

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, 2025 and 2024**

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Apache Junction Sewer District

Apache Junction, Arizona

ANNUAL COMPREHENSIVE FINANCIAL REPORT

for the fiscal years ended June 30, 2025 and 2024



**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

2025 ANNUAL COMPREHENSIVE
FINANCIAL REPORT

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Apache Junction Sewer District, a community facilities district

Apache Junction, Arizona

2025 ANNUAL COMPREHENSIVE
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Apache Junction Sewer District

Apache Junction, Arizona

District Officials



RECLAIMING WATER
FOR THE FUTURE

Board of Directors

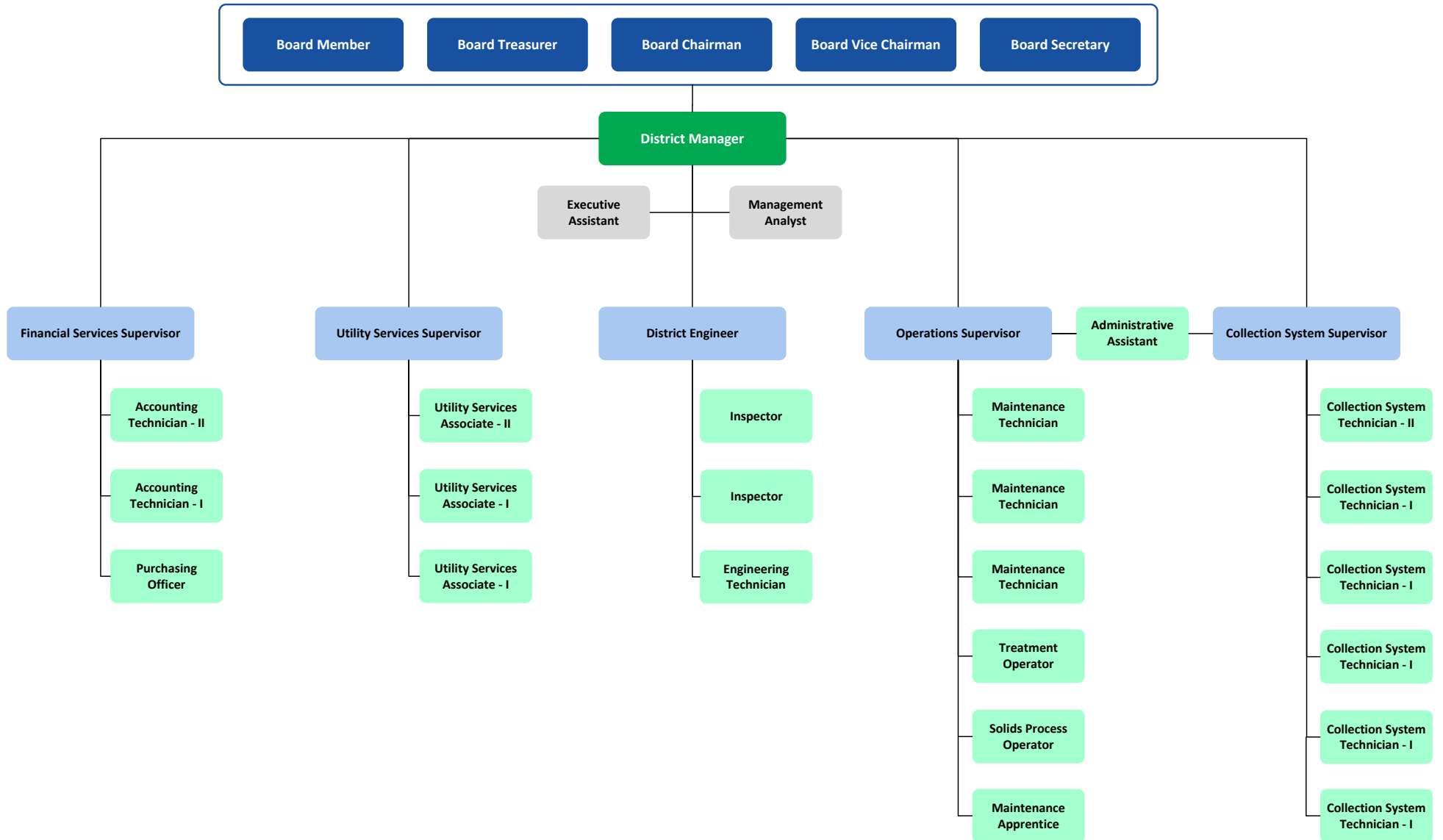
Kathleen Waldron	Chairman
James Reynolds	Vice Chairman
Philip Tremonti	Treasurer
Jesse Gage	Secretary
Roy Starr	Board Member

District Financial Management

Darron Anglin	District Manager
Maria N. Zagar	Financial Services Supervisor



Fiscal Year 2025 Organizational Chart





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Apache Junction Sewer District
Arizona**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2024

Christopher P. Morill

Executive Director/CEO



December 19, 2025

To the Honorable Chairperson, Board of Directors and Customers of the Apache Junction Sewer District:

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, 2025. This is the sixteenth consecutive year the District has prepared an Annual Report.

According to Arizona Revised Statutes (ARS), the District is not obligated to perform an annual financial audit; however, under its WIFA loan covenants, the District must complete a single audit in accordance with federal requirements. The loan 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. In addition to these requirements, the District continues to comply with all applicable provisions of ARS and WIFA loan covenants, including the completion of a single audit and adherence to GAAP standards. These measures ensure transparency, accountability, and compliance with state and federal guidelines.

