

Superstition Mountains Community Facilities District No. 1

Apache Junction, Arizona

Annual Comprehensive

Financial Report

for the fiscal years ended June 30, 2021 and 2020



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Superstition Mountains Community Facilities District No. 1

Apache Junction, Arizona

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**

for the fiscal years ended June 30, 2021 and 2020



**Prepared by the Financial Services Department of the
Superstition Mountains Community Facilities District No. 1**

Maria N. Zagar, Financial Services Supervisor

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Superstition Mountains Community Facilities District No. 1

Apache Junction, Arizona

INTRODUCTORY SECTION



Superstition Mountains Community Facilities District No. 1

Apache Junction, Arizona

2021 ANNUAL COMPREHENSIVE
FINANCIAL REPORT

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Superstition Mountains Community Facilities District No. 1

Apache Junction, Arizona

2021 ANNUAL COMPREHENSIVE
FINANCIAL REPORT

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Superstition Mountains Community Facilities District No. 1

Apache Junction, Arizona

District Officials



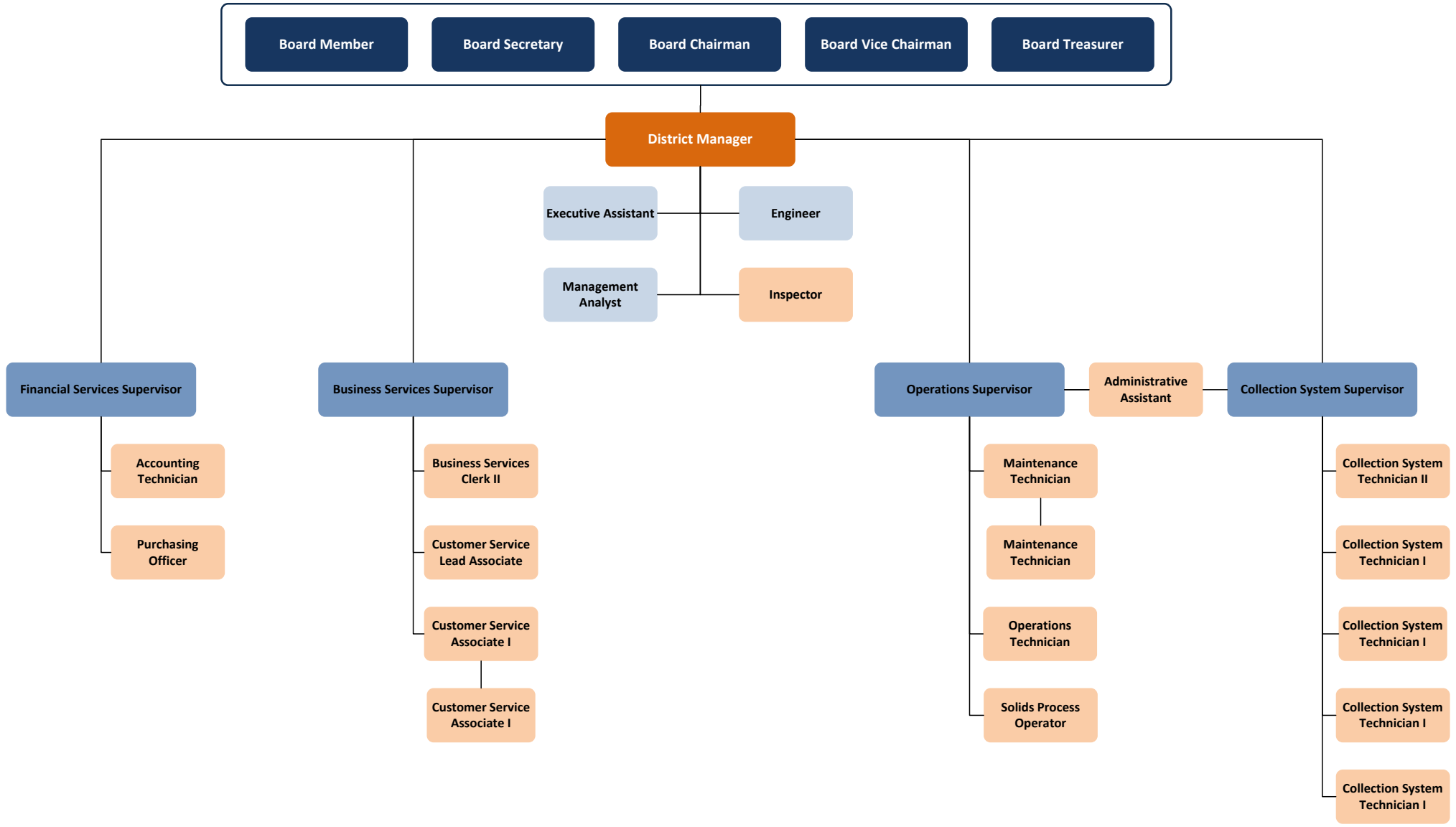
Board of Directors

Kathleen Waldron	Chairman
James Reynolds	Vice Chairman
Philip Tremonti	Secretary
Jesse Gage	Treasurer
Terry Dunn	Board Member

District Financial Management

Darron Anglin	District Manager
Maria N. Zagar	Financial Services Supervisor

Superstition Mountains Community Facilities District No. 1 Organizational Chart





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Superstition Mountains Community
Facilities District No. 1, Arizona**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morill

Executive Director/CEO



SUPERSTITION MOUNTAINS COMMUNITY FACILITIES DISTRICT NO. 1

5661 South Ironwood Drive | Apache Junction, Arizona 85120

(480) 941-6754 | Fax (480) 671-3180 | www.smcfcd.org

February 28, 2022

To the District Chairperson and Members of the Board of Directors
Superstition Mountains Community Facilities District No. 1

Honorable Chairperson and Members of the Board of Directors:

I am pleased to submit to you the Annual Comprehensive Financial Report (Annual Report) of the Superstition Mountains Community Facilities District No. 1 (District) for the year ended June 30, 2021. This is the twelfth consecutive year that the District has prepared an Annual Report.

Arizona Revised Statutes (ARS) do not require that the District undergo an annual audit, however, the District's Bond Resolution with BOK Finance, dated April 11, 2017, requires that the District prepare financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP) and use as a guideline the relevant provisions of ARS §9-481 and §41-1279.07.

The responsibility for the completeness, fairness and accuracy of the data presented and all accompanying disclosures rests with the District. To provide a reasonable basis for making these representations, District management has established a comprehensive framework of internal controls designed to protect District assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh the benefits, the District's internal controls have been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The District's financial statements have been audited by Fester & Chapman, PLLC, a certified public accounting firm based in Scottsdale, Arizona. The goal of the independent audit was to provide reasonable assurance that the financial statements for the fiscal year ended June 30, 2021 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The independent auditor concluded that, based upon the results of the audit, there was a reasonable basis for rendering an unmodified opinion that the District's financial statements for the fiscal year ended June 30, 2021 are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the report of the independent auditors.

BACKGROUND INFORMATION ON THE DISTRICT

The District is a municipal corporation and political subdivision of the State of Arizona. The District was formed on July 7, 1992, under the provisions of the Community Facilities District Act of 1988, as amended, constituting Title 48, Chapter 4, Article 6 of ARS. The District was formed to provide sewer service for the City of Apache Junction (City).

When Apache Junction was incorporated in 1978, septic tanks were the predominant form of wastewater treatment in the City. Due to the lack of a regional sewer treatment system, the Arizona Department of Environmental Quality (ADEQ) imposed restrictions on the use of septic tanks for new industrial and commercial development within the Apache Junction area. Permits for commercial and industrial uses could be obtained for new septic tanks, but ADEQ had conditioned these permits upon the developer agreeing to connect to a central sewer system when the system was available.

On more than one occasion the City unsuccessfully sought voter approval to form a utility department. As an alternative to municipal service, with petitions from the majority of land owners within the boundaries of the proposed community facilities district, the City formed the District to acquire, construct, develop and operate a sewer collection system and wastewater treatment facility.

The District originally consisted of 48 largely noncontiguous parcels of land comprising approximately 600 acres located entirely within the City. On June 7, 1994, the City Council approved the expansion of the District. On June 29, 1994, the District was expanded to include 2,388 total parcels of land.

The District is governed by a five-member Board of Directors, appointed by the City Council. The Board has the authority to pass resolutions which establish the policies and procedures of the District. The resolutions relating to use of the wastewater system and user fees are contained in the District's Operating Policies and Procedures. Such resolutions have substantially the same purpose as the ordinances of a local governmental entity.

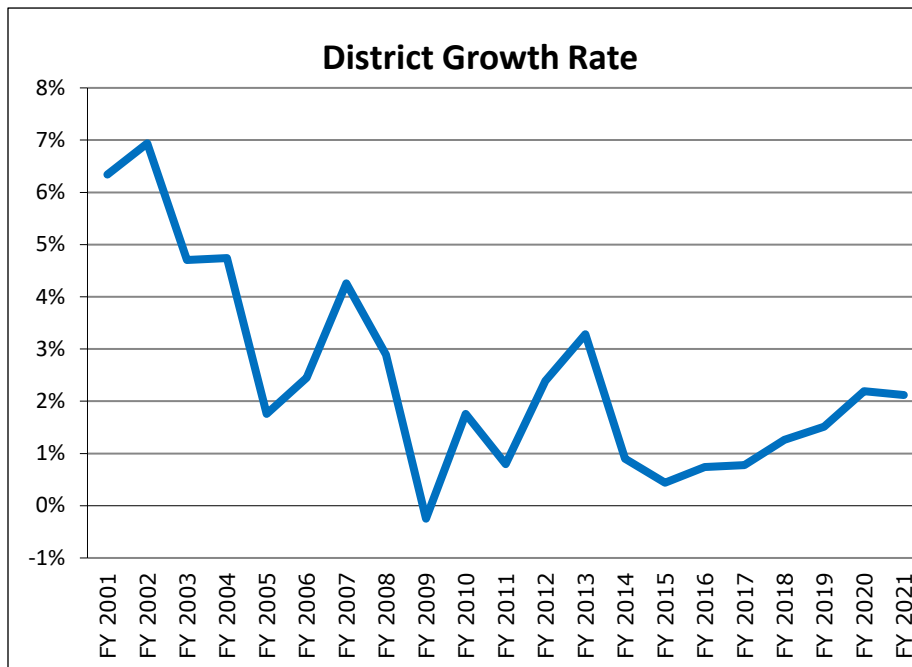
The District's Board determines long-term strategic direction and provides for funding to meet the strategic objectives of the District by adopting an annual budget. The budget is adopted prior to the beginning of the fiscal year.

ECONOMIC CONDITION AND OUTLOOK

The Apache Junction area continued its economic growth during fiscal year 2021, fueled largely by new residential construction. The District benefited from this increased growth and realized a rise in revenue from new customer connections over fiscal year 2020. Growth has proven to be steady and improving year over year as shown in the chart below, with the largest project in the history of the city beginning construction during the upcoming year.

As part of this project, the City of Apache Junction annexed approximately 6,600 acres of undeveloped land and the District is expanding its service area to include this new development. The developer of the first phase of Superstition Vistas, a new Master Planned Community (MPC) located in the southwest portion of the City, has completed its preliminary planning and is beginning construction on the project during fiscal year 2022. This phase of the 8,300 acre development is proposed to have over 10,000 new homes and commercial parcels on roughly 2,700 acres of land.

Since the majority of developable land remaining in the City is State Trust land, the sale and development of the first area helps to lay the groundwork for additional land to be developed. Growth is anticipated to increase significantly over the next several years.



FINANCIAL POLICIES AND PRACTICES

The District's Bond Resolution mandates that certain financial performance measures are maintained. The District follows very conservative budgeting and expense management practices to ensure full compliance with these performance measures.

