

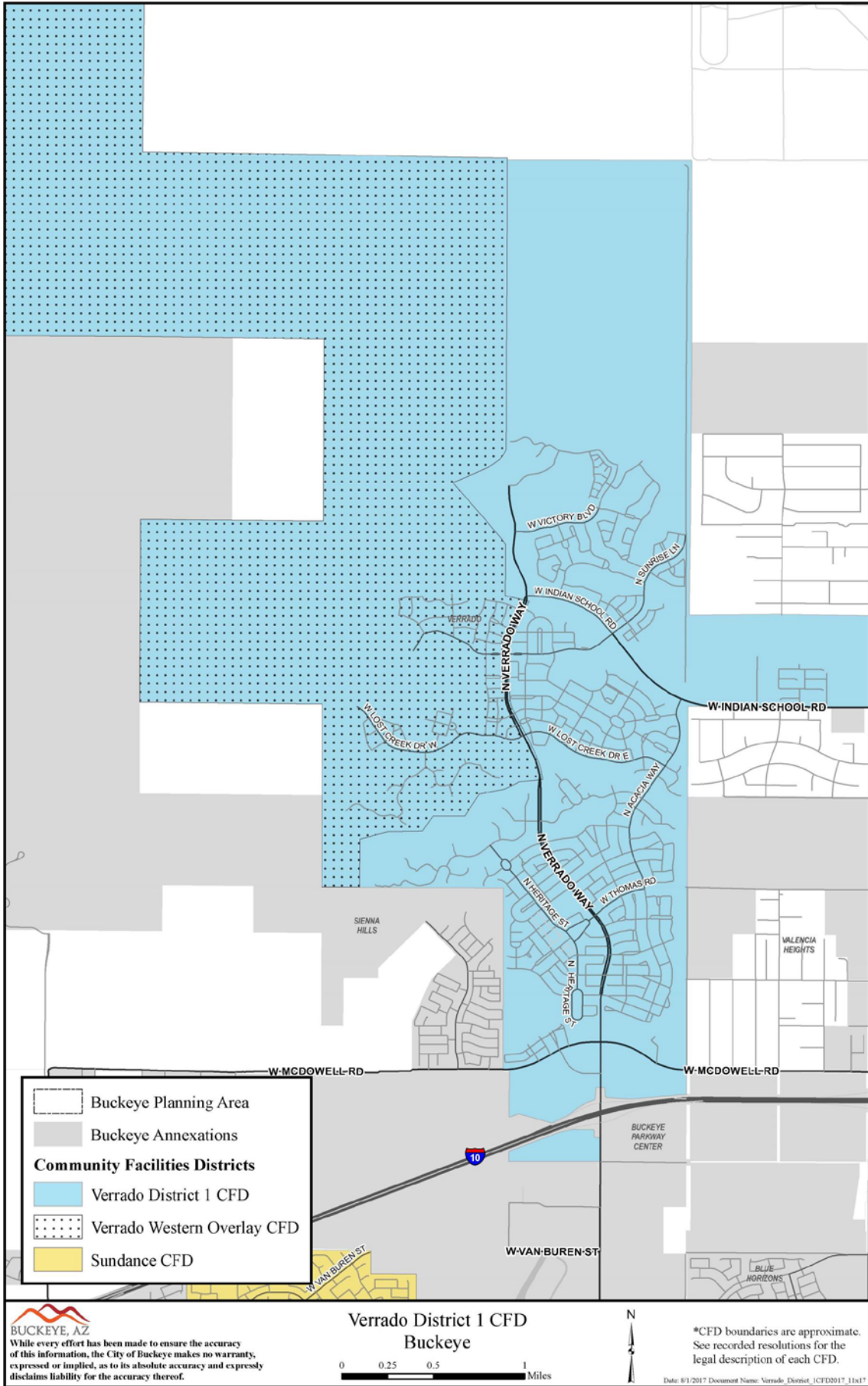


**Verrado District 1
Community Facilities District
Annual Financial Report**

City of Buckeye

Year Ended June 30, 2020

Issued by: City of Buckeye Finance Department



	Buckeye Planning Area
	Buckeye Annexations
Community Facilities Districts	
	Verrado District 1 CFD
	Verrado Western Overlay CFD
	Sundance 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.

Verrado District 1 CFD
 Buckeye

0 0.25 0.5 1 Miles



*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 the Financial Statements

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, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

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 Verrado District 1 Community Facilities District, as of June 30, 2020, 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.

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, 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.

Other 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 and Other Information, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Supplementary 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.

