

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, 2024 and 2023

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Apache Junction Sewer District

Apache Junction, Arizona

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**

for the fiscal years ended June 30, 2024 and 2023



**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

Apache Junction, Arizona

INTRODUCTORY SECTION



**RECLAIMING WATER
FOR THE FUTURE**

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Apache Junction Sewer District, a community facilities district

Apache Junction, Arizona

2024 ANNUAL COMPREHENSIVE
FINANCIAL REPORT

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Apache Junction Sewer District, a community facilities district

Apache Junction, Arizona

2024 ANNUAL COMPREHENSIVE
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Apache Junction Sewer District

Apache Junction, Arizona

District Officials



**RECLAIMING WATER
FOR THE FUTURE**

Board of Directors

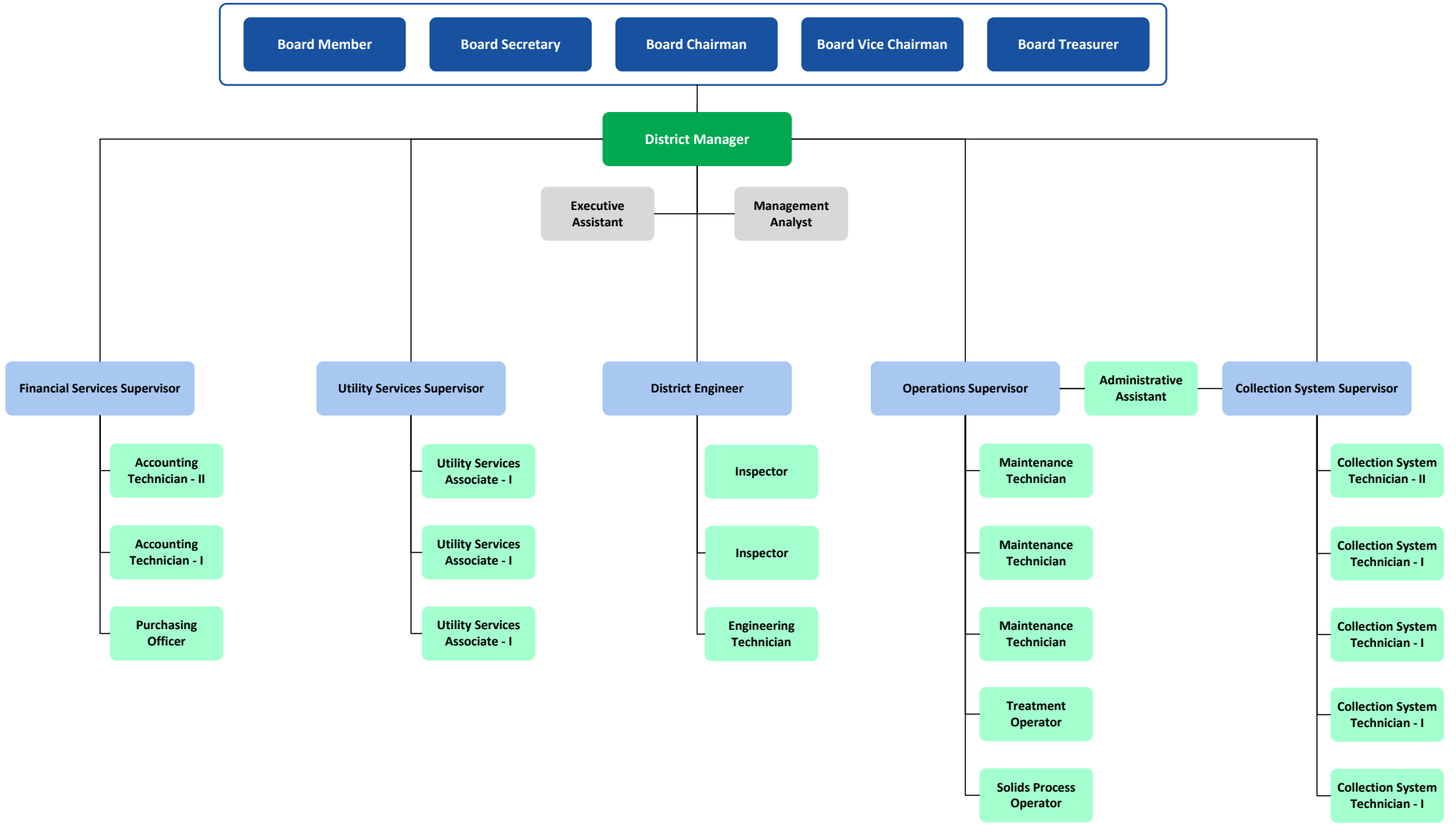
Kathleen Waldron	Chairman
James Reynolds	Vice Chairman
Philip Tremonti	Secretary
Jesse Gage	Treasurer

District Financial Management

Darron Anglin	District Manager
Maria N. Zagar	Financial Services Supervisor



Fiscal Year 2024 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, 2023

Christopher P. Morrill

Executive Director/CEO



December 20, 2024

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 (the “District”) for the year ended June 30, 2024. This is the fifteenth 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 Financial, 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. During this reported fiscal year, the District submitted full payment for the outstanding bond with BOK Financial. Since the Bond Resolution was still active during a portion of the year, the District will still comply with the audit requirement.

The responsibility for the completeness, fairness, and accuracy of the data presented, along with all accompanying disclosures, rests with the District. To provide a reasonable foundation for making these representations, District management has established a comprehensive framework of internal controls. This framework is 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. Since the cost of internal controls should not exceed the benefits, the District’s internal controls aim to provide reasonable rather than absolute assurance that the financial statements are 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, 2024, are free of material misstatement.

The independent audit involved examining on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The independent auditor evaluated the results of the audit and determined that there is a reasonable basis for issuing an unmodified opinion. This means the District’s financial statements for the fiscal year ended June 30, 2024, are presented fairly in accordance 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.

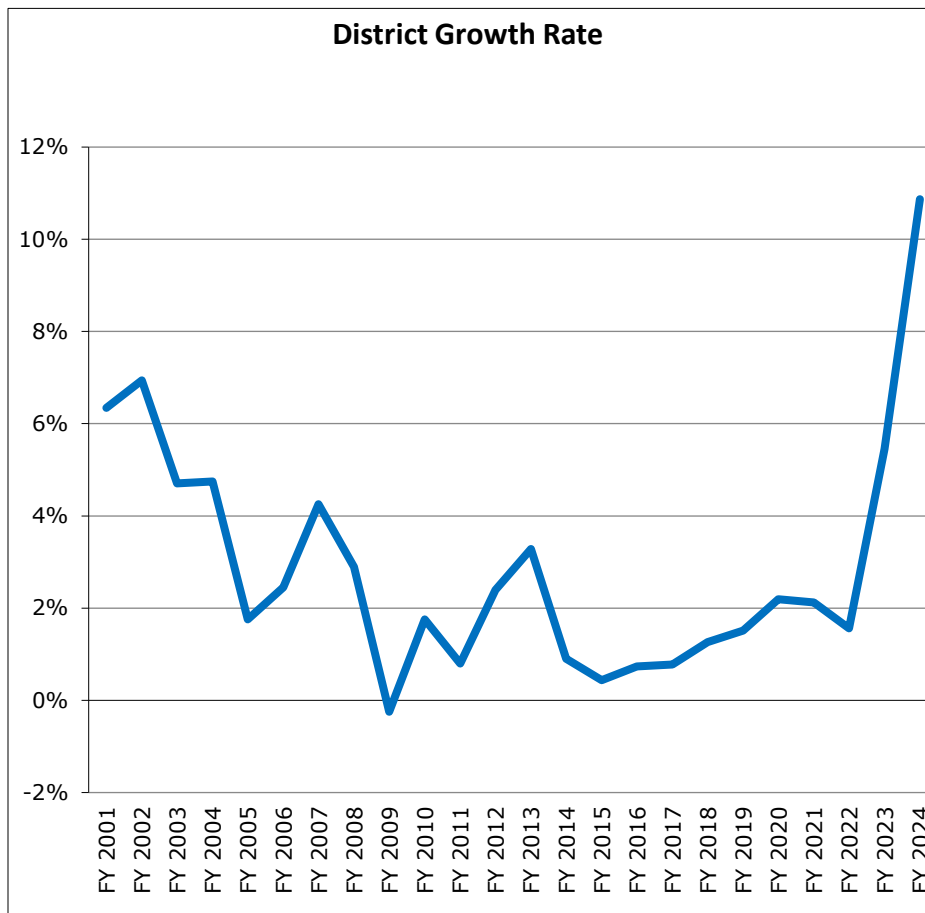
The District is governed by a five-member Board of Directors appointed by the City Council. The Board has the authority to pass resolutions establishing the District's policies and procedures. The resolutions relating to the use of the wastewater system and user fees are contained in the District's Operating 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 2024, economic growth in the Phoenix Metropolitan area again experienced strong growth. The Apache Junction area continued its significant gains in new residential units and permits. The District benefited from this growth and realized increased revenue from the new residential connections. This growth was primarily due to development in the Superstition Vistas Master Planned Community.