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, 2025, 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, 2025, are presented fairly in accordance with GAAP. In addition, the District’s single audit was conducted in accordance with the Uniform Guidance (2 CFR Part 200, Subpart F), and includes a Schedule of Expenditures of Federal Awards (SEFA) as required for entities expending more than \$750,000 in federal funds. 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.

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, 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.

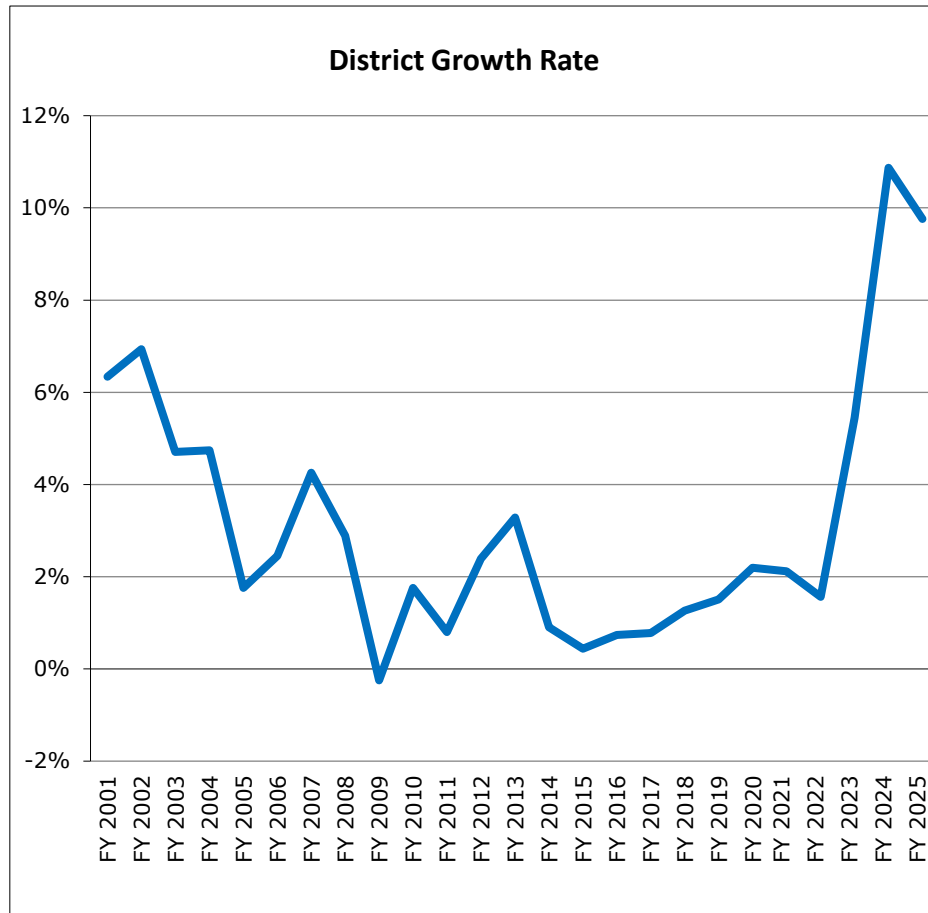
The District's Board determines long-term strategic direction and provides for funding to meet the District's strategic objectives by adopting an annual budget. The budget is adopted prior to the beginning of the fiscal year.

ECONOMIC CONDITION AND OUTLOOK

During fiscal year 2025, the Apache Junction area continued to see significant gains in new residential units and permits. As a result of this growth the District 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 together are responsible for approximately 11,000 housing units over four square miles. During fiscal year 2025 the District issued permits for 737 single-family homes in this community. Approximately 1,300 lots are under construction in this community and are anticipated to require sewer connection permits from the District in the near

future. In other areas of the City, there are over 800 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 working to ensure that there is sufficient capacity in the sewer system and at the treatment facility for this growth.



FINANCIAL POLICIES AND PRACTICES

The District's WIFA loan 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

Water Reclamation Facility (WRF) Expansion Design

As development and growth continue in this area, flows to the District's system increase. The District is required to commit the proposed sewer flows for all new developments against the capacity of the WRF. The committed flows were tracked and when the appropriate threshold was met the District began the design of the facility expansion. During fiscal year 2024 the District received a \$110,000,000 loan from

the WIFA and selected a contractor to complete the work. Construction on the expansion commenced in fiscal year 2025 and will be completed in fiscal year 2027. The expansion will more than double the capacity of the treatment facility. This will provide sufficient capacity for all developments that are being planned and under construction with additional capacity remaining for future growth.

AWARDS AND ACKNOWLEDGMENTS

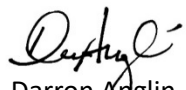
We are very proud to report that the Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its Annual Report for the fiscal year ended June 30, 2024. This was the fifteenth consecutive 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 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 appreciation 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,

A handwritten signature in black ink, appearing to read 'D. Adglin', is written over the printed name.

Darron Adglin, PE
District Manager

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Apache Junction Sewer District

Apache Junction, Arizona

FINANCIAL SECTION



RECLAIMING WATER
FOR THE FUTURE

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, 2025 and 2024, 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, 2025 and 2024, 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.

Management's Responsibilities 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.