The Other Information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Heinfeld Meech & Co. PC

Heinfeld, Meech & Co., P.C.
Phoenix, Arizona
December 17, 2020

BASIC FINANCIAL STATEMENTS



VERRADO DISTRICT #1 COMMUNITY FACILITIES DISTRICT
STATEMENT OF NET POSITION
June 30, 2020

	Governmental Activities
ASSETS	
Cash and investments	\$ 405,634
Receivables, net	32,332
Restricted assets	
Cash with paying agent	3,231,766
Total assets	3,669,732
LIABILITIES	
Accounts payable	268,449
Matured debt interest payable	761,766
Noncurrent liabilities:	
Due within one year	2,470,000
Due in more than one year	30,064,979
Total liabilities	33,565,194
Net position:	
Unrestricted	(29,895,462)
Total net position	\$ (29,895,462)

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, 2020

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u> <u>Charges for</u> <u>Services</u>	<u>Net (Expense)</u> <u>Revenue and</u> <u>Changes in</u> <u>Net Position</u> <u>Governmental</u> <u>Activities</u>
Governmental activities			
General government	\$ 289,950	\$ -	\$ (289,950)
Highways and streets	3,773	-	(3,773)
Interest on long-term debt	1,494,288	-	(1,494,288)
Total governmental activities	1,788,011	-	(1,788,011)
General revenues:			
Taxes:			
Property taxes			
			4,250,292
Investment earnings			
			10,936
Total general revenues			
			4,261,228
Change in net position			
			2,473,217
Net position - beginning			
			(32,368,679)
Net position - ending			
			\$ (29,895,462)

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, 2020

	<u>General</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and investments	\$ 397,208	\$ 8,426	\$ 405,634
Receivables, net			
Taxes	2,487	29,845	32,332
Restricted Assets			
Cash with paying agent	-	3,231,766	3,231,766
Total assets	<u>399,695</u>	<u>3,270,037</u>	<u>3,669,732</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable	268,449	-	268,449
Matured debt principal payable	-	2,470,000	2,470,000
Matured debt interest payable	-	761,766	761,766
Total liabilities	<u>268,449</u>	<u>3,231,766</u>	<u>3,500,215</u>
Fund balances:			
Restricted			
Debt service	-	38,271	38,271
Unassigned	131,246	-	131,246
Total fund balances	<u>131,246</u>	<u>38,271</u>	<u>169,517</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 399,695</u>	<u>\$ 3,270,037</u>	<u>\$ 3,669,732</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, 2020**

Total governmental fund balances		\$ 169,517
<p style="margin-left: 40px;">Amounts reported for governmental activities in the statement of net position are different because:</p>		
<p style="margin-left: 40px;">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	(29,605,000)	
Premiums and discounts	<u>(459,979)</u>	
		(30,064,979)
Total net position of governmental activities		<u><u>\$ (29,895,462)</u></u>

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, 2020

	<u>General</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
REVENUES			
Taxes			
Property taxes	\$ 339,704	\$ 3,910,588	\$ 4,250,292
Investment earnings	-	10,936	10,936
Total revenues	<u>339,704</u>	<u>3,921,524</u>	<u>4,261,228</u>
EXPENDITURES			
Current:			
General Government	289,950	-	289,950
Highway and streets	3,773	-	3,773
Debt service:			
Principal retirement	-	2,470,000	2,470,000
Interest and fiscal charges	-	1,529,533	1,529,533
Total expenditures	<u>293,723</u>	<u>3,999,533</u>	<u>4,293,256</u>
Net change in fund balances	45,981	(78,009)	(32,028)
Fund balances - beginning	<u>85,265</u>	<u>116,280</u>	<u>201,545</u>
Fund balances - ending	<u>\$ 131,246</u>	<u>\$ 38,271</u>	<u>\$ 169,517</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, 2020

Net change in fund balances - total governmental funds (32,028)

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	2,470,000	
Amortization of premium	<u>35,245</u>	
		2,505,245
Change in net position of governmental activities		<u><u>\$ 2,473,217</u></u>

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
BUDGET AND ACTUAL- GENERAL
YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual Amount Budgetary Basis	Variance Between Final Budget and Actual Amounts
	Adopted	Final		
REVENUES				
Taxes	\$ 329,675	\$ 329,675	\$ 339,704	\$ 10,029
Total revenues	329,675	329,675	339,704	10,029
EXPENDITURES				
Current:				
General Government	236,400	236,400	289,950	(53,550)
Highway and streets	80,000	80,000	3,773	76,227
Contingency	93,198	93,198	-	93,198
Total expenditures	409,598	409,598	293,723	115,875
Excess (deficiency) of revenues over (under) expenditures	(79,923)	(79,923)	45,981	125,904
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources and uses	-	-	-	-
Net change in fund balances	(79,923)	(79,923)	45,981	125,904
Fund balances - beginning	79,923	79,923	85,265	5,342
Fund balances - ending	\$ -	\$ -	\$ 131,246	\$ 131,246

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

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

Verrado District 1 CFD

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.