The Superstition Vistas community includes two master developers who are each responsible for approximately 5,500 housing units each. During fiscal year 2024 the District issued permits for 760 single-family homes in this community. Approximately 1,500 lots are under construction and are anticipated to require permits in the near future. This master planned community has been in the planning and construction phase for several years, but houses are now being completed and residents are moving in. In other areas of the City, there are over 700 single and multi-family units under construction. Together these projects account for continued 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 sewer system and at the treatment facility.



FINANCIAL POLICIES AND PRACTICES

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

MAJOR INITIATIVES

WRF Expansion Design

As development and new connection continue to increase to the District's system, the treatment facility requires expansion for additional capacity to offer continued sewer service within its service area. The District design engineer is working on the design of the WRF expansion. The District contracted with a Construction Manager at Risk (CMAR) to complete the project. The CMAR is working with the engineer during the design to help with constructability and value engineering review. The CMAR has begun procurement of long lead items to help expedite the construction phase of the project. During fiscal year 2024 the District requested and received a \$110,000,000 loan from the Water Finance Authority of Arizona (WIFA) to complete 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, 2023. This was the fourteenth 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.

We would like to express our sincere gratitude for the ongoing support from the Board of Directors. We understand that we are a team, and no single person can take credit for the accomplishments and successes of the District. However, we take pride in the work we are doing today and are dedicated to meeting the needs of our customers well into the future.

Respectfully submitted,



Darron Adglin, PE
District Manager

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Apache Junction Sewer District

Apache Junction, Arizona

FINANCIAL SECTION



**RECLAIMING WATER
FOR THE FUTURE**



Independent Auditors' Report

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

Opinions

We have audited the accompanying financial statements of the Apache Junction Sewer District, a community facilities district (the District), which comprise the statement of financial position as of June 30, 2024 and 2023, 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, 2024 and 2023, 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 Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of 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 20, 2024

**APACHE JUNCTION SEWER DISTRICT, a community facilities district
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024 AND 2023**

Apache Junction Sewer District's (the District) discussion and analysis provides an overview of the District's financial performance for the fiscal year ended June 30, 2024. Please read it in conjunction with the District's financial statements, which immediately follow this section.

FINANCIAL SUMMARY

- Net position increased \$11.0 million during fiscal year 2024.
- Cash and cash equivalents decreased by \$1.4 million from fiscal year 2023.
- Capital assets increased \$6.5 million, or 58% from the prior year.
- Liabilities decreased by \$5.6 million primarily resulting from the early retirement of the District's debt.
- Operating revenues increased by \$2.6 million over fiscal year 2023.
- Operating expenses increased by \$368 thousand, or 6%, over fiscal year 2023.
- Interest expense decreased by \$124 thousand, or 66%, 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, 2024, June 30, 2023 and June 30, 2022. The information for fiscal year 2024 is provided in greater detail in the basic financial statements which follow this analysis.

NET POSITION

	<u>June 30, 2024</u>	<u>June 30, 2023</u>	Increase (Decrease) current year from prior		<u>June 30, 2022</u>
			<u>Amount</u>	<u>Percentage</u>	
Cash, cash equivalents and investments	\$ 14,602,573	\$ 16,005,158	\$ (1,402,585)	-8.76%	\$ 8,912,418
Other current assets	2,527,240	2,099,468	427,772	20.38%	1,611,440
Net OPEB asset	82,609	83,603	(994)	-1.19%	70,986
Capital assets	<u>17,538,633</u>	<u>11,075,655</u>	<u>6,462,978</u>	58.35%	<u>11,964,223</u>
Total assets	34,751,055	29,263,884	5,487,171	18.75%	22,559,067
Deferred outflows	<u>361,174</u>	<u>419,127</u>	<u>(57,953)</u>	-13.83%	<u>494,099</u>
Current liabilities	4,488,044	7,621,846	(3,133,802)	-41.12%	3,194,053
Long term liabilities					
Series 2017 bond	-	2,450,995	(2,450,995)	-100.00%	5,049,139
Net pension and OPEB liability	<u>2,419,485</u>	<u>2,386,038</u>	<u>33,447</u>	1.40%	<u>1,870,104</u>
Total liabilities	6,907,529	12,458,879	(5,551,350)	-44.56%	10,113,296
Deferred inflows	<u>127,412</u>	<u>140,123</u>	<u>(12,711)</u>	-9.07%	<u>741,451</u>
Net investment in capital assets	17,538,633	6,883,944	10,654,689	-154.78%	5,247,775
Restricted	-	753,650	(753,650)	-100.00%	750,186
Unrestricted	<u>10,538,655</u>	<u>9,446,415</u>	<u>1,092,240</u>	11.56%	<u>6,200,458</u>
Total net position	\$ 28,077,288	\$ 17,084,009	\$ 10,993,279	64.35%	\$ 12,198,419

The District's net position as of June 30, 2024 improved by 64%, or \$11.0 million from the prior year. Total assets increased by \$5.5 million; total liabilities decreased 45% or \$5.6 million.

The increase in net position from June 30, 2022 to June 30, 2023 was \$4.9 million. A complete discussion of the increase in net position from fiscal year 2022 to fiscal year 2023 can be found in the fiscal year 2023 Annual Comprehensive Financial Report.

Cash, cash equivalents and investments as of June 30, 2024 decreased by \$1.4 million from fiscal year 2023. The decrease is largely attributed to the early extinguishment of the District's outstanding debt. The District applied \$4.6 million of reserves toward the outstanding debt. A summary of the components of Cash, cash equivalents and investments are provided in Table 2.

Net additions to Capital assets for fiscal year 2024 totaled \$7.8 million; after normal depreciation of \$1.3 million, Capital assets increased by \$6.5 million. A summary of the components of Capital assets is provided in Table 4 and in Note 4 to the Financial Statements.

The decrease of \$3.1 million in current liabilities is primarily due to the retirement of the District’s Series 2017 bond debt. The decrease of \$2.5 million in long term liabilities is also due to the early retirement of the District’s debt.

