



APACHE JUNCTION SEWER DISTRICT

RECLAIMING WATER FOR THE FUTURE

Apache Junction Sewer District, a community facilities district

Apache Junction, Arizona

**Annual Comprehensive Financial Report
for the fiscal years ended June 30, 2023 and 2022**

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Apache Junction Sewer District, a community facilities district
Apache Junction, Arizona

ANNUAL COMPREHENSIVE FINANCIAL REPORT

for the fiscal years ended June 30, 2023 and 2022



**RECLAIMING WATER
FOR THE FUTURE**

Prepared by the Financial Services Department
of the Apache Junction Sewer District,
a community facilities district
Maria N. Zagar, Financial Services Supervisor
www.ajsewer.org

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Apache Junction Sewer District, a community facilities district

Apache Junction, Arizona

INTRODUCTORY SECTION



**RECLAIMING WATER
FOR THE FUTURE**

Apache Junction Sewer District, a community facilities district

Apache Junction, Arizona

2023 ANNUAL COMPREHENSIVE FINANCIAL REPORT

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Apache Junction Sewer District, a community facilities district

Apache Junction, Arizona

2023 ANNUAL COMPREHENSIVE FINANCIAL REPORT

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Apache Junction Sewer District, a community facilities district

Apache Junction, Arizona

District Officials



**RECLAIMING WATER
FOR THE FUTURE**

Board of Directors

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

District Financial Management

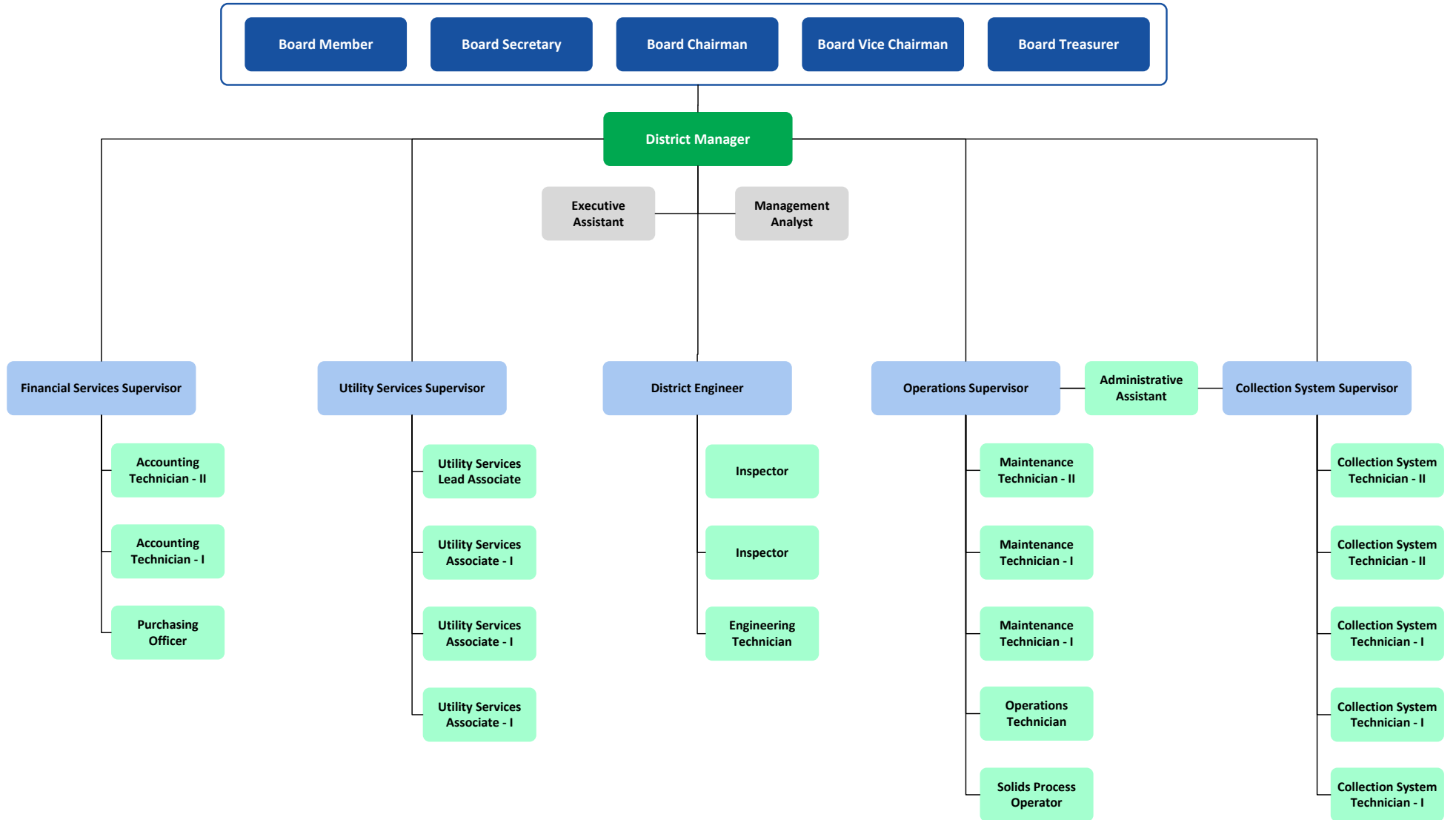
Darron Anglin	District Manager
Maria N. Zagar	Financial Services Supervisor

Apache Junction Sewer District, a community facilities district

Apache Junction, Arizona



Fiscal Year 2023 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, 2022

Christopher P. Morill

Executive Director/CEO



December 27, 2023

To the District Chairperson and Members of the Board of Directors
Apache Junction Sewer District

Honorable Chairperson and Members of the Board of Directors:

I am pleased to submit the Annual Comprehensive Financial Report (Annual Report) of the Apache Junction Sewer District, a community facilities district, formerly known as the Superstition Mountains Community Facilities District No. 1 (District) for the year ended June 30, 2023. This is the thirteenth consecutive year the District has prepared an Annual Report.

According to Arizona Revised Statutes (ARS), the District is not obligated to perform an annual audit, however, the District is bound by its Bond Resolution with BOK Finance, signed on April 11, 2017. The resolution requires that the District prepare financial statements in accordance with Generally Accepted Accounting Principles (GAAP) in the United States of America and follow relevant provisions of ARS §9-481 and §41-1279.07 as a guideline.

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, 2023, 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. Based on the audit results, the independent auditor concluded that there was a reasonable basis for rendering an unmodified opinion that the District's financial statements for the fiscal year ended June 30, 2023, 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 independent auditors' report.

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. However, 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. Finally, as an alternative to municipal service, with petitions from the majority of the landowners 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.

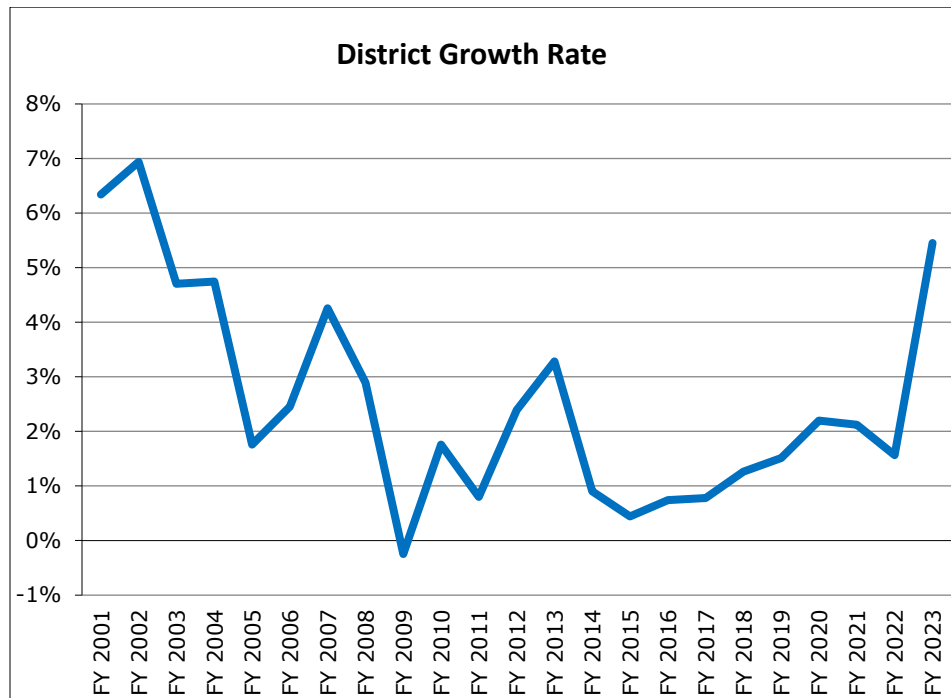
The District is governed by a five-member Board of Directors appointed by the City Council. The Board has the authority to pass resolutions establishing the District's policies and procedures. The resolutions relating to the use of the wastewater system and user fees are contained in the District's Operating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

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

ECONOMIC CONDITION AND OUTLOOK

During the fiscal year 2023, economic growth in the Phoenix Metropolitan area continued to increase. Even with the higher interest rates set in place to temper inflation and the economy, growth increased in Arizona. The Apache Junction area experienced significant gains in new residential permits. The District benefited from this growth, resulting in increased revenue from new residential connections to the sewer system. This growth was primarily due to development in the Superstition Vistas Master Planned Community. Several other projects in the City, unrelated to Superstition Vistas, are under construction and their impact will be realized in the coming years.