MAJOR INITIATIVES

Plant Capacity

The District is planning to complete several projects that will allow the existing Water Reclamation Facility (WRF) to increase its permitted capacity to 3.0 million gallons per day (MGD), which represents a 40 percent increase over the current 2.1 MGD capacity. The District's operating permit requires new higher capacity aeration blowers to be installed along with additional aeration diffusers to increase the oxygen transfer. The additional capacity will allow the District to connect more customers before a significant expansion of the treatment facility is required. A WRF expansion will be required to serve the entire 2,700 acres of the Superstition Vistas development.

Superstition Vistas

Significant infrastructure improvements will be required as part of the Superstition Vistas development. These improvements are currently being designed and will be constructed over several years, and will include a new lift station, large diameter gravity sewer mains and a force main. These assets are being constructed through a special improvement district and will be transferred to the District to own, operate and maintain.

AWARDS AND ACKNOWLEDGMENTS

We are very proud to report that the Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its Annual Report for the fiscal year ended June 30, 2020. This was the eleventh consecutive year the District was honored with this prestigious award. In order to be awarded a Certificate of Achievement, a government entity must publish an easily readable and efficiently organized Annual Report. This report must satisfy both GAAP and applicable legal requirements.

A Certificate of Achievement is awarded for a one year period. We believe that our current Annual Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

The members of the District's Financial Services Department are to be commended for their efforts and dedication in preparing the District's Annual Report. Special thanks are due to Maria N. Zagar, Financial Services Supervisor, and the entire Financial Services Department for compiling and assembling the majority of the financial information and schedules presented in this report.

As always, we owe our sincere appreciation to the Board of Directors for their continued support of our efforts. We recognize that we are a team and no one individual can lay claim to the District's accomplishments and achievements. We are proud of the job that we are doing today and are committed to meeting the needs of our customers well into the future.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "D. Anglin". The signature is written in a cursive style with a prominent initial "D" and a long, sweeping tail.

Darron Anglin, PE
District Manager

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Superstition Mountains Community Facilities District No. 1

Apache Junction, Arizona

FINANCIAL SECTION





Independent Auditors' Report

To the Board of Directors of
Superstition Mountains Community Facilities District No. 1
Apache Junction, Arizona

Report on the Financial Statements

We have audited the accompanying financial statements of the Superstition Mountains Community Facilities District No. 1 (the District), which comprise the statement of financial position as of June 30, 2021 and 2020, and the related statements of revenues, expenses, and changes in net position and cash flows for the years then ended, 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 the financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 auditors' 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 District'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 District'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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial positions of the District, as of June 30, 2021 and 2020, and the changes in financial position, and cash flows thereof for the years 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 on pages 4–10, Schedule of the District's Proportionate Share of the Net Pension/OPEB Liability–Cost-Sharing Plans on page 27, and Schedule of the District Pension/OPEB Contributions on page 28 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 introductory section and statistical section 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 introductory and statistical sections have 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 them.

Fester & Chapman, PLLC

February 28, 2022

**SUPERSTITION MOUNTAINS COMMUNITY FACILITIES DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021 AND 2020**

The Superstition Mountains Community Facilities District's (the District's) discussion and analysis provides an overview of the District's financial performance for the fiscal year ended June 30, 2021. Please read it in conjunction with the District's financial statements, which immediately follow this section.

FINANCIAL SUMMARY

- Net position increased \$2.3 million during fiscal year 2021.
- Cash and cash equivalents increased by \$383 thousand from fiscal year 2020.
- Capital assets decreased \$790 thousand from the prior year.
- Liabilities decreased by \$2.1 million primarily as a result of the decrease in outstanding debt.
- Operating revenues increased by \$497 thousand, or 6%, over fiscal year 2020.
- Operating expenses increased by \$572 thousand, or 10%, over fiscal year 2020.
- Interest expense decreased by \$70 thousand, or 17%, from the prior year.

DESCRIPTION OF BASIC FINANCIAL STATEMENTS

The District's financial statements are prepared using proprietary fund (enterprise fund) accounting which uses the same basis of accounting as private-sector business enterprises. The District's costs of providing services to the public on a continuing basis are financed primarily through user charges.

The District's financial statements consist of the Statements of Net Position, Statements of Revenues, Expenses and Changes in Net Position and Statements of Cash Flows. These statements were prepared using the accrual basis of accounting, which recognizes income when earned and expenses when incurred.

CONDENSED FINANCIAL DATA

Table 1 summarizes the total assets, liabilities and net position of the District for the fiscal years ended June 30, 2021, June 30, 2020 and June 30, 2019. The information for fiscal year 2021 is provided in greater detail in the basic financial statements which follow this analysis.

NET POSITION

Table 1					
Superstition Mountains Community Facilities District No. 1					
Net Position					
	<u>June 30, 2021</u>	<u>June 30, 2020</u>	Increase (Decrease)		<u>June 30, 2019</u>
			current year from prior		
			<u>Amount</u>	<u>Percentage</u>	
Cash, cash equivalents and investments	\$ 7,297,887	\$ 6,914,839	\$ 383,048	5.54%	\$ 6,305,962
Other current assets	1,100,505	910,865	189,640	20.82%	935,406
Net OPEB asset	10,655	4,397	6,258	142.32%	6,132
Capital assets	<u>13,429,786</u>	<u>14,219,469</u>	<u>(789,683)</u>	-5.55%	<u>14,753,927</u>
Total assets	21,838,833	22,049,570	(210,737)	-0.96%	22,001,427
Deferred outflows	<u>490,077</u>	<u>267,161</u>	<u>222,916</u>	83.44%	<u>339,009</u>
Current liabilities	3,020,515	2,974,103	46,412	1.56%	2,799,159
Long term liabilities					
Series 2017 bond	7,570,591	10,017,616	(2,447,025)	-24.43%	12,392,406
Net pension and OPEB liability	<u>2,558,294</u>	<u>2,270,069</u>	<u>288,225</u>	12.70%	<u>2,339,209</u>
Total liabilities	13,149,400	15,261,788	(2,112,388)	-13.84%	17,530,774
Deferred inflows	<u>159,288</u>	<u>297,400</u>	<u>(138,112)</u>	-46.44%	<u>303,439</u>
Net investment in					
capital assets	4,266,262	2,684,320	1,581,942	-58.93%	914,947
Restricted	750,321	754,228	(3,907)	-0.52%	756,542
Unrestricted	<u>4,003,639</u>	<u>3,318,995</u>	<u>684,644</u>	20.63%	<u>2,834,734</u>
Total net position	\$ 9,020,222	\$ 6,757,543	\$ 2,262,679	33.48%	\$ 4,506,223

The District's net position as of June 30, 2021 improved by 33%, or \$2.3 million, from the prior year. Total assets decreased by \$211 thousand; total liabilities decreased 14% or \$2.1 million.

The increase in net position from June 30, 2019 to June 30, 2020 was \$2.3 million. A complete discussion of the increase in net position from fiscal year 2019 to fiscal year 2020 can be found in the fiscal year 2020 Annual Comprehensive Financial Report.

Cash, cash equivalents and investments as of June 30, 2021 increased by \$383 thousand from fiscal year 2020. The increase is largely attributed to an increase in the Checking accounts and LGIP investments. A summary of the components of Cash, cash equivalents and investments are provided in Table 2.

Net additions to Capital assets for fiscal year 2021 totaled \$1.4 million; after normal depreciation of \$1.9 million, Capital assets decreased by \$790 thousand. A summary of the components of Capital assets is provided in Table 4 and in Note 4 to the Financial Statements.

Current liabilities increased by \$46 thousand over fiscal year 2020 as a result of adherence to the District’s Series 2017 bond repayment schedule.

CASH AND CASH EQUIVALENTS

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	Increase (Decrease) current year from prior		<u>June 30, 2019</u>
			<u>Amount</u>	<u>Percentage</u>	
Cash, Cash Equivalents and Investments	\$ 5,693,474	\$ 5,303,354	\$ 390,120	7.36%	\$ 4,691,303
Restricted funds					
Debt Service Fund	228,824	228,734	90	0.04%	227,666
Debt Service Reserve	625,268	628,523	(3,255)	-0.52%	630,451
Operations Reserve	<u>750,321</u>	<u>754,228</u>	<u>(3,907)</u>	-0.52%	<u>756,542</u>
Total cash, cash equivalents and investments	\$ 7,297,887	\$ 6,914,839	\$ 383,048	5.54%	\$ 6,305,962

The District’s checking accounts are used to accumulate daily receipts for services provided and to disburse periodic payments for payroll, goods and services received. The increase of \$390 thousand over the prior year is attributed to an increase in the Capital and Replacement account related to the timing of project expenditures.

In addition to the checking accounts, the District maintains three accounts specifically required by its bondholder, BOK Finance, formerly CoBiz Public Finance, Inc. The purpose and ultimate use of monies in these restricted funds are dictated by the terms of the Bond Resolution between the District and the bondholder.

Debt Service Fund

The Debt Service Fund serves to accumulate the full amount of the next monthly debt payment due on the District’s bonds, both principal and interest. As of June 30, 2021, the balance of \$229 thousand was held to meet the scheduled debt payment due on July 1, 2021. The balances on hand at June 30, 2020 and 2019 were deposited to make the scheduled debt payments due on July 1, 2020 and 2019, respectively.

Debt Service Reserve

The Debt Service Reserve Fund represents a supplemental source of funds to make scheduled payments on the bond debt. The balance at June 30, 2021 slightly exceeds the requirement of \$625 thousand mandated by the District’s Bond Resolution because of accumulated interest. Funds in excess of \$625 thousand are available to be transferred to an unrestricted account in January and July of each year.

Operations Reserve

Funds in the Operations Reserve can be used to supplement shortfalls that may occur in other funds. This reserve can be used for District operations, capital acquisitions or debt repayment. Under the current Bond Resolution, the Operations Reserve is mandated to maintain a balance of \$750 thousand. The balance at June 30, 2021 slightly exceeds the requirement because of the accumulation of interest. Funds in excess of \$750 thousand are available to be transferred to an

unrestricted account in January and July of each year. In the prior years presented, the District's Bond Resolution also mandated an Operations Reserve requirement of \$750 thousand.

CHANGES IN NET POSITION

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	Increase (Decrease) current year from prior		<u>June 30, 2019</u>
			<u>Amount</u>	<u>Percentage</u>	
Operating revenues					
Sewer services	\$ 6,995,443	\$ 6,821,957	\$ 173,486	2.54%	\$ 6,556,098
Connection fees	787,313	656,748	130,565	19.88%	544,365
Septage charges	583,316	616,152	(32,836)	-5.33%	497,353
Recharge credit sales	269,213	58,771	210,442	358.07%	62,981
Miscellaneous	<u>81,615</u>	<u>66,490</u>	<u>15,125</u>	22.75%	<u>78,870</u>
Total operating revenues	8,716,900	8,220,118	496,782	6.04%	7,739,667
Total operating expenses	6,218,768	5,646,678	572,090	10.13%	5,416,952
Operating income	2,498,132	2,573,440	(75,308)	-2.93%	2,322,715
Nonoperating revenue/(expense)					
Interest expense	(333,359)	(403,633)	(70,274)	-17.41%	(471,833)
Other nonoperating	<u>7,536</u>	<u>81,513</u>	<u>73,977</u>	90.75%	<u>84,300</u>
Total nonoperating revenue/(expense)	<u>(325,823)</u>	<u>(322,120)</u>	<u>3,703</u>	<u>1.15%</u>	<u>(387,533)</u>
Increase before capital contributions	2,172,309	2,251,320	(79,011)	-3.51%	\$ 1,935,182
Capital contributions					
Contributed capital assets	<u>90,370</u>	-	<u>90,370</u>	n/a	-
Increase in net position	\$ 2,262,679	\$ 2,251,320	\$ 11,359	0.50%	\$ 1,935,182
Net position - beginning	<u>6,757,543</u>	<u>4,506,223</u>	<u>2,251,320</u>	-49.96%	<u>2,571,041</u>
Net position - ending	\$ 9,020,222	\$ 6,757,543	\$ 2,262,679	33.48%	\$ 4,506,223

Operating Revenues

Operating revenues increased \$497 thousand or 6% from the prior year. Revenue gains were realized in Sewer services, Connection fees and Recharge credit sales where income increased \$173 thousand, \$131 thousand and \$210 thousand respectively over fiscal year 2020. In fiscal year 2020, operating revenues increased \$480 thousand over fiscal year 2019.