Auditors' 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 U.S generally accepted auditing standards and *Government 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

U.S generally accepted accounting principles require that the Management's Discussion and Analysis on pages 5–14, Schedule of the District's Proportionate Share of the Net Pension/OPEB Liability–Cost-Sharing Plans on page 32, and Schedule of the District Pension/OPEB Contributions on page 33 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.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory and statistical sections listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is management's responsibility and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2025 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Fester & Chapman, PLLC

December 19, 2025

APACHE JUNCTION SEWER DISTRICT, a community facilities district
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025 AND 2024

Management of the Apache Junction Sewer District (the "District") is pleased to present this Management's Discussion and Analysis (MD&A) for the fiscal year ended June 30, 2025, with comparative information for Fiscal Years 2024 and 2023. The purpose of this narrative is to provide readers with an objective and easily understandable analysis of the District's financial activities, significant events, and overall financial position for the year. This discussion should be read in conjunction with the accompanying financial statements and related notes, which follow this section.

Fiscal Year 2025 marked continued growth and infrastructure investment for the Apache Junction Sewer District. Net position rose to \$37.2 million, supported by strong liquidity and major capital projects. The District maintained a healthy debt coverage ratio and positioned itself for future capacity needs while controlling operating costs. These results reflect sound financial management and readiness for ongoing development.

FINANCIAL HIGHLIGHTS

Fiscal Year 2025 was characterized by continued development activity in Apache Junction, ongoing investment in wastewater infrastructure and stable operational performance. The District ended the year in a strong financial position with increases in net position, liquidity, and capital assets that support current and future service needs.

Key financial highlights include:

- Net Position increased by \$9.1 million, or 32.6%, from \$28.1 million to \$37.2 million.
- Cash, cash equivalents and investments grew by \$8.6 million, or 58.8%, to \$23.2 million, including establishment of new restricted reserves for debt service.
- Capital assets rose by \$10.2 million, or 58.4%, primarily due to major construction projects at the Water Reclamation Facility.
- Total assets increased by \$21.5 million, or 61.9%, to \$56.3 million.
- Liabilities increased by \$12.3 million, or 178%, driven by the drawdown of an \$8.5 million WIFA construction loan and higher accounts payable related to expansion projects.
- Operating revenues totaled \$14.3 million, up \$246 thousand (1.8%) from FY2024.
- Operating expenses were \$7.6 million, an increase of \$589 thousand (8.5%), mainly due to higher administrative costs and depreciation.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

The District's financial statements are prepared using proprietary fund (enterprise fund) accounting similar to private-sector business enterprises. These statements were prepared using the accrual basis of accounting, which recognizes income when earned and expenses when incurred. The District's costs of providing services to the public on a continuing basis are financed primarily through user charges.

- The Statement of Net Position reports the District's resources and obligations at year-end.
- The Statement of Revenues, Expenses, and Changes in Net Position reports the results of operations and changes in financial position.
- The Statement of Cash Flows identifies the sources and uses of cash throughout the year.

These statements provide a comprehensive view of the District's financial health and operational performance.

CONDENSED FINANCIAL DATA

Table 1 summarizes the total assets, liabilities and net position of the District for the fiscal years ended June 30, 2025, June 30, 2024 and June 30, 2023. The information for fiscal year 2025 is provided in greater detail in the basic financial statements which follow this analysis.

NET POSITION

Table 1 Apache Junction Sewer District Net Position					
	<u>June 30, 2025</u>	<u>June 30, 2024</u>	Increase (Decrease) current year from prior		<u>June 30, 2023</u>
			<u>Amount</u>	<u>Percentage</u>	
Cash, cash equivalents and investments	\$ 23,181,135	\$ 14,602,573	\$ 8,578,562	58.75%	\$ 16,005,158
Other current assets	5,218,818	2,527,240	2,691,578	106.50%	2,099,468
Net OPEB asset	89,365	82,609	6,756	8.18%	83,603
Capital assets	<u>27,772,375</u>	<u>17,538,633</u>	<u>10,233,742</u>	58.35%	<u>11,075,655</u>
Total assets	56,261,693	34,751,055	21,510,638	61.90%	29,263,884
Deferred outflows	<u>406,841</u>	<u>361,174</u>	<u>45,667</u>	12.64%	<u>419,127</u>
Current liabilities	8,402,077	4,488,044	3,914,033	87.21%	7,621,846
Long term liabilities					
WIFA Loan	8,495,864	-	8,495,864	n/a	2,450,995
Net pension and OPEB liability	<u>2,307,798</u>	<u>2,419,485</u>	<u>(111,687)</u>	-4.62%	<u>2,386,038</u>
Total liabilities	19,205,739	6,907,529	12,298,210	178.04%	12,458,879
Deferred inflows	<u>237,110</u>	<u>127,412</u>	<u>109,698</u>	86.10%	<u>140,123</u>
Net investment in capital assets	19,276,511	17,538,633	1,737,878	9.91%	6,883,944
Restricted	2,888,811	82,609	2,806,202	3396.97%	753,650
Unrestricted	<u>15,060,363</u>	<u>10,456,046</u>	<u>4,604,317</u>	44.03%	<u>9,446,415</u>
Total net position	\$ 37,225,685	\$ 28,077,288	\$ 9,148,397	32.58%	\$ 17,084,009

The District's net position as of June 30, 2025, increased by \$9.1 million (32.6%) from the prior year. This increase reflects ongoing growth within the District's service area, continued development-related revenues, and significant capital investment.

The increase in net position from June 30, 2023 to June 30, 2024 was \$11 million. A complete discussion of the increase in net position from fiscal year 2023 to fiscal year 2024 can be found

in the fiscal year 2024 Annual Comprehensive Financial Report. In FY2024, growth was driven primarily by higher connection fees and sewer service charges, reflecting strong development activity.