The Superstition Vistas community includes two master developers who are each responsible for approximately 5,500 housing units each. At the end of fiscal year 2023, the District had issued permits for 450 single-family homes in this community with capacity committed to 2,000 more housing units that are in development. At the end of fiscal year 2023, the District began receiving flows from this Master Planned Community. Housing is being completed and people are moving in. In other areas of the City, there are 1,000 single and multi-family units under construction or development. These unit counts allow for significant growth in this area over the next several years. The District is preparing for this growth and ensuring that there is sufficient capacity in the system.



FINANCIAL POLICIES AND PRACTICES

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

MAJOR INITIATIVES

Existing Treatment Plant Capacity Increase

The District's existing Water Reclamation Facility (WRF) is permitted to allow for a capacity increase from the current 2.1 million gallons per day (MGD) to 3.0 MGD with the installation of increased aeration blower capacity and additional aeration diffusers.

During fiscal year 2023, the District's engineer completed the design of these improvements and a contractor was engaged to begin the work. Construction is anticipated to be complete during fiscal year 2024. This increase in capacity will allow the connection of several thousand additional homes and is expected to be completed in 2023.

WRF Expansion Design

With the increased development in this area, the existing treatment facility will require an expansion to offer continued sewer service to the new growth. The District contracted with an engineer to complete the design of the WRF expansion and selected a contractor as the Construction Manager at Risk (CMAR). The CMAR will work with the engineer during design to help with constructability and value engineering review. The CMAR will also begin procurement of significant treatment process items and long lead items to help expedite the construction phase. The District will seek a loan from the Water Finance Authority of Arizona (WIFA) for this work. The WRF expansion is anticipated to be completed in fiscal year 2027.

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, 2022. This was the twelfth consecutive year the District was honored with this prestigious award. To be awarded a Certificate of Achievement, a government entity must publish an easily readable and efficiently organized Annual Report. In addition, 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 District's Financial Services Department members are to be commended for their efforts and dedication in preparing the District's Annual Report. Special thanks 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 sincerely appreciate the Board of Directors' 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. Nevertheless, 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 fluid and cursive, with a prominent initial "D" and a long, sweeping underline.

Darron Anglin, PE
District Manager

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Apache Junction Sewer District, a community facilities district

Apache Junction, Arizona

FINANCIAL SECTION



**RECLAIMING WATER
FOR THE FUTURE**



Independent Auditors' Report

To the Board of Directors of
Apache Junction Sewer District, Community Facilities District
Apache Junction, Arizona

Opinions

We have audited the accompanying financial statements of the Apache Junction Sewer District, a community facilities district (formerly known as Superstition Mountains Community Facilities District No. 1, the District), which comprise the statement of financial position as of June 30, 2023 and 2022, 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the District as of June 30, 2023 and 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis 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 is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. 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

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Fester & Chapman, PLLC

December 27, 2023

**APACHE JUNCTION SEWER DISTRICT, a community facilities district
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023 AND 2022**

Apache Junction Sewer District's (the District's) discussion and analysis provides an overview of the District's financial performance for the fiscal year ended June 30, 2023. Please read it in conjunction with the District's financial statements, which immediately follow this section.

FINANCIAL SUMMARY

- Net position increased \$4.9 million during fiscal year 2023.
- Cash and cash equivalents increased by \$7.1 million from fiscal year 2022.
- Capital assets decreased \$889 thousand, or 7% from the prior year.
- Liabilities increased by \$2.3 million primarily as a result of the increase in unearned revenue.
- Operating revenues increased by \$2 million over fiscal year 2022.
- Operating expenses increased by \$552 thousand, or 9%, over fiscal year 2022.
- Interest expense decreased by \$75 thousand, or 29%, 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, 2023, June 30, 2022 and June 30, 2021. The information for fiscal year 2023 is provided in greater detail in the basic financial statements which follow this analysis.

NET POSITION

	June 30, 2023	June 30, 2022	Increase (Decrease) current year from prior		June 30, 2021
			Amount	Percentage	
Cash, cash equivalents and investments	\$ 16,005,158	\$ 8,912,418	\$ 7,092,740	79.58%	\$ 7,297,887
Other current assets	2,099,468	1,611,440	488,028	30.29%	1,100,505
Net OPEB asset	83,603	70,986	12,617	17.77%	10,655
Capital assets	<u>11,075,655</u>	<u>11,964,223</u>	<u>(888,568)</u>	<u>-7.43%</u>	<u>13,429,786</u>
Total assets	29,263,884	22,559,067	6,704,817	29.72%	21,838,833
Deferred outflows	<u>419,127</u>	<u>494,099</u>	<u>(74,972)</u>	<u>-15.17%</u>	<u>490,077</u>
Current liabilities	7,621,846	3,194,053	4,427,793	138.63%	3,020,515
Long term liabilities					
Series 2017 bond	2,450,995	5,049,139	(2,598,144)	-51.46%	7,570,591
Net pension and OPEB liability	<u>2,386,038</u>	<u>1,870,104</u>	<u>515,934</u>	<u>27.59%</u>	<u>2,558,294</u>
Total liabilities	12,458,879	10,113,296	2,345,583	23.19%	13,149,400
Deferred inflows	<u>140,123</u>	<u>741,451</u>	<u>(601,328)</u>	<u>-81.10%</u>	<u>159,288</u>
Net investment in capital assets	6,883,944	5,247,775	1,636,169	-31.18%	4,266,262
Restricted	753,650	750,186	3,464	0.46%	750,321
Unrestricted	<u>9,446,415</u>	<u>6,200,458</u>	<u>3,245,957</u>	<u>52.35%</u>	<u>4,003,639</u>
Total net position	\$ 17,084,009	\$ 12,198,419	\$ 4,885,590	40.05%	\$ 9,020,222

The District's net position as of June 30, 2023 improved by 40%, or \$4.9 million, from the prior year. Total assets increased by \$6.7 million; total liabilities increased 23% or \$2.3 million.

The increase in net position from June 30, 2021 to June 30, 2022 was \$3.2 million. A complete discussion of the increase in net position from fiscal year 2021 to fiscal year 2022 can be found in the fiscal year 2022 Annual Comprehensive Financial Report.

Cash, cash equivalents and investments as of June 30, 2023 increased by \$7.1 million from fiscal year 2022. The increase is largely attributed to an increase in the Checking accounts from payments received in advance from developers in anticipation of permits to be issued to connect to the district. A summary of the components of Cash, cash equivalents and investments are provided in Table 2.

Net additions to Capital assets for fiscal year 2023 totaled \$721 thousand; after normal depreciation of \$1.6 million, Capital assets decreased by \$889 thousand. A summary of the components of Capital assets is provided in Table 4 and in Note 4 to the Financial Statements.

The increase in liabilities is primarily the result from an increase of \$4.3 million in unearned revenue. The unearned revenues resulted from prepayments by developers who elected to pay for connection fees in advance of obtaining permits for connections.

CASH AND CASH EQUIVALENTS

<p style="text-align: center;">Table 2 Apache Junction Sewer District Cash, Cash Equivalents and Investments</p>						
	<u>June 30, 2023</u>	<u>June 30, 2022</u>	Increase (Decrease)		<u>June 30, 2021</u>	
			current year from prior			
			Amount	Percentage		
Cash, Cash Equivalents and Investments	\$ 14,394,080	\$ 7,308,089	\$ 7,085,991	96.96%	\$ 5,693,474	
Restricted funds						
Debt Service Fund	229,387	228,988	399	0.17%	228,824	
Debt Service Reserve	628,041	625,155	2,886	0.46%	625,268	
Operations Reserve	<u>753,650</u>	<u>750,186</u>	<u>3,464</u>	<u>0.46%</u>	<u>750,321</u>	
Total cash, cash equivalents and investments	\$ 16,005,158	\$ 8,912,418	\$ 7,092,740	79.58%	\$ 7,297,887	

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 \$7.1 million over the prior year is attributed to an increase in the Expansion Reserve account related unearned revenues.