Revenue from Sewer services increased over the prior year mainly due to an increase in customer growth. In fiscal year 2021, 317 permits were issued to connect 299 new units, compared to 187 permits issued to connect 205 units in fiscal year 2020 and 120 to connect 196 units in fiscal year 2019.

In March 2005, the District received its final permits allowing for the recharge of effluent and the accumulation of saleable recharge credits. The District negotiated an agreement to sell its recharge credits to Roadhaven RV Resort HOA. Revenues realized from recharge activities in fiscal year 2021 increased \$210 thousand from the previous year because of increased volumes.

Operating Expenses

Operating expenses increased \$572 thousand from fiscal year 2020. The most significant expense categories showing increases were Repairs and Maintenance – treatment facility and Supplies and services–treatment facility. Repairs and Maintenance – treatment facility expenses increased \$109 thousand primarily due to repairs made to the effluent recharge facilities. Supplies and services – treatment facility increased \$693 thousand primarily due to Biosolids disposal. Consulting expenses showed the most significant decrease from fiscal year 2020 because the prior year included expenses primarily related to updates for the Water Reclamation Facility Master Plan and the Collection System Master Plan.

Operating expenses increased \$230 thousand from fiscal year 2019 to fiscal year 2020. A discussion of this increase can be found in the fiscal year 2020 Annual Comprehensive Financial Report.

Nonoperating Revenues and Expenses

Total nonoperating expense was \$4 thousand lower than fiscal year 2020. Interest expense decreased by \$70 thousand; Note 5 to the Financial Statements provides additional information about the District's outstanding bond debt. Nonoperating revenues showed marked declines when compared to the prior year because of the decline in interest rates on the District's invested balances.

Contributed capital assets

Capital contributions of \$90 thousand were received in fiscal 2021 for a mainline extension constructed connecting Filiberto's restaurant to the sewer collection system.

Increase or Decrease in Net Position

The increase in net position for fiscal year 2021 of \$2.3 million reflects an improvement of \$11 thousand over the prior year result. The primary factor for the improvement can be tied to the increase in operating revenues. The increase from fiscal year 2019 to 2020 resulted primarily from an increase in operating revenues.

CAPITAL ASSETS

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	Increase (Decrease) current year from prior		<u>June 30, 2019</u>
			<u>Amount</u>	<u>Percentage</u>	
Land and easements	\$ 1,339,807	\$ 1,339,807	\$ -	0.00%	\$ 1,338,247
Treatment plant	18,596,087	16,905,617	1,690,469	10.00%	16,686,047
Collection system	23,467,719	23,265,305	202,414	0.87%	22,972,564
Buildings & grounds	1,054,496	1,001,252	53,244	5.32%	981,763
Machinery & equipment	4,138,941	4,117,470	21,471	0.52%	3,539,537
Office equipment & Software	370,257	359,896	10,362	2.88%	338,596
Other intangibles	50,241	50,241	-	0.00%	50,241
Construction in process	<u>227,725</u>	<u>1,082,992</u>	<u>(855,267)</u>	-78.97%	<u>869,478</u>
Total capital assets	49,245,273	48,122,580	1,122,693	2.33%	46,776,473
Accumulated depreciation	<u>(35,815,487)</u>	<u>(33,903,111)</u>	<u>(1,912,376)</u>	5.64%	<u>(32,022,546)</u>
Net capital assets	\$ 13,429,786	\$ 14,219,469	\$ (789,683)	-5.55%	\$ 14,753,927

Capital Assets

The District operates and maintains approximately 115 miles of sewer line throughout the Apache Junction area as well as a 2.1 MGD (million gallons per day) capacity wastewater treatment facility. The District is continually expanding, replacing and maintaining the sewer collection system and treatment facility. Most components of the sewer collection system and treatment facility have exceeded 26 years of use, with a small portion of the sewer collection system in excess of 30 years of service.

In fiscal year 2021, increases were realized in most capital asset categories. The most notable increases at the District's facilities was the installation of a tertiary filter system for \$846 thousand and completion of the recharge expansion project for \$764 thousand. Additions to the collection system during fiscal year 2021 included a \$177 thousand mainline extension to connect Filiberto's which will also serve additional customers. Construction in process at the end of fiscal year 2021 was \$855 thousand lower than 2020 primarily due to the completion of the recharge expansion project.

Note 4 to the Financial Statements provides additional information about the District's capital assets.

DEBT ADMINISTRATION

The District has one bond issue, Series 2017, held by BOK Financial, formerly CoBiz Public Finance, Inc. This obligation replaced the Series 2013 bond obligation which was refunded during fiscal year 2017. As was the case with the Series 2013 bond, the Series 2017 obligation requires that the District maintain a ratio of net revenues to bond service charges of at least 1.20. For fiscal year 2021, this ratio was 1.67 compared to 1.68 in fiscal year 2020 and 1.59 in fiscal year 2019.

Note 5 to the Financial Statements provides additional information about the District's bond debt.

ECONOMIC FACTORS BEARING ON THE DISTRICT'S RESULTS

Unlike prior years, the District did not impose a rate increase for sewer services provided in fiscal year 2021. Revenue growth resulted from a modest increase in connection fees from new and infill customers in fiscal year 2021, which allowed the District to cover its regular operating expenses and debt service as well as contribute toward capital additions and replacements.

The District is somewhat insulated from economic downturns by its broad residential customer base. 97% of the units billed by the District for sewer service are residential, representing 85% of total sewer service revenue for fiscal year 2021.

The District also benefits from a high number of infill opportunities. There are several hundred units in the District's service area that can be connected to sewer when existing septic systems cease to function. This will allow the District to increase its customer base even in the absence of large-scale development.

The very modest increase in expenses reflects the District's continued commitment to expense control by focusing on areas where significant improvements can be made without impacting the quality of the services it provides; a significant area of focus remains on preventative and proactive repairs and maintenance to extend the useful lives of the District's equipment, systems and facilities.

The District's operation may be affected by the recent and ongoing outbreak of the Coronavirus disease (COVID-19) which was declared a pandemic by the World Health Organization in March 2020. The disruption which may be caused by the outbreak is uncertain; however, it may result in an adverse impact on the District's financial position, operations, and cash flows. Possible effects may include, but are not limited to, disruption to the District's revenue streams, absenteeism in the workforce, unavailability of services and supplies used in operations, and a decline in value of assets held by the District, including inventories, property and equipment, and marketable securities.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability and compliance with respect to fiscal matters. If there are questions concerning this report or if further information is required, please contact the Superstition Mountains Community Facilities District No. 1 at 5661 S. Ironwood Drive, Apache Junction, Arizona 85120 or visit our website at www.smcfd.org.

Superstition Mountains Community Facilities District No. 1

STATEMENTS OF NET POSITION

June 30,

ASSETS	<u>2021</u>	<u>2020</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 4,667,551	\$ 4,278,626
Investments	1,025,923	1,024,728
Cash and cash equivalents, restricted, current	228,824	228,734
Accounts receivable - sewage, net of allowance for doubtful accounts of \$11,638 and \$9,827	627,235	626,099
Accounts receivable - other	364,744	143,512
Inventory	23,608	24,438
Prepaid expenses	84,918	116,816
Total current assets	<u>7,022,803</u>	<u>6,442,953</u>
NONCURRENT ASSETS		
Capital assets:		
Capital assets not being depreciated	1,548,978	2,404,245
Capital assets, net of accumulated depreciation	<u>11,880,808</u>	<u>11,815,224</u>
Total capital assets, net	13,429,786	14,219,469
Other assets:		
Cash and cash equivalents, restricted, noncurrent	1,375,589	1,382,751
Net pension and other postemployment benefits asset	<u>10,655</u>	<u>4,397</u>
Total other assets	<u>1,386,244</u>	<u>1,387,148</u>
Total noncurrent assets	<u>14,816,030</u>	<u>15,606,617</u>
Total assets	<u>21,838,833</u>	<u>22,049,570</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pensions and other postemployment benefits	<u>490,077</u>	<u>267,161</u>
Total deferred outflows of resources	<u>490,077</u>	<u>267,161</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	158,122	312,555
Accrued expenses	300,721	211,538
Accrued interest payable	25,044	30,981
Current portion, bonds payable	2,447,025	2,374,790
Unearned revenue	89,603	44,239
Total current liabilities	<u>3,020,515</u>	<u>2,974,103</u>
NONCURRENT LIABILITIES		
Revenue bonds payable, less current maturity	7,570,591	10,017,616
Net pension liability	<u>2,558,294</u>	<u>2,270,069</u>
Total noncurrent liabilities	<u>10,128,885</u>	<u>12,287,685</u>
Total liabilities	<u>13,149,400</u>	<u>15,261,788</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pensions and other postemployment benefits	<u>159,288</u>	<u>297,400</u>
Total deferred inflows of resources	<u>159,288</u>	<u>297,400</u>
NET POSITION		
Net investment in capital assets	4,266,262	2,684,320
Restricted by debt covenant for:		
Operations	750,321	754,228
Unrestricted	<u>4,003,639</u>	<u>3,318,995</u>
Total net position	<u>\$ 9,020,222</u>	<u>\$ 6,757,543</u>

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

Superstition Mountains Community Facilities District No. 1

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

Years Ended June 30,

	<u>2021</u>	<u>2020</u>
Operating revenues:		
Net charges for services	\$ 7,782,756	\$ 7,478,705
Charges for septage	583,316	616,152
Sales of recharge credits	269,213	58,771
Miscellaneous	<u>81,615</u>	<u>66,490</u>
Total operating revenues	8,716,900	8,220,118
Operating expenses:		
Payroll and payroll related	2,245,372	2,328,712
Repairs and maintenance - treatment facility	402,541	293,982
Repairs and maintenance - other	2,808	2,948
Supplies and services - treatment facility	1,078,847	386,029
Accounting	18,100	18,100
Consulting	72,965	215,694
Administrative	331,534	335,636
Insurance	73,470	70,036
Legal	75,829	84,942
Depreciation and amortization	1,916,993	1,910,471
Miscellaneous	<u>309</u>	<u>128</u>
Total expenses	<u>6,218,768</u>	<u>5,646,678</u>
Operating income	2,498,132	2,573,440
Nonoperating revenues and (expenses):		
Contributed capital asset	90,370	
Interest income	7,536	81,513
Interest expense	<u>(333,359)</u>	<u>(403,633)</u>
Total nonoperating revenues and (expenses)	<u>(235,453)</u>	<u>(322,120)</u>
Increase in net position	2,262,679	2,251,320
Net position, July 1	<u>6,757,543</u>	<u>4,506,223</u>
Net position, June 30	<u>\$ 9,020,222</u>	<u>\$ 6,757,543</u>

