	6,823
Contingency	284,410	284,410	-	284,410
Total expenditures	568,772	568,772	192,189	376,583
Net change in fund balances	(241,594)	(241,594)	108,517	350,111
Fund balances - beginning	133,622	133,622	532,675	399,053
Fund balances - ending	\$ (107,972)	\$ (107,972)	\$ 641,192	\$ 749,164

SUNDANCE COMMUNITY FACILITIES DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - GENERAL OBLIGATIONS FUND
YEAR ENDED JUNE 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amount Budgetary Basis</u>	<u>Variance Between Final Budget and Actual Amounts</u>
	<u>Adopted</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 1,917,425	\$ 1,917,425	\$ 1,929,114	\$ 11,689
Total revenues	<u>1,917,425</u>	<u>1,917,425</u>	<u>1,929,114</u>	<u>11,689</u>
EXPENDITURES				
Current:				
General government	2,760	2,760	-	2,760
Debt Service:				
Principal retirement	970,000	970,000	970,000	-
Interest and fiscal charges	856,118	856,118	856,118	-
Contingency	131,843	131,843	-	131,843
Total expenditures	<u>1,960,721</u>	<u>1,960,721</u>	<u>1,826,118</u>	<u>134,603</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(43,296)</u>	<u>(43,296)</u>	<u>102,996</u>	<u>146,292</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(152,505)	(152,505)	-	152,505
Total other financing sources and uses	<u>(152,505)</u>	<u>(152,505)</u>	<u>-</u>	<u>152,505</u>
Net change in fund balances	(195,801)	(195,801)	102,996	298,797
Fund balances - beginning	437,972	437,972	98,577	(339,395)
Fund balances - ending	<u>\$ 242,171</u>	<u>\$ 242,171</u>	<u>\$ 201,573</u>	<u>\$ (40,598)</u>

OTHER INFORMATION



Ad Valorem Taxation in the District

The tables below are shown to indicate (a) for fiscal years FY15-16 through FY21-22, the Net Assessed Limited Property Value of the District, utilizing new constitutional and statutory property valuation requirements, and (b) for fiscal years FY12-13 through FY14-15, the then-applicable, but now-replaced, Net Secondary Assessed Valuations of the District.

The Full Cash Value and Net Assessed Limited Property Value of taxable property within the boundaries of the District for fiscal years FY15-16 through FY21-22 are as follows:

Fiscal Year	Full Cash Value	Net Assessed Limited Property Value
FY 21-22	\$1,155,783,048	\$80,844,329
FY 20-21	1,069,838,016	74,867,342
FY 19-20	976,408,897	68,617,026
FY 18-19	876,567,666	66,151,265
FY 17-18	813,517,310	61,050,885
FY 16-17	732,459,862	56,757,537
FY 15-16	651,243,771	53,823,016

The Full Cash Value and Net Secondary Assessed Valuation of taxable property within the boundaries of the District for the indicated fiscal year is as follows:

Fiscal Year	Full Cash Value	Net Secondary Assessed Value
FY 14-15	\$536,095,946	\$60,097,666
FY 13-14	423,567,022	49,848,192
FY 12-13	445,268,560	53,035,676

Net Assessed Valuation by Property Classification

The table below is shown to indicate for fiscal years FY20-21 and FY21-22, the Net Assessed Limited Property Values by property classification for the District, utilizing new constitutional and statutory property valuation requirements.

Net Assessed Limited Property Values by Property Classification

Legal Class	Description	Fiscal Year FY 20-21	Percent of Total	Fiscal Year FY 21-22	Percent of Total
1	Commercial/Industrial	\$20,589,598	27.50%	\$23,903,616	29.57%
2	Agricultural/Vacant	1,899,869	2.54%	1,816,929	2.25%
3	Residential	36,654,458	48.96%	38,932,938	48.16%
4	Residential Rental	15,723,417	21.00%	16,190,846	20.02%
	Total	\$74,867,342	100.00%	\$80,844,329	100.00%

Source: Maricopa County Assessor's Office

Net Assessed Property Values of Major Taxpayers

The tables below are shown to indicate for fiscal years FY21-22 and FY20-21, the major property taxpayers located within the District, and their FY21-22 and FY20-21 Net Assessed Limited Property Value, utilizing new constitutional and statutory property valuation requirements, and their relative proportion of the total Net Assessed Limited Property Value for the District.

Fiscal Year FY 21-22

Taxpayer	Net Assessed Limited Property Value	As Percent of District's Total Net Assessed Limited Property Value
WATSON PROPERTY LLC	\$4,690,896	5.80%
VESTAR SUNDANCE TOWNE CNTR LLC/WAL-MART INC	2,656,749	3.29%
VESTAR SUNDANCE TOWNE CNTR LLC/LOWES HIW INC	1,916,725	2.37%
INTERSTATE HOLDINGS INC	1,752,937	2.17%
ARIZONA PUBLIC SERVICE COMPANY	1,679,664	2.08%
GSA SUNDANCE L P	1,180,267	1.46%
ARHC BMBUCAZ01 LLC	1,123,288	1.39%
JONES BROTHERS INVESTMENTS LLC	1,021,415	1.26%
LODGEPROS BUCKEYE TOO LLC	1,020,717	1.26%
LODGEPROS BUCKEYE LLC	951,995	1.18%
Total	\$17,994,653	22.26%

Fiscal Year FY 20-21

Taxpayer	Net Assessed Limited Property Value	As Percent of District's Total Net Assessed Limited Property Value
WATSON PROPERTY LLC	\$4,273,630	5.71%
VESTAR SUNDANCE TOWNE CNTR LLC/WAL-MART INC	2,530,238	3.38%
VESTAR SUNDANCE TOWNE CNTR LLC/LOWES HIW INC	1,825,452	2.44%
INTERSTATE HOLDINGS INC	1,675,500	2.24%
ARIZONA PUBLIC SERVICE COMPANY	1,655,757	2.21%
ARHC BMBUCAZ01 LLC	1,069,798	1.43%
JONES BROTHERS INVESTMENTS LLC	972,131	1.30%
LODGEPROS BUCKEYE LLC	906,662	1.21%
AIRPORT PLAZA PROPERTIES LLC	585,702	0.78%
LODGEPROS BUCKEYE TOO LLC	569,750	0.76%
Total	\$16,064,620	21.46%

Source: Maricopa County Assessor's Office.

Record of Taxes Levied and Collected in the District

Under Arizona law, the Board of Supervisors of the County is required to establish and levy a tax in an amount sufficient to satisfy debt service and O&M requirements of the District. Property taxes are levied and collected on property within the District by the Treasurer of the County on behalf of the District. The following table sets forth the tax collection records of the District for the periods shown:

Fiscal Year	Real and Secured	Collected to June 30 th (b)(c)		Total Collections (b)(c)	
	Personal Property Tax Levy (a)	Amount	Percent of Tax Levy	Amount	Percent of Tax Levy
2021-22	\$2,159,916	\$2,131,287	98.71%	\$2,131,287	98.71%
2020-21	2,123,014	2,106,431	99.22%	2,122,104	99.98%
2019-20	1,963,682	1,930,525	98.31%	1,963,015	99.97%
2018-19	1,899,006	1,880,662	99.03%	1,840,176	96.93%
2017-18	1,982,994	1,966,315	99.16%	1,978,944	99.80%

Source: Maricopa County Assessor's Office

- (a) Tax levy is as reported by the Treasurer of the County as of August of each fiscal year. Amount does not include adjustments made to levy amounts after the August period.
- (b) Reflects collections made through June 30, the end of the fiscal year, on such year's levy. Property taxes are payable in two installments. The first installment is due on October 1 and becomes delinquent on November 1, but is waived if the full tax year's taxes are paid in full by December 31. The second installment becomes due on March 1 and is delinquent on May 1. Interest at the rate of 16 percent per annum attaches on first and second installments following their delinquent dates. Penalties for delinquent payments are not included in the above collection figures.
- (c) Reflects collections made through June 30, 2022.

Overlapping General Obligation Bonded Indebtedness

Overlapping general obligation bonded indebtedness is shown below including a breakdown of each overlapping jurisdiction's applicable general obligation bonded indebtedness, Net Assessed Limited Property Value and combined tax rate per \$100 Net Assessed Limited Property Value. Outstanding bonded indebtedness is comprised of general obligation bonds outstanding and general obligation bonds schedule for sale. The applicable percentage of each jurisdiction's assessed valuation which lies within the District's boundaries was derived from information obtained from the Assessor of the County.

Direct and Overlapping Jurisdiction	Net Assessed Limited Property Value	Net Outstanding Bonded Debt (a)	Proportion Applicable to the District		Tax Rate per \$100 of Net Assessed Limited Property Value
			Approx. Percent	Net Amount	
State of Arizona	\$74,200,233,397	None	0.109%	None	\$0.0000
Maricopa County	48,724,126,672	None	0.166%	None	2.1556 (b)
Maricopa County Community College District	48,724,126,672	\$184,715,000	0.166%	\$306,484	1.2257
Maricopa County Special Health Care District	48,837,616,505	640,695,000	0.166%	1,060,587	0.2970
West Maricopa Education Center District No. 402	18,045,628,311	144,220,000	0.448%	646,105	0.1579
Buckeye Elementary School District No. 33	267,319,655	39,885,000	30.243%	12,062,248	6.2675
Buckeye Union High School District No. 201	885,537,591	68,495,000	9.129%	6,253,187	3.0759
Liberty Elementary School District No. 25	340,654,928	44,740,000	23.732%	10,617,710	4.1205
City of Buckeye	617,421,432	None	13.094%	None	1.7671
Sundance Community Facilities District	80,844,329	19,570,000	100.000%	19,570,000	2.6717
Total Net Direct and Overlapping General Obligation Bonded Debt				\$50,516,322	\$21.7389

Source: Maricopa County Tax Levy and State and County Abstract of the Assessment Roll.

- (a) Outstanding bonded debt for various jurisdictions is as of June 30, 2022.
- (b) The County's tax rate includes the \$0.1400 tax rate of the Central Arizona Project, the \$0.1792 tax rate of the Maricopa County Flood Control District, the \$0.4263 tax rate of the County Education Equalization, the \$0.0556 tax rate of the Maricopa County Free Library, the \$0.0086 tax rate for the contribution to the Maricopa County Fire District, and the \$1.3459 tax rate of the County. It should be noted that the County Flood Control District does not levy taxes on personal property.



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Tartesso West Community Facilities District Annual Financial Report

City of Buckeye

Year Ended June 30, 2022

Issued by: City of Buckeye Finance Department

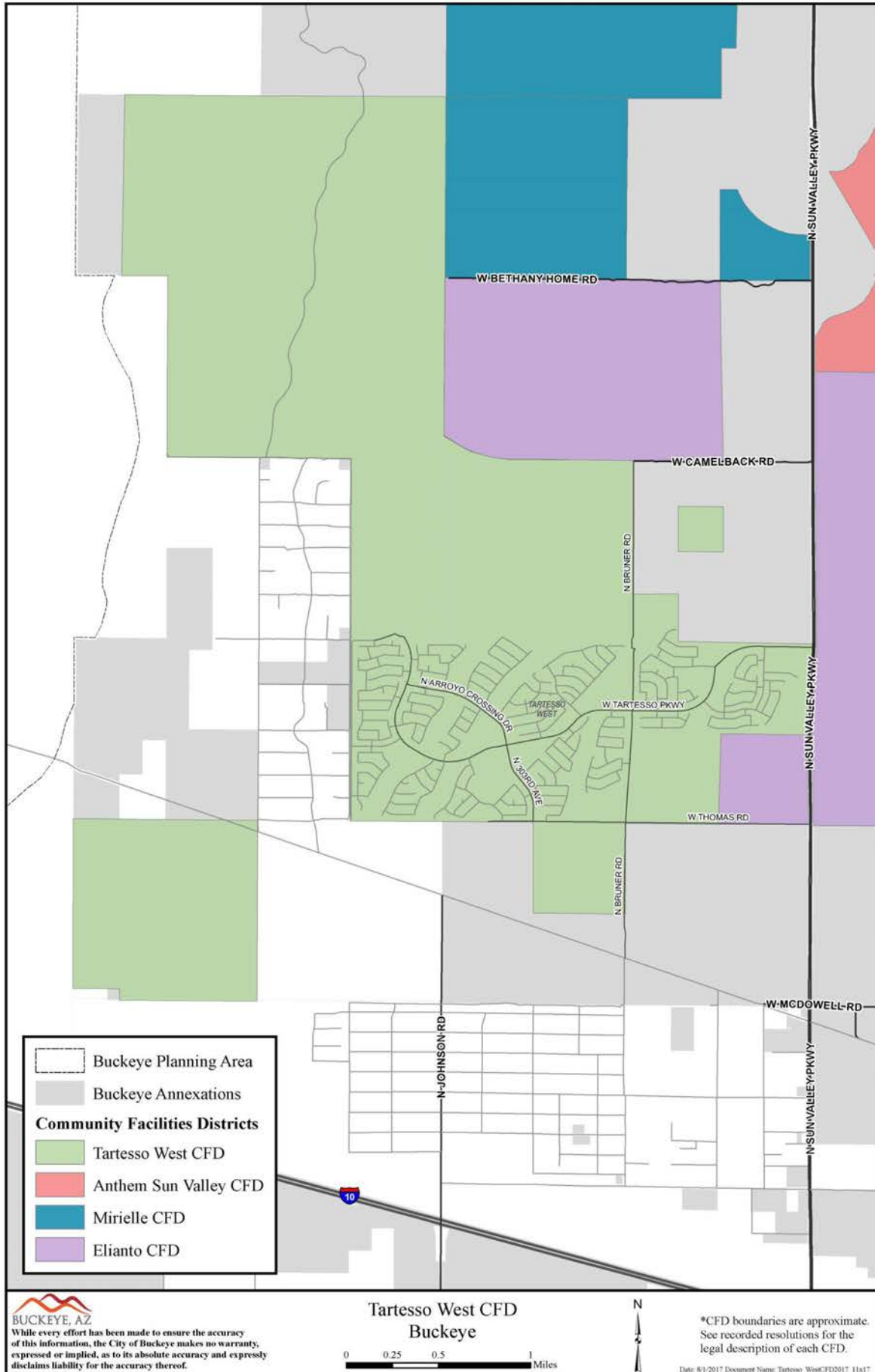


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Independent Auditor's Report

Board of Directors
Tartesso West Community Facilities District

Report on Audit of Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Tartesso West Community Facilities District (District), a component unit of the City of Buckeye, Arizona, as of and for the year ended June 30, 2022, 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 Tartesso West Community Facilities District, as of June 30, 2022, and the respective changes in financial position and the budgetary comparison for the General Fund thereof 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. 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 Tartesso West Community Facilities 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 one year 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 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, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis 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. Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Our opinion on the basic financial statements is not affected by this missing information.

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 Supplementary Information, as listed in the table of contents, 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. Such 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 Supplementary Information 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 financial report. The other information, as listed in the table of contents, 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 other work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Heinfeld Meech & Co. PC

Heinfeld, Meech & Co., P.C.
Scottsdale, Arizona
December 30, 2022

BASIC FINANCIAL STATEMENTS



TARTESSO WEST COMMUNITY FACILITIES DISTRICT
STATEMENT OF NET POSITION
June 30, 2022

	Governmental Activities
ASSETS	
Cash and investments	\$ 1,186,879
Receivables, net	6,817
Total assets	1,193,696
LIABILITIES	
Accounts payable	288
Matured debt interest payable	219,445
Noncurrent liabilities:	
Due within one year	645,000
Due in more than one year	19,667,951
Total liabilities	20,532,684
Net position:	
Unrestricted	(19,338,988)
Total net position	\$ (19,338,988)

The notes to the basic financial statements are an integral part of this statement.

TARTESSO WEST COMMUNITY FACILITIES DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues Grants and Contributions</u>	<u>Net (Expense) Revenue and Changes in Net Position Governmental Activities</u>
Governmental activities:			
General government	\$ 44,091	\$ -	\$ (44,091)
Highways and streets	14,965,062	549,671	(14,415,391)
Interest on long-term debt	955,489	-	(955,489)
Total governmental activities	<u>15,964,642</u>	<u>549,671</u>	<u>(15,414,971)</u>
General revenues:			
Taxes:			
Property taxes			<u>1,054,428</u>
Total general revenues			<u>1,054,428</u>
Change in net position			(14,360,543)
Net position - beginning			(4,978,445)
Net position - ending			<u>\$ (19,338,988)</u>

The notes to the basic financial statements are an integral part of this statement.

TARTESSO WEST COMMUNITY FACILITIES DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2022

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and investments	\$ 168,526	\$ 1,018,353	\$ -	\$ 1,186,879
Receivables, net				
Intergovernmental	477	6,340	-	6,817
Total assets	<u>\$ 169,003</u>	<u>\$ 1,024,693</u>	<u>\$ -</u>	<u>\$ 1,193,696</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 288	\$ -	\$ -	\$ 288
Matured debt principal payable	-	645,000	-	645,000
Matured debt interest payable	-	219,445	-	219,445
Total liabilities	<u>288</u>	<u>864,445</u>	<u>-</u>	<u>864,733</u>
Fund balances:				
Restricted				
Debt Service	-	160,248	-	160,248
Unassigned	168,715	-	-	168,715
Total fund balances	<u>168,715</u>	<u>160,248</u>	<u>-</u>	<u>328,963</u>
Total liabilities and fund balances	<u>\$ 169,003</u>	<u>\$ 1,024,693</u>	<u>\$ -</u>	<u>\$ 1,193,696</u>

The notes to the basic financial statements are an integral part of this statement.

**TARTESSO WEST COMMUNITY FACILITIES DISTRICT
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
June 30, 2022**

Total governmental fund balances	\$	328,963
<p>Amounts reported for governmental activities in the statement of net position are different because:</p> <p>Some liabilities, including bonds payable are not due and payable in the current year and therefore are not reported in the funds.</p>		
Bonds payable		(18,910,000)
Premiums and discounts		(757,951)
		(19,667,951)
Total net position of governmental activities	\$	(19,338,988)

The notes to the basic financial statements are an integral part of this statement.

TARTESSO WEST COMMUNITY FACILITIES DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022

	General	Debt Service	Capital Projects	Total Governmental Funds
REVENUES				
Taxes				
Property taxes	\$ 73,997	\$ 980,431	\$ -	\$ 1,054,428
Developer contribution	-	549,671	-	549,671
Total revenues	<u>73,997</u>	<u>1,530,102</u>	<u>-</u>	<u>1,604,099</u>
EXPENDITURES				
Current:				
General government	44,091	-	-	44,091
Highway and streets	-	-	14,965,062	14,965,062
Principal retirement	-	645,000	-	645,000
Interest and fiscal charges	-	385,660	-	385,660
Issuance costs	-	597,362	-	597,362
Total expenditures	<u>44,091</u>	<u>1,628,022</u>	<u>14,965,062</u>	<u>16,637,175</u>
Excess (deficiency) of revenues over expenditures	<u>29,906</u>	<u>(97,920)</u>	<u>(14,965,062)</u>	<u>(15,033,076)</u>
OTHER FINANCING SOURCES (USES)				
Bonds Issued	-	14,270,000	-	14,270,000
Premiums issued	-	913,108	-	913,108
Discounts issued	-	(127,624)	-	(127,624)
Transfers in	14,300	-	14,965,062	14,979,362
Transfers out	-	(14,979,362)	-	(14,979,362)
Total other financing sources and uses	<u>14,300</u>	<u>76,122</u>	<u>14,965,062</u>	<u>15,055,484</u>
Net change in fund balances	44,206	(21,798)	-	22,408
Fund balances - beginning	124,509	182,046	-	306,555
Fund balances - ending	<u>\$ 168,715</u>	<u>\$ 160,248</u>	<u>\$ -</u>	<u>\$ 328,963</u>

The notes to the basic financial statements are an integral part of this statement.

TARTESSO WEST COMMUNITY FACILITIES DISTRICT
Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balance of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2022

Net change in fund balances - total governmental funds \$ 22,408

Amounts reported for governmental activities in the statement of activities are different because:

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. The issuance of long-term debt increases long-term liabilities on the statement of net position and the repayment of principal on long-term debt reduces long-term debt on the statement of net position. Likewise, refunding and defeasance of existing debt reduces the balance of long-term debt without adding additional debt. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when the debt is first issued, whereas these items are deferred and amortized over the term of the long-term debt in the statement of activities.