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, 2023, the balance of \$229 thousand was held to meet the scheduled debt payment due on July 1, 2023. The balances on hand at June 30, 2022 and 2021 were deposited to make the scheduled debt payments due on July 1, 2021 and 2020, 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, 2023 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, 2023 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, 2023</u>	<u>June 30, 2022</u>	Increase (Decrease) current year from prior		<u>June 30, 2021</u>
			<u>Amount</u>	<u>Percentage</u>	
Operating revenues					
Sewer services	\$ 8,051,642	\$ 7,464,717	\$ 586,925	7.86%	\$ 6,995,443
Connection fees	2,377,584	951,493	1,426,091	149.88%	787,313
Septage charges	492,968	543,715	(50,747)	-9.33%	583,316
Recharge credit sales	460,944	421,849	39,095	9.27%	269,213
Miscellaneous	<u>100,128</u>	<u>94,775</u>	<u>5,353</u>	5.65%	<u>81,615</u>
Total operating revenues	11,483,266	9,476,549	2,006,717	21.18%	8,716,900
Operating expenses					
Administrative	829,337	730,827	98,510	13.48%	572,207
Payroll and related	2,748,173	2,295,663	452,510	19.71%	2,245,372
Repair and maintenance	1,111,092	1,036,724	74,368	7.17%	1,484,196
Depreciation and amortization	<u>1,906,208</u>	<u>1,979,545</u>	<u>(73,337)</u>	-3.70%	<u>1,916,993</u>
Total operating expenses	6,594,810	6,042,757	552,053	9.14%	6,218,768
Operating income	4,888,456	3,433,792	1,454,664	42.36%	2,498,132
Nonoperating revenue/(expense)					
Interest expense	(186,332)	(260,946)	(74,614)	-28.59%	(333,359)
Bond issuance	(20,000)	0	20,000	100.00%	0
Other nonoperating	<u>203,466</u>	<u>5,351</u>	<u>(198,115)</u>	-3702.39%	<u>7,536</u>
Total nonoperating revenue/(expense)	(2,866)	(255,595)	(252,729)	-98.88%	(325,823)
Increase before capital contributions	4,885,590	3,178,197	1,707,393	53.72%	2,172,309
Capital contributions					
Contributed capital assets	0	0	-	0.00%	<u>90,370</u>
Increase in net position	4,885,590	3,178,197	1,707,393	53.72%	2,262,679
Net position - beginning	<u>12,198,419</u>	<u>9,020,222</u>	<u>3,178,197</u>	-35.23%	<u>6,757,543</u>
Net position - ending	\$ 17,084,009	\$ 12,198,419	\$ 4,885,590	40.05%	\$ 9,020,222

Operating Revenues

Operating revenues increased \$2 million or 21% from the prior year. Revenue gains were realized in Sewer services, Connection fees and Recharge credit sales where income increased \$587 thousand, \$1.4 million and \$39 thousand respectively over fiscal year 2022. In fiscal year 2022, operating revenues increased \$760 thousand over fiscal year 2021.

Revenue from Sewer services increased over the prior year because of a 3% increase in rates and 5% increase in customer growth. In fiscal year 2023, 619 permits were issued to connect 620 new units, compared to 214 permits issued in fiscal year 2022 and 317 permits issued in fiscal year 2021.

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 2023 increased \$39 thousand from the previous year because of increased volumes.

Operating Expenses

Operating expenses increased \$552 thousand from fiscal year 2022. The most significant expense categories showing increases were Payroll and payroll related and Supplies and services – treatment facility. Payroll and payroll related expenses increased \$453 thousand primarily due to budgeted wage increases and ASRS Pension Expense. Supplies and services – treatment facility expenses were higher than the prior year due to an increase in Disinfection chemicals and Biosolids disposal.

Operating expenses decreased \$176 thousand from fiscal year 2021 to fiscal year 2022. A discussion of this decrease can be found in the fiscal year 2022 Annual Comprehensive Financial Report.

Nonoperating Revenues and Expenses

Total nonoperating expense was \$253 thousand lower than fiscal year 2022. Interest income increased \$199 thousand because of higher rates on the District's invested balances. Interest expense decreased by \$75 thousand; Note 5 to the Financial Statements provides additional information about the District's outstanding bond debt.

Increase or Decrease in Net Position

The increase in net position for fiscal year 2023 of \$4.9 million reflects an improvement of \$1.7 million over the prior year results. The primary factor for the improvement can be tied to the increase in operating revenues. The increase from fiscal year 2021 to 2022 resulted primarily from an increase in operating revenues.

CAPITAL ASSETS

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	Increase (Decrease) current year from prior		<u>June 30, 2021</u>
			<u>Amount</u>	<u>Percentage</u>	
Land and easements	\$ 1,348,057	\$ 1,348,057	\$ -	0.00%	\$ 1,339,807
Treatment plant	18,674,105	18,664,204	9,901	0.05%	18,596,087
Collection system	23,528,537	23,528,537	-	0.00%	23,467,719
Buildings & grounds	1,199,867	1,193,247	6,620	0.55%	1,054,496
Machinery & equipment	4,385,746	4,162,243	223,503	5.37%	4,138,941
Office equipment & software	413,918	414,557	(639)	-0.15%	370,257
Other intangibles	104,049	104,049	-	0.00%	50,241
Construction in process	<u>527,008</u>	<u>45,418</u>	<u>481,590</u>	<u>1060.35%</u>	<u>227,725</u>
Total capital assets	50,181,287	49,460,312	720,975	1.46%	49,245,273
Accumulated depreciation	<u>(39,105,632)</u>	<u>(37,496,089)</u>	<u>(1,609,543)</u>	4.29%	<u>(35,815,487)</u>
Net capital assets	\$ 11,075,655	\$ 11,964,223	\$ (888,568)	-7.43%	\$ 13,429,786

Capital Assets

The District operates and maintains approximately 118 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 28 years of use, with a small portion of the sewer collection system in excess of 30 years of service.

In fiscal year 2023, increases were realized in most capital asset categories. The most notable increase at the District's facilities was the acquisition of a front-end loader for \$236 thousand and the addition of two trucks for operations crews. Construction in process at the end of fiscal year 2023 was \$482 thousand higher than 2022 primarily due to projects relating to the expansion of the Water Reclamation Facility.

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 2023, this ratio was 2.58 compared to 2.00 in fiscal year 2022 and 1.66 in fiscal year 2021.

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

ECONOMIC FACTORS BEARING ON THE DISTRICT'S RESULTS

Revenue growth in fiscal year 2023 resulted from a modest rate increase for the services it provides. These rate increases, coupled with a modest increase in connection fees from new and infill customers in fiscal year 2023, allowed the District to cover its regular operating expenses and debt services 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 84% of total sewer service revenue for fiscal year 2023.

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.

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 Apache Junction Sewer District, a community facilities district, at 5661 S. Ironwood Drive, Apache Junction, Arizona 85120 or visit our website at www.ajsewer.org.

Apache Junction Sewer District, a community facilities district

STATEMENTS OF NET POSITION

June 30,

ASSETS	2023	2022
CURRENT ASSETS		
Cash and cash equivalents	\$ 7,917,072	\$ 6,279,480
Investments	6,477,008	1,028,609
Cash and cash equivalents, restricted, current	229,387	228,988
Accounts receivable - sewage, net of allowance for doubtful accounts of \$11,394	632,398	654,263
Accounts receivable - other	1,207,196	761,915
Inventory	98,751	24,205
Prepaid expenses	161,123	171,057
Total current assets	16,722,935	9,148,517
NONCURRENT ASSETS		
Capital assets:		
Capital assets not being depreciated	1,856,511	1,374,921
Capital assets, net of accumulated depreciation	9,219,144	10,589,302
Total capital assets, net	11,075,655	11,964,223
Other assets:		
Cash and cash equivalents, restricted, noncurrent	1,381,691	1,375,341
Net pension and other postemployment benefits asset	83,603	70,986
Total other assets	1,465,294	1,446,327
Total noncurrent assets	12,540,949	13,410,550
Total assets	29,263,884	22,559,067
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pensions and other postemployment benefits	419,127	494,099
Total deferred outflows of resources	419,127	494,099
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	356,228	181,482
Accrued expenses	215,519	286,151
Accrued interest payable	12,623	18,926
Current portion, bonds payable	2,598,144	2,521,452
Unearned revenue	4,439,332	186,042
Total current liabilities	7,621,846	3,194,053
NONCURRENT LIABILITIES		
Revenue bonds payable, less current maturity	2,450,995	5,049,139
Net pension liability	2,386,038	1,870,104
Total noncurrent liabilities	4,837,033	6,919,243
Total liabilities	12,458,879	10,113,296
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pensions and other postemployment benefits	140,123	741,451
Total deferred inflows of resources	140,123	741,451
NET POSITION		
Net investment in capital assets	6,883,944	5,247,775
Restricted by debt covenant for:		
Operations	753,650	750,186
Unrestricted	9,446,415	6,200,458
Total net position	\$ 17,084,009	\$ 12,198,419