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

Superstition Mountains Community Facilities District No. 1

STATEMENTS OF CASH FLOWS

Years Ended June 30,

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Cash received from customers	\$ 8,539,896	\$ 8,232,423
Cash payments to suppliers for goods and services	(2,142,912)	(1,309,113)
Cash payments to employees for services	<u>(2,270,446)</u>	<u>(2,305,845)</u>
Net cash provided by operating activities	<u>4,126,538</u>	<u>4,617,465</u>
Cash flows from capital and related financing activities:		
Acquisition of structures, sewer improvements and equipment	(1,036,940)	(1,376,015)
Principal payments on bonds payable	(2,374,790)	(2,304,691)
Bond interest paid	<u>(339,296)</u>	<u>(409,395)</u>
Net cash used by capital and related financing activities	<u>(3,751,026)</u>	<u>(4,090,101)</u>
Cash flows from investing activities:		
Purchase of securities	(1,195)	(16,302)
Interest received from investing activities	<u>7,536</u>	<u>81,513</u>
Net cash provided by investing activities	<u>6,341</u>	<u>65,211</u>
Net change in cash	381,853	592,575
Cash and cash equivalents, beginning of year	<u>5,890,111</u>	<u>5,297,536</u>
Cash and cash equivalents, end of year	<u>\$ 6,271,964</u>	<u>\$ 5,890,111</u>
Cash and cash equivalents at June 30, 2021 and 2020 consist of:		
Unrestricted cash and cash equivalents	\$ 4,667,551	\$ 4,278,626
Restricted cash and cash equivalents, current	228,824	228,734
Restricted cash and cash equivalents, noncurrent	<u>1,375,589</u>	<u>1,382,751</u>
Total	<u>\$ 6,271,964</u>	<u>\$ 5,890,111</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 2,498,132	\$ 2,573,440
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	1,916,993	1,910,471
Pension expense	121,046	191,509
Employer pension contributions	(200,107)	(193,106)
Changes in assets and liabilities:		
Accounts receivable - sewage	(1,136)	18,053
Accounts receivable - other	(221,232)	6,392
Inventory	830	(3,348)
Prepaid expenses	31,898	3,446
Accounts payable	(154,433)	113,708
Accrued expenses	89,183	9,037
Unearned revenue	<u>45,364</u>	<u>(12,137)</u>
Net cash provided by operating activities	<u>\$ 4,126,538</u>	<u>\$ 4,617,465</u>
Noncash capital and related financing activities:		
Contributed capital assets	<u>\$ 90,370</u>	<u>\$ -</u>

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

Superstition Mountains Communities Facilities District No. 1

NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

NOTE 1 - BACKGROUND AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Superstition Mountains Community Facilities District No. 1 (the District) is a public utility, formed under the laws of the State of Arizona on July 7, 1992. The District was formed to finance, construct, own and operate a wastewater treatment plant and collection system to serve as the central sewer system for a portion of the City of Apache Junction, Arizona.

The accounting policies of the District conform to accounting principles generally accepted in the United States of America as applicable to proprietary funds of governmental units. The more significant accounting policies of the District follow:

Description of Fund: A Fund is described as an independent fiscal and accounting entity with a self-balancing set of accounts used to record assets, related liabilities, reserves and equities which are segregated for the purpose of carrying on activities of the reporting entity.

Proprietary (Enterprise) Fund: This fund type is used to account for operations that are financed and operated in a manner similar to private business enterprises, in which the intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Basis of Presentation: The accrual basis of accounting is used in proprietary fund types. The accrual basis of accounting recognizes income when earned and expenses when incurred.

Net Position Classification: Net position is reported as restricted when constraints placed on the use of resources are either: a) externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation. When both restricted and unrestricted resources are available for an expenditure, it is the District's practice to apply unrestricted funds unless the use of restricted funds is mandated by the District's Bond Resolution.

Cash and Cash Equivalents: Cash and cash equivalents consist of cash and short-term investments with an initial maturity of three months or less.

Deposits and Investments: The District's board authorize the District to invest public monies in the State's Local Government Investment Pool (LGIP);The LGIP is a part of the State of Arizona Treasurer's office. The State Board of Deposit provides oversight for the State Treasurer's pools, and the LGIP Advisory Committee provides consultation and advice to the Treasurer. Investments in the State of Arizona LGIP are stated at fair value, which also approximates the value of the investment upon withdrawal. All investments are stated at fair value.

Allowance for Doubtful Accounts: The District provides an allowance for doubtful accounts equal to the estimated uncollectible portion. This estimate is based on historical collection experience and a review of the current status of accounts receivable.

Inventory: Inventory is stated at purchased cost (which approximates market). Inventory on hand at year-end is determined using the first-in, first-out method.

NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

NOTE 1 - BACKGROUND AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets and Depreciation: Capital assets are stated at cost, which is allocated to current and future periods through depreciation. Capital asset expenditures are considered for capitalization when unit costs exceed \$5,000. Capitalized sewer improvement costs represent expenditures for the design and construction of the project, along with capitalized interest. Depreciation and amortization are computed using the straight-line method based on economic lives of the assets as follows:

Equipment	3 to 10 years
Structures and sewer improvements	10 to 30 years
Rights of way	25 to 30 years

Contributed Capital Assets: The District receives contributed capital assets in the form of sewer lines built and connected by developers of new residential and business properties in Apache Junction. The contributions are made in lieu of the developers paying the District to build the lines with District personnel. The District may also receive contributed capital assets in the form of easements granted by property owners in lieu of paying connection or other fees to the District.

Deferred Outflows and Inflows of Resources: The Statements of Net Position include separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position that applies to future periods that will be recognized as an expense in future periods. Deferred inflows of resources represent an acquisition of net position that applies to future periods.

Postemployment Benefits: For purposes of measuring the net pension and other postemployment benefits (OPEB) assets and liabilities, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension and OPEB expense, information about the plans' fiduciary net position and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Income Taxes: The District is exempt from income taxes as a public utility.

Operating and Nonoperating Revenues and Expenses: Operating revenues include all income derived from the operation of the sewer system or water treatment facility net of uncollectible amounts. Operating expenses include all costs incurred to support the operation of the sewer system and water treatment facility, including repair and maintenance expenses, administrative expenses and depreciation on capital assets.

Nonoperating revenues include income realized from contributed capital assets, proceeds received from mediation and litigation settlements, gains realized from the disposal of capital assets and earned interest. Nonoperating expenses include interest expense, cash management fees and losses realized from the disposal or abandonment of capital assets.

Use of Estimates: In preparing financial statements in conformity with generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events: Subsequent events have been evaluated through **February 28, 2022**, which was the date the District's financial statements were issued.

Superstition Mountains Communities Facilities District No. 1

NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

NOTE 2 – RESTRICTED CASH AND CASH EQUIVALENTS

Restricted cash and cash equivalents at June 30, 2021 and 2020 consist of amounts established relative to the District’s Bond Resolution with CoBiz Public Finance, Inc. The Bond Resolution mandates that the District maintain a Debt Service Reserve of \$625,000 and an Operations Reserve of \$750,000. The Bond Resolution authorizes the District to invest in government obligations or any other investment or security in which the District is permitted to invest pursuant to State law.

Restricted Cash and Cash Equivalents

Restricted cash and cash equivalents, consisting of deposits in BOK Financial and insured cash sweep program (ICS) as of June 30, 2021 and 2020, respectively, are allocated as follows:

	<u>2021</u>	<u>2020</u>
Principal and interest fund	\$ 228,824	\$ 228,734
Debt service reserve fund	625,268	628,523
Operations reserve fund	<u>750,321</u>	<u>754,228</u>
Total restricted cash and cash equivalents	<u>\$ 1,604,413</u>	<u>\$ 1,611,485</u>

NOTE 3 – DEPOSITS AND INVESTMENTS

At June 30, 2021 and 2020, the carrying amounts of the District's deposits were \$4,667,551 and \$4,278,626, respectively. The bank balances of the District's deposits at June 30, 2021 and 2020 were \$4,655,267 and \$3,800,878, respectively. The District maintains cash balances with financial institutions located in Phoenix, Arizona. The District utilizes an insured cash sweep program to ensure FDIC coverage for all amounts on deposit. The District’s deposits at June 30, 2021 and 2020, were collateralized with securities held by the pledging financial institution’s trust department in the District’s name.

At June 30, 2021 and 2020, the District had total investments of \$1,025,923 and \$1,024,728, respectively, in the State Treasurer's investment pools measured at fair value. Investments in the State Treasurer's investment pools are valued at the pool's share price multiplied by the number of shares the District held. The fair value of a participant's position in the pools approximates the value of that participant's pool shares. The State Board of Investment provides oversight for the State Treasurer's investment pools. The District has not adopted a formal investment policy.

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments classified in Level 2 are valued using a matrix pricing model.

Credit Risk - The District’s investment in the State of Arizona local government investment pool is limited to a pool (Pool 5) that invests only in government securities. Pool 5 is rated AAAs/S1+ by Standard and Poor's.

Superstition Mountains Communities Facilities District No. 1

NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

Custodial Credit Risk – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At June 30, 2021 and 2020, all of the District’s investments were held by the State of Arizona’s Local Government Investment Pool (LGIP).

Concentration of Credit Risk – The District places no limit on the amount the District may invest in any one issuer. 100 percent of the District’s investments are in the State Treasurer’s investment pool.

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2021 was as follows:

	Balance at July 1, 2020	Additions	Deletions	Balance at June 30, 2021
<u>Nondepreciable assets:</u>				
Land	\$ 1,167,654			\$ 1,167,654
Easements	153,599			153,599
Construction in progress	1,082,992	\$ 827,060	\$ (1,682,327)	227,725
Total capital assets not being depreciated	<u>2,404,245</u>	<u>827,060</u>	<u>(1,682,327)</u>	<u>1,548,978</u>
<u>Depreciable assets:</u>				
Treatment plant	16,905,617	1,690,470		18,596,087
Collection system	23,265,305	202,414		23,467,719
Equipment	4,477,366	36,447	(4,615)	4,509,198
Buildings & grounds	1,001,252	53,244		1,054,496
Rights of way	18,554			18,554
Other intangible assets	50,241			50,241
Total capital assets being depreciated	<u>45,718,335</u>	<u>1,982,575</u>	<u>(4,615)</u>	<u>47,696,295</u>
<u>Accumulated depreciation:</u>				
Treatment plant	(12,862,495)	(770,197)		(13,632,692)
Collection system	(16,883,337)	(777,456)		(17,660,793)
Equipment	(3,270,346)	(304,995)	4,615	(3,570,726)
Buildings & grounds	(860,165)	(62,023)		(922,188)
Rights of way	(12,393)	(646)		(13,039)
Other intangible assets	(14,375)	(1,674)		(16,049)
Total accumulated depreciation	<u>(33,903,111)</u>	<u>(1,916,991)</u>	<u>4,615</u>	<u>(35,815,487)</u>
Total capital assets being depreciated, net	<u>11,815,224</u>	<u>65,584</u>		<u>11,880,808</u>
Net capital assets	<u>\$ 14,219,469</u>	<u>\$ 892,644</u>	<u>\$ (1,682,327)</u>	<u>\$ 13,429,786</u>

Superstition Mountains Communities Facilities District No. 1

NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

NOTE 4 – CAPITAL ASSETS (CONTINUED)

Capital asset activity for the year ended June 30, 2020 was as follows:

	Balance at July 1, 2019	Additions	Deletions	Balance at June 30, 2020
<u>Nondepreciable assets:</u>				
Land	\$ 1,167,654			\$ 1,167,654
Easements	153,599			153,599
Construction in progress	<u>869,478</u>	<u>\$ 618,813</u>	<u>\$ (405,299)</u>	<u>1,082,992</u>
Total capital assets not being depreciated	<u>2,190,731</u>	<u>618,813</u>	<u>(405,299)</u>	<u>2,404,245</u>
<u>Depreciable assets:</u>				
Treatment plant	16,686,047	219,570		16,905,617
Collection system	22,972,564	292,741		23,265,305
Equipment	3,878,133	622,796	(23,563)	4,477,366
Buildings & grounds	981,763	25,185	(5,696)	1,001,252
Rights of way	16,994	2,210	(650)	18,554
Other intangible assets	<u>50,241</u>			<u>50,241</u>
Total capital assets being depreciated	<u>44,585,742</u>	<u>1,162,502</u>	<u>(29,909)</u>	<u>45,718,335</u>
<u>Accumulated depreciation:</u>				
Treatment plant	(12,085,365)	(777,130)		(12,862,495)
Collection system	(16,116,030)	(767,307)		(16,883,337)
Equipment	(3,005,168)	(288,741)	23,563	(3,270,346)
Buildings & grounds	(790,869)	(74,992)	5,696	(860,165)
Rights of way	(12,416)	(627)	650	(12,393)
Other intangible assets	<u>(12,698)</u>	<u>(1,677)</u>		<u>(14,375)</u>
Total accumulated depreciation	<u>(32,022,546)</u>	<u>(1,910,474)</u>	<u>29,909</u>	<u>(33,903,111)</u>
Total capital assets being depreciated, net	<u>12,563,196</u>	<u>(747,972)</u>		<u>11,815,224</u>
Net capital assets	<u>\$ 14,753,927</u>	<u>\$ (129,159)</u>	<u>\$ (405,299)</u>	<u>\$ 14,219,469</u>

Superstition Mountains Communities Facilities District No. 1

NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

NOTE 5 – BONDS PAYABLE

The Series 2017 revenue refunding bonds, with a stated interest rate of 3.00%, were issued at par on April 12, 2017 and were held by a single bondholder, BOK Financial, formerly CoBiz Public Finance. The bonds were considered to be a current interest obligation with principal and interest payments due and payable on the first day of each month commencing on May 1, 2017, and continuing through May 1, 2025. All revenues of the District were assigned and used as security for the bond.

The following is a summary of changes in revenue bonds payable for the fiscal year ended June 30, 2021:

	<u>Balance at July 1, 2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at June 30, 2021</u>
Series 2017 bonds				
Current	\$ 2,374,790	\$ 2,447,025	\$ (2,374,790)	\$ 2,447,025
Noncurrent	<u>10,017,616</u>		<u>(2,447,025)</u>	<u>7,570,591</u>
Total bonds payable	<u>\$ 12,392,406</u>	<u>\$ 2,447,025</u>	<u>\$ (4,821,815)</u>	<u>\$ 10,017,616</u>

The following is a summary of changes in revenue bonds payable for the fiscal year ended June 30, 2020:

	<u>Balance at July 1, 2019</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at June 30, 2020</u>
Series 2017 bonds				
Current	\$ 2,304,691	\$ 2,374,790	\$ (2,304,691)	\$ 2,374,790
Noncurrent	<u>12,392,406</u>		<u>(2,374,790)</u>	<u>10,017,616</u>
Total bonds payable	<u>\$ 14,697,097</u>	<u>\$ 2,374,790</u>	<u>\$ (4,679,481)</u>	<u>\$ 12,392,406</u>

Maturities of the Series 2017 revenue refinancing bonds, including interest payments, are as follows for June 30:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 2,447,025	\$ 267,064	\$ 2,714,089
2023	2,521,452	192,635	2,714,087
2024	2,598,144	115,943	2,714,087
2025	<u>2,450,995</u>	<u>36,918</u>	<u>2,487,913</u>
Total	<u>\$ 10,017,616</u>	<u>\$ 612,560</u>	<u>\$ 10,630,176</u>

NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

NOTE 6 – RETIREMENT PLAN

Plan Description

The District contributes to the Arizona State Retirement System (ASRS) which administers a cost-sharing multiple-employer defined benefit pension plan; a cost-sharing, multiple-employer defined benefit health insurance premium benefit (OPEB) plan; and a cost-sharing, multiple-employer defined benefit long-term disability (OPEB) plan that covers general employees of the District. The ASRS is governed by the Arizona State Retirement System Board according to the provisions of ARS. Title 38, Chapter 5, Articles 2 and 2.1. The ASRS issues a publicly available financial report that includes its financial statements and required supplementary information. The report is available on its website at www.azasrs.gov.

Benefits Provided

The ASRS provides retirement, health insurance premium supplement, long-term disability and survivor benefits. State statute establishes benefit terms. Retirement benefits are calculated on the basis of age, average monthly compensation and service credit as follows:

	Retirement	
	Initial membership date:	
	Before July 1, 2011	On or after July 1, 2011
Years of service and age required to receive benefit	Sum of years and age equals 80 10 years, age 62 5 years, age 50* Any years, age 65	30 years, age 55 25 years, age 60 10 years, age 62 5 years, age 50* Any years, age 65
Final average salary is based on	Highest 36 consecutive months of last 120 months	Highest 60 consecutive months of last 120 months
Benefit percent per year of service	2.1% to 2.3%	2.1% to 2.3%

**With actuarially reduced benefits.*

Superstition Mountains Communities Facilities District No. 1

NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

NOTE 6 – RETIREMENT PLAN (CONTINUED)

Retirement benefits for members who joined the ASRS prior to September 13, 2013, are subject to automatic cost-of-living adjustments based on excess investment earning. Members with a membership date on or after September 13, 2013, are not eligible for cost-of-living adjustments. Survivor benefits are payable upon a member's death. For retired members, the survivor benefit is determined by the retirement benefit option chosen. For all other members, the beneficiary is entitled to the member's account balance that includes the member's contributions and employer's contributions, plus interest earned.

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

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

Contributions

In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2021, active ASRS members were required by statute to contribute at the actuarially determined rate of 12.22% (12.04% for retirement and 0.18% for long-term disability) of the members' annual covered payroll and statute required the District to contribute at the actuarially determined rate of 12.22% (11.65% for retirement, 0.39% for health insurance premium benefit, and 0.18% for long-term disability) of the active members' annual covered payroll. The District's contributions for the year ended June 30, 2021 and 2020 were as follows.

	2021	2020
Pension	\$ 191,638	\$ 184,796
Health insurance premium benefit	6,415	7,908
Long-term disability	2,985	2,742

Liability

The District reported the following asset and liabilities for its proportionate share of the ASRS' net pension/OPEB asset or liability.

	June 30, 2021	June 30, 2020
ASRS	Net pension/OPEB (asset) liability	Net pension/OPEB (asset) liability
Pension	\$ 2,546,998	\$ 2,259,796
Health insurance premium benefit	(10,655)	(4,397)
Long-term disability	11,296	10,273

Superstition Mountains Communities Facilities District No. 1

NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

NOTE 6 – RETIREMENT PLAN (CONTINUED)

The net asset and net liabilities for June 30, 2021 were measured as of June 30, 2020. The total liability used to calculate the net asset or net liability was determined using updated procedures to roll forward the total liability from an actuarial valuation as of June 30, 2019, to the measurement date of June 30, 2020. The District's proportion of the net asset and net liability was based on the District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2020. The District's proportions measured as of June 30, 2020, and the change from its proportions measured as of June 30, 2019, were:

ASRS	Proportion June 30, 2020	Increase (decrease) from June 30, 2019
Pension	0.014700 %	0.000830 %
Health insurance premium benefit	0.015050 %	0.000860 %
Long-term disability	0.014890 %	0.000880 %

The net asset and net liability for June 30, 2020, was measured as of June 30, 2019. The total liability used to calculate the net asset or net liability was determined using update procedures to roll forward the total liability from an actuarial valuation as of June 30, 2018, to the measurement date of June 30, 2019. The District's proportion of the net liability was based on the District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2019.

Expense

The District recognized the following pension and OPEB expense for the fiscal year ended June 30:

ASRS	2021 Pension/OPEB expense	2020 Pension/OPEB expense
Pension	\$ 114,237	\$ 182,771
Health insurance premium benefit	3,377	5,502
Long-term disability	3,432	3,236
Total	\$ 121,046	\$ 191,509

Superstition Mountains Communities Facilities District No. 1

NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

NOTE 6 – RETIREMENT PLAN (CONTINUED)

Deferred Outflows/Inflows of Resources

At June 30, 2021 the District reported deferred outflows of resources and deferred inflows of resources related to pensions and OPEB from the following sources:

	June 30, 2021					
	Pension		Health insurance premium benefit		Long-term disability	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 23,042			\$ 20,996	\$ 983	\$ 291
Changes of assumptions or other inputs			\$ 5,907		1,217	
Net difference between projected and actual earnings on plan investments	245,661		10,902		1,244	
Changes in proportion and differences between District contributions and proportionate share of contributions		\$ 137,099	83	23		879
District contributions subsequent to the measurement date	<u>191,638</u>		<u>6,415</u>		<u>2,985</u>	
Total	<u>\$ 460,341</u>	<u>\$ 137,099</u>	<u>\$ 23,307</u>	<u>\$ 21,019</u>	<u>\$ 6,429</u>	<u>\$ 1,170</u>

At June 30, 2020 the District reported deferred outflows of resources and deferred inflows of resources related to pensions and OPEB from the following sources:

	June 30, 2020					
	Pension		Health insurance premium benefit		Long-term disability	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 40,824	\$ 425		\$ 5,256	\$ 1,214	
Changes of assumptions or other inputs	9,552	89,989	\$ 8,647		1,537	
Net difference between projected and actual earnings on plan investments		50,792		5,718		\$ 219
Changes in proportion and differences between District contributions and proportionate share of contributions	9,941	144,386		36		579
District contributions subsequent to the measurement date	<u>184,796</u>		<u>7,908</u>		<u>2,742</u>	
Total	<u>\$ 245,113</u>	<u>\$ 285,592</u>	<u>\$ 16,555</u>	<u>\$ 11,010</u>	<u>\$ 5,493</u>	<u>\$ 798</u>

The amounts reported as deferred outflows of resources related to ASRS pensions and OPEB resulting from District contributions subsequent to the measurement dates will be recognized as an increase of the net asset or a reduction of the net pension liability in the year ending June 30, 2022.

Superstition Mountains Communities Facilities District No. 1

NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

NOTE 6 – RETIREMENT PLAN (CONTINUED)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and OPEB will be recognized as expenses as follows:

Year ending June 30,	<u>Pension</u>	<u>Health insurance premium benefit</u>	<u>Long-term disability</u>
2022	\$ (69,416)	\$ (2,259)	\$ 376
2022	36,180	51	579
2023	88,858	564	616
2024	75,982	(563)	539
2026		(1,920)	217
Thereafter			(53)

Actuarial Assumptions

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

ASRS	
Actuarial valuation date	June 30, 2019
Actuarial roll forward date	June 30, 2020
Actuarial cost method	Entry age normal
Investment rate of return	7.5%
Projected salary increases	2.7-7.2% for pensions/not applicable for OPEB
Inflation	2.3%
Permanent benefit increase	Included for pensions/not applicable for OPEB
Mortality rates	2017 SRA Scale U-MP for pensions and health insurance premium benefit
Recovery rates	2012 GLDT for long-term disability
Healthcare cost trend rate	Not applicable

Actuarial assumptions used in June 30, 2019, the valuations were based on the results of an actuarial experience study for the 5 year period ended June 30, 2016.

The long-term expected rate of return on ASRS plan investments was determined to be 7.5 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	<u>Target</u>	<u>Long-term Expected Geometric Real Rate of Return</u>
Equity	50%	6.39%
Fixed income - credit	20%	5.44%
Fixed income - interest rate sensitive	10%	0.22%
Real estate	<u>20%</u>	5.85%
Total	<u><u>100%</u></u>	

NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

NOTE 6 – RETIREMENT PLAN (CONTINUED)

Discount Rate

The discount rate used to measure the ASRS total pension/OPEB liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board’s funding policy, which establishes the contractually required rate under Arizona statute. Based on those assumptions, the plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension/OPEB liability.