Issuance of long-term debt	(14,270,000)	
Premiums on debts issued	(913,108)	
Principal payments on long-term debt	645,000	
Discounts on debts issued	127,624	
Amortization of premium	27,533	
	(14,382,951)	(14,382,951)
Change in net position of governmental activities		\$ (14,360,543)

The notes to the basic financial statements are an integral part of this statement.

TARTESSO WEST COMMUNITY FACILITIES DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL- GENERAL FUND
YEAR ENDED JUNE 30, 2022

	Budgeted Amounts		Actual Amount Budgetary Basis	Variance Between Final Budget and Actual Amounts
	Adopted	Final		
REVENUES				
Taxes	\$ 109,381	\$ 109,381	\$ 73,997	\$ (35,384)
Total revenues	109,381	109,381	73,997	(35,384)
EXPENDITURES				
Current:				
General government	16,764	19,764	44,091	(24,327)
Highway and streets	90,000	89,000	-	89,000
Fiscal charges	500	500	-	500
Contingency	81,746	79,746	-	79,746
Total expenditures	189,010	189,010	44,091	144,919
Excess (deficiency) of revenues over (under) expenditures	(79,629)	(79,629)	29,906	109,535
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	14,300	14,300
Total other financing sources and uses	-	-	14,300	14,300
Net change in fund balances	(79,629)	(79,629)	44,206	123,835
Fund balances - beginning	79,629	79,629	124,509	44,880
Fund balances - ending	\$ -	\$ -	\$ 168,715	\$ 168,715

The notes to the basic financial statements are an integral part of this statement.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Tartesso West Community Facilities District (District) is a special purpose district created specifically to acquire or construct public infrastructure within specific areas of the City of Buckeye, Arizona, and is authorized under state law to issue general obligation (GO) or revenue bonds to be repaid by property (ad valorem) taxes levied on property within the District (for GO debt), or by specific revenues generated within the District (revenue bonds). The District was created by petition to the city council by property owners within the area to be covered by the District, and debt may be issued only after approval of voters within the District.

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The more significant of the District's accounting policies are described below.

A. Reporting Entity

The District, a component unit of the City of Buckeye, Arizona (City), was established (November 2, 2004), and is a political subdivision of the State of Arizona as well as a municipal corporation by Arizona Law. The City Council serves as the Board of Directors. All transactions of the District are included in the City's financial statements. However, the City has no liability for the debt.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net position and the statement of activities) present financial information about the District as a whole. The reported information includes all of the non-fiduciary activities of the District. For the most part, the effect of internal activity has been removed from these statements. These statements are to distinguish between the governmental and business-type activities of the District. Governmental activities normally are supported by tax revenues, and are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The District does not have any business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes, investment income and other items not included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-Wide Financial Statements – The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. All other revenue items are considered to be measurable and available only when cash is received by the government. As a general rule, the effect of internal activity has been eliminated from the government-wide financial statements.

Fund Financial Statements – Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are

recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due. As permitted by generally accepted accounting principles, the District applies the “early recognition” option for debt service payments. Property tax resources are provided in Debt Service Fund during the current year for the payment of debt service principal and interest due early in the following year (less than one month). Therefore the expenditures and related liabilities have been recognized.

Property taxes and investment income 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. Miscellaneous revenues are not susceptible to accrual because generally they are not measurable until received in cash.

Delinquent property taxes and other receivables that will not be collected within the available period have been reported as unavailable revenues on the governmental fund financial statements.

The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column.

The District reports all funds as major governmental funds:

General Fund – The General Fund is the District’s primary operating fund. It accounts for all resources used to finance District maintenance and operations except those required to be accounted for in other funds.

Debt Service Fund – The Debt Service Fund accounts for the accumulation of resources for, and the payment of, long-term debt principal, interest and related costs.

Capital Projects Fund – The Capital Projects Fund accounts for bonds proceeds to be reimbursed to the developer for public infrastructure dedicated to the City of Buckeye.

D. Cash and Investments

Arizona Revised Statutes (A.R.S.) authorize the District to invest public monies in the State Treasurer’s Local Government Investment Pool, interest-bearing savings account, certificates of deposit, and repurchase agreements in eligible depositories; bonds or other obligations of the U.S. government that are guaranteed as to principal and interest by the U.S. government; and bonds of the State of Arizona counties, cities, school districts, and special districts as specified by statute.

Cash represents amounts in demand deposits and amounts held in trust by financial institutions. The funds held in trust are available to the District upon demand. Cash equivalents as defined as short-term (original maturities of three months or less), highly liquid investments that are 1) readily convertible to known amounts of cash and 2) so near maturity that they present insignificant risk of changes in value because of changes in interest rates.

E. Investment Income

Investment income is comprised of interest, dividends, and net changes in the fair value of applicable investments.

F. Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either “due to/from other funds” (i.e. the current portion of interfund loans) or “advances to/from other funds” (i.e. the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds”. All receivables, including property taxes receivable, are shown net of an allowance for uncollectibles.

G. Property Taxes

The County Treasurer is responsible for collecting property taxes for all governmental entities within the county. The District levies real property taxes on or before the third Monday in August, which 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.

Pursuant to A.R.S., a lien against assessed real property attaches on the first day of January preceding assessment and levy, however according to case law, an enforceable legal claim to the asset does not arise.

H. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position may report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position may report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

I. Long-term Obligations

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

J. Net Position Flow Assumption

In the government-wide financial statements the District applies restricted resources first when outlays are incurred for purposes for which either restricted or unrestricted amounts are available.

K. Estimates

The preparation of the 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 amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

L. Budgetary Data

According to state statutes, the District must adopt a budget on an annual basis. There are no statutory spending limitation but the District cannot spend more than actual revenues collected plus carryover

unrestricted cash balance from the prior fiscal year. There were no supplemental budgetary appropriations made during the year.

M. Deficit Net Position

As described previously, the District was formed to finance and acquire or construct infrastructure assets that are subsequently dedicated to the City for operation. The District does not own or operate infrastructure. Therefore, the Statement of Net Position reflects a large liability without an offsetting asset.

NOTE 2 – FUND BALANCE CLASSIFICATIONS

Fund balances of the governmental funds are reported separately within classifications based on 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.

Nonspendable. The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact.

Restricted. Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation.

Committed. The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action of the Board of Directors. Those committed amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. Commitments may be established, modified, or rescinded only through resolutions approved by the Board of Directors.

Assigned. Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Board of Directors or a management official delegated that authority by the formal Governing Board action. The District has adopted the City’s policy on which only the Board of Directors or the District’s Treasurer may assign amounts for specific purposes.

Unassigned. Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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

NOTE 3 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

In the General and Debt Service Funds, the following line item accounts exceeded the amounts budgeted. The Board adopts the expenditure appropriations at the District level. For presentation purposes, we have elected to show any deficits at the line item level within the Fund, all of which was funded by available fund balances within the General and Debt Service Funds.

Tartesso West CFD

	Budgeted Amounts		Actual Amount Budgetary Basis	Variance Between Final Budget and Actual Amounts
	Adopted	Final		
<u>General Fund:</u>				
Current:				
General government	16,764	19,764	44,091	(24,327)
<u>Debt Service Fund:</u>				
Debt Service:				
Principal retirement	610,000	610,000	645,000	(35,000)
Issuance costs	279,900	279,900	597,362	(317,462)

NOTE 4 – CASH AND INVESTMENTS

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of bank failure the District’s deposits may not be returned to the District. The District does not have a deposit policy for custodial credit risk. Bank balances are uninsured and uncollateralized. The cash is in a repurchase sweep agreement rather than held as a deposit. At year end, the carrying amount of the District’s deposits and bank balance was \$1,186,879.

NOTE 5 – GENERAL OBLIGATION BONDS PAYABLE

The District is a special purpose district created specifically to acquire or construct public infrastructure within specific areas of the City of Buckeye, Arizona. The District is authorized under state law to issue special assessment (SA) revenue bonds to be repaid by the property within the SA District, general obligation (GO) bonds to be repaid by property (ad valorem) taxes levied on property within the District (for GO debt), or revenue bonds to be repaid by specific revenues generated within the District (revenue bonds). The District has \$151.0 million of authorized GO bonds authority remaining. The District was created by petition to the City Council by property owners within the area to be covered by the District. The District comprises approximately 5,396 acres.

General Obligation Bonds

The CFD Board of Directors has pledged revenue derived from property taxes levied on the real property of the Tartesso West CFD to repay \$6,430,000 in general obligation refunding bonds issued August 2018. The proceeds of the refunding bonds were used to refund \$6,221,000 of outstanding Series 2005 and 2007 general obligation bonds. The bonds are payable from property taxes levied on properties within the District. The total principal remaining to be paid on the bonds is \$4,880,000. The total principal paid during the year was \$405,000.

The CFD Board of Directors has pledged revenue derived from property taxes levied on the real property of the Tartesso West CFD to repay \$7,310,000 in general obligation bonds issued September 2021. Proceeds were used for the acquisition and construction of public infrastructure. The remaining total principal to be paid being \$7,070,000. The total principal paid during the year was \$240,000.

The CFD Board of Directors has pledged revenue derived from property taxes levied on the real property of the Tartesso West CFD to repay \$6,960,000 in general obligation bonds issued June 2022. Proceeds were used for the acquisition and construction of public infrastructure. The remaining total principal to be paid being \$6,960,000. There was no principal payment made during the year.

The following table shows interest rate, maturity date, original issue amount, amount outstanding, and all debt issued by the District.

Notes to Financial Statements

June 30, 2022

Purpose	Interest Rates (%)	Matures	Original Issue Amount	Amount Outstanding
Tartesso West General Obligation Bonds, Refunding, Series 2018 (private placement)	3.47%	July 2032	\$ 6,430,000	\$ 4,880,000
Series 2021	3.0 - 4.0%	July 2046	7,310,000	7,070,000
Series 2022	4.25% - 4.5%	July 2045	6,960,000	6,960,000
Total Tartesso			<u>\$20,700,000</u>	<u>\$18,910,000</u>

Annual debt service requirements to maturity on general obligation bonds at year-end are summarized as follows:

Fiscal Year Ending	Private Placement		Public Offering		Total Debt	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 415,000	\$ 169,336	\$ 205,000	\$ 584,494	\$ 620,000	\$ 753,830
2024	430,000	154,936	210,000	547,781	640,000	702,717
2025	445,000	140,014	215,000	541,481	660,000	681,495
2026	465,000	124,573	215,000	535,031	680,000	659,604
2027	480,000	108,438	225,000	528,581	705,000	637,019
2028-32	2,645,000	282,284	1,255,000	2,535,356	3,900,000	2,817,640
2033-37	-	-	3,660,000	2,155,694	3,660,000	2,155,694
2038-42	-	-	4,455,000	1,354,706	4,455,000	1,354,706
2043-47	-	-	3,590,000	345,175	3,590,000	345,175
	<u>\$ 4,880,000</u>	<u>\$ 979,581</u>	<u>\$ 14,030,000</u>	<u>\$ 9,128,301</u>	<u>\$ 18,910,000</u>	<u>\$ 10,107,882</u>

NOTE 5 – CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the current fiscal year was as follows:

Notes to Financial Statements

June 30, 2022

	July 1, 2021	Increases	Decreases	June 30, 2022	Due Within One Year
Governmental Activities:					
Bonds payable:					
General Obligations	\$ 5,285,000	\$ 14,270,000	\$ (645,000)	\$ 18,910,000	\$ -
Deferred amount on premium	-	913,108	(27,533)	885,575	-
Deferred amount on discount	-	(127,624)	-	(127,624)	-
Total bonds payable	<u>\$ 5,285,000</u>	<u>\$ 15,055,484</u>	<u>\$ (672,533)</u>	<u>\$ 19,667,951</u>	<u>\$ -</u>

NOTE 6 – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions and natural disasters. The District’s insurance protection is provided by the Arizona Municipal Risk Retention Pool, of which the District is a participating member. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

The Arizona Municipal Risk Retention Pool is structured such that member premiums are based on an actuarial review that will provide adequate reserves to allow the pool to meet its expected financial obligations. The pool has authority to assess its member’s additional premiums should reserves and annual premium be insufficient to meet the pool’s obligations.

NOTE 7 – INTERFUND TRANSFERS

During the year, there was a \$14,300 transfer from the General Obligation Debt Service Fund to the General Fund. This represents the remaining balance of a cost of issuance proceeds from a prior bond issue that is no longer required. In addition, there was a transfer from the GO Debt Service Fund to the Capital Projects Fund. This represents bond proceeds that has not been reimbursed to the Developer.

Transfers to:	Transfers from:
	General Obligation
General Fund	\$ 14,300
Capital Projects	14,965,062

SUPPLEMENTARY INFORMATION



TARTESSO WEST COMMUNITY FACILITIES DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - DEBT SERVICE FUND
YEAR ENDED JUNE 30, 2022

	Budgeted Amounts		Actual Amount Budgetary Basis	Variance Between Final Budget and Actual Amounts
	Adopted	Final		
REVENUES				
Taxes	\$ 955,878	\$ 955,878	\$ 980,431	\$ 24,553
Developer contribution	279,900	279,900	549,671	\$ 269,771
Total revenues	1,235,778	1,235,778	1,530,102	294,324
EXPENDITURES				
Debt Service				
Principal retirement	610,000	610,000	645,000	(35,000)
Interest and fiscal charges	424,487	424,487	385,660	38,827
Issuance costs	279,900	279,900	597,362	(317,462)
Contingency	100,000	100,000	-	100,000
Total expenditures	1,414,387	1,414,387	1,628,022	(213,635)
Excess (deficiency) of revenues over (under) expenditures	(178,609)	(178,609)	(97,920)	80,689
OTHER FINANCING SOURCES (USES)				
Bonds Issued	9,000,000	9,000,000	14,270,000	5,270,000
Premiums issued	-	-	913,108	913,108
Discounts issued	-	-	(127,624)	(127,624)
Transfers out	-	-	(14,979,362)	(14,979,362)
Total other financing sources and uses	9,000,000	9,000,000	76,122	(8,923,878)
Net change in fund balances	8,821,391	8,821,391	(21,798)	(8,843,189)
Fund balances - beginning	178,609	178,609	182,046	3,437
Fund balances - ending	\$ 9,000,000	\$ 9,000,000	\$ 160,248	\$ (8,839,752)

TARTESSO WEST COMMUNITY FACILITIES DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - CAPITAL PROJECTS
YEAR ENDED JUNE 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amount</u> <u>Budgetary Basis</u>	<u>Variance Between</u> <u>Final Budget and</u> <u>Actual Amounts</u>
	<u>Adopted</u>	<u>Final</u>		
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
EXPENDITURES				
Current:				
Highway and streets	9,000,000	9,000,000	14,965,062	(5,965,062)
Total expenditures	9,000,000	9,000,000	14,965,062	(5,965,062)
Excess (deficiency) of revenues over (under) expenditures	(9,000,000)	(9,000,000)	(14,965,062)	(5,965,062)
OTHER FINANCING SOURCES (USES)				
Bonds Issued	9,000,000	9,000,000	-	(9,000,000)
Transfers in	-	-	14,965,062	14,965,062
Total other financing sources and uses	9,000,000	9,000,000	14,965,062	5,965,062
Net change in fund balances	-	-	-	-
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ -	\$ -

OTHER INFORMATION



Ad Valorem Taxation in the District

The tables below are shown to indicate (a) for fiscal years FY15-16 through FY21-22, the Net Assessed Limited Property Value of the District, utilizing new constitutional and statutory property valuation requirements, and (b) for fiscal years FY12-13 through FY14-15, the then-applicable, but now-replaced, Net Secondary Assessed Valuations of the District.

(a) The Full Cash Value and Net Assessed Limited Property Value of taxable property within the boundaries of the District for fiscal years FY15-16 through FY21-22 are as follows:

Fiscal Year	Full Cash Value	Net Assessed Limited Property Value
FY 21-22	\$533,522,867	\$36,472,425
FY 20-21	417,944,171	28,377,103
FY 19-20	306,145,850	20,383,806
FY 18-19	245,266,620	16,631,429
FY 17-18	199,235,040	13,747,394
FY 16-17	177,580,575	13,207,612
FY 15-16	162,712,777	12,714,470

(b) The Full Cash Value and Net Secondary Assessed Valuation of taxable property within the boundaries of the District for the indicated fiscal year is as follows:

Fiscal Year	Full Cash Value	Net Secondary Assessed Value
FY 14-15	\$127,507,293	\$13,508,234
FY 13-14	112,319,353	12,389,567
FY 12-13	122,712,121	12,970,266

Net Assessed Valuation by Property Classification

The table below is shown to indicate for fiscal years FY20-21 and FY21-22, the Net Assessed Limited Property Values by property classification for the District, utilizing new constitutional and statutory property valuation requirements.

Net Assessed Limited Property Values by Property Classification

Legal Class	Description	Fiscal Year FY 20-21	Percent of Total	Fiscal Year FY 21-22	Percent of Total
1	Commercial/Industrial	\$1,664,459	5.87%	\$1,664,459	4.42%
2	Agricultural/Vacant	1,322,968	4.66%	938,770	2.57%
3	Residential	21,596,610	76.11%	21,596,610	80.40%
4	Residential Rental	3,793,066	13.37%	3,793,066	12.61%
	Total	\$28,377,103	100.00%	\$36,472,425	100.00%

Net Assessed Property Values of Major Taxpayers

The tables below are shown to indicate for fiscal years FY20-21 and FY21-22, the major property taxpayers located within the District, and their FY20-21 and FY21-22 Net Assessed Limited Property Value, utilizing new constitutional and statutory property valuation requirements, and their relative proportion of the total Net Assessed Limited Property Value for the District.

Fiscal Year 21-22

Taxpayer	Net Assessed Limited Property Value	As Percent of District's Total Net Assessed Limited Property Value
ARIZONA PUBLIC SERVICE COMPANY	\$773,360	2.12%
TRANSWESTERN PIPELINE COMPANY LLC	703,102	1.93%
D R HORTON INC	366,950	1.01%
FROM LITTLE ACORNS GROW LLC	264,289	0.72%
MARC SUN VALLEY LLC	90,062	0.25%
BRUENER & CAMELBACK 145 LLC	75,976	0.21%
OPENDOOR PROPERTY TRUST I	68,089	0.19%
TAH MS BORROWER LLC	55,583	0.15%
2005 R E INVESTMENTS II LLC	37,431	0.10%
TAH 2018-1 BORROWER LLC	35,971	0.10%
Total	\$2,470,813	6.77%

Fiscal Year 20-21

Taxpayer	Net Assessed Limited Property Value	As Percent of District's Total Net Assessed Limited Property Value
TRANSWESTERN PIPELINE COMPANY LLC	\$995,430	3.51%
D R HORTON INC	806,652	2.84%
ARIZONA PUBLIC SERVICE COMPANY	555,827	1.96%
FROM LITTLE ACORNS GROW LLC	292,537	1.03%
MARC SUN VALLEY LLC	85,773	0.30%
BRUENER & CAMELBACK 145 LLC	72,359	0.25%
TOEWS ORRIN/ESTELLA	61,077	0.22%
TAH MS BORROWER LLC	52,935	0.19%
2005 R E INVESTMENTS II LLC	36,466	0.13%
TAH 2018-1 BORROWER LLC	34,257	0.12%
Total	\$2,993,313	10.55%

Record of Taxes Levied and Collected in the District

Under Arizona law, the Board of Supervisors of the County is required to establish and levy a tax in an amount sufficient to satisfy debt service and O&M requirements of the District. Property taxes are levied and collected on property within the District by the Treasurer of the County on behalf of the District. The following table sets forth the tax collection records of the District for the periods shown:

Fiscal Year	Real and Secured	Collected to June 30 th (b)(c)		Total Collections (b)(c)	
	Personal Property Tax Levy (a)	Amount	Percent of Tax Levy	Amount	Percent of Tax Levy
2021-22	\$1,065,259	\$1,055,090	99.05%	\$1,055,090	99.05%
2020-21	699,328	667,579	95.46%	690,386	98.73%
2019-20	689,075	680,950	98.82%	676,899	98.23%
2018-19	725,329	717,661	98.94%	703,724	97.02%
2017-18	686,504	679,411	98.97%	672,666	97.98%

Source: Maricopa County Assessor’s Office

- (a) Tax levy is as reported by the Treasurer of the County as of August of each fiscal year. Amount does not include adjustments made to levy amounts after the August period.
- (b) Reflects collections made through June 30, the end of the fiscal year, on such year’s levy. Property taxes are payable in two installments. The first installment is due on October 1 and becomes delinquent on November 1, but is waived if the full tax year’s taxes are paid in full by December 31. The second installment becomes due on March 1 and is delinquent on May 1. Interest at the rate of 16 percent per annum attaches on first and second installments following their delinquent dates. Penalties for delinquent payments are not included in the above collection figures.
- (c) Reflects collections made through June 30, 2022.