Cash, cash equivalents and investments as of June 30, 2025 increased by \$8.6 million, primarily from system development fees, timing of capital project expenditures, and required debt reserves. A summary of the components of Cash, cash equivalents and investments are provided in Table 2.

Total additions to Capital assets for fiscal year 2025 totaled \$11.9 million; after normal depreciation of \$1.7 million, Capital assets increased by \$10.2 million. This increase is driven by construction in progress on the wastewater treatment plant expansion and acceptance of developer-installed infrastructure. A summary of the components of Capital assets is provided in Table 4 and in Note 4 to the Financial Statements.

Total liabilities increased by \$12.3 million over FY2024, almost entirely due to WIFA loan draws for the plant expansion project. This reflects the District's strategic investment in long-term infrastructure to support future capacity, development, and regulatory compliance. The decrease in total liabilities of \$5.6 million from FY2023 to primarily due to the early retirement of the District's Series 2017 bond debt.

Net investment in capital assets increased \$1.7 million over FY2024 due to significant CIP activity and new assets placed in service.

Restricted net position increased \$2.8 million due to WIFA reserve requirements and OPEB-related restrictions.

Unrestricted net position remains strong and supports operations, capital needs, and future debt service obligations.

Overall, the District's net position continues to show solid financial health, reflecting responsible planning and proactive infrastructure investment.

CASH, CASH EQUIVALENTS AND INVESTMENTS

Table 2 Apache Junction Sewer District Cash, Cash Equivalents and Investments						
				Increase (Decrease) current year from prior		
				Amount	Percentage	
	<u>June 30, 2025</u>	<u>June 30, 2024</u>				<u>June 30, 2023</u>
Cash, Cash Equivalents and Investments	\$ 20,381,689	\$ 14,602,573		\$ 5,779,116	39.58%	\$ 14,394,080
Restricted funds						
Debt Service Fund	1,663,092	-		1,663,092	n/a	229,387
Debt Service Reserve	1,136,354	-		1,136,354	n/a	628,041
Operations Reserve	-	-		-	n/a	753,650
Total cash, cash equivalents and investments	\$ 23,181,135	\$ 14,602,573		\$ 8,578,562	58.75%	\$ 16,005,158

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. Cash increased by \$5.8 million over the prior year. This was driven by higher revenues from developers, which boosted the Expansion Reserve account.

In fiscal year 2024, the three accounts previously required by its former bondholder, BOK Finance, formerly CoBiz Public Finance, Inc. were no longer held as 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

The Debt Service Fund services to accumulate the full amount of the next semi-annual debt payment due on the WIFA construction loan. As of June 30, 2025, the balance of \$1.7 million was held to meet the scheduled interest payment due on July 1, 2025. The balance on hand as of June 30, 2024, was combined with Cash, cash equivalents and investments. The balances on hand at June 30, 2023 was deposited to make the scheduled debt payments due on July 1, 2023.

Debt Service Reserve

The Debt Service Reserve Fund represents a supplemental source of funds to make scheduled payments on the District's debt. As of June 30, 2025, the balance slightly exceeds the requirement of \$1.12 million because of accumulated interest. As of June 30, 2024, the Debt Service Reserve Fund was no longer maintained for restricted funds. In prior years, it represented a supplemental source of funds to make scheduled debt payments as mandated under the Prior Bond Resolution.

Operations Reserve

The Operations Reserve Fund is no longer maintained for restricted funds and the small balance is combined with Cash, cash equivalents and investments for FY2025 and FY2024. As of June 30, 2023, the Operations Reserve was used to supplement shortfalls that may occur in other funds.

Under the prior Bond Resolution, the Operations Reserve was mandated to maintain a balance of \$750 thousand.

CHANGES IN NET POSITION

Table 3 Apache Junction Sewer District Changes in Net Position					
	<u>June 30, 2025</u>	<u>June 30, 2024</u>	Increase (Decrease) current year from prior		<u>June 30, 2023</u>
			<u>Amount</u>	<u>Percentage</u>	
Operating revenues					
Sewer services	\$ 8,746,547	\$ 7,961,157	\$ 785,390	9.87%	\$ 8,051,642
Connection fees	4,278,193	5,009,515	(731,322)	-14.60%	2,377,584
Septage charges	624,283	549,228	75,055	13.67%	492,968
Recharge credit sales	567,244	469,745	97,499	20.76%	460,944
Miscellaneous	<u>91,625</u>	<u>72,359</u>	<u>19,266</u>	26.63%	<u>100,128</u>
Total operating revenues	14,307,892	14,062,004	245,888	1.75%	11,483,266
Operating expenses					
Administrative	1,066,518	797,481	269,038	33.74%	829,337
Payroll and related	2,878,329	2,963,894	(85,565)	-2.89%	2,748,173
Repair and maintenance	1,296,293	1,305,790	(9,497)	-0.73%	1,111,092
Depreciation and amortization	<u>2,310,102</u>	<u>1,895,340</u>	<u>414,761</u>	21.88%	<u>1,906,208</u>
Total operating expenses	7,551,242	6,962,505	588,737	8.46%	6,594,810
Operating income	6,756,650	7,099,499	(342,849)	-4.83%	4,888,456
Nonoperating revenue/(expense)					
Interest expense	(65,423)	(62,714)	(2,709)	-4.32%	(186,332)
Bond issuance	-	(87,500)	87,500	100.00%	(20,000)
Other nonoperating	<u>388,180</u>	<u>559,699</u>	<u>(171,519)</u>	30.64%	<u>203,466</u>
Total nonoperating revenue/(expense)	322,757	409,485	(86,728)	-21.18%	(2,866)
Increase before capital contributions	7,079,407	7,508,984	(429,577)	-5.72%	4,885,590
Capital contributions					
WIFA loan forgiveness	329,186	3,308,250	(2,979,064)	-90.05%	-
Contributed capital assets	<u>1,739,804</u>	<u>176,045</u>	<u>1,563,759</u>	888.27%	-
Total capital contributions	2,068,990	3,484,295	(1,415,305)	-40.62%	-
Increase in net position	9,148,397	10,993,279	(1,844,882)	-16.78%	4,885,590
Net position - beginning	<u>28,077,288</u>	<u>17,084,009</u>	<u>10,993,279</u>	-64.35%	<u>12,198,419</u>
Net position - ending	\$ 37,225,685	\$ 28,077,288	\$ 9,148,397	32.58%	\$ 17,084,009