Sensitivity of the District’s proportionate share of the ASRS net pension/OPEB liability to changes in the discount rate

The following table presents the District’s proportionate share of the net pension/OPEB (asset) liability calculated using the discount rate of 7.5%, as well as what the District’s proportionate share of the net pension/OPEB (asset) liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.5%) or 1 percentage point higher (8.5%) than the current rate:

ASRS	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
District's proportionate share of the			
Net pension liability	\$ 3,482,986	\$ 2,546,998	\$ 1,764,561
Net insurance premium benefit			
liability (asset)	13,981	(10,655)	(31,622)
Net long-term disability liability	12,333	11,296	10,289

Plan fiduciary net position

Detailed information about the plan’s fiduciary net position is available from the ASRS in the separately issued ASRS financial report.

NOTE 7 – COMMITMENTS AND CONTINGENT LIABILITIES

In the ordinary course of business, the District is subject to various legal actions and claims, including those related to employment matters. Although the outcome of such legal proceedings cannot be predicted with certainty, the District believes it is adequately insured and adequately reserved for such matters.

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Superstition Mountains Community Facilities District No. 1

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION/OPEB LIABILITY COST-SHARING PLANS

June 30, 2021

	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	2014 through 2012
<u>ASRS - Pension</u>								
District's proportion of the net pension liability	0.01470%	0.01553%	0.016710%	0.017270%	0.016290%	0.016880%	0.019066%	Information
District's proportionate share of the net pension liability	\$ 2,546,998	\$ 2,259,796	\$ 2,330,457	\$ 2,690,329	\$ 2,330,457	\$ 2,690,329	\$ 2,821,146	not available
District's covered payroll	1,642,720	1,658,858	1,646,294	1,636,868	1,541,915	1,559,035	1,727,616	
District's proportionate share of the net pension liability as a percentage of its covered payroll	155.05%	136.23%	141.56%	164.36%	174.48%	168.65%	163.30%	
District's fiduciary net position as a percentage of the total pension liability	69.33%	73.24%	73.40%	69.92%	67.06%	68.35%	69.49%	
					2017 through 2012			
<u>ASRS - Health Insurance Premium Benefit</u>								
District's proportion of the net OPEB (asset)	0.01505%	0.01591%	0.017030%	0.017530%	Information			not available
District's proportionate share of the net OPEB (asset)	\$ (10,655)	\$ (4,397)	\$ (6,132)	\$ (9,543)	not available			
District's covered payroll	1,642,720	1,658,858	1,646,294	1,636,868				
District's proportionate share of the net OPEB (asset) as a percentage of its covered payroll	(0.65)%	(0.27)%	(0.37)%	(0.58)%				
District's fiduciary net position as a percentage of the total OPEB liability	104.33%	101.62%	102.20%	103.57%				
					2017 through 2012			
<u>ASRS - Long-term Disability</u>								
District's proportion of the net OPEB liability	0.01489%	0.01577%	0.016750%	0.017350%	Information			not available
District's proportionate share of the net OPEB liability	\$ 11,296	\$ 10,273	\$ 8,752	\$ 6,289	not available			
District's covered payroll	1,642,720	1,658,858	1,646,294	1,636,868				
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	0.69%	0.62%	0.53%	0.38%				
District's fiduciary net position as a percentage of the total OPEB liability	68.01%	72.85%	77.83%	84.44%				

* The pension schedule is intended to show information for ten years, and additional years' information will be displayed as it becomes available.

Superstition Mountains Community Facilities District No. 1

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT PENSION/OPEB CONTRIBUTIONS

June 30, 2021

	2021	2020	2019	2018	2017	2016	2015	2014	2013 through 2012
<u>ASRS - Pension</u>									
Statutorily required contribution	\$ 191,638	\$ 184,796	\$ 185,299	\$ 179,718	\$ 176,381	\$ 165,233	\$ 173,839	\$ 183,914	Information not available
District's contributions in relation to the statutorily required contribution	<u>191,638</u>	<u>184,796</u>	<u>185,299</u>	<u>179,718</u>	<u>176,381</u>	<u>165,233</u>	<u>173,839</u>	<u>183,914</u>	
District's contribution deficiency/(excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
District's covered payroll	1,643,112	1,642,720	1,658,858	1,646,294	1,636,868	1,541,915	1,559,035	1,727,616	
District's contributions as a percentage of covered payroll	11.66%	11.25%	11.17%	10.92%	10.78%	10.72%	11.15%	10.65%	
<u>ASRS - Health Insurance Premium Benefit</u>						2016 through 2012			
Statutorily required contribution	\$ 6,415	\$ 7,908	\$ 7,624	\$ 7,255	\$ 9,436	Information not available			
District's contributions in relation to the statutorily required contribution	<u>6,415</u>	<u>7,908</u>	<u>7,624</u>	<u>7,255</u>	<u>9,436</u>				
District's contribution deficiency/(excess)	\$ -	\$ -	\$ -	\$ -	\$ -				
District's covered payroll	1,643,112	1,642,720	1,658,858	1,646,294	1,636,868				
District's contributions as a percentage of covered payroll	0.39%	0.48%	0.46%	0.44%	0.58%				
<u>ASRS - Long-term Disability</u>						2016 through 2012			
Statutorily required contribution	\$ 2,985	\$ 2,742	\$ 2,657	\$ 2,622	\$ 2,359	Information not available			
District's contributions in relation to the statutorily required contribution	<u>2,985</u>	<u>2,742</u>	<u>2,657</u>	<u>2,622</u>	<u>2,359</u>				
District's contribution deficiency/(excess)	\$ -	\$ -	\$ -	\$ -	\$ -				
District's covered payroll	1,643,112	1,642,720	1,658,858	1,646,294	1,636,868				
District's contributions as a percentage of covered payroll	0.18%	0.17%	0.16%	0.16%	0.14%				

* The pension schedule is intended to show information for ten years, and additional years' information will be displayed as it becomes available.

Superstition Mountains Community Facilities District No. 1

Apache Junction, Arizona

STATISTICAL SECTION



Superstition Mountains Community Facilities District No. 1

Apache Junction, Arizona

STATISTICAL SECTION

This part of the Superstition Mountains Community Facilities District No. 1 annual comprehensive financial report presents detailed information as a context for understanding what the information in the statements, note disclosures and required supplementary information says about the District's financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends	31
These schedules contain trend information to assist the reader in understanding how the District's financial performance and well-being has changed over time.	
Revenue Capacity	33
These schedules contain information to assist the reader in assessing the District's most significant revenue source, sewer fees.	
Debt Capacity	37
These schedules present information to assist the reader in assessing the affordability of the District's current level of outstanding debt.	
Demographic and Economic Information	39
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place and to help make comparisons over time and with other governments.	
Operating Information	41
These schedules contain information about the District's operations and resources to help the reader understand how the District's financial information relates to the services that the District provides and the activities that it performs.	

Schedule A-1
Superstition Mountains Community Facilities District No. 1
Net Position by Component
Last Ten Fiscal Years

	<u>2012</u>	<u>2013</u>	<u>2014</u> ¹	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Net position:										
Net investment in capital assets	\$ (4,375,973)	\$ (3,106,982)	\$ (3,520,176)	\$ (3,722,547)	\$ (2,388,456)	\$ (1,844,715)	\$ (601,021)	\$ 914,947	\$ 2,684,320	\$ 4,266,262
Restricted by debt covenants for:										
Debt service										
Capital acquisition	3,884,453									
Operations	826,933	750,473	751,833	751,574	751,613	750,288	750,744	756,542	754,228	750,321
Unrestricted	<u>362,001</u>	<u>2,651,466</u>	<u>602,402</u>	<u>1,387,652</u>	<u>1,232,748</u>	<u>2,011,350</u>	<u>2,421,318</u>	<u>2,834,734</u>	<u>3,318,995</u>	<u>4,003,639</u>
Total net position	<u>\$ 697,414</u>	<u>\$ 294,957</u>	<u>\$ (2,165,941)</u>	<u>\$ (1,583,321)</u>	<u>\$ (404,095)</u>	<u>\$ 916,923</u>	<u>\$ 2,571,041</u>	<u>\$ 4,506,223</u>	<u>\$ 6,757,543</u>	<u>\$ 9,020,222</u>

¹ The District adopted GASB 68 in fiscal year 2015; as part of this adoption, a prior period restatement of Net Position was required for fiscal year 2014.

Source: Statements of Net Position

Schedule A-2

Superstition Mountains Community Facilities District No. 1

Changes in Net Position

Last Ten Fiscal Years

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015¹</u>	<u>2016</u>	<u>2017</u>	<u>2018²</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Operating revenues:										
Charges for services	\$ 5,785,728	\$ 6,219,595	\$ 6,049,730	\$ 6,135,853	\$ 6,398,162	\$ 6,595,191	\$ 6,797,729	\$ 7,100,463	\$ 7,478,705	\$ 7,782,756
Charges for septage	425,095	478,723	452,860	408,143	486,841	510,284	449,174	497,353	616,152	583,316
Sales of recharge credits	178,676	179,507	169,493	129,105	142,172	125,309	71,035	62,981	58,771	269,213
Miscellaneous	204,643	118,755	88,474	88,258	70,300	72,638	82,907	78,870	66,490	81,615
Total operating revenue	<u>6,594,142</u>	<u>6,996,580</u>	<u>6,760,557</u>	<u>6,761,359</u>	<u>7,097,475</u>	<u>7,303,422</u>	<u>7,400,845</u>	<u>7,739,667</u>	<u>8,220,118</u>	<u>8,716,900</u>
Operating expenses:										
Payroll and payroll related	\$ 2,284,174	\$ 2,382,128	\$ 2,444,042	\$ 2,231,122	\$ 2,010,788	\$ 2,120,958	\$ 2,129,076	\$ 2,147,575	\$ 2,328,712	\$ 2,245,372
Repairs and maintenance - treatment facility	308,866	321,320	257,555	277,139	395,582	273,010	314,329	353,673	293,982	402,541
Repairs and maintenance - other	16,690	3,738	6,875	3,316	3,699	1,964	2,002	2,340	2,948	2,808
Supplies and services	357,845	355,682	353,727	346,803	330,771	339,224	371,928	405,172	386,029	1,078,847
Accounting	14,900	14,950	14,950	15,250	15,600	15,600	18,100	23,100	18,100	18,100
Consulting	41,698	6,105	30,736	37,800	50,578	85,479	135,827	107,066	215,694	72,965
Administrative	277,362	398,788	313,841	321,160	360,291	387,485	289,244	346,390	335,636	331,534
Insurance	75,234	84,743	84,993	81,620	84,549	83,887	72,980	66,759	70,036	73,470
Legal	66,978	90,353	98,046	81,672	53,812	53,254	47,358	48,319	84,942	75,829
Depreciation and amortization	1,811,856	1,734,023	1,766,400	1,724,608	1,755,306	1,770,480	1,834,737	1,911,621	1,910,471	1,916,993
Miscellaneous	511	2,142	10,068	6,080	739	687	3,800	4,937	128	309
Total operating expenses	<u>5,256,114</u>	<u>5,393,972</u>	<u>5,381,233</u>	<u>5,126,570</u>	<u>5,061,715</u>	<u>5,132,028</u>	<u>5,219,381</u>	<u>5,416,952</u>	<u>5,646,678</u>	<u>6,218,768</u>
Operating income	1,338,028	1,602,608	1,379,324	1,634,789	2,035,760	2,171,394	2,181,464	2,322,715	2,573,440	2,498,132
Nonoperating revenues and (expenses):										
Contributed capital assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 90,370
Interest income	6,944	3,852	13,075	11,788	12,139	10,577	10,675	84,300	81,513	7,536
Equipment scrapped or abandoned	5,677	(116,384)	(6,710)	(157,468)	(14,236)	-	-	-	-	-
Trust and cash management fees	(8,000)	(10,000)	-	-	-	-	-	-	-	-
Interest expense	(1,749,150)	(1,538,553)	(954,518)	(906,489)	(854,437)	(751,741)	(538,021)	(471,833)	(403,633)	(333,359)
Bond issuance costs	-	(343,980)	-	-	-	(109,212)	-	-	-	-
Total nonoperating revenue and (expense)	<u>(1,744,529)</u>	<u>(2,005,065)</u>	<u>(948,153)</u>	<u>(1,052,169)</u>	<u>(856,534)</u>	<u>(850,376)</u>	<u>(527,346)</u>	<u>(387,533)</u>	<u>(322,120)</u>	<u>(235,453)</u>
Change in net position	<u>\$ (406,501)</u>	<u>\$ (402,457)</u>	<u>\$ 431,171</u>	<u>\$ 582,620</u>	<u>\$ 1,179,226</u>	<u>\$ 1,321,018</u>	<u>\$ 1,654,118</u>	<u>\$ 1,935,182</u>	<u>\$ 2,251,320</u>	<u>\$ 2,262,679</u>

¹ Beginning in fiscal year 2015 pension expense included in Payroll and payroll related expense reflects the adoption of GASB 68.