Overlapping General Obligation Bonded Indebtedness

Overlapping general obligation bonded indebtedness is shown below including a breakdown of each overlapping jurisdiction's applicable general obligation bonded indebtedness, Net Assessed Limited Property Value and combined tax rate per \$100 Net Assessed Limited Property Value. Outstanding bonded indebtedness is comprised of general obligation bonds outstanding and general obligation bonds schedule for sale. The applicable percentage of each jurisdiction's assessed valuation which lies within the District's boundaries was derived from information obtained from the Assessor of the County.

Direct and Overlapping Jurisdiction	Net Assessed Limited Property Value	Net Outstanding Bonded Debt (a)	Proportion Applicable to the District		Tax Rate per \$100 of Net Assessed Limited Property Value
			Approx. Percent	Net Amount	
State of Arizona	\$74,200,233,397	None	0.049%	None	None
Maricopa County	48,724,126,672	None	0.075%	None	\$2.1556 (b)
Maricopa County Community College District	48,724,126,672	\$184,715,000	0.075%	\$138,268	1.2257
Maricopa County Special Health Care District	48,837,616,505	640,695,000	0.075%	478,477	0.2970
West Maricopa Education Center District No. 402	18,045,628,311	144,220,000	0.202%	291,486	0.1579
Saddle Mountain Unified School District No. 90	789,547,623	50,580,000	4.619%	2,336,496	2.7720
City of Buckeye	617,421,432	None	5.907%	None	1.7671
Tartesso West Community Facilities District	36,472,425	19,555,000	100.000%	19,555,000	2.9208
Total Net Direct and Overlapping General Obligation Bonded Debt				\$22,799,729	\$11.2961

Source: Maricopa County Tax Levy and State and County Abstract of the Assessment Roll.

- (a) Outstanding bonded debt for various jurisdictions is as of June 30, 2022.
- (b) The County's tax rate includes the \$0.1400 tax rate of the Central Arizona Project, the \$0.1792 tax rate of the Maricopa County Flood Control District, the \$0.4263 tax rate of the County Education Equalization, the \$0.0556 tax rate of the Maricopa County Free Library, the \$0.0086 tax rate for the contribution to the Maricopa County Fire District, and the \$1.3459 tax rate of the County. It should be noted that the County Flood Control District does not levy taxes on personal property.



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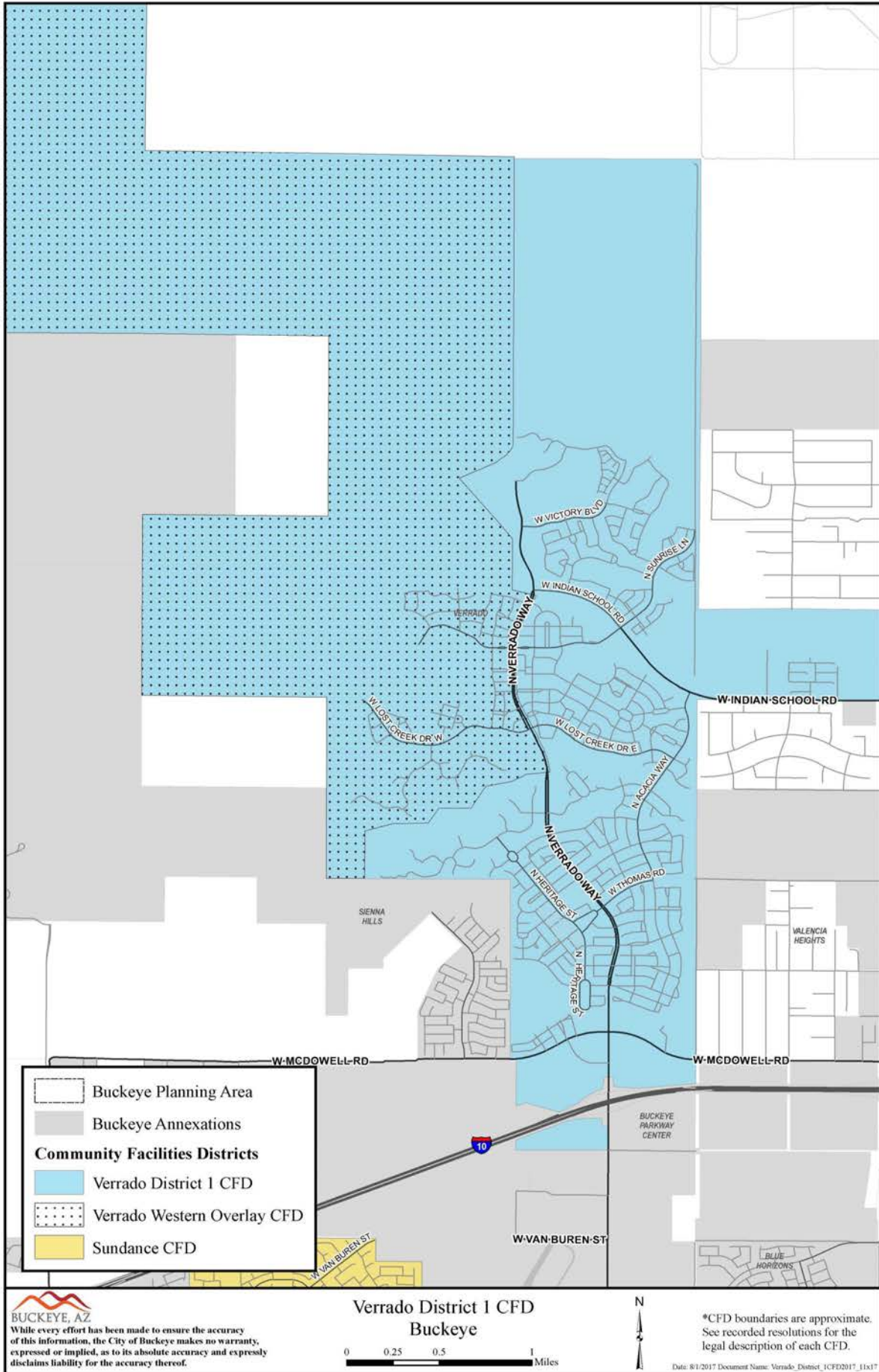


Verrado District 1 Community Facilities District Annual Financial Report

City of Buckeye

Year Ended June 30, 2022

Issued by: City of Buckeye Finance Department



While every effort has been made to ensure the accuracy of this information, the City of Buckeye makes no warranty, expressed or implied, as to its absolute accuracy and expressly disclaims liability for the accuracy thereof.

Verrado District 1 CFD
Buckeye



*CFD boundaries are approximate. See recorded resolutions for the legal description of each CFD.

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Independent Auditor's Report

Board of Directors
Verrado District 1 Community Facilities District

Report on Audit of Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Verrado District 1 Community Facilities District (District), a component unit of the City of Buckeye, Arizona, as of and for the year ended June 30, 2022, 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 Verrado District 1 Community Facilities District, as of June 30, 2022, and the respective changes in financial position and the budgetary comparison for the General Fund thereof 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. 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 Verrado District 1 Community Facilities 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 one year 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 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, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis 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. Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Our opinion on the basic financial statements is not affected by this missing information.

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 Supplementary Information, as listed in the table of contents, 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. Such 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 Supplementary Information 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 financial report. The other information, as listed in the table of contents, 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 other work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Heinfeld Meech & Co. PC

Heinfeld, Meech & Co., P.C.
Scottsdale, Arizona
December 30, 2022

BASIC FINANCIAL STATEMENTS



VERRADO DISTRICT #1 COMMUNITY FACILITIES DISTRICT
STATEMENT OF NET POSITION
June 30, 2022

	Governmental Activities
ASSETS	
Cash and investments	\$ 1,780,085
Receivables, net	65,327
Restricted assets	
Cash with paying agent	3,348,929
Total assets	5,194,341
 LIABILITIES	
Accounts payable	288
Matured debt interest payable	862,429
Noncurrent liabilities:	
Due within one year	3,730,000
Due in more than one year	47,884,489
Total liabilities	52,477,206
 Net position:	
Unrestricted	(47,282,865)
Total net position	\$ (47,282,865)

The notes to the basic financial statements are an integral part of this statement.

**VERRADO DISTRICT #1 COMMUNITY FACILITIES DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u> <u>Grants and Contributions</u>	<u>Net (Expense) Revenue and Changes in Net Position</u> <u>Governmental Activities</u>
Governmental activities			
General government	\$ 363,717	\$ -	\$ (363,717)
Highways and streets	14,200,000	242,567	(13,957,433)
Interest on long-term debt	1,891,521		(1,891,521)
Total governmental activities	<u>16,455,238</u>	<u>242,567</u>	<u>(16,212,671)</u>
General revenues:			
Taxes:			
Property taxes			5,773,244
Investment earnings			<u>1,374</u>
Total general revenues			<u>5,774,618</u>
Change in net position			(10,438,053)
Net position - beginning			<u>(36,844,812)</u>
Net position - ending			<u>\$ (47,282,865)</u>

The notes to the basic financial statements are an integral part of this statement.

VERRADO DISTRICT #1 COMMUNITY FACILITIES DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and investments	\$ 426,585	\$ 1,353,500	\$ -	\$ 1,780,085
Receivables, net				
Intergovernmental	5,226	60,101	-	65,327
Restricted assets				
Cash with paying agent	-	3,348,929	-	3,348,929
Total assets	<u>431,811</u>	<u>4,762,530</u>	<u>\$ -</u>	<u>5,194,341</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	288	-	-	288
Matured debt principal payable	-	3,730,000	-	3,730,000
Matured debt interest payable	-	862,429	-	862,429
Total liabilities	<u>288</u>	<u>4,592,429</u>	<u>-</u>	<u>4,592,717</u>
Fund balances:				
Restricted				
Debt service	-	170,101	-	170,101
Unassigned	431,523	-	-	431,523
Total fund balances	<u>431,523</u>	<u>170,101</u>	<u>-</u>	<u>601,624</u>
Total liabilities and fund balances	<u>\$ 431,811</u>	<u>\$ 4,762,530</u>	<u>\$ -</u>	<u>\$ 5,194,341</u>

The notes to the basic financial statements are an integral part of this statement.

**VERRADO DISTRICT #1 COMMUNITY FACILITIES DISTRICT
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
June 30, 2022**

Total governmental fund balances	\$	601,624
<p>Amounts reported for governmental activities in the statement of net position are different because:</p> <p>Some liabilities, including bonds payable are not due and payable in the current year and therefore are not reported in the funds.</p>		
Bonds payable		(47,495,000)
Premiums and discounts		(389,489)
		(47,884,489)
Total net position of governmental activities	\$	(47,282,865)

The notes to the basic financial statements are an integral part of this statement.

VERRADO DISTRICT #1 COMMUNITY FACILITIES DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022

	General	Debt Service	Capital Projects	Total Governmental Funds
REVENUES				
Taxes				
Property taxes	\$ 461,523	\$ 5,311,721	\$ -	\$ 5,773,244
Developer agreements	7,567	235,000	-	242,567
Investment earnings	-	1,374	-	1,374
Total revenues	<u>469,090</u>	<u>5,548,095</u>	<u>-</u>	<u>6,017,185</u>
EXPENDITURES				
Current:				
General government	363,717	-	-	363,717
Highway and streets	-	-	1,297,903	1,297,903
Debt service:				
Principal retirement	-	3,730,000	-	3,730,000
Interest and fiscal charges	3,000	1,691,766	-	1,694,766
Issuance costs	-	232,000	-	232,000
Capital outlay	-	-	12,902,097	12,902,097
Total expenditures	<u>366,717</u>	<u>5,653,766</u>	<u>14,200,000</u>	<u>20,220,483</u>
Excess (deficiency) of revenues over expenditures	<u>102,373</u>	<u>(105,671)</u>	<u>(14,200,000)</u>	<u>(14,203,298)</u>
OTHER FINANCING SOURCES (USES)				
Bonds issued	-	14,200,000	-	14,200,000
Transfers in	-	65,872	14,200,000	14,265,872
Transfers out	(65,872)	(14,200,000)	-	(14,265,872)
Total other financing sources and uses	<u>(65,872)</u>	<u>65,872</u>	<u>14,200,000</u>	<u>14,200,000</u>
Net change in fund balances	36,501	(39,799)	-	(3,298)
Fund balances - beginning	395,022	209,900	-	604,922
Fund balances - ending	<u>\$ 431,523</u>	<u>\$ 170,101</u>	<u>\$ -</u>	<u>\$ 601,624</u>

The notes to the basic financial statements are an integral part of this statement.

VERRADO DISTRICT #1 COMMUNITY FACILITIES DISTRICT
Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balance of Governmental Funds to the Statement of Activities
 For the Year Ended June 30, 2022

Net change in fund balances - total governmental funds \$ (3,298)

Amounts reported for governmental activities in the statement of activities are different because:

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. The issuance of long-term debt increases long-term liabilities on the statement of net position and the repayment of principal on long-term debt reduces long-term debt on the statement of net position. Likewise, refunding and defeasance of existing debt reduces the balance of long-term debt without adding additional debt. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when the debt is first issued, whereas these items are deferred and amortized over the term of the long-term debt in the statement of activities.

Issuance of long-term debt	(14,200,000)	
Principal payments on long-term debt	3,730,000	
Amortization of premium	35,245	
		(10,434,755)
Change in net position of governmental activities		\$(10,438,053)

VERRADO DISTRICT #1 COMMUNITY FACILITIES DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL- GENERAL FUND
YEAR ENDED JUNE 30, 2022

	Budgeted Amounts		Actual Amount Budgetary Basis	Variance Between Final Budget and Actual Amounts
	Adopted	Final		
REVENUES				
Taxes	\$ 443,759	\$ 443,759	\$ 461,523	\$ 17,764
Developer agreements	-	-	7,567	7,567
Total revenues	443,759	443,759	469,090	25,331
EXPENDITURES				
Current:				
General government	406,979	438,979	363,717	75,262
Highway and streets	75,000	75,000	-	75,000
Fiscal charges	-	-	3,000	(3,000)
Contingency	183,948	151,948	-	151,948
Total expenditures	665,927	665,927	366,717	299,210
Excess (deficiency) of revenues over (under) expenditures	(222,168)	(222,168)	102,373	324,541
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	(65,872)	(65,872)
Total other financing sources and uses	-	-	(65,872)	(65,872)
Net change in fund balances	(222,168)	(222,168)	36,501	258,669
Fund balances - beginning	353,492	353,492	395,022	41,530
Fund balances - ending	\$ 131,324	\$ 131,324	\$ 431,523	\$ 300,199

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Verrado District 1 Community Facilities District (District) is a special purpose district created specifically to acquire or construct public infrastructure within specific areas of the City of Buckeye, Arizona, and is authorized under state law to issue general obligation (GO) or revenue bonds to be repaid by property (ad valorem) taxes levied on property within the District (for GO debt), or by specific revenues generated within the District (revenue bonds). The District was created by petition to the city council by property owners within the area to be covered by the District, and debt may be issued only after approval of voters within the District.

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The more significant of the District's accounting policies are described below.

A. Reporting Entity

The District, a component unit of the City of Buckeye, Arizona (City), was established (June 19, 2001), and is a political subdivision of the State of Arizona as well as a municipal corporation by Arizona Law. The City Council serves as the Board of Directors. All transactions of the District are included in the City's financial statements. However, the City has no liability for the debt.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net position and the statement of activities) present financial information about the District as a whole. The reported information includes all of the non-fiduciary activities of the District. For the most part, the effect of internal activity has been removed from these statements. These statements are to distinguish between the governmental and business-type activities of the District. Governmental activities normally are supported by tax revenues, and are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The District does not have any business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes, investment income and other items not included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-Wide Financial Statements – The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met. As a general rule, the effect of internal activity has been eliminated from the government-wide financial statements.

Fund Financial Statements – Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Verrado District 1 CFD

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due. As permitted by generally accepted accounting principles, the District applies the “early recognition” option for debt service payments. Property tax resources are provided in Debt Service Fund during the current year for the payment of debt service principal and interest due early in the following year (less than one month). Therefore the expenditures and related liabilities have been recognized.

Property taxes and investment income 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. Miscellaneous revenues are not susceptible to accrual because generally they are not measurable until received in cash.

Delinquent property taxes and other receivables that will not be collected within the available period have been reported as unavailable revenues on the governmental fund financial statements.

The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column.

The District reports all funds as major governmental funds:

General Fund – The General Fund is the District’s primary operating fund. It accounts for all resources used to finance District maintenance and operations except those required to be accounted for in other funds.

Debt Service Fund – The Debt Service Fund accounts for the accumulation of resources for, and the payment of, long-term debt principal, interest and related costs.

Capital Projects Fund – The Capital Projects Fund accounts for bonds proceeds to be reimbursed to the developer for public infrastructure dedicated to the City of Buckeye.

D. Cash and Investments

Arizona Revised Statutes (A.R.S.) authorize the District to invest public monies in the State Treasurer’s Local Government Investment Pool, interest-bearing savings account, certificates of deposit, and repurchase agreements in eligible depositories; bonds or other obligations of the U.S. government that are guaranteed as to principal and interest by the U.S. government; and bonds of the State of Arizona counties, cities, school districts, and special districts as specified by statute.

Cash represents amounts in demand deposits and amounts held in trust by financial institutions. The funds held in trust are available to the District upon demand. Cash equivalents as defined as short-term (original maturities of three months or less), highly liquid investments that are 1) readily convertible to known amounts of cash and 2) so near maturity that they present insignificant risk of changes in value because of changes in interest rates.

E. Investment Income

Investment income is comprised of interest, dividends, and net changes in the fair value of applicable investments.

F. Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either “due to/from other funds” (i.e. the current portion of interfund loans) or “advances to/from other funds” (i.e. the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds”.

All receivables, including property taxes receivable, are shown net of an allowance for uncollectibles.

G. Property Taxes

The County Treasurer is responsible for collecting property taxes for all governmental entities within the county. The District levies real property taxes on or before the third Monday in August, which 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.

Verrado District 1 CFD

Pursuant to A.R.S., a lien against assessed real property attaches on the first day of January preceding assessment and levy, however according to case law, an enforceable legal claim to the asset does not arise.

H. Restricted Assets

Certain proceeds of the District's bonds, as well as certain resources set aside for their repayment, are classified as restricted cash on the statement of net position and on the balance sheet because their use is limited by applicable bond covenants.

I. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position may report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position may report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

J. Long-term Obligations

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

K. Net Position Flow Assumption

In the government-wide financial statements the District applies restricted resources first when outlays are incurred for purposes for which either restricted or unrestricted amounts are available.

L. Estimates

The preparation of the 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 amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

M. Budgetary Data

According to state statutes, the District must adopt a budget on an annual basis. There are no statutory spending limitation but the District cannot spend more than actual revenues collected and carryover unrestricted cash balance from the prior fiscal year. There were no supplemental budgetary appropriations made during the year.

N. Deficit Net Position

As described previously, the District was formed to finance and acquire or construct infrastructure assets that are subsequently dedicated to the City for operation. The District does not own or operate infrastructure. Therefore, the Statement of Net Position reflects a large liability without an offsetting asset.

NOTE 2 – FUND BALANCE CLASSIFICATIONS

Fund balances of the governmental funds are reported separately within classifications based on 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.