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 composed 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

The District adopts a budget on an annual basis. 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. 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 \$405,634. In addition to unrestricted cash balance, the District also maintains deposits with paying agents and trustees. Restricted cash at year end equaled \$3,231,766 which represents amount held by the District for future debt service payments.

NOTE 4 – 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 \$51.4 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

Verrado District 1 CFD

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 \$11,775,000. The principal paid for the current year was \$1,400,000.

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 \$5,405,000. The principal paid for the current year was \$160,000.

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 \$12,425,000. The principal paid for the current year was \$910,000.

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	11,775,000
Series 2013B (private placement)	5.0 - 6.0%	July 2033	6,000,000	5,405,000
Series 2017 (private placement)	3.55%	July 2031	14,055,000	12,425,000

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

Fiscal Year	Private Placement	
	Principal	Interest
Ending		
2021	\$ 2,580,000	\$ 1,413,228
2022	2,700,000	1,297,858
2023	2,820,000	1,177,068
2024	2,945,000	1,050,713
2025	3,090,000	900,533
2026-30	12,115,000	2,295,373
2031-35	3,355,000	294,593
	<u>\$ 29,605,000</u>	<u>\$ 8,429,363</u>

NOTE 5 – CHANGES IN LONG-TERM LIABILITIES

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

	July 1, 2019	Increases	Decreases	June 30, 2020	Due Within One Year
Governmental Activities:					
Bonds payable:					
General Obligations	32,075,000	-	(2,470,000)	29,605,000	-
Deferred amount on premium	495,224	-	(35,245)	459,979	-
Total bonds payable	<u>\$ 32,570,224</u>	<u>\$ -</u>	<u>\$ (2,505,245)</u>	<u>\$ 30,064,979</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 commercial 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 – SUBSEQUENT EVENTS

On October 21, 2020, the Board approved the Feasibility Report in connection with the proposed issuance by the District of its General Obligation Bonds, Series 2020 in an aggregate principal amount not to exceed \$10,000,000. This Report has been prepared for consideration of the feasibility and benefits of certain public infrastructure. The bond closing occurred on November 19, 2020 and the final amount was \$10,000,000.



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SUPPLEMENTARY INFORMATION



VERRADO DISTRICT #1 COMMUNITY FACILITIES DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL- DEBT SERVICE
YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual Amount Budgetary Basis	Variance Between Final Budget and Actual Amounts
	Adopted	Final		
REVENUES				
Taxes	\$ 3,982,882	\$ 3,982,882	\$ 3,910,588	\$ (72,294)
Investment earnings	5,000	5,000	10,936	5,936
Total revenues	3,987,882	3,987,882	3,921,524	(66,358)
EXPENDITURES				
Debt Service:				
Principal retirement	2,215,000	2,215,000	2,470,000	(255,000)
Interest and fiscal charges	1,577,238	1,577,238	1,529,533	47,705
Contingency	286,839	286,839	-	286,839
Total expenditures	4,079,077	4,079,077	3,999,533	79,544
Net change in fund balances	(91,195)	(91,195)	(78,009)	13,186
Fund balances - beginning	91,195	91,195	116,280	25,085
Fund balances - ending	\$ -	\$ -	\$ 38,271	\$ 38,271

OTHER INFORMATION



Ad Valorem Taxation in the District

The tables below are shown to indicate (a) for fiscal years FY15-16 through FY19-20, the Net Assessed Limited Property Value of the District, utilizing new constitutional and statutory property valuation requirements, and (b) for fiscal years FY10-11 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 FY19-20 are as follows:

Fiscal Year	Full Cash Value	Net Assessed Limited Property Value
FY 15-16	\$819,274,280	\$67,730,018
FY 16-17	958,010,117	74,061,646
FY 17-18	1,089,034,783	83,959,273
FY 18-19	1,257,173,145	96,184,427
FY 19-20	1,427,995,687	109,299,071

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 10-11	\$592,220,337	\$70,917,296
FY 11-12	525,675,302	54,835,773
FY 12-13	506,451,824	51,517,086
FY 13-14	538,302,456	54,610,531
FY 14-15	654,426,107	63,972,940