² Beginning in fiscal year 2018 OPEB expense included in Payroll and payroll related expense reflects the adoption of GASB 75.

Source: Statements of Revenues, Expenses and Changes in Net Position.

Schedule B-1
Superstition Mountains Community Facilities District No. 1
Ten Largest Customers ¹
Current Year and Nine Years Ago

<u>Customer Name</u> ²	<u>Year Ended June 30, 2021</u>		<u>Year Ended June 30, 2012</u>	
	<u>Sales</u>	<u>Percentage of Sales</u>	<u>Sales</u>	<u>Percentage of Sales</u>
Coopers Septic	\$ 240,421	3.15%	\$ 276,720	4.72%
Northwestern Mutual	219,885	2.88%	123,135	2.08%
Golden Vista RV	183,762	2.41%	153,705	2.59%
Roadhaven Resort	182,563	2.39%	123,500	2.08%
Leesburg Group/Rock Shadows	115,968	1.52%	78,528	1.33%
Rancho Mirage MHP	101,537	1.33%	108,976	1.84%
R C Roberts Sunrise RV Park	84,839	1.11%	78,418	1.32%
Quail Creek	81,166	1.06%		
Sonoma Valley, LLC	69,773	0.91%		
La Casa Blanca East, LLC	67,256	0.88%	84,191	1.42%
La Casa Blanca, LLC			76,792	1.30%
Apache Junction Water District			117,364	1.98%
Subtotal of ten largest customers	<u>1,347,170</u>	<u>17.66%</u>	<u>1,221,329</u>	<u>20.62%</u>
Balance from other customers	<u>6,281,196</u>	<u>82.34%</u>	<u>4,703,002</u>	<u>79.38%</u>
Total sewer, septage & recharge credit revenue	<u>\$ 7,628,366</u>	<u>100.00%</u>	<u>\$ 5,924,331</u>	<u>100.00%</u>

¹ Excludes revenues from application, connection and onsite fees.

² A customer is listed only if in the top ten for the year presented. A customer listed in one table but not the other may, or may not have been, in business as a lower ranked customer during the comparative year.

Source: District Billing Records

Schedule B-2
Superstition Mountains Community Facilities District No. 1
Permits Issued, Active Accounts and Connected Units
Last Ten Fiscal Years

Service Class	PERMITS ISSUED									
	Fiscal Year Ended June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Single Family	151	207	58	33	48	48	100	98	150	152
Multi Family	1	4	2	0	1	2	0	3	4	0
RV & MH Parks	3	1	11	23	20	17	17	11	28	162
All Other	7	5	3	3	6	4	4	8	5	3
Total permits	162	217	74	59	75	71	121	120	187	317
% Change ²	141.79%	33.95%	-65.90%	-20.27%	27.12%	-5.33%	70.42%	69.01%	54.55%	164.17%

Service Class	ACTIVE ACCOUNTS									
	Fiscal Year Ended June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Single Family	5,898	6,106	6,160	6,190	6,236	6,288	6,385	6,482	6,632	6,781
Multi Family	112	115	117	113	114	115	111	113	117	117
Undeveloped Land ¹	52	46	44	44	42	39	40	37	32	30
RV Parks	25	25	26	26	24	23	25	25	26	26
Manufactured Home Parks	27	27	28	28	28	28	27	27	27	27
Church/Government	41	41	41	41	41	43	50	49	49	49
Light Commercial	122	125	127	130	134	136				
Medium Commercial	55	55	56	56	58	57				
Commercial ³							178	186	188	191
Heavy Commercial	5	5	5	5	5	5	3	3	3	3
Industrial	0	0	0	0	0	0	0	0	0	0
Total accounts	6,337	6,545	6,604	6,633	6,682	6,734	6,819	6,922	7,074	7,224
% Change ²	2.39%	3.28%	0.90%	0.44%	0.74%	0.78%	1.26%	2.79%	3.74%	4.36%

Service Class	ACTIVE UNITS									
	Fiscal Year Ended June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Single Family	5,903	6,113	6,166	6,196	6,243	6,292	6,626	6,723	6,873	7,022
Multi Family	1,057	1,069	1,079	1,065	1,219	1,225	982	1,047	1,077	1,077
Undeveloped Land ¹	244	238	234	234	230	227	225	222	209	206
RV Parks	4,774	4,774	4,793	4,793	4,630	4,579	4,635	4,626	4,626	4,755
Manufactured Home Parks	2,331	2,332	2,366	2,387	2,406	2,424	2,388	2,411	2,437	2,455
All other	223	226	229	232	238	241	231	238	240	243
Total units	14,532	14,752	14,867	14,907	14,966	14,988	15,087	15,267	15,462	15,758
% Change ²	1.00%	1.51%	0.78%	0.27%	0.40%	0.15%	0.66%	1.86%	2.49%	3.22%

¹ Number of acres.

² From prior year.

³ Light Commercial and Medium Commercial Service Classes were combined into Commercial in FY18.

Source: Permits Issued - Engineering Records; Active Accounts and Connected Units - Monthly Disclosure Reports

Schedule B-3

Superstition Mountains Community Facilities District No. 1

Select Revenues by Service Class

Last Ten Fiscal Years

Service Class	SEWER SERVICE REVENUE ¹									
	Fiscal Year Ended June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Single Family	\$ 2,642,038	\$ 2,758,781	\$ 2,955,784	\$ 3,057,664	\$ 3,140,168	\$ 3,207,067	\$ 3,385,863	\$ 3,452,485	\$ 3,542,281	\$ 3,609,186
Multi Family	395,086	409,507	425,429	436,124	508,238	516,339	380,621	387,606	409,481	418,704
Undeveloped Land	25,766	26,279	26,254	26,957	27,186	27,136	27,415	27,058	22,404	25,545
RV Parks	642,475	649,378	676,105	723,756	668,772	659,325	776,818	788,161	796,893	811,915
Manufactured Home Parks	747,093	701,047	689,897	746,143	791,865	839,495	849,544	856,863	874,616	889,314
Church/Government	154,087	163,300	184,856	207,672	207,741	168,355	185,387	207,865	207,547	233,127
Light Commercial	280,443	285,322	278,340	249,030	258,778	272,433				
Medium Commercial	302,624	303,634	323,855	328,144	346,120	332,560				
Commercial ²							599,687	645,093	683,488	731,904
Heavy Commercial	130,947	107,524	110,159	120,120	123,322	89,727	109,193	126,438	112,682	115,081
Total sewer service revenue	\$ 5,320,559	\$ 5,404,772	\$ 5,670,679	\$ 5,895,610	\$ 6,072,190	\$ 6,112,437	\$ 6,314,528	\$ 6,491,569	\$ 6,649,392	\$ 6,834,776

Service Class	CONNECTION FEE REVENUE									
	Fiscal Year Ended June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Single Family	\$ 305,065	\$ 556,518	\$ 153,640	\$ 92,475	\$ 161,230	\$ 164,205	\$ 283,187	\$ 313,740	\$ 487,803	\$ 529,978
Multi Family	10,360	32,040	22,000	0	11,540	17,490	0	151,105	79,050	0
RV and Manufactured Home Parks	8,440	1,680	79,120	31,950	35,392	18,350	23,760	34,560	64,025	204,315
All Other	65,059	9,855	14,443	9,275	19,818	90,410	36,425	44,960	25,870	53,020
Total connection fee revenue	\$ 388,924	\$ 600,093	\$ 269,203	\$ 133,700	\$ 227,980	\$ 290,455	\$ 343,372	\$ 544,365	\$ 656,748	\$ 787,313

¹ Excludes revenues from application and onsite fees.

² Light Commercial and Medium Commercial Service Classes were combined into Commercial in FY18

Source: Monthly Disclosure Reports

Schedule B-4
Superstition Mountains Community Facilities District No. 1
Monthly Service Minimums, Usage Charges and Connection Fees by Service Class
Last Ten Fiscal Years

Service Class	MONTHLY MINIMUMS									
	Fiscal Year Ended June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Single Family	\$ 38.15	\$ 39.35	\$ 40.55	\$ 41.55	\$ 42.50	\$ 42.95	\$ 43.35	\$ 43.75	\$ 44.15	\$ 44.15
Multi Family ¹	31.15	32.15	33.10	33.95	34.75	35.15	32.25	32.55	32.85	32.85
Undeveloped Land ²	8.80	9.10	9.35	9.60	9.80	9.90	10.00	10.10	10.20	10.20
RV Parks ¹	8.95	9.25	9.55	9.80	10.05	10.15	13.65	13.75	13.90	13.90
Manufactured Home Parks ¹	19.60	20.20	20.80	21.30	21.80	22.05	26.45	26.70	26.95	26.95
Church/Government	38.15	39.35	40.55	41.55	42.50	42.95	43.35	43.75	44.15	44.15
Light Commercial	45.40	46.85	48.25	49.45	50.60	51.15				
Medium Commercial	50.90	52.50	54.10	55.45	56.75	57.35				
Commercial ⁴							52.00	52.50	53.00	53.00
Heavy Commercial	56.70	58.50	60.25	61.75	63.15	63.85	65.05	65.65	66.25	66.25
Industrial	135.75	140.05	144.25	147.85	151.25	152.90	151.70	153.15	154.55	154.55

Service Class	USAGE CHARGES, per gallon ³									
	Fiscal Year Ended June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
RV Parks	\$ 0.258	\$ 0.266	\$ 0.274	\$ 0.281	\$ 0.287	\$ 0.290	\$ 0.256	\$ 0.258	\$ 0.261	\$ 0.261
Manufactured Home Parks	0.258	0.266	0.274	0.281	0.287	0.290	0.256	0.258	0.260	0.260
Church/Government	0.258	0.266	0.274	0.281	0.287	0.290	0.255	0.258	0.260	0.260
Light Commercial	0.258	0.266	0.274	0.281	0.287	0.290				
Medium Commercial	0.289	0.298	0.307	0.315	0.322	0.326				
Commercial ⁴							0.306	0.309	0.312	0.312
Heavy Commercial	0.322	0.332	0.342	0.351	0.359	0.363	0.383	0.387	0.390	0.390
Industrial	0.771	0.796	0.820	0.840	0.859	0.869	0.894	0.902	0.910	0.910

Service Class	MINIMUM CONNECTION FEES									
	Fiscal Year Ended June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Single Family	\$ 3,145	\$ 3,245	\$ 3,340	\$ 3,425	\$ 3,505	\$ 3,545	\$ 3,545	\$ 3,545	\$ 3,545	\$ 3,545
Multi Family ¹	2,590	2,670	2,750	2,820	2,885	2,915	2,635	2,635	2,635	2,635
RV Parks ¹	750	775	800	820	840	850	1,115	1,115	1,115	1,115
Manufactured Home Parks ¹	1,630	1,680	1,730	1,775	1,815	1,835	2,160	2,160	2,160	2,160
Church/Government	3,145	3,245	3,340	3,425	3,505	3,545	3,545	3,545	3,545	3,545
Light Commercial	3,145	3,245	3,340	3,425	3,505	3,545				
Medium Commercial	3,145	3,245	3,340	3,425	3,505	3,545				
Commercial ⁴							3,545	3,545	3,545	3,545
Heavy Commercial	3,145	3,245	3,340	3,425	3,505	3,545	3,545	3,545	3,545	3,545
Industrial	3,145	3,245	3,340	3,425	3,505	3,545	3,545	3,545	3,545	3,545

¹ Per unit

² Per acre

³ When connected to the sewer, the customer classes listed are charged a monthly fee that is the greater of the Monthly Minimum or the charge calculated using the prior 12 months water usage times a water use multiplier times the applicable rate.