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

Apache Junction Sewer District, a community facilities district

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

Years Ended June 30,

	<u>2023</u>	<u>2022</u>
Operating revenues:		
Net charges for services	\$ 10,429,226	\$ 8,416,210
Charges for septage	492,968	543,715
Sales of recharge credits	460,944	421,849
Miscellaneous	<u>100,128</u>	<u>94,775</u>
Total operating revenues	11,483,266	9,476,549
Operating expenses:		
Payroll and payroll related	2,748,173	2,295,663
Repairs and maintenance - treatment facility	491,616	539,705
Repairs and maintenance - other	2,317	2,014
Supplies and services - treatment facility	617,159	495,005
Accounting	19,000	18,100
Consulting	204,093	169,252
Administrative	452,006	402,409
Insurance	90,419	79,898
Legal	63,819	59,688
Depreciation and amortization	1,906,208	1,979,545
Miscellaneous	<u>1,478</u>	<u>1,478</u>
Total expenses	<u>6,594,810</u>	<u>6,042,757</u>
Operating income	4,888,456	3,433,792
Nonoperating revenues and (expenses):		
Investment earnings	204,705	5,895
Loss on equipment disposed	(1,239)	(544)
Bond issuance	(20,000)	
Interest expense	<u>(186,332)</u>	<u>(260,946)</u>
Total nonoperating revenues and (expenses)	<u>(2,866)</u>	<u>(255,595)</u>
Income before contributions	<u>4,885,590</u>	<u>3,178,197</u>
Increase in net position	4,885,590	3,178,197
Net position, July 1	<u>12,198,419</u>	<u>9,020,222</u>
Net position, June 30	<u>\$ 17,084,009</u>	<u>\$ 12,198,419</u>

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

Apache Junction Sewer District, a community facilities district

STATEMENTS OF CASH FLOWS

Years Ended June 30,

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Cash received from customers	\$ 15,313,140	\$ 9,148,790
Cash payments to suppliers for goods and services	(1,804,666)	(1,864,433)
Cash payments to employees for services	<u>(2,867,472)</u>	<u>(2,447,106)</u>
Net cash provided by operating activities	<u>10,641,002</u>	<u>4,837,251</u>
Cash flows from capital and related financing activities:		
Acquisition of structures, sewer improvements and equipment	(1,018,880)	(514,526)
Principal payments on bonds payable	(2,521,452)	(2,447,025)
Bond interest paid	(192,635)	(267,064)
Bond issuance costs	<u>(20,000)</u>	<u></u>
Net cash used by capital and related financing activities	<u>(3,752,967)</u>	<u>(3,228,615)</u>
Cash flows from investing activities:		
Purchase of securities	(5,448,399)	(2,686)
Interest received from investing activities	<u>204,705</u>	<u>5,895</u>
Net cash (used) provided by investing activities	<u>(5,243,694)</u>	<u>3,209</u>
Net change in cash	1,644,341	1,611,845
Cash and cash equivalents, beginning of year	<u>7,883,809</u>	<u>6,271,964</u>
Cash and cash equivalents, end of year	<u>\$ 9,528,150</u>	<u>\$ 7,883,809</u>
Cash and cash equivalents at June 30, 2023 and 2022 consist of:		
Unrestricted cash and cash equivalents	\$ 7,917,072	\$ 6,279,480
Restricted cash and cash equivalents, current	229,387	228,988
Restricted cash and cash equivalents, noncurrent	<u>1,381,691</u>	<u>1,375,341</u>
Total	<u>\$ 9,528,150</u>	<u>\$ 7,883,809</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 4,888,456	\$ 3,433,792
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	1,906,208	1,979,545
Pension expense	212,919	40,916
Employer pension contributions	(235,957)	(211,297)
Changes in assets and liabilities:		
Accounts receivable - sewage	21,865	(27,027)
Accounts receivable - other	(445,281)	(397,171)
Inventory	(74,546)	(597)
Prepaid expenses	9,934	(86,139)
Accounts payable	174,746	23,360
Accrued expenses	(70,632)	(14,570)
Unearned revenue	<u>4,253,290</u>	<u>96,439</u>
Net cash provided by operating activities	<u>\$ 10,641,002</u>	<u>\$ 4,837,251</u>

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2023 and 2022

NOTE 1 - BACKGROUND AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Apache Junction Sewer District, a community facilities district (the District) is a public utility, formed under the laws of the State of Arizona on July 7, 1992, formerly known as Superstition Mountains Community Facilities District No. 1. 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 authorizes 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, 2023 and 2022

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 assets that applies to future periods that will be recognized as an expense in future periods. Deferred inflows of resources represent an acquisition of net assets 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.

Apache Junction Sewer District, a community facilities district

NOTES TO FINANCIAL STATEMENTS

June 30, 2023 and 2022

NOTE 2 – RESTRICTED CASH AND CASH EQUIVALENTS

Restricted cash and cash equivalents at June 30, 2023 and 2022 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, 2023 and 2022, respectively, are allocated as follows:

	<u>2023</u>	<u>2022</u>
Principal and interest fund	\$ 229,387	\$ 228,988
Debt service reserve fund	628,041	625,155
Operations reserve fund	<u>753,650</u>	<u>750,186</u>
Total restricted cash and cash equivalents	<u>\$ 1,611,078</u>	<u>\$ 1,604,329</u>

NOTE 3 – DEPOSITS AND INVESTMENTS

At June 30, 2023 and 2022, the carrying amounts of the District's deposits were \$7,917,072 and \$6,279,480, respectively. The bank balances of the District's deposits at June 30, 2023 and 2022 were \$7,639,622 and \$6,234,417, 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, 2023 and 2022, were collateralized with securities held by the pledging financial institution’s trust department in the District’s name.

At June 30, 2023 and 2022, the District had total investments of \$6,477,008 and \$1,028,609, 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 AAf/S1+ by Standard and Poor's.

Apache Junction Sewer District, a community facilities district

NOTES TO FINANCIAL STATEMENTS

June 30, 2023 and 2022

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, 2023 and 2022, 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, 2023 was as follows:

	Balance at July 1, 2022	Additions	Deletions	Balance at June 30, 2023
<u>Nondepreciable assets:</u>				
Land	\$ 1,167,654			\$ 1,167,654
Easements	161,849			161,849
Construction in progress	45,418	\$ 551,039	\$ (69,449)	527,008
Total capital assets not being depreciated	<u>1,374,921</u>	<u>551,039</u>	<u>(69,449)</u>	<u>1,856,511</u>
<u>Depreciable assets:</u>				
Treatment plant	18,664,204	34,811	(24,910)	18,674,105
Collection system	23,528,537			23,528,537
Equipment	4,576,800	495,859	(272,995)	4,799,664
Buildings & grounds	1,193,247	6,620		1,199,867
Rights of way	18,554			18,554
Other intangible assets	104,049			104,049
Total capital assets being depreciated	<u>48,085,391</u>	<u>537,290</u>	<u>(297,905)</u>	<u>48,324,776</u>
<u>Accumulated depreciation:</u>				
Treatment plant	(14,452,410)	(745,643)	23,670	(15,174,383)
Collection system	(18,443,396)	(784,631)		(19,228,027)
Equipment	(3,582,590)	(314,646)	272,995	(3,624,241)
Buildings & grounds	(986,134)	(57,174)		(1,043,308)
Rights of way	(13,686)	(645)		(14,331)
Other intangible assets	(17,873)	(3,469)		(21,342)
Total accumulated depreciation	<u>(37,496,089)</u>	<u>(1,906,208)</u>	<u>296,665</u>	<u>(39,105,632)</u>
Total capital assets being depreciated, net	<u>10,589,302</u>	<u>(1,368,918)</u>	<u>(1,240)</u>	<u>9,219,144</u>
Net capital assets	<u>\$ 11,964,223</u>	<u>\$ (817,879)</u>	<u>\$ (70,689)</u>	<u>\$ 11,075,655</u>

Apache Junction Sewer District, a community facilities district

NOTES TO FINANCIAL STATEMENTS

June 30, 2023 and 2022

NOTE 4 – CAPITAL ASSETS (CONTINUED)

Capital asset activity for the year ended June 30, 2022 was as follows:

	Balance at July 1, 2021	Additions	Deletions	Balance at June 30, 2022
<u>Nondepreciable assets:</u>				
Land	\$ 1,167,654			\$ 1,167,654
Easements	153,599	\$ 8,250		161,849
Construction in progress	<u>227,725</u>	<u>266,653</u>	\$ (448,960)	<u>45,418</u>
Total capital assets not being depreciated	<u>1,548,978</u>	<u>274,903</u>	<u>(448,960)</u>	<u>1,374,921</u>
<u>Depreciable assets:</u>				
Treatment plant	18,596,087	68,117		18,664,204
Collection system	23,467,719	60,818		23,528,537
Equipment	4,509,198	367,088	(299,486)	4,576,800
Buildings & grounds	1,054,496	138,751		1,193,247
Rights of way	18,554			18,554
Other intangible assets	<u>50,241</u>	<u>53,808</u>		<u>104,049</u>
Total capital assets being depreciated	<u>47,696,295</u>	<u>688,582</u>	<u>(299,486)</u>	<u>48,085,391</u>
<u>Accumulated depreciation:</u>				
Treatment plant	(13,632,692)	(819,718)		(14,452,410)
Collection system	(17,660,793)	(782,603)		(18,443,396)
Equipment	(3,570,726)	(310,806)	298,942	(3,582,590)
Buildings & grounds	(922,188)	(63,946)		(986,134)
Rights of way	(13,039)	(647)		(13,686)
Other intangible assets	<u>(16,049)</u>	<u>(1,824)</u>		<u>(17,873)</u>
Total accumulated depreciation	<u>(35,815,487)</u>	<u>(1,979,544)</u>	<u>298,942</u>	<u>(37,496,089)</u>
Total capital assets being depreciated, net	<u>11,880,808</u>	<u>(1,290,962)</u>	<u>(544)</u>	<u>10,589,302</u>
Net capital assets	<u>\$ 13,429,786</u>	<u>\$ (1,016,059)</u>	<u>\$ (449,504)</u>	<u>\$ 11,964,223</u>

Apache Junction Sewer District, a community facilities district

NOTES TO FINANCIAL STATEMENTS

June 30, 2023 and 2022

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, 2023:

	Balance at July 1, 2022	Increases	Decreases	Balance at June 30, 2023
Series 2017 bonds				
Current	\$ 2,521,452	\$ 2,598,144	\$ (2,521,452)	\$ 2,598,144
Noncurrent	<u>5,049,139</u>		<u>(2,598,144)</u>	<u>2,450,995</u>
Total bonds payable	<u>\$ 7,570,591</u>	<u>\$ 2,598,144</u>	<u>\$ (5,119,596)</u>	<u>\$ 5,049,139</u>

The following is a summary of changes in revenue bonds payable for the fiscal year ended June 30, 2022:

	Balance at July 1, 2021	Increases	Decreases	Balance at June 30, 2022
Series 2017 bonds				
Current	\$ 2,447,025	\$ 2,521,452	\$ (2,447,025)	\$ 2,521,452
Noncurrent	<u>7,570,591</u>		<u>(2,521,452)</u>	<u>5,049,139</u>
Total bonds payable	<u>\$ 10,017,616</u>	<u>\$ 2,521,452</u>	<u>\$ (4,968,477)</u>	<u>\$ 7,570,591</u>

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

	Principal	Interest	Total
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>\$ 5,049,139</u>	<u>\$ 152,861</u>	<u>\$ 5,202,000</u>

In June 2023, the District entered into a loan agreement with the Water Infrastructure Finance Authority (WIFA) to borrow \$7.2 million to fund a new water reclamation facility. During 2023, the District has not drawn down any funds, therefore no outstanding balance is reported. Interest-only payments are due semi-annually, including interest at 1.0%, and the principal is to be rolled into a long-term construction loan (or paid in full) within 3 years.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023 and 2022

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.*

NOTES TO FINANCIAL STATEMENTS

June 30, 2023 and 2022

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, 2023, active ASRS members were required by statute to contribute at the actuarially determined rate of 12.17% (12.03% for retirement and 0.14% for long-term disability) of the members’ annual covered payroll and statute required the District to contribute at the actuarially determined rate of 12.17% (11.92% for retirement, 0.11% for health insurance premium benefit, and 0.14% for long-term disability) of the active members’ annual covered payroll. The District’s contributions for the year ended June 30, 2023 and 2022 were as follows.

	2023	2022
Pension	\$ 232,234	\$ 210,171
Health insurance premium benefit	2,143	3,675
Long-term disability	2,757	3,213

Liability

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

	June 30, 2023	June 30, 2022
ASRS	Net pension/OPEB (asset) liability	Net pension/OPEB (asset) liability
Pension	\$ 2,384,676	\$ 1,867,131
Health insurance premium benefit	(83,603)	(70,986)
Long-term disability	1,362	2,973

Apache Junction Sewer District, a community facilities district

NOTES TO FINANCIAL STATEMENTS

June 30, 2023 and 2022

NOTE 6 – RETIREMENT PLAN (CONTINUED)

The net asset and net liabilities for June 30, 2023 were measured as of June 30, 2022. 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, 2021, to the measurement date of June 30, 2022. The total pension liability as of June 30, 2022, reflects a change in actuarial assumptions based on the results of an actuarial experience study for the 5-year period ended June 30, 2021, including decreasing the discount rate from 7.5 percent to 7.0 percent, changing the projected salary increases from 2.7-7.2 percent to 2.9-8.4 percent. 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, 2022. The District's proportions measured as of June 30, 2022, and the change from its proportions measured as of June 30, 2021, were:

ASRS	Proportion June 30, 2022	Increase (decrease) from June 30, 2021
Pension	0.014610 %	0.000400 %
Health insurance premium benefit	0.014980 %	0.000410 %
Long-term disability	0.014750 %	0.000350 %

The net asset and net liability for June 30, 2022, was measured as of June 30, 2021. 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, 2020, to the measurement date of June 30, 2021. 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, 2021.

Expense

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

ASRS	2023 Pension/OPEB expense	2022 Pension/OPEB expense
Pension	\$ 224,933	\$ 47,014
Health insurance premium benefit	(12,335)	(8,141)
Long-term disability	321	2,043
Total	<u>\$ 212,919</u>	<u>\$ 40,916</u>

Apache Junction Sewer District, a community facilities district

NOTES TO FINANCIAL STATEMENTS

June 30, 2023 and 2022

NOTE 6 – RETIREMENT PLAN (CONTINUED)

Deferred Outflows/Inflows of Resources

At June 30, 2023 the District reported deferred outflows of resources and deferred inflows of resources related to pensions and OPEB from the following sources:

	June 30, 2023					
	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	\$ 20,319			\$ 42,666	\$ 709	\$ 1,269
Changes of assumptions or other inputs	118,356		\$ 1,357	2,280	742	3,325
Net difference between projected and actual earnings on plan investments		\$ 62,815		2,816		42
Changes in proportion and differences between District contributions and proportionate share of contributions	40,190	23,624	170	479	150	807
District contributions subsequent to the measurement date	<u>232,234</u>		<u>2,143</u>		<u>2,757</u>	
Total	<u>\$ 411,099</u>	<u>\$ 86,439</u>	<u>\$ 3,670</u>	<u>\$ 48,241</u>	<u>\$ 4,358</u>	<u>\$ 5,443</u>

At June 30, 2022 the District reported deferred outflows of resources and deferred inflows of resources related to pensions and OPEB from the following sources:

	June 30, 2022					
	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	\$ 28,463			\$ 24,618	\$ 859	\$ 242
Changes of assumptions or other inputs	243,022		\$ 3,519	2,870	951	3,745
Net difference between projected and actual earnings on plan investments		591,573		26,332		\$ 2,059
Changes in proportion and differences between District contributions and proportionate share of contributions		89,023	226	10		979
District contributions subsequent to the measurement date	<u>210,171</u>		<u>3,675</u>		<u>3,213</u>	
Total	<u>\$ 481,656</u>	<u>\$ 680,596</u>	<u>\$ 7,420</u>	<u>\$ 53,830</u>	<u>\$ 5,023</u>	<u>\$ 7,025</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, 2024.

Apache Junction Sewer District, a community facilities district

NOTES TO FINANCIAL STATEMENTS

June 30, 2023 and 2022

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>
2024	\$ 110,485	\$ (12,819)	\$ (433)
2025	(9,536)	(13,941)	(511)
2026	(109,061)	(15,292)	(830)
2027	100,538	(2,375)	(210)
2028		(2,287)	(731)
Thereafter			(1,127)

Actuarial Assumptions

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

ASRS	
Actuarial valuation date	June 30, 2021
Actuarial roll forward date	June 30, 2022
Actuarial cost method	Entry age normal
Investment rate of return	7.0%
Projected salary increases	2.9-8.4% 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, 2021, the valuations were based on the results of an actuarial experience study for the 5 year period ended June 30, 2020.