Nonspendable. The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact.

Restricted. Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation.

Committed. The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action of the Board of Directors. Those committed amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. Commitments may be established, modified, or rescinded only through resolutions approved by the Board of Directors.

Assigned. Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Board of Directors or a management official delegated that authority by the formal Governing Board action. The District has adopted the City’s policy on which only the Board of Directors or the District’s Treasurer may assign amounts for specific purposes.

Unassigned. Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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

NOTE 3 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

In the General, Debt Service, and Capital Projects Funds, the following line item accounts exceeded the amounts budgeted. The Board adopts the expenditure appropriations at the District level. For presentation purposes, we have elected to show any deficits at the line item level within the Fund, all of which was funded by available fund balances within the General, Debt Service, and Capital Projects Funds.

EXPENDITURES

	Budgeted Amounts		Actual Amount Budgetary Basis	Variance Between Final Budget and Actual Amounts
	Adopted	Final		
<u>General Fund:</u>				
Current:				
Interest and fiscal charges	-	-	3,000	(3,000)
<u>Debt Service Fund:</u>				
Debt Service:				
Principal retirement	3,605,000	3,605,000	3,730,000	(125,000)
<u>Capital Projects Fund:</u>				
Current:				
Highway and streets	-	-	1,297,903	(1,297,903)

NOTE 4 – CASH AND INVESTMENTS

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of bank failure the District’s deposits may not be returned to the District. The District does not have a deposit policy for custodial credit risk. Bank balances are uninsured and uncollateralized. The unrestricted cash is in a repurchase sweep agreement rather than a deposit. At year-end, the carrying amount of the District’s bank balance was \$1,780,085. In addition to unrestricted cash balance, the District also maintains deposits with paying agents and trustees. Cash with the Trustee is collateralized by the District’s Agent in the District’s name. Restricted cash at year end equaled \$3,348,929. Restricted cash and cash held by paying agents at year end represent amounts held by the District for future debt service payments.

NOTE 5 – LONG TERM DEBT PAYABLE

The District is a special purpose district created specifically to acquire or construct public infrastructure within specific areas of the City of Buckeye (City), Arizona, and is authorized under state law to issue general obligation (GO) or revenue bonds to be repaid by property (ad valorem) taxes levied on property within the District (for GO debt), or by specific revenues generated within the District (revenue bonds). The District was created by petition to the City Council by property owners within the area to be covered by the District, and debt may be issued only after approval of the voters within the District. The District has \$27.2 million of authorized GO bonds authority remaining. The District comprises approximately 8,800 acres.

General Obligation Bonds

The CFD Board of Directors has pledged revenue derived from the property taxes levied on the real property of the Verrado CFD No. 1 to repay \$20,400,000 in general obligation refunding bonds, Series 2013A issued July 2013. Proceeds were used to currently refund the full outstanding amount of Verrado Community Facilities District No. 1 general obligation bonds Series 2003. The bonds are payable from property taxes levied on property within the District. The total principal remaining to be paid on the bonds is \$8,720,000. The principal paid for the current year was \$1,570,000.

The CFD Board of Directors has pledged revenue derived from the property taxes levied on the real property of the Verrado CFD No. 1 to repay \$6,000,000 in general obligation bonds Series 2013B, issued July 2013. Proceeds were used for the construction and acquisition of public infrastructure. The bonds are payable from property taxes levied on property within the District. The total principal remaining to be paid on the bonds is \$5,100,000. The principal paid for the current year was \$150,000.

The CFD Board of Directors has pledged revenue derived from the property taxes levied on the real property of the Verrado CFD No. 1 to repay \$14,055,000 in general obligation bonds Series 2017, issued March 2017. Proceeds were used to currently refund the full outstanding amount of Verrado Community Facilities District No. 1, Series 2006. The bonds are payable from property taxes levied on property within the District. The total principal remaining to be paid on the bonds is \$10,505,000. The principal paid for the current year was \$980,000.

The CFD Board of Directors has pledged revenue derived from the property taxes levied on the real property of the Verrado CFD No. 1 to repay \$10,000,000 in general obligation bonds Series 2020, issued November 2020. Proceeds were used for the construction and acquisition of public infrastructure. The bonds are payable from property taxes levied on property within the District. The total principal remaining to be paid on the bonds is \$9,800,000. The principal paid for the current year was \$200,000.

The CFD Board of Directors has pledged revenue derived from the property taxes levied on the real property of the Verrado CFD No. 1 to repay \$14,200,000 in general obligation bonds Series 2021, issued September 2021. Proceeds were used for the construction and acquisition of public infrastructure. The bonds are payable from property taxes levied on property within the District. The total principal remaining to be paid on the bonds is \$13,370,000. The principal paid for the current year was \$830,000.

Verrado District 1 CFD
Notes to Financial Statements
June 30, 2022

Purpose	Interest Rates (%)	Matures	Original Issue Amount	Amount Outstanding
Verrado District No. 1, General Obligation Bonds,				
Series 2013A (private placement)	2.0 - 6.0%	July 2027	\$ 20,400,000	\$ 8,720,000
Series 2013B (private placement)	5.0 - 6.0%	July 2033	6,000,000	5,100,000
Series 2017 (private placement)	3.55%	July 2031	14,055,000	10,505,000
Series 2020 (private placement)	2.14%	July 2041	10,000,000	9,800,000
Series 2021 (private placement)	1.50%	July 2036	14,200,000	13,370,000
Total Verrado			<u>\$ 64,655,000</u>	<u>\$ 47,495,000</u>

Annual debt service requirements to maturity on general obligation bonds at year-end are summarized as follows:

Fiscal Year	Private Placement	
	Ending	Interest
2023	\$ 4,030,000	\$ 1,587,338
2024	4,180,000	1,440,593
2025	4,350,000	1,269,552
2026	4,530,000	1,090,150
2027	4,715,000	901,672
2028-32	15,230,000	2,511,448
2033-2037	7,710,000	682,145
2038-42	2,750,000	150,121
	<u>\$ 47,495,000</u>	<u>\$ 9,633,017</u>

NOTE 6 – CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the current fiscal year was as follows:

Notes to Financial Statements
June 30, 2022

	July 1, 2021	Increases	Decreases	June 30, 2022	Due Within One Year
Governmental Activities:					
Bonds payable:					
General Obligations	\$ 37,025,000	\$ 14,200,000	\$ (3,730,000)	\$ 47,495,000	\$ -
Deferred amount on premium	424,734	-	(35,245)	389,489	-
Total bonds payable	<u>\$ 37,449,734</u>	<u>\$ 14,200,000</u>	<u>\$ (3,765,245)</u>	<u>\$ 47,884,489</u>	<u>\$ -</u>

NOTE 7 – INTERFUND TRANSFERS

During the year, there was a \$65,872 transfer from the General Fund to the GO Debt Service Fund. This represents funds needed in the GO Debt Service Fund for the debt payment. In addition, there was a transfer from the GO Debt Service Fund to the Capital Projects Fund to cover capital improvement projects.

Transfers to:	Transfers from:	
	General Fund	General Obligation
General Obligation	\$ 65,872	\$ -
Capital Projects	-	14,200,000

NOTE 8 – RISK MANAGEMENT

Verrado District 1 CFD

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions and natural disasters. The District's insurance protection is provided by the Arizona Municipal Risk Retention Pool, of which the District is a participating member. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

The Arizona Municipal Risk Retention Pool is structured such that member premiums are based on an actuarial review that will provide adequate reserves to allow the pool to meet its expected financial obligations. The pool has authority to assess its member's additional premiums should reserves and annual premium be insufficient to meet the pool's obligations.

SUPPLEMENTARY INFORMATION



VERRADO DISTRICT #1 COMMUNITY FACILITIES DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL- DEBT SERVICE FUND
YEAR ENDED JUNE 30, 2022

	Budgeted Amounts		Actual Amount Budgetary Basis	Variance Between Final Budget and Actual Amounts
	Adopted	Final		
REVENUES				
Taxes	\$ 5,418,826	\$ 5,418,826	\$ 5,311,721	\$ (107,105)
Investment earnings	-	-	1,374	1,374
Developer agreements	300,000	300,000	235,000	(65,000)
Total revenues	5,718,826	5,718,826	5,548,095	(170,731)
EXPENDITURES				
Debt Service:				
Principal retirement	3,605,000	3,605,000	3,730,000	(125,000)
Interest and fiscal charges	1,819,785	1,819,785	1,691,766	128,019
Issuance costs	300,000	300,000	232,000	68,000
Contingency	237,778	237,778	-	237,778
Total expenditures	5,962,563	5,962,563	5,653,766	308,797
Excess (deficiency) of revenues over (under) expenditures	(243,737)	(243,737)	(105,671)	138,066
OTHER FINANCING SOURCES (USES)				
Bonds issued	-	-	14,200,000	14,200,000
Transfers in	-	-	65,872	65,872
Transfers out	-	-	(14,200,000)	(14,200,000)
Total other financing sources and uses	-	-	65,872	65,872
Net change in fund balances	(243,737)	(243,737)	(39,799)	203,938
Fund balances - beginning	112,413	112,413	209,900	97,487
Fund balances - ending	\$ (131,324)	\$ (131,324)	\$ 170,101	\$ 301,425

VERRADO DISTRICT #1 COMMUNITY FACILITIES DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL- CAPITAL PROJECTS
YEAR ENDED JUNE 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amount Budgetary Basis</u>	<u>Variance Between Final Budget and Actual Amounts</u>
	<u>Adopted</u>	<u>Final</u>		
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
EXPENDITURES				
Current:				
Highway and streets	-	-	1,297,903	(1,297,903)
Capital outlay	14,200,000	14,200,000	12,902,097	1,297,903
Total expenditures	14,200,000	14,200,000	14,200,000	-
Excess (deficiency) of revenues over (under) expenditures	(14,200,000)	(14,200,000)	(14,200,000)	-
OTHER FINANCING SOURCES (USES)				
Bonds issued	14,200,000	14,200,000	-	(14,200,000)
Transfers in	-	-	14,200,000	14,200,000
Total other financing sources and uses	14,200,000	14,200,000	14,200,000	-
Net change in fund balances	-	-	-	-
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ -	\$ -

OTHER INFORMATION



Ad Valorem Taxation in the District

The tables below are shown to indicate (a) for fiscal years FY15-16 through FY21-22, the Net Assessed Limited Property Value of the District, utilizing new constitutional and statutory property valuation requirements, and (b) for fiscal years FY12-13 through FY14-15, the then-applicable, but now-replaced, Net Secondary Assessed Valuations of the District.

The Full Cash Value and Net Assessed Limited Property Value of taxable property within the boundaries of the District for fiscal years FY15-16 through FY21-22 are as follows:

Fiscal Year	Full Cash Value	Net Assessed Limited Property Value
FY 21-22	\$1,949,599,858	\$149,307,658
FY 20-21	1,723,151,834	128,811,129
FY 19-20	1,427,995,687	109,299,071
FY 18-19	1,257,173,145	96,184,427
FY 17-18	1,089,034,783	83,959,273
FY 16-17	958,010,117	74,061,646
FY 15-16	819,274,280	67,730,018

The Full Cash Value and Net Secondary Assessed Valuation of taxable property within the boundaries of the District for the indicated fiscal year is as follows:

Fiscal Year	Full Cash Value	Net Secondary Assessed Value
FY 14-15	\$654,426,107	\$63,972,940
FY 13-14	538,302,456	54,610,531
FY 12-13	506,451,824	51,517,086

Net Assessed Valuation by Property Classification

The table below is shown to indicate for fiscal years FY20-21 and FY21-22, the Net Assessed Limited Property Values by property classification for the District, utilizing new constitutional and statutory property valuation requirements.

Net Assessed Limited Property Values by Property Classification

Legal Class	Description	Fiscal Year FY 20-21	Percent of Total	Fiscal Year FY 21-22	Percent of Total
1	Commercial/Industrial	\$8,915,016	6.92%	\$10,479,342	7.02%
2	Agricultural/Vacant	11,175,881	8.68%	14,280,829	9.56%
3	Residential	79,224,887	61.50%	91,652,014	61.39%
4	Residential Rental	29,495,345	22.90%	32,895,473	22.03%
	Total	\$128,811,129	100.00%	\$149,307,658	100.00%

Net Assessed Property Values of Major Taxpayers

The tables below are shown to indicate for fiscal years FY21-22 and FY20-21, the major property taxpayers located within the District, and their FY21-22 and FY20-21 Net Assessed Limited Property Value, utilizing new constitutional and statutory property valuation requirements, and their relative proportion of the total Net Assessed Limited Property Value for the District.

Fiscal Year 21-22

Taxpayer	Net Assessed Limited Property Value	As Percent of District's Total Net Assessed Limited Property Value
ARIZONA PUBLIC SERVICE COMPANY	\$2,399,323	1.61%
BANNER HEALTH	1,664,078	1.11%
AMH VERRADO DEVELOPMENT LLC	1,523,062	1.02%
FIDELITY NATIONAL TITLE INS COMPANY TR B176	1,421,817	0.95%
MAINSTREET CORE PROPERTIES LLC	1,254,083	0.84%
DMB VERRADO GOLF I LLC	1,048,404	0.70%
DMB WHITE TANK LLC	1,025,571	0.69%
SOUTHWEST GAS CORPORATION (T&D)	969,845	0.65%
DMB WHITE TANK LLC/FIDELITY NATIONAL TITLE IN	916,805	0.61%
DMB/GRACE HOLDINGS LLC	627,287	0.42%
Total	\$12,850,275	8.61%

Fiscal Year 20-21

Taxpayer	Net Assessed Limited Property Value	As Percent of District's Total Net Assessed Limited Property Value
FIDELITY NATIONAL TITLE INS COMPANY TR B176	\$2,458,587	1.91%
ARIZONA PUBLIC SERVICE COMPANY	2,130,494	1.65%
AMH VERRADO DEVELOPMENT LLC	1,450,552	1.13%
MAINSTREET CORE PROPERTIES LLC	1,194,365	0.93%
DMB VERRADO GOLF I LLC	1,048,566	0.81%
SOUTHWEST GAS CORPORATION (T&D)	832,633	0.65%
LENNAR ARIZONA INC	705,392	0.55%
TOLL BROTHERS AZ CONSTRUCTION COMPANY INC	605,240	0.47%
DMB WHITE TANK LLC	567,099	0.44%
WEEKLEY HOMES LLC	557,729	0.43%
Total	\$11,550,657	8.97%

Source: Maricopa County Assessor's Office.

Record of Taxes Levied and Collected in the District

Under Arizona law, the Board of Supervisors of the County is required to establish and levy a tax in an amount sufficient to satisfy debt service and O&M requirements of the District. Property taxes are levied and collected on property within the District by the Treasurer of the County on behalf of the District. The following table sets forth the tax collection records of the District for the periods shown:

Fiscal Year	Real and Secured	Collected to June 30 th (b)(c)		Total Collections (b)(c)	
	Personal Property Tax Levy (a)	Amount	Percent of Tax Levy	Amount	Percent of Tax Levy
2021-22	\$5,866,738	\$5,739,615	97.83%	\$5,739,615	97.83%
2020-21	4,521,793	4,473,276	98.93%	4,520,923	99.99%
2019-20	4,310,759	4,218,450	97.86%	4,291,740	99.56%
2018-19	3,469,082	3,429,783	98.87%	3,446,016	99.34%
2017-18	3,593,879	3,511,633	97.71%	3,538,057	98.45%

Source: Maricopa County Assessor’s Office

- (a) Tax levy is as reported by the Treasurer of the County as of August of each fiscal year. Amount does not include adjustments made to levy amounts after the August period.
- (b) Reflects collections made through June 30, the end of the fiscal year, on such year’s levy. Property taxes are payable in two installments. The first installment is due on October 1 and becomes delinquent on November 1, but is waived if the full tax year’s taxes are paid in full by December 31. The second installment becomes due on March 1 and is delinquent on May 1. Interest at the rate of 16 percent per annum attaches on first and second installments following their delinquent dates. Penalties for delinquent payments are not included in the above collection figures.
- (c) Reflects collections made through June 30, 2022.

Overlapping General Obligation Bonded Indebtedness

Overlapping general obligation bonded indebtedness is shown below including a breakdown of each overlapping jurisdiction’s applicable general obligation bonded indebtedness, Net Assessed Limited Property Value and combined tax rate per \$100 Net Assessed Limited Property Value. Outstanding bonded indebtedness is comprised of general obligation bonds outstanding and general obligation bonds schedule for sale. The applicable percentage of each jurisdiction’s assessed valuation which lies within the District’s boundaries was derived from information obtained from the Assessor of the County.

Direct and Overlapping Jurisdiction	Net Assessed Limited Property Value	Net Outstanding Bonded Debt (a)	Proportion Applicable to the District		Tax Rate per \$100 of Net Assessed Limited Property Value
			Approx. Percent	Net Amount	
State of Arizona	\$74,200,233,397	None	0.201%	None	\$0.0000
Maricopa County	48,724,126,672	None	0.306%	None	2.1556 (b)
Maricopa County Community College District	48,724,126,672	\$184,715,000	0.306%	\$566,031	1.2257
Maricopa County Special Health Care District	48,837,616,505	640,695,000	0.306%	1,958,750	0.2970
West Maricopa Education Center District No. 402	18,045,628,311	144,220,000	0.827%	1,193,261	0.1579
City of Buckeye	617,421,432	None	24.182%	None	1.7671
Liberty Elementary School District No. 25	340,654,928	44,740,000	0.741%	331,667	4.1205
Litchfield Elementary School District No. 79	1,101,917,815	43,385,000	11.653%	5,055,658	3.4950
Saddle Mountain Unified School District No. 90	789,547,623	50,580,000	2.327%	1,177,186	2.7720
Buckeye Union High School District No. 201	885,537,591	68,495,000	0.285%	195,332	3.0759
Agua Fria Union High School District No. 216	1,633,723,788	123,255,000	7.860%	9,687,533	3.2998
Verrado Western Overlay Community Facilities District	18,375,737	6,865,000	100.000%	6,865,000	2.9410
Verrado Community Facilities District No. 1	149,307,658	51,225,000	100.000%	51,225,000	3.9293
Total Net Direct and Overlapping General Obligation Bonded Debt				\$78,255,417	\$29.2368

Source: Maricopa County Tax Levy and State and County Abstract of the Assessment Roll.

- (a) Outstanding bonded debt for various jurisdictions is as of June 30, 2022.
- (b) The County’s tax rate includes the \$0.1400 tax rate of the Central Arizona Project, the \$0.1792 tax rate of the Maricopa County Flood Control District, the \$0.4263 tax rate of the County Education Equalization, the \$0.0556 tax rate of the Maricopa County Free Library, the \$0.0086 tax rate for the contribution to the Maricopa County Fire District, and the \$1.3459 tax rate of the County. It should be noted that the County Flood Control District does not levy taxes on personal property.



Verrado Western Overlay Community Facilities District Annual Financial Report

City of Buckeye

Year Ended June 30, 2022

Issued by: City of Buckeye Finance Department



BUCKEYE, AZ
 While every effort has been made to ensure the accuracy of this information, the City of Buckeye makes no warranty, expressed or implied, as to its absolute accuracy and expressly disclaims liability for the accuracy thereof.

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Independent Auditor's Report

Board of Directors
Verrado Western Overlay Community Facilities District

Report on Audit of Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Verrado Western Overlay Community Facilities District (District), a component unit of the City of Buckeye, Arizona, as of and for the year ended June 30, 2022, 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 Verrado Western Overlay Community Facilities District, as of June 30, 2022, and the respective changes in financial position and the budgetary comparison for the General Fund thereof 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. 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 Verrado Western Overlay Community Facilities 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 one year 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 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, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis 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. Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Our opinion on the basic financial statements is not affected by this missing information.