⁴ Light Commercial and Medium Commercial Service Classes were combined into Commercial in FY18

Source: Approved Tariff Sheets

Schedule C-1
Superstition Mountains Community Facilities District No. 1
Outstanding Debt Balances
Last Ten Fiscal Years

Fiscal Year Ended June 30	Series 2000 Sewer Revenue Bond ¹		Series 2013 Sewer Revenue Bond ¹		Series 2017 Sewer Revenue Bond ¹		Ending Balance	Per Active Unit ³
	Beginning Balance	Principal Reductions ²	Beginning Balance ⁴	Principal Reductions ²	Beginning Balance ⁵	Principal Reductions ²		
2012	29,380,000	(310,000)	-	-	-	-	29,070,000	2,000
2013	29,070,000	(29,070,000)	26,182,000	(537,000)	-	-	25,645,000	1,738
2014	-	-	25,645,000	(1,444,000)	-	-	24,201,000	1,628
2015	-	-	24,201,000	(1,209,000)	-	-	22,992,000	1,542
2016	-	-	22,992,000	(1,503,000)	-	-	21,489,000	1,436
2017	-	-	21,489,000	(21,489,000)	19,282,000	(177,600)	19,104,400	1,275
2018	-	-	-	-	19,104,400	(2,170,641)	16,933,759	1,122
2019	-	-	-	-	16,933,759	(2,236,662)	14,697,097	963
2020	-	-	-	-	14,697,097	(2,304,691)	12,392,406	801
2021	-	-	-	-	12,392,406	(2,374,790)	10,017,616	636

¹ See Note 5 to the Financial Statements for a complete description of the District's outstanding debt.

² Shows principal payments by fiscal year as made. Schedule C-2 shows principal payments as funded.

³ Active unit information is substituted for per capita because the District's service area does not completely coincide with the City of Apache Junction.

⁴ The Series 2000 Sewer Revenue Bonds were refunded on March 27, 2013 with the Series 2013 Sewer Revenue Bonds.

⁵ The Series 2013 Sewer Revenue Bonds were refunded on April 12, 2017 with the Series 2017 Sewer Revenue Bonds.

Source: Series 2000, Series 2013 and Series 2017 Sewer Revenue Bond Amortization Schedules

Schedule D-1
Superstition Mountains Community Facilities District No. 1
Demographic Statistics - City of Apache Junction
Last Ten Fiscal Years

	Population	Year	Per Capita	Per Capita	Unemployment
	Round		Personal Income	Personal Income	Rates
				National Average ¹	
2012	36,928		21,308	42,693	11.1%
2013	37,246		21,315	39,415	9.6%
2014	37,639		20,297	40,977	8.2%
2015	38,437		21,271	41,386	8.7%
2016	39,200		22,526	42,867	7.6%
2017	39,954		23,855	43,658	6.6%
2018	40,030		27,964	45,430	4.7%
2019	38,452		23,307	48,223	5.3%
2020	39,674		23,628	32,621	9.3%
2021	38,499		26,637	59,450	7.8%

Source: City of Apache Junction, Office of Economic Development except as noted.

¹ Per the US Department of Commerce, Bureau of Economic Analysis.

Schedule C-2
Superstition Mountains Community Facilities District No. 1
Debt Service Requirements
Last Ten Fiscal Years

Fiscal Year Ended June 30	Gross Revenues	Deductible Operating Expenses ^{2, 5}	Net Revenues Available for Debt Service ³	Debt Service Requirements ¹			Coverage Ratio	Required Coverage Ratio ³
				Principal	Interest	Total		
2012	6,601,086	3,446,581	3,154,505	335,000	1,749,150	2,084,150	1.51	1.10
2013	7,000,432	4,130,313	2,870,119	1,034,000	1,538,553	2,572,553	1.12 ⁴	1.20
2014	6,773,632	3,621,543	3,152,089	1,286,000	954,518	2,240,518	1.41	1.20
2015	6,773,147	3,559,430	3,213,717	1,202,000	906,489	2,108,489	1.52	1.20
2016	7,109,614	3,320,645	3,788,969	1,531,000	854,437	2,385,437	1.59	1.20
2017	7,313,999	3,361,548	3,952,451	1,548,013	751,741	2,299,754	1.72	1.20
2018	7,411,520	3,384,644	4,026,876	2,176,067	538,021	2,714,088	1.48	1.20
2019	7,823,967	3,505,331	4,318,636	2,242,254	471,833	2,714,087	1.59	1.20
2020	8,301,631	3,736,207	4,565,424	2,310,453	403,633	2,714,086	1.68	1.20
2021	8,814,806	4,301,775	4,513,031	2,374,790	333,359	2,708,149	1.67	1.20

¹ Includes debt service payments due on July 1 of subsequent fiscal year since payment will be paid from funds on hand as of June 30.

² Operating expenses before depreciation, amortization and bond interest.

³ As defined in the Trust Indenture for years prior to 2013; as defined in the Bond Resolution for 2013 and years thereafter.

⁴ Deductible Operating Expenses for 2013 include Bond Issuance Costs of \$343,980 expensed with the early adoption of GASB 65. The Coverage Ratio prior to the recognition of the expense related to the Bond Issuance Costs is 1.25.

⁵ Deductible Operating Expenses for 2017 exclude Bond Issuance Costs of \$109,212 as defined in the Bond Resolution for 2017.

Source: Statements of Revenues, Expenses and Changes in Fund Net Assets; Amortization Schedules for the Series 2000, 2013 and 2017 Sewer Revenue Bonds

Schedule D-2
Superstition Mountains Community Facilities District No. 1
Principal Employers in the City of Apache Junction
Current Year and Nine Years Ago

	<u>Year ended June 30, 2021</u>		<u>Year ended June 30, 2012</u>	
	<u>Full Time Equivalent Employees</u>	<u>Percentage of Total City Employment</u>	<u>Full Time Equivalent Employees</u>	<u>Percentage of Total City Employment</u>
<u>Employer</u>				
Banner Health ¹	240	1.47%	110	0.65%
Apache Junction Unified School District #43	369	2.25%	630	3.72%
City of Apache Junction	298	1.82%	250	1.47%
Wal-Mart Supercenter Store # 1831	220	1.34%	340	2.01%
Horizon Health and Wellness ²	150	0.92%	250	1.47%
Western Industrial Resources	132	0.81%		
Central Arizona College - Superstition Mtn. Campus	125	0.76%	38	0.22%
Fry's Food and Drug	110	0.67%	153	0.90%
United States Postal Service	100	0.61%	68	0.40%
Superstition Fire and Medical District ³	93	0.57%	89	0.52%
Empire Southwest			69	0.41%
Total	<u>1,837</u>	<u>11.23%</u>	<u>1,997</u>	<u>11.78%</u>

Source: City of Apache Junction, Office of Economic Development

¹ Formerly Apache Junction Medical Center

² Formerly Superstition Mountain Mental Health Center

³ Formerly Apache Junction Fire District

Schedule E-1
Superstition Mountains Community Facilities District No. 1
Full Time Equivalent Employees by Function
Last Ten Fiscal Years

	Fiscal Year Ended June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Administrative Division										
District Manager	1.00	1.00	1.00	1.04	1.00	1.00	1.00	1.00	1.00	1.00
District Administration	2.00	1.42	0.75	0.96	1.00	1.63	1.63	1.63	1.63	1.63
Finance	3.60	3.54	3.80	3.61	3.80	3.00	3.00	3.00	3.00	3.00
Business Services	-	2.42	4.00	3.13	3.00	3.00	2.87	1.90	2.00	1.19
Customer Service	4.00	3.43	3.21	3.96	3.41	3.63	3.63	3.63	3.63	3.07
Total Administrative Division	10.60	11.81	12.76	12.70	12.21	12.26	12.13	11.16	11.26	9.89
Operations Division										
Manager of Operations	0.35	1.00	1.00	0.08	0.00	0.00	0.00	0.00	0.00	0.00
Operations Administration	4.16	3.77	4.12	4.00	4.00	5.00	5.00	5.00	5.00	4.17
Treatment Plant	7.94	6.42	5.00	5.15	4.58	4.00	4.04	4.00	3.69	4.60
Collection System	4.65	3.42	5.04	4.00	4.00	4.79	5.00	5.00	5.27	6.01
Total Operations Division	17.10	14.61	15.16	13.23	12.58	13.79	14.04	14.00	13.96	14.78
Total	27.70	26.42	27.92	25.93	24.79	26.05	26.17	25.16	25.22	24.67

Source: Payroll Reasonableness Review

Schedule E-2

Superstition Mountains Community Facilities District No. 1

Operating and Capital Indicators

Last Ten Fiscal Years

	Fiscal Year Ended June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Collection System										
Miles of Collection Mains <12" dia.	94.5	95.5	95.5	95.9	96.1	96.1	97.8	97.8	99.0	99.1
Miles of Collection Mains >12" dia.	16.0	16.0	16.0	16.0	16.0	16.0	16.0	16.0	16.0	16.0
Customer Connections	6,290	6,506	6,566	6,595	6,647	6,699	7,020	7,126	7,283	7,435
Pumping										
Pump Stations	1	1	1	1	1	1	1	1	1	1
Miles of Pressure Forcemain	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8
Treatment										
Water Reclamation Facilities	1	1	1	1	1	1	1	1	1	1
Permitted Capacity, MGD ¹	2.14	2.14	2.14	2.14	2.14	2.14	2.14	2.14	2.14	2.14
Annual Average Daily Flow, MGD ¹	1.377	1.425	1.369	1.372	1.353	1.411	1.434	1.436	1.473	1.472
Highest Monthly Average Daily Flow, MGD ¹	1.627	1.607	1.628	1.606	1.590	1.629	1.615	1.667	1.630	1.571
% of Total Permitted Capacity ²	76.0%	75.1%	76.1%	75.0%	74.3%	76.1%	75.5%	77.9%	76.2%	73.4%
Population Served (75 gpd/pop. eq.) ³	18,360	19,000	18,253	18,293	18,040	18,813	19,120	19,147	19,640	19,627
Effluent Disposal										
Effluent Recharge Basin Surface Acres	5.0	5.0	5.0	5.0	7.3	7.3	7.3	7.3	7.3	16.6
Effluent Recharge Vadose Zone Wells	32	32	32	32	36	36	36	36	36	36

¹ Million Gallons per Day

² Based on Highest Monthly Average Daily Flow

³ Wastewater Engineering Treatment and Reuse, Fourth Edition, by Metcalf & Eddy, Inc.

Source: District Operational Records