The long-term expected rate of return on ASRS plan investments was determined to be 7.0 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. 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%	3.90%
Fixed income - credit	20%	5.30%
Fixed income - interest rate sensitive	10%	(0.20%)
Real estate	<u>20%</u>	6.00%
Total	<u><u>100%</u></u>	

NOTES TO FINANCIAL STATEMENTS

June 30, 2023 and 2022

NOTE 6 – RETIREMENT PLAN (CONTINUED)

Discount Rate

At June 30, 2022, the discount rate used to measure the ASRS total pension/OPEB liability was 7.0 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 7.0%, 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 (6.0%) or 1 percentage point higher (8.0%) than the current rate:

	June 30, 2022		
	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
ASRS			
District's proportionate share of the			
Net pension liability	\$ 3,518,519	\$ 2,384,676	\$ 1,439,229
Net insurance premium benefit liability (asset)	(60,115)	(83,603)	(103,532)
Net long-term disability liability	2,258	1,362	494
	June 30, 2021		
	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
ASRS			
District's proportionate share of the			
Net pension liability	\$ 2,969,841	\$ 1,867,131	\$ 975,289
Net insurance premium benefit liability (asset)	(47,000)	(70,986)	(91,382)
Net long-term disability liability	3,871	2,973	2,104

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.

Apache Junction Sewer District, a community facilities district

NOTES TO FINANCIAL STATEMENTS

June 30, 2023 and 2022

NOTE 7 – COMMITMENTS AND CONTINGENT LIABILITIES

The District has entered into two construction projects during the fiscal year 2023 for Water Reclamation Facility (WRF) Expansion project totaling \$16.4 million.

At year end, the District had the following commitments on construction contracts:

<u>Project</u>	<u>Remaining Commitment</u>
Design - Engineering Services	\$ 10,951,342
Design - Pre-construction Services	5,300,000

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.

NOTE 8 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through December 27, 2023, which was the date the District's financial statements were issued.

REQUIRED SUPPLEMENTARY INFORMATION

Apache Junction Sewer District, a community facilities district

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

June 30, 2023

	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	2014
ASRS - Pension										
District's proportion of the net pension liability	0.01461%	0.01421%	0.01470%	0.01553%	0.016710%	0.017270%	0.016290%	0.016880%	0.019066%	Information
District's proportionate share of the net pension liability	\$ 2,384,676	\$ 1,867,131	\$ 2,546,998	\$ 2,259,796	\$ 2,330,457	\$ 2,690,329	\$ 2,259,796	\$ 2,330,457	\$ 2,821,146	not
District's covered payroll	1,756,544	1,643,112	1,642,720	1,658,858	1,646,294	1,636,868	1,541,915	1,559,035	1,727,616	available
District's proportionate share of the net pension liability as a percentage of its covered payroll	135.76%	133.63%	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	74.26%	78.58%	69.33%	73.24%	73.40%	69.92%	67.06%	68.35%	69.49%	
							2017 through 2014			
ASRS - Health Insurance Premium Benefit										
District's proportion of the net OPEB (asset)	0.01498%	0.01457%	0.01505%	0.01591%	0.017030%	0.017530%				Information
District's proportionate share of the net OPEB (asset)	\$ (83,603)	\$ (70,986)	\$ (10,655)	\$ (4,397)	\$ (6,132)	\$ (9,543)				not
District's covered payroll	1,756,544	1,643,112	1,642,720	1,658,858	1,646,294	1,636,868				available
District's proportionate share of the net OPEB (asset) as a percentage of its covered payroll	(4.76%)	(4.32%)	(0.65)%	(0.27)%	(0.37)%	(0.58)%				
District's fiduciary net position as a percentage of the total OPEB liability	137.79%	130.24%	104.33%	101.62%	102.20%	103.57%				
							2017 through 2014			
ASRS - Long-term Disability										
District's proportion of the net OPEB liability	0.01475%	0.01440%	0.01489%	0.01577%	0.016750%	0.017350%				Information
District's proportionate share of the net OPEB liability	\$ 1,362	\$ 2,973	\$ 11,296	\$ 10,273	\$ 8,752	\$ 6,289				not
District's covered payroll	1,756,544	1,643,112	1,642,720	1,658,858	1,646,294	1,636,868				available
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	0.08%	0.18%	0.69%	0.62%	0.53%	0.38%				
District's fiduciary net position as a percentage of the total OPEB liability	95.40%	90.38%	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.

Apache Junction Sewer District, a community facilities district

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT PENSION/OPEB CONTRIBUTIONS

June 30, 2023

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
ASRS - Pension										
Statutorily required contribution	\$ 232,234	\$ 210,171	\$ 191,638	\$ 184,796	\$ 185,299	\$ 179,718	\$ 176,381	\$ 165,233	\$ 173,839	\$ 183,914
District's contributions in relation to the statutorily required contribution	<u>232,234</u>	<u>210,171</u>	<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	1,946,618	1,756,544	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	11.93%	11.97%	11.66%	11.25%	11.17%	10.92%	10.78%	10.72%	11.15%	10.65%
								2016 through 2014		
ASRS - Health Insurance Premium Benefit										
Statutorily required contribution	\$ 2,143	\$ 3,675	\$ 6,415	\$ 7,908	\$ 7,624	\$ 7,255	\$ 9,436	Information not available		
District's contributions in relation to the statutorily required contribution	<u>2,143</u>	<u>3,675</u>	<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	1,946,618	1,756,544	1,643,112	1,642,720	1,658,858	1,646,294	1,636,868			
District's contributions as a percentage of covered payroll	0.11%	0.21%	0.39%	0.48%	0.46%	0.44%	0.58%			
								2016 through 2014		
ASRS - Long-term Disability										
Statutorily required contribution	\$ 2,757	\$ 3,213	\$ 2,985	\$ 2,742	\$ 2,657	\$ 2,622	\$ 2,359	Information not available		
District's contributions in relation to the statutorily required contribution	<u>2,757</u>	<u>3,213</u>	<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	1,946,618	1,756,544	1,643,112	1,642,720	1,658,858	1,646,294	1,636,868			
District's contributions as a percentage of covered payroll	0.14%	0.18%	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.

Apache Junction Sewer District

Apache Junction, Arizona

STATISTICAL SECTION



**RECLAIMING WATER
FOR THE FUTURE**

Apache Junction Sewer District, a community facilities district

Apache Junction, Arizona

STATISTICAL SECTION

This part of the Apache Junction Sewer District 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
Apache Junction Sewer District, a community facilities district
Net Position by Component
Last Ten Fiscal Years

	<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>	<u>2022</u>	<u>2023</u>
Net position:										
Net investment in capital assets	\$ (3,520,176)	\$ (3,722,547)	\$ (2,388,456)	\$ (1,844,715)	\$ (601,021)	\$ 914,947	\$ 2,684,320	\$ 4,266,262	\$ 5,247,775	\$ 6,883,944
Restricted by debt covenants for:										
Operations	751,833	751,574	751,613	750,288	750,744	756,542	754,228	750,321	750,186	753,650
Unrestricted	<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>	<u>6,200,458</u>	<u>9,446,415</u>
Total net position	<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>	<u>\$ 12,198,419</u>	<u>\$ 17,084,009</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
Apache Junction Sewer District, a community facilities district
Changes in Net Position
Last Ten Fiscal Years

	<u>2014</u>	<u>2015¹</u>	<u>2016</u>	<u>2017</u>	<u>2018²</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Operating revenues:										
Charges for services	\$ 6,049,730	\$ 6,135,853	\$ 6,398,162	\$ 6,595,191	\$ 6,797,729	\$ 7,100,463	\$ 7,478,705	\$ 7,782,756	\$ 8,416,210	\$ 10,429,226
Charges for septage	452,860	408,143	486,841	510,284	449,174	497,353	616,152	583,316	543,715	492,968
Sales of recharge credits	169,493	129,105	142,172	125,309	71,035	62,981	58,771	269,213	421,849	460,944
Miscellaneous	88,474	88,258	70,300	72,638	82,907	78,870	66,490	81,615	94,775	100,128
Total operating revenue	<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>	<u>9,476,549</u>	<u>11,483,266</u>
Operating expenses:										
Payroll and payroll related	2,444,042	2,231,122	2,010,788	2,120,958	2,129,076	2,147,575	2,328,712	2,245,372	2,295,663	2,748,173
Repairs and maintenance - treatment facility	257,555	277,139	395,582	273,010	314,329	353,673	293,982	402,541	539,705	491,616
Repairs and maintenance - other	6,875	3,316	3,699	1,964	2,002	2,340	2,948	2,808	2,014	2,317
Supplies and services	353,727	346,803	330,771	339,224	371,928	405,172	386,029	1,078,847	495,005	617,159
Accounting	14,950	15,250	15,600	15,600	18,100	23,100	18,100	18,100	18,100	19,000
Consulting	30,736	37,800	50,578	85,479	135,827	107,066	215,694	72,965	169,252	204,093
Administrative	313,841	321,160	360,291	387,485	289,244	346,390	335,636	331,534	402,409	452,006
Insurance	84,993	81,620	84,549	83,887	72,980	66,759	70,036	73,470	79,898	90,419
Legal	98,046	81,672	53,812	53,254	47,358	48,319	84,942	75,829	59,688	63,819
Depreciation and amortization	1,766,400	1,724,608	1,755,306	1,770,480	1,834,737	1,911,621	1,910,471	1,916,993	1,979,545	1,906,208
Miscellaneous	10,068	6,080	739	687	3,800	4,937	128	309	1,478	-
Total operating expenses	<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>	<u>6,042,757</u>	<u>6,594,810</u>
Operating income	1,379,324	1,634,789	2,035,760	2,171,394	2,181,464	2,322,715	2,573,440	2,498,132	3,433,792	4,888,456
Nonoperating revenues and (expenses):										
Interest income	13,075	11,788	12,139	10,577	10,675	84,300	81,513	7,536	5,895	204,705
Equipment scrapped or abandoned	(6,710)	(157,468)	(14,236)	-	-	-	-	-	(544)	(1,239)
Interest expense	(954,518)	(906,489)	(854,437)	(751,741)	(538,021)	(471,833)	(403,633)	(333,359)	(260,946)	(186,332)
Bond issuance costs	-	-	-	(109,212)	-	-	-	-	-	(20,000)
Total nonoperating revenue and (expense)	<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>(325,823)</u>	<u>(255,595)</u>	<u>(2,866)</u>
Income (loss) before contributions	431,171	582,620	1,179,226	1,321,018	1,654,118	1,935,182	2,251,320	2,172,309	3,178,197	4,885,590
Contributed capital assets	-	-	-	-	-	-	-	90,370	-	-
Change in net position	<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>	<u>\$ 3,178,197</u>	<u>\$ 4,885,590</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
Apache Junction Sewer District, a community facilities district
Ten Largest Customers¹
Current Year and Nine Years Ago