Operating income declined by \$343 thousand compared to FY2024, primarily due to higher depreciation expense from new assets placed in service and increased administrative costs related to technology upgrades and consulting services. This decline reflects the District's strategic investment in infrastructure and technology, which will enhance long-term efficiency despite short-term cost increases.

Operating Revenues

Operating revenues for fiscal year 2025 totaled \$14.3 million, an increase of \$246 thousand (1.8%) compared to fiscal year 2024. The District's primary revenue source continues to be sewer service charges, which accounted for approximately 61% of total operating revenues.

- Sewer Service Charges rose by \$785 thousand (9.9%). This increase was due to a 1% rate adjustment and 5.8% customer growth, mainly from new connections in Superstition Vistas.
- Septage Charges rose by \$75 thousand (13.7%), reflecting higher volumes transported by commercial haulers.
- Recharge Credit Sales increased by \$97 thousand (20.8%), due to higher volumes and a rate adjustment under existing agreements.
- Connection Fees declined by \$731 thousand (14.6%), following a record-setting year in FY2024. In FY2025, the District issued 861 permits for 1,052 new units, compared to 939 permits in FY2024 and 437 permits in FY2023.

The modest overall increase in operating revenues reflects steady growth in core service areas, partially offset by lower development-related fees.

Operating revenues increased \$2.6 million in FY2024 compared to FY2023, primarily due to growth in connection fees and sewer service charges. Additional details on FY2024 trends are available in the District's Annual Comprehensive Financial Report for that year, published on the District's website. FY2024 saw a 22 percent increase in operating revenues compared to FY2023, largely due to record-setting connection fees and customer growth.

Operating Expenses

Operating expenses increased \$589 thousand from fiscal year 2023 to fiscal year 2024. The most significant expense categories showing increases were Depreciation and amortization and Administrative. Administrative expenses increased by \$269 thousand (33.7%) due to technology upgrades and consulting services. Depreciation rose by \$415 thousand (21.9%) as new assets were placed in service.

Operating expenses increased \$368 thousand from fiscal year 2023 to fiscal year 2024. A discussion of this increase can be found in the fiscal year 2024 Annual Comprehensive Financial Report.

Nonoperating Revenues and Expenses

Nonoperating revenues and expenses consist primarily of interest expense, investment income, and other items not related to core operations. Interest expense for the year was \$65 thousand, which remained modest despite the initiation of draws on the WIFA construction loan. This is largely due to the timing of loan disbursements and favorable financing terms that defer significant interest accrual until later stages of the project. 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.

Investment income totaled \$388 thousand, reflecting strong performance driven by higher cash balances and advantageous short-term interest rates throughout the fiscal year. The District also recognized a nonrecurring loss of \$226 thousand associated with the removal and replacement

of the east aeration basin liner. The liner, originally installed in 2016 at a cost of \$294 thousand, experienced premature failure and required replacement to ensure continued operational reliability and compliance with treatment standards. Although this affected nonoperating results, it shows the District's commitment to maintaining infrastructure and ensuring service reliability.

Capital Contributions

Capital contributions represent resources provided by external parties, including developers and funding agencies, to support infrastructure improvements within the District's service area. These contributions may include cash, donated assets, or grants that reduce the financial burden on ratepayers and enhance system capacity.

For fiscal year 2025, the District recorded \$2.1 million in capital contributions, consisting of:

- \$329 thousand from WIFA, including principal forgiveness (loan amount that does not need to be repaid) and grant funding.
- \$1.74 million in developer-contributed assets, primarily for system extensions and improvements to accommodate new development.

These contributions reflect the District's collaborative approach to financing long-term infrastructure needs and demonstrate strong support for growth and regulatory compliance.

In fiscal year 2024, contributions totaled \$176 thousand, primarily for a mainline extension serving a new residential development near Tomahawk Road and Old West Highway.

Increase or Decrease in Net Position

The increase in net position for fiscal year 2025 of \$9.1 million reflects a decrease of \$1.8 million from the prior year results. The primary factor can be tied to the decrease in capital contributions. The increase from fiscal year 2023 to 2024 resulted primarily from an increase in operating revenues.