Net Assessed Valuation by Property Classification

The table below is shown to indicate for fiscal years FY18-19 and FY19-20, 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 18-19	Percent of Total	Fiscal Year FY 19-20	Percent of Total
1	Commercial/Industrial	\$7,174,962	7.46%	\$7,089,178	6.49%
2	Agricultural/Vacant	10,513,494	10.93%	10,306,371	9.43%
3	Residential	57,116,092	59.38%	66,548,625	60.88%
4	Residential Rental	21,379,879	22.23%	25,354,897	23.20%
	Total	\$96,184,427	100.00%	\$109,299,071	100.00%

Net Assessed Property Values of Major Taxpayers

The tables below are shown to indicate for fiscal years FY19-20 and FY18-19, the major property taxpayers located within the District, and their FY19-20 and FY18-19 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 19-20

Taxpayer	Net Assessed Limited Property Value	As Percent of District's Total Net Assessed Limited Property Value
ARIZONA PUBLIC SERVICE COMPANY	\$1,926,991	1.76%
FIDELITY NATIONAL TITLE INS COMPANY TR B176	1,890,547	1.73%
AMH VERRADO DEVELOPMENT LLC	1,385,043	1.27%
DMB VERRADO GOLF I LLC	1,380,032	1.26%
MAINSTREET CORE PROPERTIES LLC	1,137,491	1.04%
DMB WHITE TANK LLC	875,092	0.80%
LENNAR ARIZONA INC	814,950	0.75%
DOMINION SELF STORAGE LLC	487,290	0.45%
SOUTHWEST GAS CORPORATION (T&D)	433,200	0.40%
SMITHS FOOD & DRUG CENTERS INC	398,392	0.36%
Total	\$10,729,028	9.82%

Fiscal Year 18-19

Taxpayer	Net Assessed Limited Property Value	As Percent of District's Total Net Assessed Limited Property Value
ARIZONA PUBLIC SERVICE COMPANY	\$3,107,083	3.23%
FIDELITY NATIONAL TITLE COMPANY TR B176	2,016,823	2.10%
MAINSTREET CORE PROPERTIES LLC	1,083,324	1.13%
DMB WHITE TANK LLC	1,071,957	1.11%
DMB VERRADO GOLF I LLC	736,587	0.77%
LENNAR ARIZONA INC	723,888	0.75%
AMH VERRADO DEVELOPMENT LLC	687,227	0.71%
AV HOMES OF ARIZONA LLC	560,043	0.58%
VERRADO ARC LLC	503,641	0.52%
SOUTHWEST GAS CORPORATION (T&D)	313,950	0.33%
Total	\$10,804,523	11.23%

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 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
2019-20	\$4,310,759	\$4,217,960	97.85%	\$4,217,960	97.85%
2018-19	3,469,082	3,429,783	98.87%	3,446,514	98.87%
2017-18	3,593,879	3,511,633	97.71%	3,540,043	97.71%
2016-17	3,062,818	3,022,029	98.67%	3,024,590	98.67%
2015-16	2,823,595	2,752,969	97.50%	2,767,805	97.50%
2014-15	2,111,119	2,077,837	98.42%	2,094,805	98.42%

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, 2020.

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	\$66,157,223,639	None	0.16%	None	\$0.0000
Maricopa County (b)	43,194,326,395	None	0.25%	None	2.2418 (b)
Maricopa County Community College	43,194,326,395	\$312,450,000	0.25%	\$781,125	1.3285
Maricopa County Special Health Care District	42,997,577,641	459,125,000	0.25%	1,147,813	0.3333
Western Maricopa Education Center District	15,925,613,792	169,545,000	0.68%	1,152,906	0.1634
City of Buckeye	486,484,108	None	22.46%	None	1.8000
Liberty Elementary School District #25	276,988,483	15,205,000	5.03%	764,812	3.3394
Litchfield Elementary School District No. 79	902,584,659	46,335,000	1.76%	815,496	3.6716
Saddle Mountain Unified School District No. 90	741,979,260	7,185,000	2.15%	154,477	2.2192
Verrado Western Overlay Community Facilities District	15,958,190	7,195,000	100.00%	7,195,000	4.4971
Verrado District #1 Community Facilities District	109,299,071	29,605,000	100.00%	29,605,000	3.9440
Total Net Direct and Overlapping General Obligation Bonded Debt				\$41,616,629	\$23.5383

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, 2020.
- (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 \$0.556 tax rate of the Maricopa County Free Library, the \$0.0095 tax rate for the contribution to the Maricopa County Fire District, the \$0.4566 tax rate of the County Education Equalization and the \$1.4009 tax rate of the County. It should be noted that the County Flood Control District does not levy taxes on personal property.