Customer Name²	Year Ended June 30, 2023		Year Ended June 30, 2014	
	Sales	Percentage of Sales	Sales	Percentage of Sales
Roadhaven Resort RV Park	\$ 186,907	2.31%	\$ 131,314	1.99%
Golden Vista RV Resort	171,247	2.12%	177,651	2.69%
MHC Dolce Vita LLC	163,539	2.02%	79,664	1.21%
CAX Rancho Mirage LLC	114,370	1.42%	91,515	1.39%
Davala Investments LLC	102,032	1.26%		
Leesburg Group LLC/Rock Shadows	101,095	1.25%	80,388	1.22%
Quail Creek Condominiums	84,412	1.04%		
Cartridges Drain Service	79,689	0.99%		
RC Roberts/Sunrise RV Park	79,053	0.98%		
CAX La Casa Blanca East LLC	75,765	0.94%		
Coopers Septic			296,504	4.50%
Apache Junction Water District			170,451	2.59%
Desert Harbor			72,852	1.10%
Sonoma Valley LLC			70,304	1.07%
Windsong Associates			46,220	0.70%
Subtotal of ten largest customers	<u>1,158,109</u>	<u>14.33%</u>	<u>1,216,863</u>	<u>18.46%</u>
Balance from other customers	<u>6,923,323</u>	<u>85.67%</u>	<u>5,376,170</u>	<u>81.54%</u>
Total sewer, septage & recharge credit revenue	<u>\$ 8,081,432</u>	<u>100.00%</u>	<u>\$ 6,593,033</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
Apache Junction Sewer District, a community facilities district
Permits Issued, Active Accounts and Connected Units
Last Ten Fiscal Years

Service Class	PERMITS ISSUED									
	Fiscal Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Single Family	58	33	48	48	100	98	150	152	204	394
Multi Family	2	0	1	2	0	3	4	0	4	188
RV & MH Parks	11	23	20	17	17	11	28	162	4	32
All Other	3	3	6	4	4	8	5	3	2	5
Total permits	74	59	75	71	121	120	187	317	214	619
% Change ²	-65.90%	-20.27%	27.12%	-5.33%	70.42%	-0.83%	55.83%	69.52%	-32.49%	189.25%

Service Class	ACTIVE ACCOUNTS									
	Fiscal Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Single Family	6,160	6,190	6,236	6,288	6,385	6,482	6,632	6,781	6,890	7,282
Multi Family	117	113	114	115	111	113	117	117	120	123
Undeveloped Land ¹	44	44	42	39	40	37	32	30	29	29
RV Parks	26	26	24	23	25	25	26	26	26	27
Manufactured Home Parks	28	28	28	28	27	27	27	27	27	27
Church/Government	41	41	41	43	50	49	49	49	49	49
Light Commercial	127	130	134	136						
Medium Commercial	56	56	58	57						
Commercial ³					178	186	188	191	193	197
Heavy Commercial	5	5	5	5	3	3	3	3	3	3
Industrial	0	0	0	0	0	0	0	0	0	0
Total accounts	6,604	6,633	6,682	6,734	6,819	6,922	7,074	7,224	7,337	7,737
% Change ²	0.90%	0.44%	0.74%	0.78%	1.26%	1.51%	2.20%	2.12%	1.56%	5.45%

Service Class	ACTIVE UNITS									
	Fiscal Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Single Family	6,166	6,196	6,243	6,292	6,626	6,723	6,873	7,022	7,224	7,616
Multi Family	1,079	1,065	1,219	1,225	982	1,047	1,077	1,077	1,141	1,333
Undeveloped Land ¹	234	234	230	227	225	222	209	206	202	202
RV Parks	4,793	4,793	4,630	4,579	4,635	4,626	4,626	4,755	4,757	4,769
Manufactured Home Parks	2,366	2,387	2,406	2,424	2,388	2,411	2,437	2,471	2,477	2,497
All other	229	232	238	241	231	238	240	243	245	249
Total units	14,867	14,907	14,966	14,988	15,087	15,267	15,462	15,774	16,046	16,666
% Change ²	0.78%	0.27%	0.40%	0.15%	0.66%	1.19%	1.28%	2.02%	1.72%	3.86%

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
Apache Junction Sewer District, a community facilities district
Select Revenues by Service Class
Last Ten Fiscal Years

Service Class	SEWER SERVICE REVENUE ¹									
	Fiscal Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Single Family	\$ 2,955,784	\$ 3,057,664	\$ 3,140,168	\$ 3,207,067	\$ 3,385,863	\$ 3,452,485	\$ 3,542,281	\$ 3,609,186	\$ 3,703,685	\$ 3,904,165
Multi Family	425,429	436,124	508,238	516,339	380,621	387,606	409,481	418,704	425,802	405,074
Undeveloped Land	26,254	26,957	27,186	27,136	27,415	27,058	22,404	25,545	25,118	22,104
RV Parks	676,105	723,756	668,772	659,325	776,818	788,161	796,893	811,915	825,561	739,692
Manufactured Home Parks	689,897	746,143	791,865	839,495	849,544	856,863	874,616	889,314	905,082	903,641
Church/Government	184,856	207,672	207,741	168,355	185,387	207,865	207,547	233,127	237,560	227,526
Light Commercial	278,340	249,030	258,778	272,433						
Medium Commercial	323,855	328,144	346,120	332,560						
Commercial ²					599,687	645,093	683,488	731,904	777,699	801,466
Heavy Commercial	110,159	120,120	123,322	89,727	109,193	126,438	112,682	115,081	124,402	123,851
Total sewer service revenue	\$ 5,670,679	\$ 5,895,610	\$ 6,072,190	\$ 6,112,437	\$ 6,314,528	\$ 6,491,569	\$ 6,649,392	\$ 6,834,776	\$ 7,024,908	\$ 7,127,519

Service Class	CONNECTION FEE REVENUE									
	Fiscal Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Single Family	\$ 153,640	\$ 92,475	\$ 161,230	\$ 164,205	\$ 283,187	\$ 313,740	\$ 487,803	\$ 529,978	\$ 748,388	\$ 1,680,004
Multi Family	22,000	0	11,540	17,490	0	151,105	79,050	0	179,375	563,805
RV and Manufactured Home Parks	79,120	31,950	35,392	18,350	23,760	34,560	64,025	204,315	9,000	54,735
All Other	14,443	9,275	19,818	90,410	36,425	44,960	25,870	53,020	14,730	79,040
Total connection fee revenue	\$ 269,203	\$ 133,700	\$ 227,980	\$ 290,455	\$ 343,372	\$ 544,365	\$ 656,748	\$ 787,313	\$ 951,493	\$ 2,377,584

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
Apache Junction Sewer District, a community facilities district
Monthly Service Minimums, Usage Charges and Connection Fees by Service Class
Last Ten Fiscal Years

