



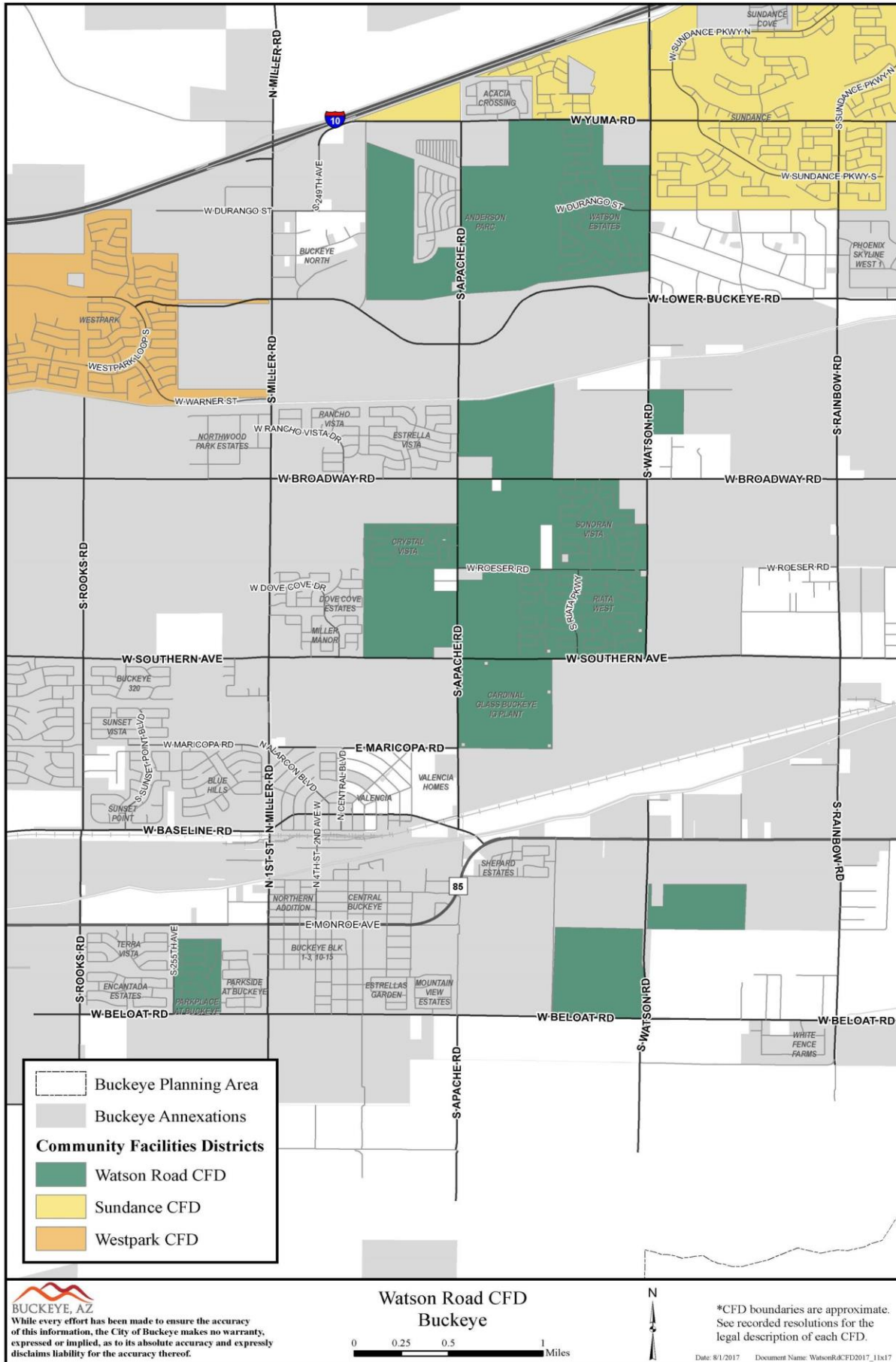
**Watson Road
Community Facilities District
Annual Financial Report**