CASH AND CASH EQUIVALENTS

<p align="center">Table 2 Apache Junction Sewer District Cash, Cash Equivalents and Investments</p>						
	<u>June 30, 2024</u>	<u>June 30, 2023</u>	Increase (Decrease)		<u>June 30, 2022</u>	
			current year from prior			
			<u>Amount</u>	<u>Percentage</u>		
Cash, Cash Equivalents and Investments	\$ 14,602,573	\$ 14,394,080	\$ 208,493	1.45%	\$ 7,308,089	
Restricted funds						
Debt Service Fund	-	229,387	(229,387)	-100.00%	228,988	
Debt Service Reserve	-	628,041	(628,041)	-100.00%	625,155	
Operations Reserve	-	<u>753,650</u>	<u>(753,650)</u>	-100.00%	<u>750,186</u>	
Total cash, cash equivalents and investments	\$ 14,602,573	\$ 16,005,158	\$ (1,402,585)	-8.76%	\$ 8,912,418	

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 \$208 thousand over the prior year is attributed to an increase in the Expansion Reserve account related unearned revenues.

In fiscal year 2024, the three accounts previously required by its former bondholder, BOK Finance, formerly CoBiz Public Finance, Inc. and are no longer restricted funds. In prior years presented, the purpose and ultimate use of monies in the restricted funds were dictated by the terms of the Bond Resolution between the District and the bondholder.

Debt Service Fund

In fiscal year 2024, the Debt Service Fund is no longer maintained for restricted funds. In prior years presented, its purpose is to accumulate the full amount of the next monthly debt payment due on the District’s debt, both principal and interest. As of June 30, 2024, a small balance remaining is combined with Cash, cash equivalents and investments. The balances on hand at June 30, 2023 and 2022 were deposited to make the scheduled debt payments due on July 1, 2023 and 2022, respectively.

Debt Service Reserve

As of June 30, 2024, the Debt Service Reserve Fund is no longer maintained for restricted funds. In prior years, it represented a supplemental source of funds to make scheduled payments on the bond debt. As of June 30, 2023, slightly exceeded the requirement of \$625 thousand mandated by the District’s Bond Resolution because of accumulated interest.

Operations Reserve

As of June 30, 2024, the Operations Reserve fund is no longer maintained for restricted funds. In prior years, funds in the Operations Reserve was used to supplement shortfalls that may occur in other funds. This reserve could be used for District operations, capital acquisitions or debt repayment. Under the prior Bond Resolution, the Operations Reserve was mandated to maintain a balance of \$750 thousand. In the prior year presented, the District’s Bond Resolution also mandated an Operations Reserve requirement of \$750 thousand.

CHANGES IN NET POSITION

Table 3 Apache Junction Sewer District Changes in Net Position					
	<u>June 30, 2024</u>	<u>June 30, 2023</u>	Increase (Decrease) current year from prior		<u>June 30, 2022</u>
			<u>Amount</u>	<u>Percentage</u>	
Operating revenues					
Sewer services	\$ 7,961,157	\$ 8,051,642	\$ (90,485)	-1.12%	\$ 7,464,717
Connection fees	5,009,515	2,377,584	2,631,931	110.70%	951,493
Septage charges	549,228	492,968	56,260	11.41%	543,715
Recharge credit sales	469,745	460,944	8,801	1.91%	421,849
Miscellaneous	<u>72,359</u>	<u>100,128</u>	<u>(27,769)</u>	-27.73%	<u>94,775</u>
Total operating revenues	14,062,004	11,483,266	2,578,738	22.46%	9,476,549
Operating expenses					
Administrative	797,481	829,337	(31,857)	-3.84%	730,827
Payroll and related	2,963,894	2,748,173	215,721	7.85%	2,295,663
Repair and maintenance	1,305,790	1,111,092	194,698	17.52%	1,036,724
Depreciation and amortization	<u>1,895,340</u>	<u>1,906,208</u>	<u>(10,867)</u>	-0.57%	<u>1,979,545</u>
Total operating expenses	6,962,505	6,594,810	367,695	5.58%	6,042,757
Operating income	7,099,499	4,888,456	2,211,043	45.23%	3,433,792
Nonoperating revenue/(expense)					
Interest expense	(62,714)	(186,332)	123,618	66.34%	(260,946)
Bond issuance	(87,500)	(20,000)	(67,500)	-337.50%	-
Other nonoperating	<u>559,699</u>	<u>203,466</u>	<u>356,233</u>	-175.08%	<u>5,351</u>
Total nonoperating revenue/(expense)	409,485	(2,866)	412,351	14387.68%	(255,595)
Increase before capital contributions	7,508,984	4,885,590	2,623,394	53.70%	3,178,197
Capital contributions					
WIFA loan forgiveness	3,308,250	-	3,308,250	100.00%	-
Contributed capital assets	<u>176,045</u>	-	<u>176,045</u>	100.00%	-
Total capital contributions	3,484,295	-	3,484,295	100.00%	-
Increase in net position	10,993,279	4,885,590	6,107,689	125.01%	3,178,197
Net position - beginning	<u>17,084,009</u>	<u>12,198,419</u>	<u>4,885,590</u>	-40.05%	<u>9,020,222</u>
Net position - ending	\$ 28,077,288	\$ 17,084,009	\$ 10,993,279	64.35%	\$ 12,198,419

Operating Revenues

Operating revenues increased \$2.6 million or 22% from the prior year. Revenue gains were realized in Connection fees and Septage charges where income increased, \$2.6 million and \$56 thousand respectively over fiscal year 2023. Sewer services decreased \$90 thousand from fiscal year 2023.

The increase in connection fees was driven primarily by a record number of new connection permits in fiscal year 2024, mainly due to new connection permits issued to connect 1,089 units in Superstition Vistas Master Planned Community. In fiscal year 2024, 939 permits were issued to connect 1,330 new units, compared to 619 permits issued in fiscal year 2023 and 214 permits issued in fiscal year 2022. Septage charges, realized from commercial haulers who remove waste from septic tanks and transport it to the District's facility for treatment and disposal, increased because of an increase in volumes transported by existing customers.

Sewer services decreased due to fewer application fees and on-site construction fees received from fiscal year 2023.

In fiscal year 2023, operating revenues increased \$2 million over fiscal year 2022. A discussion of this increase can be found in the fiscal year 2023 Annual Comprehensive Financial Report.

Operating Expenses

Operating expenses increased \$368 thousand from fiscal year 2023. The most significant expense categories showing increases were Payroll and payroll related and Repair and maintenance. Payroll and payroll related expenses increased \$216 thousand primarily due to budgeted wage increases and ASRS Pension Expense. Repair and maintenance – treatment facility increased by \$171 thousand mainly due to the addition of new customer connections and an accounting change of the capital asset threshold from \$5,000 to \$10,000.

Operating expenses increased \$552 thousand from fiscal year 2022 to fiscal year 2023. A discussion of this increase can be found in the fiscal year 2023 Annual Comprehensive Financial Report.

Nonoperating Revenues and Expenses

Total nonoperating expense was \$412 thousand higher than fiscal year 2023. Interest income increased \$355 thousand because of higher rates on the District's invested balances. Interest expense decreased by \$124 thousand; Note 5 to the Financial Statements provides additional information about the District's debt. Bond issuance costs of \$88 thousand incurred in fiscal year 2024 were a result of the District's WIFA construction loan. Fiscal year 2023 Bond issuance costs of \$20 thousand were a result of the District's WIFA design loan.

Contributed Capital

Capital contributions of \$176 thousand were received in fiscal year 2024 for a mainline extension constructed to connect a new residential development at Tomahawk Road and Old West Highway.

Increase or Decrease in Net Position

The increase in net position for fiscal year 2024 of \$11 million reflects an improvement of \$6.1 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 2022 to 2023 resulted primarily from an increase in operating revenues.