CAPITAL ASSETS

Table 4 Apache Junction Sewer District Capital Assets					
			Increase (Decrease) current year from prior		
	June 30, 2025	June 30, 2024	Amount	Percentage	June 30, 2023
Land and easements	\$ 1,349,658	\$ 1,348,057	\$ 1,601	0.12%	\$ 1,348,057
Treatment plant	21,198,676	20,164,066	1,034,610	5.13%	18,674,105
Collection system	25,528,470	24,176,134	1,352,336	5.59%	23,528,537
Buildings & grounds	1,260,013	1,199,867	60,146	5.01%	1,199,867
Machinery & equipment	5,936,212	6,184,847	(248,635)	-4.02%	4,385,746
Office equipment & software	432,175	403,093	29,082	7.21%	413,918
Other intangibles	104,049	104,049	-	0.00%	104,049
Construction in process	14,017,804	4,348,600	9,669,204	222.35%	527,008
Total capital assets	69,827,057	57,928,713	11,898,344	20.54%	50,181,287
Accumulated depreciation	(42,054,682)	(40,390,080)	(1,664,602)	4.12%	(39,105,632)
Net capital assets	\$ 27,772,375	\$ 17,538,633	\$ 10,233,742	58.35%	\$ 11,075,655

Capital Assets

The District operates and maintains approximately 156.8 miles of sewer line throughout the Apache Junction area as well as a 3.0 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 30 years of use, with a small portion of the sewer collection system in excess of 40 years of service.

Net capital assets totaled \$27.8 million at June 30, 2025, an increase of \$10.2 million (58.4%) from FY2024. Construction in process surged to \$14.0 million, reflecting major expansion project at the Water Reclamation Facility and system improvements. Other additions included clarifier upgrades, aeration basin improvements and new lift station infrastructure.

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

DEBT ADMINISTRATION

The District retired its Series 2017 bond in FY2024. 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, demonstrating strong compliance with covenant requirements. Note 5 to the Financial Statements provides additional information about the District's bond debt.

In addition to retiring the Series 2017 bond, the District secured a \$110 million WIFA construction loan during FY2024, which includes \$3.5 million in principal forgiveness. Draws on this loan began

in late FY2024 and continued throughout FY2025, with additional draws expected until the completion of major construction projects in late 2027. This financing supports major infrastructure expansion, including Water Reclamation Facility upgrades and system improvements. Restricted reserves for debt service were established, totaling \$2.8 million at year-end.

BUDGETARY HIGHLIGHTS

The District's actual operating revenues exceeded budget projections by 2%, driven by higher sewer service charges and septage volumes. Operating expenses were slightly above budget (3%) due to unanticipated consulting costs and accelerated maintenance projects. Capital expenditures aligned with budget expectations, reflecting planned progress on the Water Reclamation Facility expansion. Compared to FY2024, the District maintained similar budget accuracy, with variances primarily driven by development-related revenues and timing of capital projects.

ECONOMIC FACTORS BEARING ON THE DISTRICT'S RESULTS

Revenue growth in fiscal year 2025 resulted from a modest rate increase for the services it provides. These rate increases coupled with new users connected to the system due to growth at the Superstition Vistas master planned community, 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. 98% of the units billed by the District for sewer service are residential, representing 84% of total sewer service revenue for fiscal year 2025.

The District benefits from many infill opportunities. Several hundred units can connect to sewer when septic systems fail, allowing customer growth even without large-scale development.

The modest increase in expenses reflects the District's commitment to controlling costs while maintaining service quality. A major focus remains on preventative maintenance to extend the life of equipment and facilities.

Looking ahead, the District anticipates continued growth from Superstition Vistas and other developments. Key risks include potential increases in construction costs, interest rate fluctuations affecting future debt service, and evolving regulatory requirements. The District plans to mitigate these risks through proactive rate reviews, long-term financial planning, and maintaining strong reserves.

The District is also exploring additional WIFA funding opportunities and developer partnerships to reduce ratepayer burden and accelerate infrastructure improvements. These initiatives aim to strengthen financial resilience and support sustainable growth.

GLOSSARY

Principal Forgiveness: Portion of a loan that does not need to be repaid, reducing overall debt burden.

OPEB: Other Post-Employment Benefits, such as retiree health care.

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. For questions concerning this report or additional information, please contact the Apache Junction Sewer 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	2025	2024
CURRENT ASSETS			
Cash and cash equivalents		\$ 8,032,826	\$ 6,477,107
Investments		12,348,863	8,125,466
Accounts receivable - sewage, net of allowance for doubtful accounts of \$2,306 and \$2,658		683,037	647,924
Accounts receivable - other		1,930,720	1,656,270
Grants receivable		45,864	-
Inventory		88,560	71,668
Prepaid expenses		2,470,637	151,378
Total current assets		25,600,507	17,129,813
NONCURRENT ASSETS			
Capital assets:			
Capital assets not being depreciated		15,348,407	5,678,103
Capital assets, net of accumulated depreciation		12,423,968	11,860,530
Total capital assets, net		27,772,375	17,538,633
Other assets:			
Cash and cash equivalents, restricted, noncurrent		2,799,446	-
Net pension and other postemployment benefits asset		89,365	82,609
Total other assets		2,888,811	82,609
Total noncurrent assets		30,661,186	17,621,242
Total assets		56,261,693	34,751,055
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions and other postemployment benefits		406,841	361,174
Total deferred outflows of resources		406,841	361,174
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable		3,630,593	947,194
Accrued expenses		238,671	195,835
Accrued interest payable		51,700	-
Unearned revenue		4,481,113	3,345,015
Total current liabilities		8,402,077	4,488,044
NONCURRENT LIABILITIES			
Notes payable		8,495,864	-
Net pension liability		2,307,798	2,419,485
Total noncurrent liabilities		10,803,662	2,419,485
Total liabilities		19,205,739	6,907,529
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions and other postemployment benefits		237,110	127,412
Total deferred inflows of resources		237,110	127,412
NET POSITION			
Net investment in capital assets		19,276,511	17,538,633
Restricted for:			
Debt services		2,799,446	-
OPEB		89,365	82,609
Unrestricted		15,060,363	10,456,046
Total net position		\$ 37,225,685	\$ 28,077,288