Service Class	MONTHLY MINIMUMS									
	Fiscal Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Single Family	\$ 40.55	\$ 41.55	\$ 42.50	\$ 42.95	\$ 43.35	\$ 43.75	\$ 44.15	\$ 44.15	\$ 44.45	\$ 45.95
Multi Family ¹	33.10	33.95	34.75	35.15	32.25	32.55	32.85	32.85	33.05	30.30
Undeveloped Land ²	9.35	9.60	9.80	9.90	10.00	10.10	10.20	10.20	10.25	9.15
RV Parks ¹	9.55	9.80	10.05	10.15	13.65	13.75	13.90	13.90	14.00	12.95
Manufactured Home Parks ¹	20.80	21.30	21.80	22.05	26.45	26.70	26.95	26.95	27.10	30.35
Church/Government	40.55	41.55	42.50	42.95	43.35	43.75	44.15	44.15	44.45	45.95
Light Commercial	48.25	49.45	50.60	51.15						
Medium Commercial	54.10	55.45	56.75	57.35						
Commercial ⁴					52.00	52.50	53.00	53.00	53.35	49.90
Heavy Commercial	60.25	61.75	63.15	63.85	65.05	65.65	66.25	66.25	66.70	56.10
Industrial ⁵	144.25	147.85	151.25	152.90	151.70	153.15	154.55	154.55	155.60	160.85

Service Class	USAGE CHARGES, per gallon ³									
	Fiscal Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
RV Parks	\$ 0.274	\$ 0.281	\$ 0.287	\$ 0.290	\$ 0.256	\$ 0.258	\$ 0.261	\$ 0.261	\$ 0.262	\$ 0.243
Manufactured Home Parks	0.274	0.281	0.287	0.290	0.256	0.258	0.260	0.260	0.262	0.293
Church/Government	0.274	0.281	0.287	0.290	0.255	0.258	0.260	0.260	0.262	0.271
Light Commercial	0.274	0.281	0.287	0.290						
Medium Commercial	0.307	0.315	0.322	0.326						
Commercial ⁴					0.306	0.309	0.312	0.312	0.314	0.294
Heavy Commercial	0.342	0.351	0.359	0.363	0.383	0.387	0.390	0.390	0.393	0.330
Industrial	0.820	0.840	0.859	0.869	0.894	0.902	0.910	0.910	0.917	0.948

Service Class	MINIMUM CONNECTION FEES									
	Fiscal Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Single Family	\$ 3,340	\$ 3,425	\$ 3,505	\$ 3,545	\$ 3,545	\$ 3,545	\$ 3,545	\$ 3,545	\$ 3,695	\$ 4,295
Multi Family ¹	2,750	2,820	2,885	2,915	2,635	2,635	2,635	2,635	2,745	3,015
RV Parks ¹	800	820	840	850	1,115	1,115	1,115	1,115	1,160	770
Manufactured Home Parks ¹	1,730	1,775	1,815	1,835	2,160	2,160	2,160	2,160	2,250	2,060
Church/Government	3,340	3,425	3,505	3,545	3,545	3,545	3,545	3,545	3,695	4,295
Light Commercial	3,340	3,425	3,505	3,545						
Medium Commercial	3,340	3,425	3,505	3,545						
Commercial ⁴					3,545	3,545	3,545	3,545	3,695	4,295
Heavy Commercial	3,340	3,425	3,505	3,545	3,545	3,545	3,545	3,545	3,695	4,295
Industrial	3,340	3,425	3,505	3,545	3,545	3,545	3,545	3,545	3,695	4,295

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
Apache Junction Sewer District, a community facilities district
Outstanding Debt Balances
Last Ten Fiscal Years

Fiscal Year Ended June 30,	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		
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	635
2022	-	-	10,017,616	(2,447,025)	7,570,591	472
2023	-	-	7,570,591	(2,521,452)	5,049,139	303

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

Source: Series 2013 and Series 2017 Sewer Revenue Bond Amortization Schedules.

Schedule C-2
Apache Junction Sewer District, a community facilities district
Debt Service Requirements
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Gross Revenues	Deductible Operating Expenses ^{2,4}	Net Revenues Available for Debt Service ³	Debt Service Requirements ¹			Coverage Ratio	Required Coverage Ratio ³
				Principal	Interest	Total		
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	8,724,436	6,492,439	2,231,997	2,380,727	333,359	2,714,086	0.82	1.20
2022	9,482,444	4,063,756	5,418,688	2,453,142	260,946	2,714,088	2.00	1.20
2023	11,687,971	4,688,602	6,999,369	2,521,452	192,636	2,714,088	2.58	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 Bond Resolution for 2013 and years thereafter.

⁴ 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 2013 and 2017 Sewer Revenue Bonds.

Schedule D-1
Apache Junction Sewer District, a community facilities district
Demographic Statistics - City of Apache Junction
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Population Year Round	Per Capita Personal Income	Per Capita Personal Income National Average ¹	Unemployment Rates
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%
2022	39,981	28,035	64,003	4.4%
2023	40,173	29,618	65,471	5.3%

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

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

Schedule D-2
Apache Junction Sewer District, a community facilities district
Principal Employers in the City of Apache Junction
Current Year and Nine Years Ago

Employer	Year ended June 30, 2023		Year ended June 30, 2014	
	Full Time Equivalent Employees	Percentage of Total City Employment	Full Time Equivalent Employees	Percentage of Total City Employment
Apache Junction Unified School District #43	356	2.25%	607	4.91%
City of Apache Junction	306	1.93%	221	1.79%
Wal-Mart Supercenter Store #1831	205	1.29%	352	2.85%
Superstition Fire and Medical District ³	143	0.90%	81	0.66%
Horizon Health and Wellness ²	120	0.76%	238	1.93%
United States Postal Service	98	0.62%	75	0.61%
Banner Health ¹	85	0.54%	80	0.65%
Fry's Food and Drug	65	0.41%		
Western Industrial Resources	35	0.22%		
Central Arizona College - Superstition Mtn. Campus	33	0.21%		
Empire Southwest			53	0.43%
Walgreens			53	0.43%
Robert Horn Ford/Hyundai			79	0.64%
Total	1,446	9.13%	1,839	14.90%

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
Apache Junction Sewer District, a community facilities district
Full Time Equivalent Employees by Function
Last Ten Fiscal Years**

	Fiscal Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Administrative Division										
District Manager	1.00	1.04	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
District Administration	0.75	0.96	1.00	1.63	1.63	1.63	1.63	1.63	1.86	2.00
Finance	3.80	3.61	3.80	3.00	3.00	3.00	3.00	3.00	3.57	4.00
Business Services	4.00	3.13	3.00	3.00	2.87	1.90	2.00	1.19	1.29	
Customer Service	3.21	3.96	3.41	3.63	3.63	3.63	3.63	3.07	3.57	
Utility Services ¹										5.00
Total Administrative Division	12.76	12.70	12.21	12.26	12.13	11.16	11.26	9.89	11.29	12.00
Operations Division										
Manager of Operations	1.00	0.08	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Operations Administration	4.12	4.00	4.00	5.00	5.00	5.00	5.00	4.17	5.00	5.00
Treatment Plant	5.00	5.15	4.58	4.00	4.04	4.00	3.69	4.60	4.53	4.53
Collection System	5.04	4.00	4.00	4.79	5.00	5.00	5.27	6.01	5.43	5.43
Total Operations Division	15.16	13.23	12.58	13.79	14.04	14.00	13.96	14.78	14.96	14.96
Total	27.92	25.93	24.79	26.05	26.17	25.16	25.22	24.67	26.25	26.96

¹ Business Services and Customer Service were combined into Utility Services in FY2023.

Source: Payroll Reasonableness Review

Schedule E-2
Apache Junction Sewer District, a community facilities district
Operating and Capital Indicators
Last Ten Fiscal Years

	Fiscal Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Collection System										
Miles of Collection Mains <12" diameter	95.5	95.9	96.1	96.1	97.8	97.8	99.0	99.1	100.2	102.0
Miles of Collection Mains >12" diameter	16.0	16.0	16.0	16.0	16.0	16.0	16.0	16.0	16.0	16.0
Customer Connections	6,566	6,595	6,647	6,699	7,020	7,126	7,283	7,283	7,642	8,042
Pumping										
Pump Stations	1	1	1	1	1	1	1	1	1	1
Miles of Pressure Force Main	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	1.369	1.372	1.353	1.411	1.434	1.436	1.473	1.472	1.567	1.654
Highest Monthly Average Daily Flow, MGD ¹	1.628	1.606	1.590	1.629	1.615	1.667	1.630	1.571	1.721	1.840
% of Total Permitted Capacity ²	76.1%	75.0%	74.3%	76.1%	75.5%	77.9%	76.2%	73.4%	80.4%	86.0%
Population Served (75 gpd/pop. eq.) ³	18,253	18,293	18,040	18,813	19,120	19,147	19,640	19,627	20,893	22,053
Effluent Disposal										
Effluent Recharge Basin Surface Acres	5.0	5.0	7.3	7.3	7.3	7.3	7.3	16.6	16.6	16.6
Effluent Recharge Vadose Zone Wells	32	32	36	36	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