CAPITAL ASSETS

Table 4					
Apache Junction Sewer District					
Capital Assets					
	<u>June 30, 2024</u>	<u>June 30, 2023</u>	Increase (Decrease)		<u>June 30, 2022</u>
			current year from prior		
			<u>Amount</u>	<u>Percentage</u>	
Land and easements	\$ 1,348,057	\$ 1,348,057	\$ -	0.00%	\$ 1,348,057
Treatment plant	20,164,066	18,674,105	1,489,961	7.98%	18,664,204
Collection system	24,176,134	23,528,537	647,597	2.75%	23,528,537
Buildings & grounds	1,199,867	1,199,867	-	0.00%	1,193,247
Machinery & equipment	6,184,847	4,385,746	1,799,101	41.02%	4,162,243
Office equipment & software	403,093	413,918	(10,825)	-2.62%	414,557
Other intangibles	104,049	104,049	-	0.00%	104,049
Construction in process	<u>4,348,600</u>	<u>527,008</u>	<u>3,821,592</u>	725.15%	<u>45,418</u>
Total capital assets	57,928,713	50,181,287	7,747,426	15.44%	49,460,312
Accumulated depreciation	<u>(40,390,080)</u>	<u>(39,105,632)</u>	<u>(1,284,448)</u>	3.28%	<u>(37,496,089)</u>
Net capital assets	\$ 17,538,633	\$ 11,075,655	\$ 6,462,978	58.35%	\$ 11,964,223

Capital Assets

The District operates and maintains approximately 127.6 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 29 years of use, with a small portion of the sewer collection system in excess of 30 years of service.

In fiscal year 2024, increases were realized in Machinery and equipment, Treatment plant and Collection system. The most notable increases at the District's facilities were acquisitions of three aeration turbo blowers for \$1.6 million, improvements to east and west aeration basins for \$710 thousand, a mainline extension to serve properties along Tomahawk Road near Old West Highway for \$648 thousand, a secondary effluent filter for \$544 thousand. Construction in

process at the end of fiscal year 2024 was \$3.8 million higher than 2023 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 paid off the Series 2017 bond, held by BOK Financial, formerly CoBiz Public Finance, Inc. in fiscal year 2024. 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 required 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. 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 2024 resulted from an increase in connection fees from new and infill customers of \$2.6 million in fiscal year 2024, allowing 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 2024.

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	2024	2023
CURRENT ASSETS		
Cash and cash equivalents	\$ 6,477,107	\$ 7,917,072
Investments	8,125,466	6,477,008
Cash and cash equivalents, restricted, current	-	229,387
Accounts receivable - sewage, net of allowance for doubtful accounts of \$2,658 and \$11,394	647,924	632,398
Accounts receivable - other	1,656,270	1,207,196
Inventory	71,668	98,751
Prepaid expenses	151,378	161,123
Total current assets	17,129,813	16,722,935
NONCURRENT ASSETS		
Capital assets:		
Capital assets not being depreciated	5,678,103	1,856,511
Capital assets, net of accumulated depreciation	11,860,530	9,219,144
Total capital assets, net	17,538,633	11,075,655
Other assets:		
Cash and cash equivalents, restricted, noncurrent	-	1,381,691
Net pension and other postemployment benefits asset	82,609	83,603
Total other assets	82,609	1,465,294
Total noncurrent assets	17,621,242	12,540,949
Total assets	34,751,055	29,263,884
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pensions and other postemployment benefits	361,174	419,127
Total deferred outflows of resources	361,174	419,127
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	947,194	356,228
Accrued expenses	195,835	215,519
Accrued interest payable	-	12,623
Current portion, bonds payable	-	2,598,144
Unearned revenue	3,345,015	4,439,332
Total current liabilities	4,488,044	7,621,846
NONCURRENT LIABILITIES		
Revenue bonds payable, less current maturity	-	2,450,995
Net pension liability	2,419,485	2,386,038
Total noncurrent liabilities	2,419,485	4,837,033
Total liabilities	6,907,529	12,458,879
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pensions and other postemployment benefits	127,412	140,123
Total deferred inflows of resources	127,412	140,123
NET POSITION		
Net investment in capital assets	17,538,633	6,883,944
Restricted by debt covenant for:		
Operations	-	753,650
Unrestricted	10,538,655	9,446,415
Total net position	\$ 28,077,288	\$ 17,084,009

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>2024</u>	<u>2023</u>
Operating revenues:		
Net charges for services	\$ 12,970,672	\$ 10,429,226
Charges for septage	549,228	492,968
Sales of recharge credits	469,745	460,944
Miscellaneous	<u>72,359</u>	<u>100,128</u>
Total operating revenues	14,062,004	11,483,266
Operating expenses:		
Payroll and payroll related	2,963,894	2,748,173
Repairs and maintenance - treatment facility	662,682	491,616
Repairs and maintenance - other	2,297	2,317
Supplies and services - treatment facility	640,811	617,159
Accounting	20,000	19,000
Consulting	130,170	204,093
Administrative	480,344	452,006
Insurance	106,324	90,419
Legal	60,295	63,819
Depreciation and amortization	1,895,340	1,906,208
Miscellaneous	<u>348</u>	<u>-</u>
Total expenses	<u>6,962,505</u>	<u>6,594,810</u>
Operating income	7,099,499	4,888,456
Nonoperating revenues and (expenses):		
Investment earnings	559,699	204,705
Loss on equipment disposed	-	(1,239)
Bond issuance	(87,500)	(20,000)
Interest expense	<u>(62,714)</u>	<u>(186,332)</u>
Total nonoperating revenues and (expenses)	<u>409,485</u>	<u>(2,866)</u>
Income before contributions	<u>7,508,984</u>	<u>4,885,590</u>
Capital contributions:		
WIFA Loan Forgiveness	3,308,250	-
Contributed assets	<u>176,045</u>	<u>-</u>
Total capital contributions	<u>3,484,295</u>	<u>-</u>
Increase in net position	10,993,279	4,885,590
Net position, July 1	<u>17,084,009</u>	<u>12,198,419</u>
Net position, June 30	<u>\$ 28,077,288</u>	<u>\$ 17,084,009</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>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Cash received from customers	\$ 12,503,087	\$ 15,313,140
Cash payments to suppliers for goods and services	(1,471,388)	(1,804,666)
Cash payments to employees for services	<u>(2,907,984)</u>	<u>(2,867,472)</u>
Net cash provided by operating activities	<u>8,123,715</u>	<u>10,641,002</u>
Cash flows from capital and related financing activities:		
Net purchase of capital assets	(8,182,273)	(1,018,880)
Issuance of new capital debt	3,308,250	-
Principal payments on bonds payable	(5,049,139)	(2,521,452)
Bond interest paid	(75,337)	(192,635)
Bond issuance costs	<u>(87,500)</u>	<u>(20,000)</u>
Net cash used by capital and related financing activities	<u>(10,085,999)</u>	<u>(3,752,967)</u>
Cash flows from investing activities:		
Purchase of securities	(1,648,458)	(5,448,399)
Interest received from investing activities	<u>559,699</u>	<u>204,705</u>
Net cash used by investing activities	<u>(1,088,759)</u>	<u>(5,243,694)</u>
Net change in cash and cash equivalents	(3,051,043)	1,644,341
Cash and cash equivalents, beginning of year	<u>9,528,150</u>	<u>7,883,809</u>
Cash and cash equivalents, end of year	<u>\$ 6,477,107</u>	<u>\$ 9,528,150</u>
Cash and cash equivalents at June 30, 2024 and 2023 consist of:		
Unrestricted cash and cash equivalents	\$ 6,477,107	\$ 7,917,072
Restricted cash and cash equivalents, current	-	229,387
Restricted cash and cash equivalents, noncurrent	<u>-</u>	<u>1,381,691</u>
Total	<u>\$ 6,477,107</u>	<u>\$ 9,528,150</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 7,099,499	\$ 4,888,456
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	1,895,340	1,906,208
Pension expense	327,801	212,919
Employer pension contributions	(248,118)	(235,957)
Changes in assets and liabilities:		
Accounts receivable - sewage	(15,526)	21,865
Accounts receivable - other	(449,074)	(445,281)
Inventory	27,083	(74,546)
Prepaid expenses	9,745	9,934
Accounts payable	590,966	174,746
Accrued expenses	(19,684)	(70,632)
Unearned revenue	<u>(1,094,317)</u>	<u>4,253,290</u>
Net cash provided by operating activities	<u>\$ 8,123,715</u>	<u>\$ 10,641,002</u>
Noncash capital and related financing activities:		
WIFA loan forgiveness	\$ 3,308,250	\$ -
Contributed assets	\$ 176,045	\$ -