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,

	2025	2024
Operating revenues:		
Net charges for services	\$ 13,024,740	\$ 12,970,672
Charges for septage	624,283	549,228
Sales of recharge credits	567,244	469,745
Miscellaneous	<u>91,625</u>	<u>72,359</u>
Total operating revenues	14,307,892	14,062,004
Operating expenses:		
Payroll and payroll related	2,878,329	2,963,894
Repairs and maintenance - treatment facility	557,208	662,682
Repairs and maintenance - other	2,668	2,297
Supplies and services - treatment facility	736,417	640,811
Accounting	20,500	20,000
Consulting	263,438	130,170
Administrative	573,780	480,344
Insurance	125,209	106,324
Legal	82,771	60,295
Depreciation and amortization	2,310,102	1,895,340
Miscellaneous	<u>820</u>	<u>348</u>
Total operating expenses	<u>7,551,242</u>	<u>6,962,505</u>
Operating income	6,756,650	7,099,499
Nonoperating revenues and (expenses):		
Investment earnings	614,311	559,699
Loss on equipment disposed	(226,131)	-
Bond issuance	-	(87,500)
Interest expense	<u>(65,423)</u>	<u>(62,714)</u>
Total nonoperating revenues and (expenses)	<u>322,757</u>	<u>409,485</u>
Income before contributions	<u>7,079,407</u>	<u>7,508,984</u>
Capital contributions:		
WIFA Loan Forgiveness	329,186	3,308,250
Contributed assets	<u>1,739,804</u>	<u>176,045</u>
Total capital contributions	<u>2,068,990</u>	<u>3,484,295</u>
Increase in net position	9,148,397	10,993,279
Net position, July 1	<u>28,077,288</u>	<u>17,084,009</u>
Net position, June 30	<u>\$ 37,225,685</u>	<u>\$ 28,077,288</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,

	2025	2024
Cash flows from operating activities:		
Cash received from customers	\$ 15,088,563	\$ 12,503,087
Cash payments to suppliers for goods and services	(2,021,407)	(1,471,388)
Cash payments to employees for services	(2,884,062)	(2,907,984)
Net cash provided by operating activities	<u>10,183,094</u>	<u>8,123,715</u>
Cash flows from capital and related financing activities:		
Net purchase of capital assets	(11,030,170)	(8,182,273)
Issuance of new capital debt	329,186	3,308,250
Proceeds from notes payable	8,495,864	-
Principal payments on bonds payable	-	(5,049,139)
Bond interest paid	(13,723)	(75,337)
Bond issuance costs	-	(87,500)
Net cash used by capital and related financing activities	<u>(2,218,843)</u>	<u>(10,085,999)</u>
Cash flows from investing activities:		
Purchase of securities	(4,223,397)	(1,648,458)
Interest received from investing activities	<u>614,311</u>	<u>559,699</u>
Net cash used by investing activities	<u>(3,609,086)</u>	<u>(1,088,759)</u>
Net change in cash and cash equivalents	4,355,165	(3,051,043)
Cash and cash equivalents, beginning of year	<u>6,477,107</u>	<u>9,528,150</u>
Cash and cash equivalents, end of year	<u>\$ 10,832,272</u>	<u>\$ 6,477,107</u>
Cash and cash equivalents at June 30, 2025 and 2024 consist of:		
Unrestricted cash and cash equivalents	\$ 8,032,826	\$ 6,477,107
Restricted cash and cash equivalents, noncurrent	<u>2,799,446</u>	<u>-</u>
Total	<u>\$ 10,832,272</u>	<u>\$ 6,477,107</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 6,756,650	\$ 7,099,499
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	2,310,102	1,895,340
Pension expense	202,716	327,801
Employer pension contributions	(257,129)	(248,118)
Changes in assets and liabilities:		
Accounts receivable - sewage	(35,113)	(15,526)
Accounts receivable - other	(274,450)	(449,074)
Grants receivable	(45,864)	-
Inventory	(16,892)	27,083
Prepaid expenses	(2,319,259)	9,745
Accounts payable	2,683,399	590,966
Accrued expenses	42,836	(19,684)
Unearned revenue	<u>1,136,098</u>	<u>(1,094,317)</u>
Net cash provided by operating activities	<u>\$ 10,183,094</u>	<u>\$ 8,123,715</u>
Noncash capital and related financing activities:		
WIFA loan forgiveness	\$ 329,186	\$ 3,308,250
Contributed assets	\$ 1,739,804	\$ 176,045

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2025 and 2024

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, 2025 and 2024

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.

NOTES TO FINANCIAL STATEMENTS

June 30, 2025 and 2024

NOTE 2 – RESTRICTED CASH AND CASH EQUIVALENTS

Restricted cash and cash equivalents at June 30, 2025, consist of amounts established relative to the District's WIFA note payable with Water Infrastructure Finance Authority of Arizona. The Bond Resolution requires the District to maintain an annual Debt Service Reserve of \$1,121,242 until the Total Reserve Amount reaches \$5,606,209 by July 1, 2029. Additionally, starting from January 1, 2030, the District will initiate a semi-annual deposit of \$560,620 for repair and replacement.