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 Supplementary Information, as listed in the table of contents, 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. Such 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 Supplementary Information 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 financial report. The other information, as listed in the table of contents, 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 other work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Heinfeld Meech & Co. PC

Heinfeld, Meech & Co., P.C.
Scottsdale, Arizona
December 30, 2022

BASIC FINANCIAL STATEMENTS



VERRADO WESTERN OVERLAY COMMUNITY FACILITIES DISTRICT
STATEMENT OF NET POSITION
June 30, 2022

	<u>Governmental Activities</u>
ASSETS	
Cash and investments	\$ 31,687
Receivables, net	5,918
Restricted assets	
Cash with paying agent	757,466
Total assets	<u>795,071</u>
LIABILITIES	
Accounts payable	288
Matured debt interest payable	87,529
Noncurrent liabilities:	
Due within one year	360,000
Due in more than one year	6,505,000
Total liabilities	<u>6,952,817</u>
Net position:	
Unrestricted	(6,157,746)
Total net position	<u>\$ (6,157,746)</u>

The notes to the basic financial statements are an integral part of this statement.

VERRADO WESTERN OVERLAY COMMUNITY FACILITIES DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022

Functions/Programs	Expenses	Net (Expense) Revenue and Changes in Net Position Governmental Activities
Governmental activities		
General government	\$ 35,331	\$ (35,331)
Interest on long-term debt	177,558	(177,558)
Total governmental activities	212,889	(212,889)
General revenues:		
Taxes:		
Property taxes		542,205
Investment earnings		348
Total general revenues		542,553
Change in net position		329,664
Net position - beginning		(6,487,410)
Net position - ending		\$ (6,157,746)

The notes to the basic financial statements are an integral part of this statement.

VERRADO WESTERN OVERLAY COMMUNITY FACILITIES DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2022

	<u>General</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and investments	\$ 31,687	\$ -	\$ 31,687
Receivables, net			
Intergovernmental	355	5,563	5,918
Restricted assets:			
Cash with paying agent	-	757,466	757,466
Total assets	<u>\$ 32,042</u>	<u>\$ 763,029</u>	<u>\$ 795,071</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 288	\$ -	\$ 288
Matured debt principal payable	-	360,000	360,000
Matured debt interest payable	-	87,529	87,529
Total liabilities	<u>288</u>	<u>447,529</u>	<u>447,817</u>
Fund balances:			
Restricted			
Debt service	-	315,500	315,500
Unassigned	31,754	-	31,754
Total fund balances	<u>31,754</u>	<u>315,500</u>	<u>347,254</u>
Total liabilities and fund balances	<u>\$ 32,042</u>	<u>\$ 763,029</u>	<u>\$ 795,071</u>

The notes to the basic financial statements are an integral part of this statement.

VERRADO WESTERN OVERLAY COMMUNITY FACILITIES DISTRICT
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
June 30, 2022

Total governmental fund balances \$ 347,254

Amounts reported for governmental activities in the statement of net position are different because:

Some liabilities, including bonds payable are not due and payable in the current year and therefore are not reported in the funds.

Bonds payable (6,505,000)

Total net position of governmental activities \$ (6,157,746)

VERRADO WESTERN OVERLAY COMMUNITY FACILITIES DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022

	<u>General</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
REVENUES			
Taxes			
Property taxes	\$ 32,661	\$ 509,544	\$ 542,205
Investment earnings	-	348	348
Total revenues	<u>32,661</u>	<u>509,892</u>	<u>542,553</u>
EXPENDITURES			
Current:			
General government	35,331	-	35,331
Debt service:			
Principal retirement	-	360,000	360,000
Interest and fiscal charges	2,500	175,058	177,558
Total expenditures	<u>37,831</u>	<u>535,058</u>	<u>572,889</u>
Net change in fund balances	(5,170)	(25,166)	(30,336)
Fund balances - beginning	<u>36,924</u>	<u>340,666</u>	<u>377,590</u>
Fund balances - ending	<u>\$ 31,754</u>	<u>\$ 315,500</u>	<u>\$ 347,254</u>

The notes to the basic financial statements are an integral part of this statement.

VERRADO WESTERN OVERLAY COMMUNITY FACILITIES DISTRICT
Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balance of Governmental Funds to the Statement of Activities
 For the Year Ended June 30, 2022

Net change in fund balances - total governmental funds (30,336)

Amounts reported for governmental activities in the statement of activities are different because:

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. The issuance of long-term debt increases long-term liabilities on the statement of net position and the repayment of principal on long-term debt reduces long-term debt on the statement of net position. Likewise, refunding and defeasance of existing debt reduces the balance of long-term debt without adding additional debt. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when the debt is first issued, whereas these items are deferred and amortized over the term of the long-term debt in the statement of activities.

Principal payments on long-term debt 360,000

Change in net position of governmental activities \$ 329,664

VERRADO WESTERN OVERLAY COMMUNITY FACILITIES DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL- GENERAL FUND
YEAR ENDED JUNE 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amount Budgetary Basis</u>	<u>Variance Between Final Budget and Actual Amounts</u>
	<u>Adopted</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 55,165	\$ 55,165	\$ 32,661	\$ (22,504)
Total revenues	<u>55,165</u>	<u>55,165</u>	<u>32,661</u>	<u>(22,504)</u>
EXPENDITURES				
Current:				
General government	74,865	74,865	35,331	39,534
Interest and fiscal charges	-	-	2,500	(2,500)
Total expenditures	<u>74,865</u>	<u>74,865</u>	<u>37,831</u>	<u>37,034</u>
Net change in fund balances	(19,700)	(19,700)	(5,170)	14,530
Fund balances - beginning	<u>19,700</u>	<u>19,700</u>	<u>36,924</u>	<u>17,224</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,754</u>	<u>\$ 31,754</u>

The notes to the basic financial statements are an integral part of this statement.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Verrado Western Overlay Community Facilities District (District) is a special purpose district created specifically to acquire or construct public infrastructure within specific areas of the City of Buckeye, Arizona, and is authorized under state law to issue general obligation (GO) or revenue bonds to be repaid by property (ad valorem) taxes levied on property within the District (for GO debt), or by specific revenues generated within the District (revenue bonds). The District was created by petition to the city council by property owners within the area to be covered by the District, and debt may be issued only after approval of voters within the District.

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The more significant of the District's accounting policies are described below.

A. Reporting Entity

The District, a component unit of the City of Buckeye, Arizona (City), was established (June 19, 2001), and is a political subdivision of the State of Arizona as well as a municipal corporation by Arizona Law. The City Council serves as the Board of Directors. All transactions of the District are included in the City's financial statements. However, the City has no liability for the debt.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net position and the statement of activities) present financial information about the District as a whole. The reported information includes all of the non-fiduciary activities of the District. For the most part, the effect of internal activity has been removed from these statements. These statements are to distinguish between the governmental and business-type activities of the District. Governmental activities normally are supported by tax revenues, and are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The District does not have any business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes, investment income and other items not included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-Wide Financial Statements – The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met. As a general rule, the effect of internal activity has been eliminated from the government-wide financial statements.

Fund Financial Statements – Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due. As permitted by generally accepted accounting principles, the District applies the "early

Verrado Western Overlay CFD

recognition” option for debt service payments. Property tax resources are provided in Debt Service Fund during the current year for the payment of debt service principal and interest due early in the following year (less than one month). Therefore the expenditures and related liabilities have been recognized.

Property taxes and investment income 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. Miscellaneous revenues are not susceptible to accrual because generally they are not measurable until received in cash.

Delinquent property taxes and other receivables that will not be collected within the available period have been reported as unavailable revenues on the governmental fund financial statements.

The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column.

The District reports all funds as major governmental funds:

General Fund – The General Fund is the District’s primary operating fund. It accounts for all resources used to finance District maintenance and operations except those required to be accounted for in other funds.

Debt Service Fund – The Debt Service Fund accounts for the accumulation of resources for, and the payment of, long-term debt principal, interest and related costs.

D. Cash and Investments

Arizona Revised Statutes (A.R.S.) authorize the District to invest public monies in the State Treasurer’s Local Government Investment Pool, interest-bearing savings account, certificates of deposit, and repurchase agreements in eligible depositories; bonds or other obligations of the U.S. government that are guaranteed as to principal and interest by the U.S. government; and bonds of the State of Arizona counties, cities, school districts, and special districts as specified by statute.

Cash represents amounts in demand deposits and amounts held in trust by financial institutions. The funds held in trust are available to the District upon demand. Cash equivalents as defined as short-term (original maturities of three months or less), highly liquid investments that are 1) readily convertible to known amounts of cash and 2) so near maturity that they present insignificant risk of changes in value because of changes in interest rates.

E. Investment Income

Investment income is comprised of interest, dividends, and net changes in the fair value of applicable investments.

F. Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either “due to/from other funds” (i.e. the current portion of interfund loans) or “advances to/from other funds” (i.e. the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds”.

All receivables, including property taxes receivable, are shown net of an allowance for uncollectibles.

G. Property Taxes

The County Treasurer is responsible for collecting property taxes for all governmental entities within the county. The District levies real property taxes on or before the third Monday in August, which 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.

Pursuant to A.R.S., a lien against assessed real property attaches on the first day of January preceding assessment and levy, however according to case law, an enforceable legal claim to the asset does not arise.

H. Restricted Assets

Certain proceeds of the District’s bonds, as well as certain resources set aside for their repayment, are classified as restricted cash on the statement of net position and on the balance sheet because their use is limited by applicable bond covenants.

I. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position may report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position may report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

J. Long-term Obligations

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

K. Net Position Flow Assumption

In the government-wide financial statements the District applies restricted resources first when outlays are incurred for purposes for which either restricted or unrestricted amounts are available.

L. Estimates

The preparation of the 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 amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

M. Budgetary Data

According to state statutes, the District adopts a budget on an annual basis. There are no statutory spending limitation but the District cannot spend more than actual revenues collected and carryover unrestricted cash balance from the prior fiscal year. There were no supplemental budgetary appropriations made during the year.

N. Deficit Net Position

As described previously, the District was formed to finance and acquire or construct infrastructure assets that are subsequently dedicated to the City for operation. The District does not own or operate infrastructure. Therefore, the Statement of Net Position reflects a large liability without an offsetting asset.

NOTE 2 – FUND BALANCE CLASSIFICATIONS

Fund balances of the governmental funds are reported separately within classifications based on hierarchy of the constraints placed on the use of those resources. The classifications are based on the relative strength of the constraints

Verrado Western Overlay CFD

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.

Nonspendable. The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact.

Restricted. Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation.

Committed. The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action of the Board of Directors. Those committed amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. Commitments may be established, modified, or rescinded only through resolutions approved by the Board of Directors.

Assigned. Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Board of Directors or a management official delegated that authority by the formal Governing Board action. The District has adopted the City's policy on which only the Board of Directors or the District's Treasurer may assign amounts for specific purposes.

Unassigned. Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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

NOTE 3 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

In the General Fund, the following line item accounts exceeded the amounts budgeted. The Board adopts the expenditure appropriations at the District level. For presentation purposes, we have elected to show any deficits at the line item level within the Fund, all of which was funded by available fund balances within the General Fund.

	<u>Budgeted Amounts</u>		<u>Actual Amount Budgetary Basis</u>	<u>Variance Between Final Budget and Actual Amounts</u>
	<u>Adopted</u>	<u>Final</u>		
General Fund:				
Current:				
Interest and fiscal charges	-	-	2,500	(2,500)

NOTE 4 – CASH AND INVESTMENTS

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of bank failure the District's deposits may not be returned to the District. The District does not have a deposit policy for custodial credit risk. Bank balances are uninsured and uncollateralized. The unrestricted cash is in a repurchase sweep agreement rather than a deposit. At year end, the carrying amount of the District's bank balance was \$31,687. In addition to unrestricted cash balance, the District also maintains deposits with paying agents and trustees. Restricted cash at year end equaled \$757,466 which represents amounts held by the District's Trustee for future debt service payments. Cash with the Trustee is collateralized by the District's Agent in the District's name.

Verrado Western Overlay CFD
NOTE 5 – LONG TERM DEBT PAYABLE

The District is a special purpose district created specifically to acquire or construct public infrastructure within specific areas of the City of Buckeye, Arizona, and is authorized under state law to issue general obligation (GO) or revenue bonds to be repaid by property (ad valorem) taxes levied on property within the District (for GO debt), or by specific revenues generated within the District (revenue bonds). The District was created by petition to the City Council by property owners within the area to be covered by the District, and debt may be issued only after approval of the voters within the District. The District has \$47 million of authorized GO bonds authority remaining. The District comprises approximately 5,120 acres and wholly resides within the Overlay District and a portion of Verrado District #1.

General Obligation Bonds

The CFD Board of Directors has pledged revenue derived from the property taxes levied on the real property of the Verrado Western Overlay CFD to repay \$13,000,000 in variable rate general obligation bonds issued November 2004. Proceeds were used for the construction and acquisition of public infrastructure. The bonds are payable from property taxes levied on property owners within the District. By way of a current refunding, these bonds were fully defeased through the issuance of \$7,515,000 Verrado Western Overlay General Obligation Refunding Bonds, Series 2019 issued in October 2019. The total principal remaining to be paid on the bonds is \$6,505,000. The principal paid for the current year was \$360,000.

VERRADO WESTERN OVERLAY COMMUNITY FACILITIES DISTRICT

Notes to Financial Statements

June 30, 2022

Purpose	Interest Rates (%)	Matures	Original Issue Amount	Amount Outstanding
Verrado Western Overlay General Obligation, Refunding Bonds, 2019 (private placement)	2.55%	July 2033	\$ 7,515,000	\$ 6,505,000
Total Verrado Western Overlay			<u>\$ 7,515,000</u>	<u>\$ 6,505,000</u>

Annual debt service requirements to maturity on general obligation bonds at year-end are summarized as follows:

Fiscal Year	Private Placement	
	Principal	Interest
Ending		
2023	\$ 390,000	\$ 165,878
2024	425,000	155,932
2025	460,000	145,095
2026	495,000	133,365
2027	535,000	120,742
2028-32	3,370,000	375,998
2033-37	830,000	21,165
	<u>\$ 6,505,000</u>	<u>\$ 1,118,175</u>

NOTE 6 – CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the current fiscal year was as follows:

Notes to Financial Statements

June 30, 2022

	July 1, 2021	Increases	Decreases	June 30, 2022	Due Within One Year
Governmental Activities:					
Bonds payable:					
General Obligations	\$ 6,865,000	\$ -	\$ (360,000)	\$ 6,505,000	\$ -
Total bonds payable	<u>\$ 6,865,000</u>	<u>\$ -</u>	<u>\$ (360,000)</u>	<u>\$ 6,505,000</u>	<u>\$ -</u>

NOTE 7 – RISK MANAGEMENT

Verrado Western Overlay CFD

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions and natural disasters. The District's insurance protection is provided by the Arizona Municipal Risk Retention Pool, of which the District is a participating member. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

The Arizona Municipal Risk Retention Pool is structured such that member premiums are based on an actuarial review that will provide adequate reserves to allow the pool to meet its expected financial obligations. The pool has authority to assess its member's additional premiums should reserves and annual premium be insufficient to meet the pool's obligations.

SUPPLEMENTARY INFORMATION



VERRADO WESTERN OVERLAY COMMUNITY FACILITIES DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL- DEBT SERVICE FUND
YEAR ENDED JUNE 30, 2022

	Budgeted Amounts		Actual Amount Budgetary Basis	Variance Between Final Budget and Actual Amounts
	Adopted	Final		
REVENUES				
Taxes	\$ 485,303	\$ 485,303	\$ 509,544	\$ 24,241
Investment earnings	1,200	1,200	348	(852)
Total revenues	486,503	486,503	509,892	23,389
EXPENDITURES				
Current:				
General Government	114,242	114,242	-	114,242
Debt Service:				
Principal retirement	360,000	360,000	360,000	-
Interest and fiscal charges	177,558	177,558	175,058	2,500
Contingency	50,000	50,000	-	50,000
Total expenditures	701,800	701,800	535,058	166,742
Net change in fund balances	(215,297)	(215,297)	(25,166)	190,131
Fund balances - beginning	215,297	215,297	340,666	125,369
Fund balances - ending	\$ -	\$ -	\$ 315,500	\$ 315,500

OTHER INFORMATION



Ad Valorem Taxation in the District

The tables below are shown to indicate (a) for fiscal years FY15-16 through FY21-22, the Net Assessed Limited Property Value of the District, utilizing new constitutional and statutory property valuation requirements, and (b) for fiscal years FY12-13 through FY14-15, the then-applicable, but now-replaced, Net Secondary Assessed Valuations of the District.

The Full Cash Value and Net Assessed Limited Property Value of taxable property within the boundaries of the District for fiscal years FY15-16 through FY21-22 are as follows:

Fiscal Year	Full Cash Value	Net Assessed Limited Property Value
FY 21-22	\$223,514,057	\$18,375,737
FY 20-21	218,322,219	17,212,231
FY 19-20	193,196,848	15,958,190
FY 18-19	176,471,522	14,366,339
FY 17-18	179,265,178	15,678,849
FY 16-17	163,427,403	14,821,076
FY 15-16	140,140,590	14,349,858

The Full Cash Value and Net Secondary Assessed Valuation of taxable property within the boundaries of the District for the indicated fiscal year is as follows:

Fiscal Year	Full Cash Value	Net Secondary Assessed Value
FY 14-15	\$116,973,846	\$14,291,050
FY 13-14	104,697,697	13,511,336
FY 12-13	107,257,623	16,688,207

Net Assessed Valuation by Property Classification

The table below is shown to indicate for fiscal years FY20-21 and FY21-22, the Net Assessed Limited Property Values by property classification for the District, utilizing new constitutional and statutory property valuation requirements.

Net Assessed Limited Property Values by Property Classification

Legal Class	Description	Fiscal Year FY 20-21	Percent of Total	Fiscal Year FY 21-22	Percent of Total
1	Commercial/Industrial	\$1,610,747	9.36%	\$1,626,906	8.85%
2	Agricultural/Vacant	3,787,237	22.00%	2,790,088	15.18%
3	Residential	6,904,169	40.11%	9,102,952	49.54%
4	Residential Rental	4,910,078	28.53%	4,855,791	26.43%
	Total	\$17,212,231	100.00%	\$18,375,737	100.00%

Net Assessed Property Values of Major Taxpayers

The tables below are shown to indicate for fiscal years FY20-21 and FY21-22, the major property taxpayers located within the District, and their FY20-21 and FY21-22 Net Assessed Limited Property Value, utilizing new constitutional and statutory property valuation requirements, and their relative proportion of the total Net Assessed Limited Property Value for the District.

Fiscal Year 21-22

Taxpayer	Net Assessed Limited Property Value	As Percent of District's Total Net Assessed Limited Property Value
DMB VERRADO GOLF I LLC	\$763,450	4.15%
MAINSTREET CORE PROPERTIES LLC	636,595	3.46%
FIDELITY NATIONAL TITLE INS COMPANY TR B176	534,164	2.91%
WEEKLEY HOMES LLC	153,082	0.83%
320 VERRADO LLC	150,962	0.82%
LME-06 PROPERTIES L L C	150,062	0.82%
HOWARD MILES W/ROBYNNE L	148,547	0.81%
ROBERT AND ANDREA VAN HOFWEGEN FAMILY LLC	140,900	0.77%
GRANITE RIDGE 303 LLC	123,637	0.67%
KAVENEY LIVING TRUST	120,800	0.66%
Total	\$2,922,199	15.90%

Fiscal Year 20-21

Taxpayer	Net Assessed Limited Property Value	As Percent of District's Total Net Assessed Limited Property Value
FIDELITY NATIONAL TITLE INS COMPANY TR B176	\$1,279,464	7.43%
DMB VERRADO GOLF I LLC	776,183	4.51%
MAINSTREET CORE PROPERTIES LLC	606,280	3.52%
T W LEWIS HIGHLANDS I LLC	201,721	1.17%
PINNACLE WEST HOMES HIGHLANDS LLC	185,440	1.08%
320 VERRADO LLC	143,773	0.84%
LME-06 PROPERTIES L L C	142,916	0.83%
HOWARD MILES W/ROBYNNE L	141,473	0.82%
WEEKLEY HOMES LLC	137,340	0.80%
ROBERT AND ANDREA VAN HOFWEGEN FAMILY LLC	134,318	0.78%
Total	\$3,748,908	21.78%

Source: Maricopa County Assessor's Office.