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2024 and 2023

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, 2024 and 2023

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 \$10,000. 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, 2024 and 2023

NOTE 2 – RESTRICTED CASH AND CASH EQUIVALENTS

Restricted cash and cash equivalents at June 30, 2023, 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, 2024 and 2023, are allocated as follows:

	<u>2024</u>	<u>2023</u>
Principal and interest fund	\$ -	\$ 229,387
Debt service reserve fund	-	628,041
Operations reserve fund	-	753,650
Total restricted cash and cash equivalents	<u>\$ -</u>	<u>\$ 1,611,078</u>

NOTE 3 – DEPOSITS AND INVESTMENTS

At June 30, 2024 and 2023, the carrying amounts of the District's deposits were \$6,477,107 and \$9,528,150, respectively. The bank balances of the District's deposits at June 30, 2024 and 2023 were \$6,293,665 and \$7,639,622, 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, 2024 and 2023, were collateralized with securities held by the pledging financial institution’s trust department in the District’s name.

At June 30, 2024 and 2023, the District had total investments of \$8,125,466 and \$6,477,008, 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, 2024 and 2023

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, 2024 and 2023, 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, 2024 was as follows:

	Balance at July 1, 2023	Additions	Deletions	Balance at June 30, 2024
<u>Nondepreciable assets:</u>				
Land	\$ 1,167,654	\$ -	\$ -	\$ 1,167,654
Easements	161,849	-	-	161,849
Construction in progress	527,008	7,240,510	(3,418,918)	4,348,600
Total capital assets not being depreciated	<u>1,856,511</u>	<u>7,240,510</u>	<u>(3,418,918)</u>	<u>5,678,103</u>
<u>Depreciable assets:</u>				
Treatment plant	18,674,105	1,785,116	(295,155)	20,164,066
Collection system	23,528,537	647,597	-	24,176,134
Equipment	4,799,664	2,104,013	(315,737)	6,587,940
Buildings & grounds	1,199,867	-	-	1,199,867
Rights of way	18,554	-	-	18,554
Other intangible assets	104,049	-	-	104,049
Total capital assets being depreciated	<u>48,324,776</u>	<u>4,536,726</u>	<u>(610,892)</u>	<u>52,250,610</u>
<u>Accumulated depreciation:</u>				
Treatment plant	(15,174,383)	(676,062)	295,155	(15,555,290)
Collection system	(19,228,027)	(797,222)	-	(20,025,249)
Equipment	(3,624,241)	(379,716)	315,737	(3,688,220)
Buildings & grounds	(1,043,308)	(38,225)	-	(1,081,533)
Rights of way	(14,331)	(647)	-	(14,978)
Other intangible assets	(21,342)	(3,468)	-	(24,810)
Total accumulated depreciation	<u>(39,105,632)</u>	<u>(1,895,340)</u>	<u>610,892</u>	<u>(40,390,080)</u>
Total capital assets being depreciated, net	<u>9,219,144</u>	<u>2,641,386</u>	<u>-</u>	<u>11,860,530</u>
Net capital assets	<u>\$ 11,075,655</u>	<u>\$ 9,881,896</u>	<u>\$ (3,418,918)</u>	<u>\$ 17,538,633</u>

Apache Junction Sewer District, a community facilities district

NOTES TO FINANCIAL STATEMENTS

June 30, 2024 and 2023

NOTE 4 – CAPITAL ASSETS (CONTINUED)

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	<u>45,418</u>	<u>551,039</u>	<u>(69,449)</u>	<u>527,008</u>
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	<u>104,049</u>	<u>-</u>	<u>-</u>	<u>104,049</u>
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	<u>(17,873)</u>	<u>(3,469)</u>	<u>-</u>	<u>(21,342)</u>
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>

NOTES TO FINANCIAL STATEMENTS

June 30, 2024 and 2023

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. The District paid off the remaining balance of \$5.0 million on the Bond 2017 in November 2023.

In June 2023, the District signed a 3-year promissory note from the Water Infrastructure Finance Authority (WIFA) to be used for the design of a new water reclamation facility in the amount of \$7.2 million. Interest-only payments are due semi-annually at an interest rate at 1.0%. In April 2024, the District signed a 30-year promissory note from the Water Infrastructure Finance Authority (WIFA) to be used for the construction of the existing water reclamation facility into a new plant in the amount of additional \$3.0 million, including \$3.5 million in forgivable principal. As of June 30, 2024, the District has drawn down \$3.3 million, which was forgiven for principal payments.

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, 2024 and 2023

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, 2024, statute required active ASRS members to contribute at the actuarially determined rate of 12.29 percent (12.14 percent for retirement and 0.15 percent for long-term disability) of the members' annual covered payroll and statute required the District to contribute at the actuarially determined rate of 12.29 percent (12.03 percent for retirement, 0.11 percent for health insurance premium benefit, and 0.15 percent for long-term disability) of the active members' annual covered payroll. The District's contributions for the year ended June 30, 2024 and 2023 were as follows.

ASRS	<u>2024</u>	<u>2023</u>
Pension	\$ 242,727	\$ 232,234
Health insurance premium benefit	2,219	2,143
Long-term disability	3,027	2,757

Liability

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

ASRS	<u>June 30, 2024</u>	<u>June 30, 2023</u>
	Net pension/OPEB (asset) liability	Net pension/OPEB (asset) liability
Pension	\$ 2,417,508	\$ 2,384,676
Health insurance premium benefit	(82,609)	(83,603)
Long-term disability	1,977	1,362

Apache Junction Sewer District, a community facilities district

NOTES TO FINANCIAL STATEMENTS

June 30, 2024 and 2023

NOTE 6 – RETIREMENT PLAN (CONTINUED)

The net asset and net liabilities for June 30, 2024 were measured as of June 30, 2023. 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, 2022, to the measurement date of June 30, 2023. 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, 2023. The District's proportions measured as of June 30, 2023, and the change from its proportions measured as of June 30, 2022, were:

ASRS	Proportion June 30, 2023	Increase (decrease) from June 30, 2022
Pension	0.014940 %	0.000330 %
Health insurance premium benefit	0.015300 %	0.000320 %
Long-term disability	0.015090 %	0.000340 %

The net asset and net liability for June 30, 2023, was measured as of June 30, 2022. 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, 2021, to the measurement date of June 30, 2022. 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, 2022.