City of Buckeye

Year Ended June 30, 2024

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

0 0.25 0.5 1 Miles



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

Date: 8/1/2017 Document Name: WatsonRdCFD2017_11x17

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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, 2024, 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, 2024, 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
January 29, 2025

BASIC FINANCIAL STATEMENTS



WATSON RD COMMUNITY FACILITIES DISTRICT
STATEMENT OF NET POSITION
June 30, 2024

	Governmental Activities
ASSETS	
Cash and investments	\$ 4,429,331
Receivables, net	10,698,127
Restricted assets	
Cash with paying agent	4,075,028
Total assets	19,202,486
 LIABILITIES	
Accounts payable	36,928
Matured debt interest payable	195,605
Noncurrent liabilities:	
Due within one year	1,770,140
Due in more than one year	10,688,754
Total liabilities	12,691,427
 Net position:	
Restricted for:	
Debt service	5,633,258
Unrestricted	877,801
Total net position	\$ 6,511,059

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, 2024**

Functions/Programs	Expenses	Program Revenues Charges for Services	Net (Expense) Revenue and Changes in Net Position Governmental Activities
Governmental activities			
General government	\$ 115,432	\$ 108,666	\$ (6,766)
Interest on long-term debt	392,934	710,549	317,615
Total governmental activities	508,366	819,215	310,849
General revenues:			
Taxes:			
Property taxes			162,014
Investment earnings			105,480
Total general revenues			267,494
Change in net position			578,343
Net position - beginning			5,932,716
Net position - ending			\$ 6,511,059

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

WATSON RD COMMUNITY FACILITIES DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2024

	<u>General</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and investments	\$ 913,487	\$ 3,515,844	\$ 4,429,331
Receivables, net			
Intergovernmental	1,242	8,131	9,373
Special assessments	-	10,688,754	10,688,754
Restricted assets			
Cash with paying agent	-	4,075,028	4,075,028
Total assets	<u>\$ 914,729</u>	<u>\$ 18,287,757</u>	<u>\$ 19,202,486</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 29,323	\$ -	\$ 29,323
Claims and judgments payable	7,605	-	7,605
Matured debt principal payable	-	1,770,140	1,770,140
Matured debt interest payable	-	195,605	195,605
Total liabilities	<u>36,928</u>	<u>1,965,745</u>	<u>2,002,673</u>
Deferred inflows of resources:			
Unavailable revenue - special assessments	-	10,688,754	10,688,754
Total deferred inflows of resources	<u>-</u>	<u>10,688,754</u>	<u>10,688,754</u>
Fund balances:			
Restricted			
Debt service	-	5,633,258	5,633,258
Unassigned	877,801	-	877,801
Total fund balances	<u>877,801</u>	<u>5,633,258</u>	<u>6,511,059</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 914,729</u>	<u>\$ 18,287,757</u>	<u>\$ 19,202,486</u>

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

WATSON RD COMMUNITY FACILITIES DISTRICT
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
June 30, 2024

Total governmental fund balances	\$ 6,511,059
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	10,688,754
Some liabilities, including bonds payable are not due and payable in the current year and therefore are not reported in the funds.	
Bonds payable	(10,688,754)
Total net position of governmental activities	<u>\$ 6,511,059</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
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2024

	General	Debt Service	Total Governmental Funds
REVENUES			
Taxes			
Property taxes	\$ 162,014	\$ -	\$ 162,014
Charges for services	108,666	-	108,666
Special assessments	-	2,558,689	2,558,689
Investment earnings	-	105,480	105,480
Total revenues	<u>270,680</u>	<u>2,664,169</u>	<u>2,934,849</u>
EXPENDITURES			
Current:			
General government	115,432	-	115,432
Debt service:			
Principal retirement	-	1,848,140	1,848,140
Interest and fiscal charges	500	392,434	392,934
Total expenditures	<u>115,932</u>	<u>2,240,574</u>	<u>2,356,506</u>
Excess (deficiency) of revenues over expenditures	<u>154,748</u>	<u>423,595</u>	<u>578,343</u>
Fund balances - beginning	<u>723,053</u>	<u>5,209,663</u>	<u>5,932,716</u>
Fund balances - ending	<u>\$ 877,801</u>	<u>\$ 5,633,258</u>	<u>\$ 6,511,059</u>