Record of Taxes Levied and Collected in the District

Under Arizona law, the Board of Supervisors of the County is required to establish and levy a tax in an amount sufficient to satisfy debt service and O&M requirements of the District. Property taxes are levied and collected on property within the District by the Treasurer of the County on behalf of the District. The following table sets forth the tax collection records of the District for the periods shown:

Fiscal Year	Real and Secured	Collected to June 30 th (b)(c)		Total Collections (b)(c)	
	Personal Property Tax Levy (a)	Amount	Percent of Tax Levy	Amount	Percent of Tax Levy
2021-22	\$540,429	\$529,299	97.94%	\$529,299	97.94%
2020-21	584,562	567,118	97.02%	584,524	100.00%
2019-20	717,656	699,107	97.42%	717,677	100.00%
2018-19	672,719	661,344	98.31%	669,705	99.55%
2017-18	699,009	691,896	98.98%	698,681	99.95%

Source: Maricopa County Assessor’s Office

- (a) Tax levy is as reported by the Treasurer of the County as of August of each fiscal year. Amount does not include adjustments made to levy amounts after the August period.
- (b) Reflects collections made through June 30, the end of the fiscal year, on such year’s levy. Property taxes are payable in two installments. The first installment is due on October 1 and becomes delinquent on November 1, but is waived if the full tax year’s taxes are paid in full by December 31. The second installment becomes due on March 1 and is delinquent on May 1. Interest at the rate of 16 percent per annum attaches on first and second installments following their delinquent dates. Penalties for delinquent payments are not included in the above collection figures.
- (c) Reflects collections made through June 30, 2022.

Overlapping General Obligation Bonded Indebtedness

Overlapping general obligation bonded indebtedness is shown below including a breakdown of each overlapping jurisdiction’s applicable general obligation bonded indebtedness, Net Assessed Limited Property Value and combined tax rate per \$100 Net Assessed Limited Property Value. Outstanding bonded indebtedness is comprised of general obligation bonds outstanding and general obligation bonds schedule for sale. The applicable percentage of each jurisdiction’s assessed valuation which lies within the District’s boundaries was derived from information obtained from the Assessor of the County.

Direct and Overlapping Jurisdiction	Net Assessed Limited Property Value	Net Outstanding Bonded Debt (a)	Proportion Applicable to the District		Tax Rate per \$100 of Net Assessed Limited Property Value
			Approx. Percent	Net Amount	
State of Arizona	\$74,200,233,397	None	0.025%	None	\$0.0000
Maricopa County	48,724,126,672	None	0.038%	None	2.1556 (b)
Maricopa County Community College District	48,724,126,672	\$184,715,000	0.038%	\$69,663	1.2257
Maricopa County Special Health Care District	48,837,616,505	640,695,000	0.038%	241,069	0.2970
West Maricopa Education Center District No. 402	18,045,628,311	144,220,000	0.102%	146,858	0.1579
City of Buckeye	617,421,432	None	2.976%	None	1.7671
Saddle Mountain Unified School District No. 90	789,547,623	50,580,000	2.327%	1,177,186	2.7720
Verrado Community Facilities District	149,307,658	51,225,000	12.307%	6,304,413	3.9293
Verrado Western Overlay Community Facilities District	18,375,737	6,865,000	100.000%	6,865,000	2.9410
Total Net Direct and Overlapping General Obligation Bonded Debt				\$14,804,190	\$15.2456

Source: Maricopa County Tax Levy and State and County Abstract of the Assessment Roll.

- (a) Outstanding bonded debt for various jurisdictions is as of June 30, 2022.
- (b) The County’s tax rate includes the \$0.1400 tax rate of the Central Arizona Project, the \$0.1792 tax rate of the Maricopa County Flood Control District, the \$0.4263 tax rate of the County Education Equalization, the \$0.0556 tax rate of the Maricopa County Free Library, the \$0.0086 tax rate for the contribution to the Maricopa County Fire District, and the \$1.3459 tax rate of the County. It should be noted that the County Flood Control District does not levy taxes on personal property.



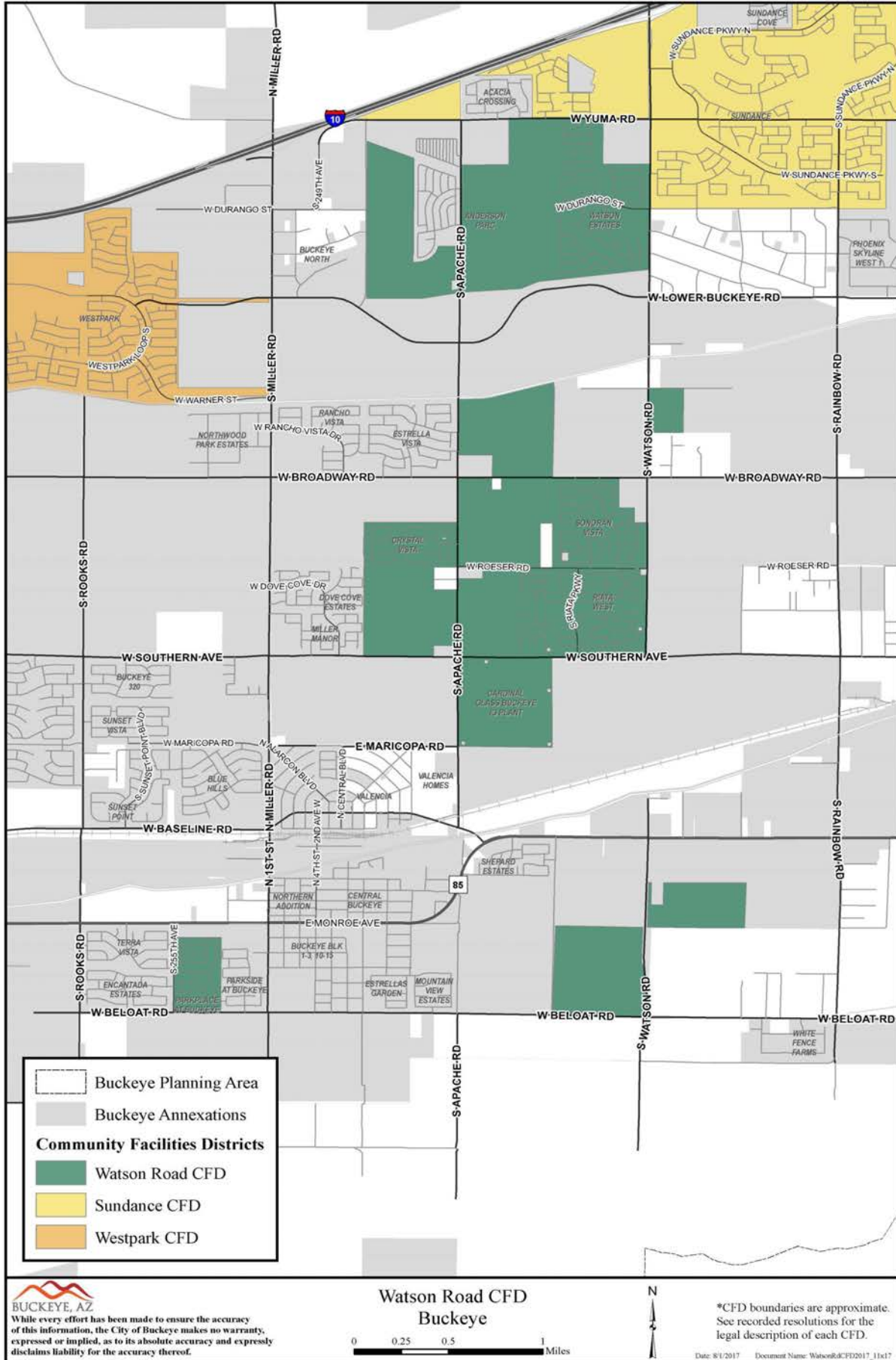
**Watson Road
Community Facilities District
Annual Financial Report**

City of Buckeye

Year Ended June 30, 2022

Issued by: City of Buckeye Finance Department

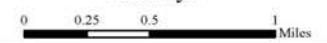
Watson Road CFD



- Buckeye Planning Area
- Buckeye Annexations
- Community Facilities Districts**
- Watson Road CFD
- Sundance CFD
- Westpark CFD

BUCKEYE, AZ
 While every effort has been made to ensure the accuracy of this information, the City of Buckeye makes no warranty, expressed or implied, as to its absolute accuracy and expressly disclaims liability for the accuracy thereof.

Watson Road CFD
 Buckeye



*CFD boundaries are approximate. See recorded resolutions for the legal description of each CFD.

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Independent Auditor's Report

Board of Directors
Watson Road Community Facilities District

Report on Audit of Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Watson Road Community Facilities District (District), a component unit of the City of Buckeye, Arizona, as of and for the year ended June 30, 2022, 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 Watson Road Community Facilities District, as of June 30, 2022, and the respective changes in financial position and the budgetary comparison for the General Fund thereof 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. 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 Watson Road Community Facilities 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 one year 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 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, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis 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. Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Our opinion on the basic financial statements is not affected by this missing information.

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 Supplementary Information, as listed in the table of contents, 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. Such 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 Supplementary Information 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 financial report. The other information, as listed in the table of contents, 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 other work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Heinfeld Meech & Co. PC

Heinfeld, Meech & Co., P.C.
Scottsdale, Arizona
December 30, 2022

BASIC FINANCIAL STATEMENTS



WATSON RD COMMUNITY FACILITIES DISTRICT
STATEMENT OF NET POSITION
June 30, 2022

	Governmental Activities
ASSETS	
Cash and investments	\$ 5,246,272
Receivables, net	14,211,676
Restricted assets	
Cash with paying agent	2,091,400
Total assets	21,549,348
 LIABILITIES	
Accounts payable	18,384
Matured debt interest payable	248,270
Noncurrent liabilities:	
Due within one year	1,604,715
Due in more than one year	14,208,667
Total liabilities	16,080,036
 Net position:	
Restricted for:	
Debt service	4,905,962
Unrestricted	563,350
Total net position	\$ 5,469,312

The notes to the basic financial statements are an integral part of this statement.

WATSON RD COMMUNITY FACILITIES DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022

Functions/Programs	Expenses	Program Revenues Charges for Services	Net (Expense) Revenue and Changes in Net Position Governmental Activities
Governmental activities			
General government	\$ 100,690	\$ 55,666	\$ (45,024)
Interest on long-term debt	497,967	639,001	141,034
Total governmental activities	598,657	694,667	96,010
General revenues:			
Taxes:			
Property taxes			134,009
Investment earnings			699
Other			15,325
Total general revenues			150,033
Change in net position			246,043
Net position - beginning			5,223,269
Net position - ending			\$ 5,469,312

WATSON RD COMMUNITY FACILITIES DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2022

	<u>General</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and investments	\$ 581,041	\$ 4,665,231	\$ 5,246,272
Receivables, net			
Intergovernmental	693	2,316	3,009
Special assessments	-	14,208,667	14,208,667
Restricted assets			
Cash with paying agent	-	2,091,400	2,091,400
Total assets	<u>\$ 581,734</u>	<u>\$ 20,967,614</u>	<u>\$ 21,549,348</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 18,384	\$ -	\$ 18,384
Matured debt principal payable	-	1,604,715	1,604,715
Matured debt interest payable	-	248,270	248,270
Total liabilities	<u>18,384</u>	<u>1,852,985</u>	<u>1,871,369</u>
Deferred inflows of resources:			
Unavailable revenue - special assessments	-	14,208,667	14,208,667
Total deferred inflows of resources	<u>-</u>	<u>14,208,667</u>	<u>14,208,667</u>
Fund balances:			
Restricted			
Debt service	-	4,905,962	4,905,962
Unassigned	563,350	-	563,350
Total fund balances	<u>563,350</u>	<u>4,905,962</u>	<u>5,469,312</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 581,734</u>	<u>\$ 20,967,614</u>	<u>\$ 21,549,348</u>

**WATSON RD COMMUNITY FACILITIES DISTRICT
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
June 30, 2022**

Total governmental fund balances	\$ 5,469,312
Amounts reported for governmental activities in the statement of net position are different because:	
Some receivables are not available to pay for current period expenditures and, therefore, are reported as unavailable revenues in the funds.	
Special Assessments	14,208,667
Some liabilities, including bonds payable are not due and payable in the current year and therefore are not reported in the funds.	
Bonds payable	(14,208,667)
Total net position of governmental activities	<u>\$ 5,469,312</u>

WATSON RD COMMUNITY FACILITIES DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022

	General	Debt Service	Total Governmental Funds
REVENUES			
Taxes			
Property taxes	\$ 134,009	\$ -	\$ 134,009
Charges for services	55,666	-	55,666
Developer agreements	15,325	-	15,325
Special assessments	-	2,302,716	2,302,716
Investment earnings	-	699	699
Total revenues	<u>205,000</u>	<u>2,303,415</u>	<u>2,508,415</u>
EXPENDITURES			
Current:			
General government	100,690	-	100,690
Debt service:			
Principal retirement	-	1,663,715	1,663,715
Interest and fiscal charges	500	497,467	497,967
Total expenditures	<u>101,190</u>	<u>2,161,182</u>	<u>2,262,372</u>
Excess (deficiency) of revenues over expenditures	<u>103,810</u>	<u>142,233</u>	<u>246,043</u>
Fund balances - beginning	<u>459,540</u>	<u>4,763,729</u>	<u>5,223,269</u>
Fund balances - ending	<u>\$ 563,350</u>	<u>\$ 4,905,962</u>	<u>\$ 5,469,312</u>

WATSON RD COMMUNITY FACILITIES DISTRICT
Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balance of Governmental Funds to the Statement of Activities
 For the Year Ended June 30, 2022

Net change in fund balances - total governmental funds	\$ 246,043
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>	
<p>Some revenues reported in the governmental funds that did not provide current financial resources in prior years have been recognized previously in the statement of activities and therefore are not reported as revenues in the statement of activities.</p>	
Special assessments	(1,663,715)
<p>The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. The issuance of long-term debt increases long-term liabilities on the statement of net position and the repayment of principal on long-term debt reduces long-term debt on the statement of net position. Likewise, refunding and defeasance of existing debt reduces the balance of long-term debt without adding additional debt. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when the debt is first issued, whereas these items are deferred and amortized over the term of the long-term debt in the statement of activities.</p>	
Principal payments on long-term debt	<u>1,663,715</u>
Change in net position of governmental activities	<u>\$ 246,043</u>

The notes to the basic financial statements are an integral part of this statement.

WATSON RD COMMUNITY FACILITIES DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL- GENERAL FUND
YEAR ENDED JUNE 30, 2022

	Budgeted Amounts		Actual Amount Budgetary Basis	Variance Between Final Budget and Actual Amounts
	Adopted	Final		
REVENUES				
Taxes	\$ 123,421	\$ 163,421	\$ 134,009	\$ (29,412)
Charges for services	40,000	-	55,666	55,666
Developer agreements	-	-	15,325	15,325
Total revenues	163,421	163,421	205,000	41,579
EXPENDITURES				
Current:				
General government	136,694	136,694	100,690	36,004
Highway and streets	100,000	100,000	-	100,000
Interest and fiscal charges	1,500	1,500	500	1,000
Contingency	240,432	240,432	-	240,432
Total expenditures	478,626	478,626	101,190	377,436
Net change in fund balances	(315,205)	(315,205)	103,810	419,015
Fund balances - beginning	315,205	315,205	459,540	144,335
Fund balances - ending	\$ -	\$ -	\$ 563,350	\$ 563,350

The notes to the basic financial statements are an integral part of this statement.

Notes to Financial Statements – Year Ended June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Watson Road Community Facilities District (District) is a special purpose district created specifically to acquire or construct public infrastructure within specific areas of the City of Buckeye, Arizona, and is authorized under state law to issue general obligation (GO) or revenue bonds to be repaid by property (ad valorem) taxes levied on property within the District (for GO debt), or by specific revenues generated within the District (revenue bonds). The District was created by petition to the city council by property owners within the area to be covered by the District, and debt may be issued only after approval of voters within the District.

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The more significant of the District’s accounting policies are described below.

A. Reporting Entity

The District, a component unit of the City of Buckeye, Arizona (City), was established (October 18, 2005), and is a political subdivision of the State of Arizona as well as a municipal corporation by Arizona Law. The City Council serves as the Board of Directors. All transactions of the District are included in the City’s financial statements. However, the City has no liability for the debt.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net position and the statement of activities) present financial information about the District as a whole. The reported information includes all of the non-fiduciary activities of the District. For the most part, the effect of internal activity has been removed from these statements. These statements are to distinguish between the governmental and business-type activities of the District. Governmental activities normally are supported by tax revenues, and are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The District does not have any business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes, investment income and other items not included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-Wide Financial Statements – The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Special assessment revenue is recognized at the time of the special assessment levy. All other revenue items are considered to be measurable and available only when cash is received by the government. As a general rule, the effect of internal activity has been eliminated from the government-wide financial statements.

Fund Financial Statements – Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both

Watson Road CFD

measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due. As permitted by generally accepted accounting principles, the District applies the “early recognition” option for debt service payments. Special assessment resources are provided in Debt Service Fund during the current year for the payment of debt service principal and interest due early in the following year (less than one month). Therefore the expenditures and related liabilities have been recognized.

Property taxes and investment income 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. Miscellaneous revenues are not susceptible to accrual because generally they are not measurable until received in cash.

Delinquent property taxes and other receivables that will not be collected within the available period have been reported as unavailable revenues on the governmental fund financial statements.

The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column.

The District reports all funds as major governmental funds:

General Fund – The General Fund is the District’s primary operating fund. It accounts for all resources used to finance District maintenance and operations except those required to be accounted for in other funds.

Debt Service Fund – The Debt Service Fund accounts for the accumulation of resources for, and the payment of, long-term debt principal, interest and related costs.

D. Cash and Investments

Arizona Revised Statutes (A.R.S.) authorize the District to invest public monies in the State Treasurer’s Local Government Investment Pool, interest-bearing savings account, certificates of deposit, and repurchase agreements in eligible depositories; bonds or other obligations of the U.S. government that are guaranteed as to principal and interest by the U.S. government; and bonds of the State of Arizona counties, cities, school districts, and special districts as specified by statute.

Cash represents amounts in demand deposits and amounts held in trust by financial institutions. The funds held in trust are available to the District upon demand. Cash equivalents as defined as short-term (original maturities of three months or less), highly liquid investments that are 1) readily convertible to known amounts of cash and 2) so near maturity that they present insignificant risk of changes in value because of changes in interest rates.

E. Investment Income

Investment income is comprised of interest, dividends, and net changes in the fair value of applicable investments.

F. Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either “due to/from other funds” (i.e. the current portion of interfund loans) or “advances to/from other funds” (i.e. the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds”.

All receivables, including property taxes receivable, are shown net of an allowance for uncollectibles.

G. Property Taxes

The County Treasurer is responsible for collecting property taxes for all governmental entities within the county. The District levies real property taxes on or before the third Monday in August, which 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.

Watson Road CFD

Pursuant to A.R.S., a lien against assessed real property attaches on the first day of January preceding assessment and levy, however according to case law, an enforceable legal claim to the asset does not arise.

H. Restricted Assets

Certain proceeds of the District's bonds, as well as certain resources set aside for their repayment, are classified as restricted cash on the statement of net position and on the balance sheet because their use is limited by applicable bond covenants.

I. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position may report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position may report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

J. Long-term Obligations

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

K. Net Position Flow Assumption

In the government-wide financial statements the District applies restricted resources first when outlays are incurred for purposes for which either restricted or unrestricted amounts are available.

L. Estimates

The preparation of the 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 amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

M. Budgetary Data

According to state statutes, the District must adopt a budget on an annual basis. There are no statutory spending limitation but the District cannot spend more than actual revenues collected and carryover unrestricted cash balance from the prior fiscal year. There were no supplemental budgetary appropriations made during the year.

NOTE 2 – FUND BALANCE CLASSIFICATIONS

Fund balances of the governmental funds are reported separately within classifications based on 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.

Watson Road CFD

Nonspendable. The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact.

Restricted. Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation.

Committed. The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action of the Board of Directors. Those committed amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. Commitments may be established, modified, or rescinded only through resolutions approved by the Board of Directors.

Assigned. Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Board of Directors or a management official delegated that authority by the formal Governing Board action. The District has adopted the City's policy on which only the Board of Directors or the District's Treasurer may assign amounts for specific purposes.