Expense

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

ASRS	2024	2023
	Pension/OPEB expense	Pension/OPEB expense
Pension	\$ 336,121	\$ 224,933
Health insurance premium benefit	(10,081)	(12,335)
Long-term disability	<u>1,761</u>	<u>321</u>
Total	<u>\$ 327,801</u>	<u>\$ 212,919</u>

Apache Junction Sewer District, a community facilities district

NOTES TO FINANCIAL STATEMENTS

June 30, 2024 and 2023

NOTE 6 – RETIREMENT PLAN (CONTINUED)

Deferred Outflows/Inflows of Resources

At June 30, 2024 the District reported deferred outflows of resources and deferred inflows of resources related to pensions and OPEB from the following sources:

	June 30, 2024					
	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	\$ 54,626	\$ -	\$ 3,486	\$ 30,807	\$ 1,785	\$ 1,113
Changes of assumptions or other inputs	-	-	-	1,644	522	2,878
Net difference between projected and actual earnings on plan investments	-	85,534	-	3,628	-	158
Changes in proportion and differences between District contributions and proportionate share of contributions	52,450	-	114	1,015	218	635
District contributions subsequent to the measurement date	<u>242,727</u>	<u>-</u>	<u>2,219</u>	<u>-</u>	<u>3,027</u>	<u>-</u>
Total	<u>\$ 349,803</u>	<u>\$ 85,534</u>	<u>\$ 5,819</u>	<u>\$ 37,094</u>	<u>\$ 5,552</u>	<u>\$ 4,784</u>

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>-</u>	<u>2,143</u>	<u>-</u>	<u>2,757</u>	<u>-</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>

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, 2025.

Apache Junction Sewer District, a community facilities district

NOTES TO FINANCIAL STATEMENTS

June 30, 2024 and 2023

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>
2025	\$ 25,277	\$ (14,008)	\$ (368)
2026	(85,286)	(15,388)	(696)
2027	92,180	(2,195)	(62)
2028	(10,629)	(2,105)	(597)
2029	-	202	(510)
Thereafter	-	-	(26)

Actuarial Assumptions

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

ASRS	
Actuarial valuation date	June 30, 2022
Actuarial roll forward date	June 30, 2023
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, 2022, the valuations were based on the results of an actuarial experience study for the 5 year period ended June 30, 2021.

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>
Public equity	44%	3.50%
Credit	23%	5.90%
Real estate	17%	5.90%
Private equity	10%	6.70%
Interest rate sensitive	6%	1.50%
Total	<u>100%</u>	

NOTES TO FINANCIAL STATEMENTS

June 30, 2024 and 2023

NOTE 6 – RETIREMENT PLAN (CONTINUED)

Discount Rate

At June 30, 2023, 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, 2024		
	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
ASRS			
District's proportionate share of the			
Net pension liability	\$ 3,621,072	\$ 2,417,508	\$ 1,413,949
Net insurance premium benefit liability (asset)	(57,740)	(82,609)	(103,742)
Net long-term disability liability	2,892	1,977	1,078
	June 30, 2023		
	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

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, 2024 and 2023

NOTE 7 – COMMITMENTS AND CONTINGENT LIABILITIES

The District has entered into two 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>2024</u>	<u>2023</u>
Design - Engineering Services	\$ 6,419,964	\$ 10,951,342
Design - Pre-construction Services	2,851,638	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 20, 2024, 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, 2024

	2024 (2023)	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
ASRS - Pension										
District's proportion of the net pension liability	0.01494%	0.01461%	0.01421%	0.01470%	0.01553%	0.01671%	0.01727%	0.01629%	0.01688%	0.01906%
District's proportionate share of the net pension liability	\$ 2,417,508	\$ 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
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 proportionate share of the net pension liability as a percentage of its covered payroll	135.76%	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	75.47%	74.26%	78.58%	69.33%	73.24%	73.40%	69.92%	67.06%	68.35%	69.49%
ASRS - Health Insurance Premium Benefit								2017 through 2015		
District's proportion of the net OPEB (asset)	0.01530%	0.01498%	0.01457%	0.01505%	0.01591%	0.01703%	0.01753%	Information not available		
District's proportionate share of the net OPEB (asset)	\$ (82,609)	\$ (83,603)	\$ (70,986)	\$ (10,655)	\$ (4,397)	\$ (6,132)	\$ (9,543)			
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 proportionate share of the net OPEB (asset) as a percentage of its covered payroll	(4.76%)	(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	134.37%	137.79%	130.24%	104.33%	101.62%	102.20%	103.57%			
ASRS - Long-term Disability								2017 through 2015		
District's proportion of the net OPEB liability	0.01509%	0.01475%	0.01440%	0.01489%	0.01577%	0.01675%	0.01735%	Information not available		
District's proportionate share of the net OPEB liability	\$ 1,977	\$ 1,362	\$ 2,973	\$ 11,296	\$ 10,273	\$ 8,752	\$ 6,289			
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 proportionate share of the net OPEB liability as a percentage of its covered payroll	0.08%	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	93.70%	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, 2024

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
ASRS - Pension										
Statutorily required contribution	\$ 242,727	\$ 232,234	\$ 210,171	\$ 191,638	\$ 184,796	\$ 185,299	\$ 179,718	\$ 176,381	\$ 165,233	\$ 173,839
District's contributions in relation to the statutorily required contribution	<u>242,727</u>	<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>
District's contribution deficiency/(excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	2,018,978	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
District's contributions as a percentage of covered payroll	12.03%	11.93%	11.97%	11.66%	11.25%	11.17%	10.92%	10.78%	10.72%	11.15%
									2016 through 2015	
ASRS - Health Insurance Premium Benefit										
Statutorily required contribution	\$ 2,219	\$ 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>2,219</u>	<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	2,018,978	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%	0.11%	0.21%	0.39%	0.48%	0.46%	0.44%	0.58%		
									2016 through 2015	
ASRS - Long-term Disability										
Statutorily required contribution	\$ 3,027	\$ 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>3,027</u>	<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	2,018,978	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	0.15%	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>2015</u> ¹	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Net position:										
Net investment in capital assets	\$ (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	\$ 17,538,633
Restricted by debt covenants for:										
Operations	751,574	751,613	750,288	750,744	756,542	754,228	750,321	750,186	753,650	-
Unrestricted	<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>	<u>10,538,655</u>
Total net position	<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>	<u>\$ 28,077,288</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

	2015 ¹	2016	2017	2018 ²	2019	2020	2021	2022	2023	2024
Operating revenues:										
Charges for services	\$ 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	\$ 12,970,672
Charges for septage	408,143	486,841	510,284	449,174	497,353	616,152	583,316	543,715	492,968	549,228
Sales of recharge credits	129,105	142,172	125,309	71,035	62,981	58,771	269,213	421,849	460,944	469,745
Miscellaneous	88,258	70,300	72,638	82,907	78,870	66,490	81,615	94,775	100,128	72,359
Total operating revenue	<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>	<u>14,062,004</u>
Operating expenses:										
Payroll and payroll related	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	2,963,894
Repairs and maintenance - treatment facility	277,139	395,582	273,010	314,329	353,673	293,982	402,541	539,705	491,616	662,682
Repairs and maintenance - other	3,316	3,699	1,964	2,002	2,340	2,948	2,808	2,014	2,317	2,297
Supplies and services	346,803	330,771	339,224	371,928	405,172	386,029	1,078,847	495,005	617,159	640,811
Accounting	15,250	15,600	15,600	18,100	23,100	18,100	18,100	18,100	19,000	20,000
Consulting	37,800	50,578	85,479	135,827	107,066	215,694	72,965	169,252	204,093	130,170
Administrative	321,160	360,291	387,485	289,244	346,390	335,636	331,534	402,409	452,006	480,344
Insurance	81,620	84,549	83,887	72,980	66,759	70,036	73,470	79,898	90,419	106,324
Legal	81,672	53,812	53,254	47,358	48,319	84,942	75,829	59,688	63,819	60,295
Depreciation and amortization	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	1,895,340
Miscellaneous	6,080	739	687	3,800	4,937	128	309	1,478		348
Total operating expenses	<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>	<u>6,962,505</u>
Operating income	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	7,099,499
Nonoperating revenues and (expenses):										
Interest income	11,788	12,139	10,577	10,675	84,300	81,513	7,536	5,895	204,705	559,699
Equipment scrapped or abandoned	(157,468)	(14,236)						(544)	(1,239)	
Interest expense	(906,489)	(854,437)	(751,741)	(538,021)	(471,833)	(403,633)	(333,359)	(260,946)	(186,332)	(62,714)
Bond issuance costs			(109,212)						(20,000)	(87,500)
Total nonoperating revenues and (expenses)	<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>	<u>409,485</u>
Income (loss) before contributions	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	7,508,984
Capital contributions:										
WIFA loan forgiveness										3,308,250
Contributed capital							90,370			176,045
Total capital contributions							<u>90,370</u>			<u>3,484,295</u>
Change in net position	<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>	<u>\$ 10,993,279</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