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

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, 2024

Net change in fund balances - total governmental funds \$ 578,343

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 (1,848,140)

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 1,848,140

Change in net position of governmental activities \$ 578,343

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, 2024

	Budgeted Amounts		Actual Amount Budgetary Basis	Variance Between Final Budget and Actual Amounts
	Adopted	Final		
REVENUES				
Taxes	\$ 161,559	\$ 161,559	\$ 162,014	\$ 455
Charges for services	52,000	52,000	108,666	56,666
Total revenues	213,559	213,559	270,680	57,121
EXPENDITURES				
Current:				
General government	85,000	105,000	115,432	(10,432)
Highway and streets	200,000	200,000	-	200,000
Interest and fiscal charges	2,500	2,500	500	2,000
Contingency	433,674	413,674	-	413,674
Total expenditures	721,174	721,174	115,932	605,242
Net change in fund balances	(507,615)	(507,615)	154,748	662,363
Fund balances - beginning	723,053	723,053	723,053	-
Fund balances - ending	\$ 215,438	\$ 215,438	\$ 877,801	\$ 662,363

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

Notes to Financial Statements – Year Ended June 30, 2024**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 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

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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.

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.

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.

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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 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, and Debt Service Fund.

	Budgeted Amounts		Actual Amount Budgetary Basis	Variance Between Final Budget and Actual Amounts
	Adopted	Final		
Debt Service Fund:				
Debt Service:				
Principal retirement	1,839,859	1,839,859	1,848,140	(8,281)
General Fund:				
Current:				
General government	85,000	105,000	115,432	(10,432)

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. 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 \$4,429,331, all of which was covered by collateral in the City's name as part of the Arizona State Treasurer's Statewide Pooled Collateral Program. 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 \$4,075,028. Cash held by paying agents represent amounts held by either the District or the District's trustee for future debt service payments.

Watson Road CFD**NOTE 5 – CLAIMS AND JUDGMENTS PAYABLE**

During the current fiscal year the District received notice that the Qasimyar v Maricopa County, Class Action Judgement had been finalized by the Tax Court. The District, along with all taxing districts in Maricopa County, was affected by the judgment. The Tax Court ruling spanned multiple tax years and, in most cases, resulted in a decrease to the Limited Property Value along with a corresponding refunding to individual taxpayers.

As a result of the judgment, the County Treasurer’s Office published the estimated financial impact for all taxing districts. This amount is reported as a claims and judgments payable in the District’s General Fund. It is expected that the liability will be paid in the next fiscal year.

NOTE 6 – 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 \$10,688,754.

The principal paid for the current year was \$1,848,140. 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, 2024

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	\$ 10,688,754
Total Community Facilities Districts Bonds			<u>\$ 20,914,000</u>	<u>\$ 10,688,754</u>

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

Fiscal Year	Private Placement	
	Principal	Interest
Ending		
2025	\$ 1,646,656	\$ 335,626
2026	1,698,361	283,922
2027	1,751,689	230,594
2028	1,806,692	175,590
2029	1,863,422	118,860
2030-34	1,921,934	60,348
	<u>\$ 10,688,754</u>	<u>\$ 1,204,940</u>

NOTE 7 – CHANGES IN LONG-TERM LIABILITIES

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

Notes to Financial Statements

June 30, 2024

	July 1, 2023	Increases	Decreases	June 30, 2024	Due Within One Year
Governmental Activities:					
Bonds payable:					
Special Assessments	\$ 12,536,894	\$ -	\$ (1,848,140)	\$ 10,688,754	\$ -
Total bonds payable	<u>\$ 12,536,894</u>	<u>\$ -</u>	<u>\$ (1,848,140)</u>	<u>\$ 10,688,754</u>	<u>\$ -</u>

NOTE 8 – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions 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



WATSON RD COMMUNITY FACILITIES DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - DEBT SERVICE FUND
YEAR ENDED JUNE 30, 2024