Unassigned. Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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

NOTE 3 – CASH AND INVESTMENTS

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of bank failure the District's deposits may not be returned to the District. The District does not have a deposit policy for custodial credit risk. Bank balances are uninsured and uncollateralized. The unrestricted and cash is in a repurchase sweep agreement rather than a deposit. At year-end, the carrying amount of the District's bank balance was \$5,246,272. In addition to bank deposit balances, the District also maintains deposits with paying agents and trustees. Cash with the Trustee is collateralized by the District's Agent in the District's name. Cash with paying agent at year-end equaled \$2,091,400. Cash held by paying agents represent amounts held by either the District or the District's trustee for future debt service payments.

NOTE 4 – SPECIAL ASSESSMENT REVENUE BOND PAYABLE

The District is a special purpose district created specifically to acquire or construct public infrastructure within specific areas of the City of Buckeye, Arizona, and was authorized under state law to issue special assessment (SA) revenue bonds to be repaid by the property within the District (revenue bonds). The District was created by petition to the City Council by property owners within the area to be covered by the District. The District comprises approximately 2,080 acres.

The CFD Board of Directors has pledged revenue derived from an annual assessment on the real property of the Watson Road CFD to repay \$49,000,000 in special assessment revenue bonds issued in December 2005. Proceeds were used to refund the full outstanding amount of Watson Road CFD, Series 2005. By way of a current refunding, these bonds were fully defeased through the issuance of \$20,914,000 Watson Road Assessment Refunding Bonds, Series 2020 issued in March 2020. The bonds are payable solely from assessments on the property in the District. The total principal remaining to be paid on the bonds is \$14,208,667.

The principal paid for the current year was \$1,663,715. Principal and interest paid for the current year approximate amounts received from special assessment properties, which, at times exceed special assessments billed for the year.

Notes to Financial Statements

June 30, 2022

Purpose	Interest Rates (%)	Matures	Original Issue Amount	Amount Outstanding
Watson Road Special Assessment Revenue Bonds, Series 2020 (private placement)	3.14%	July 2030	\$ 20,914,000	\$ 14,208,667
Total Community Facilities Districts Bonds			<u>\$ 20,914,000</u>	<u>\$ 14,208,667</u>

Annual debt service requirements to maturity on special assessment revenue bonds at year-end are summarized as follows:

Fiscal Year Ending	Private Placement	
	Principal	Interest
2023	\$ 1,589,935	\$ 446,152
2024	1,639,859	396,228
2025	1,691,350	344,736
2026	1,744,459	291,628
2027	1,799,234	236,852
2028-32	5,743,830	364,428
	<u>\$ 14,208,667</u>	<u>\$ 2,080,024</u>

NOTE 5 – CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the current fiscal year was as follows:

Notes to Financial Statements

June 30, 2022

	July 1, 2021	Increases	Decreases	June 30, 2022	Due Within One Year
Governmental Activities:					
Bonds payable:					
Special Assessments	\$ 15,872,382	\$ -	\$ (1,663,715)	\$ 14,208,667	\$ -
Total bonds payable	<u>\$ 15,872,382</u>	<u>\$ -</u>	<u>\$ (1,663,715)</u>	<u>\$ 14,208,667</u>	<u>\$ -</u>

NOTE 6 – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions and natural disasters. The District’s insurance protection is provided by the Arizona Municipal Risk Retention Pool, of which the District is a participating member. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

The Arizona Municipal Risk Retention Pool is structured such that member premiums are based on an actuarial review that will provide adequate reserves to allow the pool to meet its expected financial obligations. The pool has authority to assess its member’s additional premiums should reserves and annual premium be insufficient to meet the pool’s obligations.



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SUPPLEMENTARY INFORMATION



WATSON RD COMMUNITY FACILITIES DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - DEBT SERVICE FUND
YEAR ENDED JUNE 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amount Budgetary Basis</u>	<u>Variance Between Final Budget and Actual Amounts</u>
	<u>Adopted</u>	<u>Final</u>		
REVENUES				
Special assessments	\$ 2,737,131	\$ 2,737,131	\$ 2,302,716	\$ (434,415)
Investment earnings	250	250	699	449
Charges for services	40,000	40,000	-	(40,000)
Total revenues	<u>2,777,381</u>	<u>2,777,381</u>	<u>2,303,415</u>	<u>(473,966)</u>
EXPENDITURES				
Debt Service:				
Principal retirement	2,193,742	2,193,742	1,663,715	530,027
Interest and fiscal charges	548,389	548,389	497,467	50,922
Contingency	1,136,548	1,136,548	-	1,136,548
Total expenditures	<u>3,878,679</u>	<u>3,878,679</u>	<u>2,161,182</u>	<u>1,717,497</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,101,298)</u>	<u>(1,101,298)</u>	<u>142,233</u>	<u>1,243,531</u>
Fund balances - beginning	<u>3,192,767</u>	<u>3,192,767</u>	<u>4,763,729</u>	<u>1,570,962</u>
Fund balances - ending	<u>\$ 2,091,469</u>	<u>\$ 2,091,469</u>	<u>\$ 4,905,962</u>	<u>\$ 2,814,493</u>

OTHER INFORMATION



Ad Valorem Taxation in the District

The tables below are shown to indicate (a) for fiscal years FY15-16 through FY21-22 the Net Assessed Limited Property Value of the District, utilizing new constitutional and statutory property valuation requirements, and (b) for fiscal years FY12-13 through FY14-15, the then-applicable, but now-replaced, Net Secondary Assessed Valuations of the District.

The Full Cash Value and Net Assessed Limited Property Value of taxable property within the boundaries of the District for fiscal years FY15-16 through FY21-22 are as follows:

Fiscal Year	Full Cash Value	Net Assessed Limited Property Value
FY 21-22	\$637,596,646	\$45,901,318
FY 20-21	553,352,079	36,339,069
FY 19-20	476,255,696	33,032,689
FY 18-19	398,514,435	28,660,423
FY 17-18	302,544,317	21,245,960
FY 16-17	244,312,292	17,555,182
FY 15-16	229,904,584	16,703,003

The Full Cash Value and Net Secondary Assessed Valuation of taxable property within the boundaries of the District for the indicated fiscal year is as follows:

Fiscal Year	Full Cash Value	Net Secondary Assessed Value
FY 14-15	\$170,899,465	\$16,965,121
FY 13-14	137,547,328	13,884,415
FY 12-13	142,076,732	14,581,241

Net Assessed Valuation by Property Classification

The table below is shown to indicate for fiscal years FY20-21 and FY21-22, the Net Assessed Limited Property Values by property classification for the District, utilizing new constitutional and statutory property valuation requirements.

Net Assessed Limited Property Values by Property Classification

Legal Class	Description	Fiscal Year FY 20-21	Percent of Total	Fiscal Year FY 21-22	Percent of Total
1	Commercial/Industrial	\$3,488,297	9.60%	\$10,648,398	23.20%
2	Agricultural/Vacant	1,114,950	3.07%	929,286	2.02%
3	Residential	26,401,055	72.65%	28,451,495	61.98%
4	Residential Rental	5,334,767	14.68%	5,872,139	12.79%
	Total	\$36,339,069	100.00%	\$45,901,318	100.00%

Net Assessed Property Values of Major Taxpayers

The tables below are shown to indicate for fiscal years FY20-21 and FY21-22, the major property taxpayers located within the District, and their FY20-21 and FY21-22 Net Assessed Limited Property Value, utilizing new constitutional and statutory property valuation requirements, and their relative proportion of the total Net Assessed Limited Property Value for the District.

Fiscal Year 21-22

Taxpayer	Net Assessed Limited Property Value	As Percent of District's Total Net Assessed Limited Property Value
CARDINAL IG COMPANY	\$5,472,369	11.92%
ARIZONA PUBLIC SERVICE COMPANY	333,419	0.73%
PULTE HOME COMPANY LLC	233,647	0.51%
CENTURY COMMUNITIES OF ARIZONA LLC	158,561	0.35%
TAH 2018-1 BORROWER LLC	150,286	0.33%
FORESTAR (USA) REAL ESTATE GROUP INC	144,397	0.31%
SRMZ 4 ASSET COMPANY 1 LLC	131,032	0.29%
AMNL ASSET COMPANY 1 LLC	88,266	0.19%
FIREBIRD SFE I LLC	78,184	0.17%
FORESTAR USA REAL ESTATE GROUP INC	77,641	0.17%
Total	\$6,867,802	14.96%

Fiscal Year 20-21

Taxpayer	Net Assessed Limited Property Value	As Percent of District's Total Net Assessed Limited Property Value
CARDINAL IG COMPANY	\$3,135,510	8.63%
BRIDGEPORT BUCKEYE LLC/ETAL	375,648	1.03%
ARIZONA PUBLIC SERVICE COMPANY	256,341	0.71%
SPT AZ LAND HOLDINGS LLC	212,948	0.59%
VILLA CAPRI MOBILE HOME PARK LLC	149,733	0.41%
TAH 2018-1 BORROWER LLC	143,129	0.39%
SRMZ 4 ASSET COMPANY 1 LLC	124,793	0.34%
FORESTAR USA REAL ESTATE GROUP INC	109,438	0.30%
PROGRESS PHOENIX LLC	66,962	0.18%
LEE BRANDON R	62,059	0.17%
Total	\$4,636,561	12.76%

Source: Maricopa County Assessor's Office.



Westpark Community Facilities District Annual Financial Report

City of Buckeye

Year Ended June 30, 2022

Issued by: City of Buckeye Finance Department

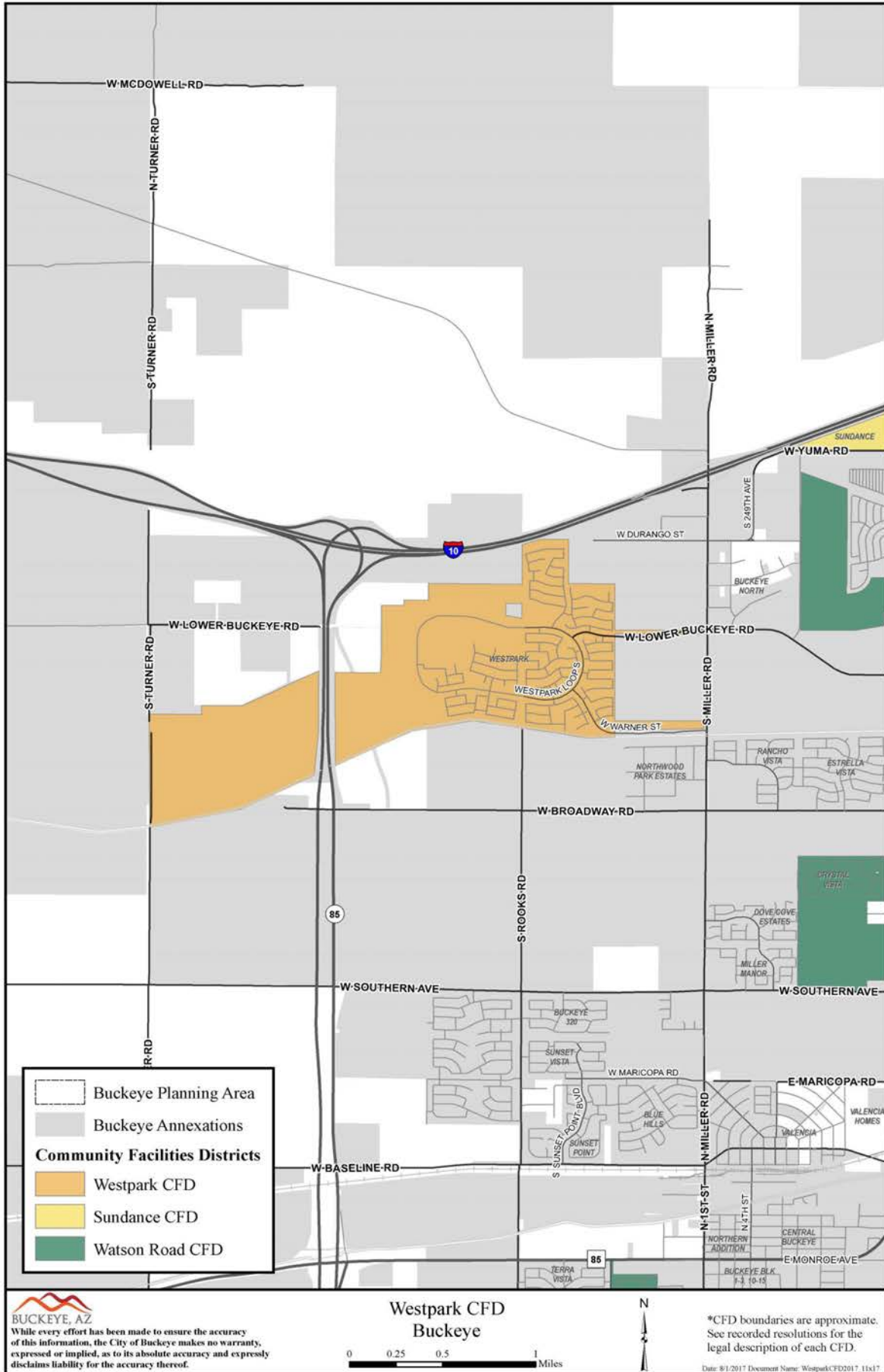


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Independent Auditor's Report

Board of Directors
Westpark Community Facilities District

Report on Audit of Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Westpark Community Facilities District (District), a component unit of the City of Buckeye, Arizona, as of and for the year ended June 30, 2022, 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 Westpark Community Facilities District, as of June 30, 2022, and the respective changes in financial position and the budgetary comparison for the General Fund thereof 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. 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 Westpark Community Facilities 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 one year 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 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, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis 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. Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Our opinion on the basic financial statements is not affected by this missing information.

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 Supplementary Information, as listed in the table of contents, 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. Such 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 Supplementary Information 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 financial report. The other information, as listed in the table of contents, 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 other work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Heinfeld Meech & Co. PC

Heinfeld, Meech & Co., P.C.
Scottsdale, Arizona
December 30, 2022

BASIC FINANCIAL STATEMENTS



WESTPARK COMMUNITY FACILITIES DISTRICT
STATEMENT OF NET POSITION
June 30, 2022

	Governmental Activities
ASSETS	
Cash and investments	\$ 555,257
Receivables, net	574,793
Restricted assets	
Cash with paying agent	262,798
Total assets	1,392,848
 LIABILITIES	
Accounts payable	3,720
Matured debt interest payable	121,376
Noncurrent liabilities:	
Due within one year	388,000
Due in more than one year	4,857,129
Total liabilities	5,370,225
 Net Position:	
Unrestricted	(3,977,377)
Total net position	\$ (3,977,377)

The notes to the basic financial statements are an integral part of this statement.

WESTPARK COMMUNITY FACILITIES DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues Charges for Services</u>	<u>Net (Expense) Revenue and Changes in Net Position Governmental Activities</u>
Governmental activities			
General government	\$ 17,562	\$ 10,041	\$ (7,521)
Interest on long-term debt	223,371	55,575	(167,796)
Total governmental activities	240,933	65,616	(175,317)
General revenues:			
Taxes:			
Property taxes			554,076
Investment earnings			127
Total general revenues			554,203
Change in net position			378,886
Net position - beginning			(4,356,263)
Net position - ending			\$ (3,977,377)

The notes to the basic financial statements are an integral part of this statement.

WESTPARK COMMUNITY FACILITIES DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2022

	General	Debt Service		Total Governmental Funds
		Special Assessment	General Obligation	
ASSETS				
Cash and investments	\$ 60,868	\$ 2,659	\$ 491,730	\$ 555,257
Receivables, net				
Intergovernmental	230	449	3,114	3,793
Special assessments	-	571,000	-	571,000
Restricted assets				
Cash with paying agent	-	262,798	-	262,798
Total assets	<u>\$ 61,098</u>	<u>\$ 836,906</u>	<u>\$ 494,844</u>	<u>\$ 1,392,848</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 3,720	\$ -	\$ -	\$ 3,720
Matured debt principal payable	-	68,000	320,000	388,000
Matured debt interest payable	-	18,851	102,525	121,376
Total liabilities	<u>3,720</u>	<u>86,851</u>	<u>422,525</u>	<u>513,096</u>
Deferred inflows of resources:				
Unavailable revenue - special assessments	-	571,000	-	571,000
Total deferred inflows of resources	<u>-</u>	<u>571,000</u>	<u>-</u>	<u>571,000</u>
Fund balances:				
Restricted				
Debt service	-	179,055	72,319	251,374
Unassigned	57,378	-	-	57,378
Total fund balances	<u>57,378</u>	<u>179,055</u>	<u>72,319</u>	<u>308,752</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 61,098</u>	<u>\$ 836,906</u>	<u>\$ 494,844</u>	<u>\$ 1,392,848</u>

The notes to the basic financial statements are an integral part of this statement.

WESTPARK COMMUNITY FACILITIES DISTRICT
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
June 30, 2022

Total governmental fund balances		\$ 308,752
<p>Amounts reported for governmental activities in the statement of net position are different because:</p> <p>Some receivables are not available to pay for current period expenditures and, therefore, are reported as unavailable revenues in the funds.</p>		
Special Assessments		571,000
<p>Some liabilities, including bonds payable are not due and payable in the current year and therefore are not reported in the funds.</p>		
Bonds payable	(4,621,000)	
Premiums and discounts	(236,129)	
	(4,857,129)	
Total net position of governmental activities		\$ (3,977,377)

The notes to the basic financial statements are an integral part of this statement.

WESTPARK COMMUNITY FACILITIES DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022

	General	Debt Service		Total Governmental Funds
		Special Assessment	General Obligation	
REVENUES				
Taxes				
Property taxes	\$ 27,650	\$ -	\$ 526,426	\$ 554,076
Charges for services	10,041	-	-	10,041
Special assessments	-	132,575	-	132,575
Investment earnings	-	124	3	127
Total revenues	<u>37,691</u>	<u>132,699</u>	<u>526,429</u>	<u>696,819</u>
EXPENDITURES				
Current:				
General government	17,562	-	-	17,562
Debt service:				
Principal retirement	-	77,000	320,000	397,000
Interest and fiscal charges	3,350	37,967	205,550	246,867
Total expenditures	<u>20,912</u>	<u>114,967</u>	<u>525,550</u>	<u>661,429</u>
Excess (deficiency) of revenues over expenditures	16,779	17,732	879	35,390
Fund balances - beginning	<u>40,599</u>	<u>161,323</u>	<u>71,440</u>	<u>273,362</u>
Fund balances - ending	<u>\$ 57,378</u>	<u>\$ 179,055</u>	<u>\$ 72,319</u>	<u>\$ 308,752</u>

The notes to the basic financial statements are an integral part of this statement.

WESTPARK COMMUNITY FACILITIES DISTRICT
Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balance of Governmental Funds to the Statement of Activities
 For the Year Ended June 30, 2022

Net change in fund balances - total governmental funds	\$	35,390
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Some revenues reported in the governmental funds that did not provide current financial resources in prior years have been recognized previously in the statement of activities and therefore are not reported as revenues in the statement of activities.</p>		
Special assessments		(77,000)
<p>The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. The issuance of long-term debt increases long-term liabilities on the statement of net position and the repayment of principal on long-term debt reduces long-term debt on the statement of net position. Likewise, refunding and defeasance of existing debt reduces the balance of long-term debt without adding additional debt. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when the debt is first issued, whereas these items are deferred and amortized over the term of the long-term debt in the statement of activities.</p>		
Principal payments on long-term debt		397,000
Amortization of premium		23,496
		420,496
Change in net position of governmental activities	\$	378,886

The notes to the basic financial statements are an integral part of this statement.