<u>Customer Name</u> ²	<u>Year Ended June 30, 2024</u>		<u>Year Ended June 30, 2015</u>	
	<u>Sales</u>	<u>Percentage of Sales</u>	<u>Sales</u>	<u>Percentage of Sales</u>
MHC Dolce Vita LLC	\$ 186,901	2.21%	\$ 91,505	1.43%
Roadhaven Resort RV Park	174,998	2.07%	125,126	1.96%
Golden Vista RV Resort	158,363	1.87%	188,769	2.96%
CAX Rancho Mirage LLC	127,102	1.50%	134,398	2.11%
Sunset Resort MHP LLC	114,526	1.35%	72,110	1.13%
Leesburg Group LLC/Rock Shadows	99,917	1.18%	86,241	1.35%
Davala Investments LLC, dba Vets Pumbing	95,950	1.13%	-	-
Quail Creek Condominiums	84,779	1.00%	-	-
CAX La Casa Blanca East LLC	84,172	0.99%	74,926	1.17%
CAX La Casa Blanca LLC	80,932	0.96%	-	-
RC Roberts/Sunrise RV Park	-	-	75,660	1.19%
Apache Junction Water District	-	-	172,935	2.71%
Coopers Septic	-	-	218,348	3.42%
Subtotal of ten largest customers	<u>1,207,641</u>	<u>14.26%</u>	<u>1,240,018</u>	<u>19.44%</u>
Balance from other customers	<u>7,260,622</u>	<u>85.74%</u>	<u>5,139,137</u>	<u>80.56%</u>
Total sewer, septage & recharge credit revenue	<u>\$ 8,468,262</u>	<u>100.00%</u>	<u>\$ 6,379,155</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,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Single Family	33	48	48	100	98	150	152	204	394	911
Multi Family	-	1	2	-	3	4	-	4	6	5
RV & MH Parks	23	20	17	17	11	28	162	4	32	7
All Other	3	6	4	4	8	5	3	2	5	16
Total permits	59	75	71	121	120	187	317	214	437	939
% Change ²	-20.27%	27.12%	-5.33%	70.42%	-0.83%	55.83%	69.52%	-32.49%	104.21%	114.87%

Service Class	ACTIVE ACCOUNTS									
	Fiscal Year Ended June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Single Family	6,190	6,236	6,288	6,385	6,482	6,632	6,781	6,890	7,282	8,115
Multi Family	113	114	115	111	113	117	117	120	123	126
Undeveloped Land ¹	44	42	39	40	37	32	30	29	29	26
RV Parks	26	24	23	25	25	26	26	26	27	29
Manufactured Home Parks	28	28	28	27	27	27	27	27	27	27
Church/Government	41	41	43	50	49	49	49	49	49	50
Light Commercial	130	134	136	-	-	-	-	-	-	-
Medium Commercial	56	58	57	-	-	-	-	-	-	-
Commercial ³	-	-	-	178	186	188	191	193	197	202
Heavy Commercial	5	5	5	3	3	3	3	3	3	3
Industrial	-	-	-	-	-	-	-	-	-	-
Total accounts	6,633	6,682	6,734	6,819	6,922	7,074	7,224	7,337	7,737	8,578
% Change ²	0.44%	0.74%	0.78%	1.26%	1.51%	2.20%	2.12%	1.56%	5.45%	10.87%

Service Class	ACTIVE UNITS									
	Fiscal Year Ended June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Single Family	6,196	6,243	6,292	6,626	6,723	6,873	7,022	7,224	7,616	8,195
Multi Family	1,065	1,219	1,225	982	1,047	1,077	1,077	1,141	1,333	1,767
Undeveloped Land ¹	234	230	227	225	222	209	206	202	202	200
RV Parks	4,793	4,630	4,579	4,635	4,626	4,626	4,755	4,757	4,769	5,060
Manufactured Home Parks	2,387	2,406	2,424	2,388	2,411	2,437	2,471	2,477	2,497	2,519
All other	232	238	241	231	238	240	243	245	249	255
Total units	14,907	14,966	14,988	15,087	15,267	15,462	15,774	16,046	16,666	17,996
% Change ²	0.27%	0.40%	0.15%	0.66%	1.19%	1.28%	2.02%	1.72%	3.86%	7.98%

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,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Single Family	\$ 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	\$ 4,123,425
Multi Family	436,124	508,238	516,339	380,621	387,606	409,481	418,704	425,802	405,074	459,033
Undeveloped Land	26,957	27,186	27,136	27,415	27,058	22,404	25,545	25,118	22,104	22,079
RV Parks	723,756	668,772	659,325	776,818	788,161	796,893	811,915	825,561	739,692	679,060
Manufactured Home Parks	746,143	791,865	839,495	849,544	856,863	874,616	889,314	905,082	903,641	1,012,016
Church/Government	207,672	207,741	168,355	185,387	207,865	207,547	233,127	237,560	227,526	239,116
Light Commercial	249,030	258,778	272,433	-	-	-	-	-	-	-
Medium Commercial	328,144	346,120	332,560	-	-	-	-	-	-	-
Commercial ²	-	-	-	599,687	645,093	683,488	731,904	777,699	801,466	788,049
Heavy Commercial	120,120	123,322	89,727	109,193	126,438	112,682	115,081	124,402	123,851	126,511
Total sewer service revenue	\$ 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	\$ 7,449,290

Service Class	CONNECTION FEE REVENUE									
	Fiscal Year Ended June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Single Family	\$ 92,475	\$ 161,230	\$ 164,205	\$ 283,187	\$ 313,740	\$ 487,803	\$ 529,978	\$ 748,388	\$ 1,680,004	\$ 3,904,155
Multi Family	-	11,540	17,490	-	151,105	79,050	-	179,375	563,805	729,630
RV and Manufactured Home Parks	31,950	35,392	18,350	23,760	34,560	64,025	204,315	9,000	54,735	150,825
All Other	9,275	19,818	90,410	36,425	44,960	25,870	53,020	14,730	79,040	224,905
Total connection fee revenue	\$ 133,700	\$ 227,980	\$ 290,455	\$ 343,372	\$ 544,365	\$ 656,748	\$ 787,313	\$ 951,493	\$ 2,377,584	\$ 5,009,515

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,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Single Family	\$ 41.55	\$ 42.50	\$ 42.95	\$ 43.35	\$ 43.75	\$ 44.15	\$ 44.15	\$ 44.45	\$ 45.95	\$ 46.15
Multi Family ¹	33.95	34.75	35.15	32.25	32.55	32.85	32.85	33.05	30.30	30.45
Undeveloped Land ²	9.60	9.80	9.90	10.00	10.10	10.20	10.20	10.25	9.15	9.30
RV Parks ¹	9.80	10.05	10.15	13.65	13.75	13.90	13.90	14.00	12.95	11.95
Manufactured Home Parks ¹	21.30	21.80	22.05	26.45	26.70	26.95	26.95	27.10	30.35	33.75
Church/Government	41.55	42.50	42.95	43.35	43.75	44.15	44.15	44.45	45.95	46.15
Light Commercial	49.45	50.60	51.15	-	-	-	-	-	-	-
Medium Commercial	55.45	56.75	57.35	-	-	-	-	-	-	-
Commercial ⁴	-	-	-	52.00	52.50	53.00	53.00	53.35	49.90	50.10
Heavy Commercial	61.75	63.15	63.85	65.05	65.65	66.25	66.25	66.70	56.10	56.35
Industrial ⁵	147.85	151.25	152.90	151.70	153.15	154.55	154.55	155.60	see note	see note