	Budgeted Amounts		Actual Amount Budgetary Basis	Variance Between Final Budget and Actual Amounts
	Adopted	Final		
REVENUES				
Special assessments	\$ 2,216,089	\$ 2,216,089	\$ 2,558,689	\$ 342,600
Investment earnings	20,000	20,000	105,480	85,480
Total revenues	2,236,089	2,236,089	2,664,169	428,080
EXPENDITURES				
Debt Service:				
Principal retirement	1,839,859	1,839,859	1,848,140	(8,281)
Interest and fiscal charges	396,230	396,230	392,434	3,796
Contingency	2,772,367	2,772,367	-	2,772,367
Total expenditures	5,008,456	5,008,456	2,240,574	2,767,882
Excess (deficiency) of revenues over (under) expenditures	(2,772,367)	(2,772,367)	423,595	3,195,962
Fund balances - beginning	5,209,663	5,209,663	5,209,663	-
Fund balances - ending	\$ 2,437,296	\$ 2,437,296	\$ 5,633,258	\$ 3,195,962

OTHER INFORMATION



Ad Valorem Taxation in the District

The tables below are shown to indicate (a) for fiscal years FY15-16 through FY23-24, the Net Assessed Limited Property Value of the District, utilizing new constitutional and statutory property valuation requirements, and (b) for fiscal year 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 FY23-24 are as follows:

Fiscal Year	Full Cash Value	Net Assessed Limited Property Value
FY 23-24	\$972,894,285	\$54,176,465
FY 22-23	709,071,116	48,637,033
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

- (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	\$170,899,465	\$16,965,121

Net Assessed Valuation by Property Classification

The table below is shown to indicate for fiscal years FY22-23 and FY23-24, 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 22-23	Percent of Total	Fiscal Year FY 23-24	Percent of Total
1	Commercial/Industrial	\$11,055,089	22.73%	\$11,430,611	21.10%
2	Agricultural/Vacant	1,561,589	3.21%	2,301,791	4.25%
3	Residential	28,975,843	59.58%	32,438,829	59.88%
4	Residential Rental	7,044,512	14.48%	8,005,234	14.78%
	Total	\$48,637,033	100.00%	\$54,176,465	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 FY22-23 and FY23-24, the major property taxpayers located within the District, and their FY22-23 and FY23-24 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 23-24

Taxpayer	Net Assessed Limited Property Value	As Percent of District's Total Net Assessed Limited Property Value
CARDINAL IG COMPANY	\$5,043,316	9.31%
CW-ALGODON LLC	446,533	0.82%
ARIZONA PUBLIC SERVICE	346,737	0.64%
FORESTAR USA REAL ESTATE GROUP INC	319,574	0.59%
D R HORTON INC	315,117	0.58%
CENTURY COMMUNITIES OF ARIZONA LLC	225,005	0.42%
PULTE HOME COMPANY LLC	206,333	0.38%
TAH 2018-1 BORROWER LLC	165,692	0.31%
SRMZ 4 ASSET COMPANY 1 LLC	144,466	0.27%
BUCKEYE 77 OWNER LLC	132,186	0.24%
Total	\$7,344,957	13.56%

Fiscal Year 22-23

Taxpayer	Net Assessed Limited Property Value	As Percent of District's Total Net Assessed Limited Property Value
CARDINAL IG COMPANY	\$4,950,014	10.18%
ARIZONA PUBLIC SERVICE COMPANY	448,559	0.92%
CENTURY COMMUNITIES OF ARIZONA LLC	299,571	0.62%
PULTE HOME COMPANY LLC	294,336	0.61%
D R HORTON INC	163,696	0.34%
TAH 2018-1 BORROWER LLC	157,800	0.32%
FORESTAR USA REAL ESTATE GROUP INC	139,849	0.29%
SRMZ 4 ASSET COMPANY 1 LLC	137,585	0.28%
SFR JV-2 PROPERTY LLC	133,615	0.27%
CW-ALGODON LLC	120,142	0.25%
Total	\$6,845,167	14.07%

Source: Maricopa County Assessor's Office.