WESTPARK COMMUNITY FACILITIES DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL- GENERAL FUND
YEAR ENDED JUNE 30, 2022

	Budgeted Amounts		Actual Amount Budgetary Basis	Variance Between Final Budget and Actual Amounts
	Adopted	Final		
REVENUES				
Taxes	\$ 34,345	\$ 34,345	\$ 27,650	\$ (6,695)
Charges for services	2,200	2,200	10,041	7,841
Total revenues	36,545	36,545	37,691	1,146
EXPENDITURES				
Current:				
General government	22,340	24,840	17,562	7,278
Interest and fiscal charges	2,000	4,000	3,350	650
Contingency	40,360	35,860	-	35,860
Total expenditures	64,700	64,700	20,912	43,788
Excess (deficiency) of revenues over (under) expenditures	(28,155)	(28,155)	16,779	44,934
Fund balances - beginning	28,155	28,155	40,599	12,444
Fund balances - ending	\$ -	\$ -	\$ 57,378	\$ 57,378

The notes to the basic financial statements are an integral part of this statement.

Notes to Financial Statements – Year Ended June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Westpark Community Facilities District (District) is a special purpose district created specifically to acquire or construct public infrastructure within specific areas of the City of Buckeye, Arizona, and is authorized under state law to issue general obligation (GO) or revenue bonds to be repaid by property (ad valorem) taxes levied on property within the District (for GO debt), or by specific revenues generated within the District (revenue bonds). The District was created by petition to the city council by property owners within the area to be covered by the District, and debt may be issued only after approval of voters within the District.

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The more significant of the District's accounting policies are described below.

A. Reporting Entity

The District, a component unit of the City of Buckeye, Arizona (City), was established (November 5, 2002), and is a political subdivision of the State of Arizona as well as a municipal corporation by Arizona Law. The City Council serves as the Board of Directors. All transactions of the District are included in the City's financial statements. However, the City has no liability for the debt.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net position and the statement of activities) present financial information about the District as a whole. The reported information includes all of the non-fiduciary activities of the District. For the most part, the effect of internal activity has been removed from these statements. These statements are to distinguish between the governmental and business-type activities of the District. Governmental activities normally are supported by tax revenues, and are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The District does not have any business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes, investment income and other items not included among program revenues are reported instead as general revenues. Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-Wide Financial Statements – The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Special assessment revenue is recognized at the time of the special assessment levy. All other revenue items are considered to be measurable and available only when cash is received by the government. As a general rule, the effect of internal activity has been eliminated from the government-wide financial statements.

Fund Financial Statements – Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District

considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due. As permitted by generally accepted accounting principles, the District applies the “early recognition” option for debt service payments. Property tax and special assessment resources are provided in Debt Service Fund during the current year for the payment of debt service principal and interest due early in the following year (less than one month). Therefore the expenditures and related liabilities have been recognized.

Property taxes and investment income 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. Miscellaneous revenues are not susceptible to accrual because generally they are not measurable until received in cash.

Delinquent property taxes and other receivables that will not be collected within the available period have been reported as unavailable revenues on the governmental fund financial statements.

The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column.

The District reports all funds as major governmental funds:

General Fund – The General Fund is the District’s primary operating fund. It accounts for all resources used to finance District maintenance and operations except those required to be accounted for in other funds.

Debt Service Funds – The Debt Service Funds account for the accumulation of resources for, and the payment of, long-term debt principal, interest and related costs.

D. Cash and Investments

Arizona Revised Statutes (A.R.S.) authorize the District to invest public monies in the State Treasurer’s Local Government Investment Pool, interest-bearing savings account, certificates of deposit, and repurchase agreements in eligible depositories; bonds or other obligations of the U.S. government that are guaranteed as to principal and interest by the U.S. government; and bonds of the State of Arizona counties, cities, school districts, and special districts as specified by statute.

Cash represents amounts in demand deposits and amounts held in trust by financial institutions. The funds held in trust are available to the District upon demand. Cash equivalents as defined as short-term (original maturities of three months or less), highly liquid investments that are 1) readily convertible to known amounts of cash and 2) so near maturity that they present insignificant risk of changes in value because of changes in interest rates.

E. Investment Income

Investment income is comprised of interest, dividends, and net changes in the fair value of applicable investments.

F. Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either “due to/from other funds” (i.e. the current portion of interfund loans) or “advances to/from other funds” (i.e. the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds”.

All receivables, including property taxes receivable, are shown net of an allowance for uncollectibles.

G. Property Taxes

The County Treasurer is responsible for collecting property taxes for all governmental entities within the county. The District levies real property taxes on or before the third Monday in August, which 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. Pursuant to A.R.S., a lien against assessed real property attaches on the first day of January preceding assessment and levy, however according to case law, an enforceable legal claim to the asset does not arise.

H. Restricted Assets

Certain proceeds of the District's bonds, as well as certain resources set aside for their repayment, are classified as restricted cash on the statement of net position and on the balance sheet because their use is limited by applicable bond covenants.

I. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position may report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position may report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

J. Long-term Obligations

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

K. Net Position Flow Assumption

In the government-wide financial statements the District applies restricted resources first when outlays are incurred for purposes for which either restricted or unrestricted amounts are available.

L. Estimates

The preparation of the 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 amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

M. Budgetary Data

According to state statutes, the District must adopt a budget on an annual basis. There are no statutory spending limitation but the District cannot spend more than actual revenues collected and carryover unrestricted cash balance from the prior fiscal year. There were no supplemental budgetary appropriations made during the year.

N. Deficit Net Position

As described previously, the District was formed to finance and acquire or construct infrastructure assets that are subsequently dedicated to the City for operation. The District does not own or operate infrastructure. Therefore, the Statement of Net Position reflects a large liability without an offsetting asset.

NOTE 2 – FUND BALANCE CLASSIFICATIONS

Fund balances of the governmental funds are reported separately within classifications based on 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.

Nonspendable. The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact.

Restricted. Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation.

Committed. The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action of the Board of Directors. Those committed amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. Commitments may be established, modified, or rescinded only through resolutions approved by the Board of Directors.

Assigned. Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Board of Directors or a management official delegated that authority by the formal Governing Board action. The District has adopted the City’s policy on which only the Board of Directors or the District’s Treasurer may assign amounts for specific purposes.

Unassigned. Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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

NOTE 3 – CASH AND INVESTMENTS

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of bank failure the District’s deposits may not be returned to the District. The District does not have a deposit policy for custodial credit risk. At year end, the carrying amount of the District’s deposits and bank balance was \$555,257. Bank balances are uninsured and uncollateralized. The unrestricted cash is in a repurchase sweep agreement rather than a deposit. In addition to unrestricted cash balance, the District also maintains deposits with paying agents and trustees.

Cash with the Trustee is collateralized by the District’s Agent in the District’s name. Restricted cash at year end equaled \$262,798 which represents amounts held by the District’s Trustee for future debt service payments.

NOTE 4 – BONDS PAYABLE

Bonds payable at year-end consisted of the following outstanding bonds. Of the total amount originally authorized, \$17,310,000 remains unissued. The bonds are both callable and noncallable with interest payable semiannually. Property taxes and special assessments from the Debt Service Fund are used to pay bonded debt.

The CFD Board of Directors has pledged revenue derived from an annual assessment on the real property of the Westpark CFD (Assessment District 1) to repay \$3,800,000 in special assessment revenue bonds issued May 2005. Proceeds were used for infrastructure improvements within the special assessment District. The bonds are payable solely from assessments on the property owners. The total principal remaining to be paid on the bonds is \$571,000. The principal paid for the current year was \$77,000. Principal and interest paid for the current year approximate amounts received from special assessment property owners, which, at times exceed special assessments billed for the year.

The CFD Board of Directors has pledged revenue derived from the property taxes levied on the real property of the Westpark CFD to repay \$5,895,000 in general obligation bonds Series 2016, issued November 2016. Proceeds were used to refund the full outstanding amounts of Westpark CFD General Obligation Bonds Series 2005 and Series 2006 and advance refund the full outstanding balance of Westpark CFD General Obligation Bonds Series 2007. The bonds are payable from property taxes levied on property owners within the District. The total principal remaining to be paid on the bonds is \$4,050,000. The principal paid for the current year was \$320,000.

WESTPARK COMMUNITY FACILITIES DISTRICT

Notes to Financial Statements

June 30, 2022

Purpose	Interest Rates (%)	Matures	Original Issue Amount	Amount Outstanding
Westpark Special Assessment Revenue Bonds, Series 2005	5.55 - 5.9%	July 2029	\$ 3,800,000	\$ 571,000
Westpark General Obligation Bonds, Series 2016	4.0% - 5.0%	July 2032	5,895,000	4,050,000
Total Westpark			<u>\$ 9,695,000</u>	<u>\$ 4,621,000</u>

Annual debt service requirements to maturity on general obligation and special assessment bonds at year-end are summarized as follows:

Fiscal Year Ending	Public Offering	
	Principal	Interest
2023	\$ 399,000	\$ 225,940
2024	412,000	208,668
2025	432,000	190,820
2026	451,000	172,078
2027	476,000	148,798
2028-32	2,451,000	368,080
	<u>\$ 4,621,000</u>	<u>\$ 1,314,384</u>

NOTE 5 – CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the current fiscal year was as follows:

Notes to Financial Statements

June 30, 2022

	July 1, 2021	Increases	Decreases	June 30, 2022	Due Within One Year
Governmental Activities:					
Bonds payable:					
Special Assessments	\$ 648,000	\$ -	\$ (77,000)	\$ 571,000	\$ -
General Obligations	4,370,000	-	(320,000)	4,050,000	-
Deferred amount on premium	259,625	-	(23,496)	236,129	-
Total bonds payable	<u>\$ 5,277,625</u>	<u>\$ -</u>	<u>\$ (420,496)</u>	<u>\$ 4,857,129</u>	<u>\$ -</u>

NOTE 6 – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions and natural disasters. The District’s insurance protection is provided by the Arizona Municipal Risk Retention Pool, of which the District is a participating member. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

The Arizona Municipal Risk Retention Pool is structured such that member premiums are based on an actuarial review that will provide adequate reserves to allow the pool to meet its expected financial obligations. The pool has authority to assess its member’s additional premiums should reserves and annual premium be insufficient to meet the pool’s obligations.



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SUPPLEMENTARY INFORMATION



WESTPARK COMMUNITY FACILITIES DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL- SPECIAL ASSESSMENTS FUND
YEAR ENDED JUNE 30, 2022

	Budgeted Amounts		Actual Amount Budgetary Basis	Variance Between Final Budget and Actual Amounts
	Adopted	Final		
REVENUES				
Special assessments	\$ 165,894	\$ 165,894	\$ 132,575	\$ (33,319)
Investment earnings	200	200	124	(76)
Total revenues	166,094	166,094	132,699	(33,395)
EXPENDITURES				
Current:				
General government	10,000	10,000	-	10,000
Debt Service:				
Principal retirement	118,000	118,000	77,000	41,000
Interest and fiscal charges	42,825	42,825	37,967	4,858
Contingency	64,243	64,243	-	64,243
Total expenditures	235,068	235,068	114,967	120,101
Excess (deficiency) of revenues over (under) expenditures	(68,974)	(68,974)	17,732	86,706
Net change in fund balances	(68,974)	(68,974)	17,732	86,706
Fund balances - beginning	68,974	68,974	161,323	92,349
Fund balances - ending	\$ -	\$ -	\$ 179,055	\$ 179,055

WESTPARK COMMUNITY FACILITIES DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL- GENERAL OBLIGATIONS FUND
YEAR ENDED JUNE 30, 2022

	Budgeted Amounts		Actual Amount Budgetary Basis	Variance Between Final Budget and Actual Amounts
	Adopted	Final		
REVENUES				
Property taxes	\$ 520,303	\$ 520,303	\$ 526,426	\$ 6,123
Investment earning	-	-	3	3
Total revenues	520,303	520,303	526,429	6,126
EXPENDITURES				
Current:				
General Government	2,635	3,235	-	3,235
Debt Service:				
Principal retirement	320,000	320,000	320,000	-
Interest and fiscal charges	208,400	208,400	205,550	2,850
Contingency	55,967	55,367	-	55,367
Total expenditures	587,002	587,002	525,550	61,452
Excess (deficiency) of revenues over (under) expenditures	(66,699)	(66,699)	879	67,578
Net change in fund balances	(66,699)	(66,699)	879	67,578
Fund balances - beginning	167,187	167,187	71,440	(95,747)
Fund balances - ending	\$ 100,488	\$ 100,488	\$ 72,319	\$ (28,169)

OTHER INFORMATION



Ad Valorem Taxation in the District

The tables below are shown to indicate (a) for fiscal years FY15-16 through FY21-22, the Net Assessed Limited Property Value of the District, utilizing new constitutional and statutory property valuation requirements, and (b) for fiscal years FY12-13 through FY14-15, the then-applicable, but now-replaced, Net Secondary Assessed Valuations of the District.

(a) The Full Cash Value and Net Assessed Limited Property Value of taxable property within the boundaries of the District for fiscal years FY15-16 through FY21-22 are as follows:

Fiscal Year	Full Cash Value	Net Assessed Limited Property Value
FY 21-22	\$209,467,066	\$11,455,219
FY 20-21	199,783,008	10,879,620
FY 19-20	184,523,543	10,244,901
FY 18-19	165,669,506	9,887,773
FY 17-18	144,689,925	9,098,560
FY 16-17	138,836,798	8,646,828
FY 15-16	131,406,229	8,441,190

(b) The Full Cash Value and Net Secondary Assessed Valuation of taxable property within the boundaries of the District for the indicated fiscal year is as follows:

Fiscal Year	Full Cash Value	Net Secondary Assessed Value
FY 14-15	\$99,312,134	\$9,115,120
FY 13-14	82,709,213	7,627,805
FY 12-13	86,454,162	8,066,834

Source: Maricopa County Assessor’s Office

Net Assessed Valuation by Property Classification

The table below is shown to indicate for fiscal years FY20-21 and FY21-22, the Net Assessed Limited Property Values by property classification for the District, utilizing new constitutional and statutory property valuation requirements.

Net Assessed Limited Property Values by Property Classification

Legal Class	Description	Fiscal Year FY 20-21	Percent of Total	Fiscal Year FY 21-22	Percent of Total
1	Commercial/Industrial	\$169,266	1.56%	\$212,844	1.86%
2	Agricultural/Vacant	41,735	0.38%	43,830	0.38%
3	Residential	7,687,763	70.66%	8,187,573	71.47%
4	Residential Rental	2,980,856	27.40%	3,010,972	26.28%
	Total	\$10,879,620	100.00%	\$11,455,219	100.00%

Source: Maricopa County Assessor's Office

Net Assessed Property Values of Major Taxpayers

The tables below are shown to indicate for fiscal years FY21-22 and FY20-21, the major property taxpayers located within the District, and their FY21-22 and FY20-21 Net Assessed Limited Property Value, utilizing new constitutional and statutory property valuation requirements, and their relative proportion of the total Net Assessed Limited Property Value for the District.

Fiscal Year 21-22

Taxpayer	Net Assessed Limited Property Value	As Percent of District's Total Net Assessed Limited Property Value
ARIZONA PUBLIC SERVICE COMPANY	\$159,107	1.39%
ARP 2014-1 BORROWER LLC	77,174	0.67%
TAH MS BORROWER LLC	53,153	0.46%
HPA US1 LLC	46,000	0.40%
BEAZER PRE-OWNED HOMES LLC	40,444	0.35%
AMERICAN RESIDENTIAL LEASING COMPANY LLC	39,300	0.34%
RAMASUBRAMANIAM KRISHNAMANI/KRISHNAMANI P	32,736	0.29%
PROGRESS RESIDENTIAL BORROWER 5 LLC	29,470	0.26%
FLORES MARGARITA	24,425	0.21%
NEWPORT MARK C/LORI J TR	23,109	0.20%
Total	\$811,005	7.08%

Fiscal Year 20-21

Taxpayer	Net Assessed Limited Property Value	As Percent of District's Total Net Assessed Limited Property Value
ARIZONA PUBLIC SERVICE COMPANY	\$122,891	1.13%
ARP 2014-1 BORROWER LLC	73,500	0.68%
TAH MS BORROWER LLC	50,621	0.47%
BEAZER PRE-OWNED HOMES LLC	38,519	0.35%
AMERICAN RESIDENTIAL LEASING COMPANY LLC	37,428	0.34%
RAMASUBRAMANIAM KRISHNAMANI/KRISHNAMANI P	31,178	0.29%
PROGRESS RESIDENTIAL BORROWER 5 LLC	28,068	0.26%
FLORES MARGARITA	23,261	0.21%
NEWPORT MARK C/LORI J TR	22,008	0.20%
RVCV POINT RIDGE LLC	21,655	0.20%
Total	\$449,129	4.13%

Source: Maricopa County Assessor's Office

Record of Taxes Levied and Collected in the District

Under Arizona law, the Board of Supervisors of the County is required to establish and levy a tax in an amount sufficient to satisfy debt service and O&M requirements of the District. Property taxes are levied and collected on property within the District by the Treasurer of the County on behalf of the District. The following table sets forth the tax collection records of the District for the periods shown:

Fiscal Year	Real and Secured	Collected to June 30 th (b)(c)		Total Collections (b)(c)	
	Personal Property Tax Levy (a)	Amount	Percent of Tax Levy	Amount	Percent of Tax Levy
2021-22	\$554,668	\$548,706	98.93%	\$548,706	98.93%
2020-21	576,697	569,521	98.76%	576,353	99.94%
2019-20	544,302	539,070	99.04%	544,302	100.00%
2018-19	543,647	536,469	98.68%	530,699	97.62%
2017-18	608,305	598,829	98.44%	607,142	99.81%

Source: Maricopa County Assessor’s Office

- (a) Tax levy is as reported by the Treasurer of the County as of August of each fiscal year. Amount does not include adjustments made to levy amounts after the August period.
- (b) Reflects collections made through June 30, the end of the fiscal year, on such year’s levy. Property taxes are payable in two installments. The first installment is due on October 1 and becomes delinquent on November 1, but is waived if the full tax year’s taxes are paid in full by December 31. The second installment becomes due on March 1 and is delinquent on May 1. Interest at the rate of 16 per annum attaches on first and second installments following their delinquent dates. Penalties for delinquent payments are not included in the above collection figures.
- (c) Reflects collections made through June 30, 2022.

Overlapping General Obligation Bonded Indebtedness

Overlapping general obligation bonded indebtedness is shown below including a breakdown of each overlapping jurisdiction's applicable general obligation bonded indebtedness, Net Assessed Limited Property Value and combined tax rate per \$100 Net Assessed Limited Property Value. Outstanding bonded indebtedness is comprised of general obligation bonds outstanding and general obligation bonds scheduled for sale. The applicable percentage of each jurisdiction's assessed valuation which lies within the District's boundaries was derived from information obtained from the Assessor of the County.

Direct and Overlapping Jurisdiction	Net Assessed Limited Property Value	Net Outstanding Bonded Debt (a)	Proportion Applicable to the District		Tax Rate per \$100 of Net Assessed Limited Property Value
			Approx. Percent	Net Amount	
State of Arizona	\$74,200,233,397	None	0.015%	None	\$0.0000
Maricopa County (b)	48,724,126,672	None	0.024%	None	2.1556
Maricopa CCCD	48,724,126,672	\$184,715,000	0.024%	\$43,427	1.2257
Maricopa County Special Health Care District	48,837,616,505	640,695,000	0.023%	150,280	0.2970
Western Maricopa Education Center District	18,045,628,311	144,220,000	0.063%	91,550	0.1579
Buckeye Elementary SD #33	267,319,655	39,885,000	4.285%	1,709,158	6.2675
Buckeye Union High SD #201	885,537,591	68,495,000	1.294%	886,044	3.0759
City of Buckeye	617,421,432	None	1.855%	None	1.7671
Westpark CFD	11,455,219	4,370,000	100.000%	4,370,000	4.8421
Total Net Direct and Overlapping General Obligation Bonded Debt				\$7,250,458	\$19.7888

Source: Maricopa County Tax Levy and State and County Abstract of the Assessment Roll.

- (a) Outstanding bonded debt for various jurisdictions is as of June 30, 2022.
- (b) The County's tax rate includes the \$0.1400 tax rate of the Central Arizona Project, the \$0.1792 tax rate of the Maricopa County Flood Control District, the \$0.4263 tax rate of the County Education Equalization, the \$0.0556 tax rate of the Maricopa County Free Library, the \$0.0086 tax rate for the contribution to the Maricopa County Fire District, and the \$1.3459 tax rate of the County. It should be noted that the County Flood Control District does not levy taxes on personal property.



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