Service Class	USAGE CHARGES, per gallon ³									
	Fiscal Year Ended June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Church/Government	0.281	0.287	0.290	0.255	0.258	0.260	0.260	0.262	0.271	0.272
Light Commercial	0.281	0.287	0.290	-	-	-	-	-	-	-
Medium Commercial	0.315	0.322	0.326	-	-	-	-	-	-	-
Commercial ⁴	-	-	-	0.306	0.309	0.312	0.312	0.314	0.294	0.295
Heavy Commercial	0.351	0.359	0.363	0.383	0.387	0.390	0.390	0.393	0.330	0.332
Industrial ⁵	0.840	0.859	0.869	0.894	0.902	0.910	0.910	0.917	see note	see note

Service Class	MINIMUM CONNECTION FEES									
	Fiscal Year Ended June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Single Family	\$ 3,425	\$ 3,505	\$ 3,545	\$ 3,545	\$ 3,545	\$ 3,545	\$ 3,545	\$ 3,695	\$ 4,295	\$ 4,295
Multi Family ¹	2,820	2,885	2,915	2,635	2,635	2,635	2,635	2,745	3,015	3,015
RV Parks ¹	820	840	850	1,115	1,115	1,115	1,115	1,160	770	770
Manufactured Home Parks ¹	1,775	1,815	1,835	2,160	2,160	2,160	2,160	2,250	2,060	2,060
Church/Government	3,425	3,505	3,545	3,545	3,545	3,545	3,545	3,695	4,295	4,295
Light Commercial	3,425	3,505	3,545	-	-	-	-	-	-	-
Medium Commercial	3,425	3,505	3,545	-	-	-	-	-	-	-
Commercial ⁴	-	-	-	3,545	3,545	3,545	3,545	3,695	4,295	4,295
Heavy Commercial	3,425	3,505	3,545	3,545	3,545	3,545	3,545	3,695	4,295	4,295
Industrial	3,425	3,505	3,545	3,545	3,545	3,545	3,545	3,695	4,295	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.

⁵ Beginning FY 2023 Industrial rate = ((Flow Charge X Actual Sewer Flow / 100) + (BOD Charge X Actual BOD Pounds per 100 gallons) + (TSS Charge X Actual TSS Pounds per 100 gallons)) + (EDU Charge X EDUs).

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		
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
2024 ⁵	-	-	5,049,139	(5,049,139)	-	-

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.

⁵ The Series 2017 Sewer Revenue Bonds were paid off November 28, 2023.

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

Debt Service Requirements^{1, 5}

Fiscal Year Ended June 30,	Gross Revenues	Deductible Operating Expenses ^{2, 4}	Net Revenues Available for Debt Service ³	Principal	Interest	Total	Coverage Ratio	Required Coverage Ratio ³
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	4,301,775	4,422,661	2,380,727	333,359	2,714,086	1.63	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	4,689,841	6,998,130	2,521,452	186,332	2,707,784	2.58	1.20
2024	14,621,703	5,067,164	9,554,539	-	-	-	-	-

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.

⁵ The Series 2017 Sewer Revenue Bonds were paid off November 28, 2023.

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
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 ²	28,035 ²	64,003	4.4%
2023	40,173	29,618	65,471	5.3%
2024	39,079	35,430	68,531	4.7%

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

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

² Per the US Census ACS Estimate

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

	<u>Year ended June 30, 2024</u>		<u>Year ended June 30, 2015</u>	
	<u>Full Time Equivalent Employees</u>	<u>Percentage of Total City Employment</u>	<u>Full Time Equivalent Employees</u>	<u>Percentage of Total City Employment</u>
<u>Employer</u>				
City of Apache Junction	299	1.77%	251	2.03%
Apache Junction Unified School District #43	273	1.62%	553	4.48%
Wal-Mart Supercenter Store #1831	210	1.24%	220	1.78%
Empire Southwest	200	1.18%	-	-
Superstition Fire and Medical District ³	137	0.81%	102	0.83%
Horizon Health and Wellness ²	120	0.71%	125	1.01%
United States Postal Service	98	0.58%	100	0.81%
Banner Health ¹	85	0.50%	116	0.94%
Fry's Food and Drug	65	0.38%	110	0.89%
Western Industrial Resources	50	0.30%	144	1.17%
Robert Horn Ford/Hyundai	-	-	172	1.39%
Total	<u>1,537</u>	<u>9.09%</u>	<u>1,893</u>	<u>15.33%</u>

Source: City of Apache Junction, Office of Economic Development.

¹ Formerly Apache Junction Medical Center

² Formerly Superstition Mountain Mental Health Center

³ Formerly Apache Junction Fire District

Schedule E-1
Apache Junction Sewer District, a community facilities district
Full Time Equivalent Employees by Function
Last Ten Fiscal Years

	Fiscal Year Ended June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Administrative Division										
District Manager	1.04	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
District Administration	0.96	1.00	1.63	1.63	1.63	1.63	1.63	1.86	2.00	2.00
Finance	3.61	3.80	3.00	3.00	3.00	3.00	3.00	3.57	4.00	4.00
Business Services	3.13	3.00	3.00	2.87	1.90	2.00	1.19	1.29	-	-
Customer Service	3.96	3.41	3.63	3.63	3.63	3.63	3.07	3.57	-	-
Utility Services ¹	-	-	-	-	-	-	-	-	5.00	4.55
Total Administrative Division	12.70	12.21	12.26	12.13	11.16	11.26	9.89	11.29	12.00	11.55
Operations Division										
Operations Administration	4.00	4.00	5.00	5.00	5.00	5.00	4.17	5.00	5.00	5.00
Treatment Plant	5.15	4.58	4.00	4.04	4.00	3.69	4.60	4.53	6.00	6.00
Collection System	4.00	4.00	4.79	5.00	5.00	5.27	6.01	5.43	5.88	6.16
Total Operations Division	13.23	12.58	13.79	14.04	14.00	13.96	14.78	14.96	16.88	17.16
Total	25.93	24.79	26.05	26.17	25.16	25.22	24.67	26.25	28.88	28.71

¹ Business Services and Customer Service 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,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Collection System										
Miles of Collection Mains <12" diameter	95.9	96.1	96.1	97.8	97.8	99.0	99.1	100.2	102.0	109.6
Miles of Collection Mains >12" diameter	16.0	16.0	16.0	16.0	16.0	16.0	16.0	16.0	16.0	18.0
Customer Connections	6,595	6,647	6,699	7,020	7,126	7,283	7,435	7,642	8,042	8,632
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	15.8
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	1.372	1.353	1.411	1.434	1.436	1.473	1.472	1.567	1.654	1.592
Highest Monthly Average Daily Flow, MGD ¹	1.606	1.590	1.629	1.615	1.667	1.630	1.571	1.721	1.840	1.786
% of Total Permitted Capacity ²	75.0%	74.3%	76.1%	75.5%	77.9%	76.2%	73.4%	80.4%	86.0%	83.5%
Population Served (75 gpd/pop. eq.) ³	18,293	18,040	18,813	19,120	19,147	19,640	19,627	20,893	22,053	21,227
Effluent Disposal										
Effluent Recharge Basin Surface Acres	5.0	7.3	7.3	7.3	7.3	7.3	16.6	16.6	16.6	16.6
Effluent Recharge Vadose Zone Wells	32	36	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