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, 2025 and 2024, are allocated as follows:

	2025	2024
Bona Fide Debt service fund	\$ 1,663,092	\$ -
Debt service reserve fund	<u>1,136,354</u>	<u>-</u>
Total restricted cash and cash equivalents	<u>\$ 2,799,446</u>	<u>\$ -</u>

NOTE 3 – DEPOSITS AND INVESTMENTS

At June 30, 2025 and 2024, the carrying amounts of the District's deposits were \$10,832,272 and \$6,477,107, respectively. The bank balances of the District's deposits at June 30, 2025 and 2024 were \$10,636,743 and \$6,293,665, 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, 2025 and 2024, were collateralized with securities held by the pledging financial institution's trust department in the District's name.

At June 30, 2025 and 2024, the District had total investments of \$12,348,863 and \$8,125,466, 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, 2025 and 2024

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, 2025 and 2024, 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, 2025 was as follows:

	Balance at July 1, 2024	Additions	Deletions	Balance at June 30, 2025
<u>Nondepreciable assets:</u>				
Land	\$ 1,167,654	\$ -	\$ -	\$ 1,167,654
Easements	161,849	1,100	-	162,949
Construction in progress	4,348,600	10,359,478	(690,274)	14,017,804
Total capital assets not being depreciated	5,678,103	10,360,578	(690,274)	15,348,407
<u>Depreciable assets:</u>				
Treatment plant	20,164,066	1,429,463	(394,853)	21,198,676
Collection system	24,176,134	1,352,336	-	25,528,470
Equipment	6,587,940	221,186	(440,739)	6,368,387
Buildings & grounds	1,199,867	96,187	(36,041)	1,260,013
Rights of way	18,554	501	-	19,055
Other intangible assets	104,049	-	-	104,049
Total capital assets being depreciated	52,250,610	3,099,673	(871,633)	54,478,650
<u>Accumulated depreciation:</u>				
Treatment plant	(15,555,290)	(916,221)	168,720	(16,302,791)
Collection system	(20,025,249)	(845,335)	-	(20,870,584)
Equipment	(3,688,220)	(490,404)	440,739	(3,737,885)
Buildings & grounds	(1,081,533)	(54,316)	36,041	(1,099,808)
Rights of way	(14,978)	(358)	-	(15,336)
Other intangible assets	(24,810)	(3,468)	-	(28,278)
Total accumulated depreciation	(40,390,080)	(2,310,102)	645,500	(42,054,682)
Total capital assets being depreciated, net	11,860,530	789,571	(226,133)	12,423,968
Net capital assets	\$ 17,538,633	\$ 11,150,149	\$ (916,407)	\$ 27,772,375

Apache Junction Sewer District, a community facilities district

NOTES TO FINANCIAL STATEMENTS

June 30, 2025 and 2024

NOTE 4 – CAPITAL ASSETS (CONTINUED)

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	<u>527,008</u>	<u>7,240,510</u>	<u>(3,418,918)</u>	<u>4,348,600</u>
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	<u>104,049</u>	<u>-</u>	<u>-</u>	<u>104,049</u>
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	<u>(21,342)</u>	<u>(3,468)</u>	<u>-</u>	<u>(24,810)</u>
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>

NOTES TO FINANCIAL STATEMENTS

June 30, 2025 and 2024

NOTE 5 – NOTES PAYABLE

In June 2023, the District entered into a 3-year promissory note with the Water Infrastructure Finance Authority (WIFA) for the design costs of a new water reclamation facility in the amount of \$7.2 million at an interest rate at 1.0%, payable semi-annually. This design loan was rolled into the construction financing in April 2024.

On April 18, 2024, the District executed a 30-year WIFA construction loan authorized up to \$110,000,000, including \$3,500,000 in principal forgiveness, to fund expansion of the Water Reclamation Facility and related system improvements. The loan bears a combined interest and fee rate of 3.08% and requires interest-only payments during construction, with principal repayment beginning July 1, 2026. The loan is secured by a pledge of net revenues of the District's sewer system. The agreement requires the District to maintain a Debt Service Reserve Fund of \$5,606,209 by July 1, 2029 and a Replacement Reserve beginning January 1, 2030. There are no acceleration clauses except in the event of default.

As of June 30, 2025, the District had drawn \$11,995,864, of which \$3,500,000 was forgiven, resulting in an outstanding balance of \$8,495,864. The remaining authorized amount of \$98,004,136 is available for future draws through project completion in FY2027.

The following is a summary of changes in WIFA note payable for the fiscal year ended June 30, 2025:

	Balance at July 1, 2024	Increases	Decreases	Balance at June 30, 2025
WIFA note payable				
Noncurrent	\$ -	\$ 8,495,864	\$ -	\$ 8,495,864
Total WIFA note payable	\$ -	\$ 8,495,864	\$ -	\$ 8,495,864

Maturities of the WIFA note payable, including interest payments, are as follows for June 30:

	Principal	Interest	Total
2026	\$ -	\$ 130,836	\$ 130,836
2027	95,607	129,386	224,993
2028	192,731	257,255	449,986
2029	198,712	251,273	449,985
2030	204,880	245,106	449,986
Thereafter	7,803,934	3,445,711	11,249,645
Total	\$ 8,495,864	\$ 4,459,567	\$ 12,955,431

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.

NOTES TO FINANCIAL STATEMENTS

June 30, 2025 and 2024

NOTE 6 – RETIREMENT PLAN (CONTINUED)

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.*

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.

NOTES TO FINANCIAL STATEMENTS

June 30, 2025 and 2024

NOTE 6 – RETIREMENT PLAN (CONTINUED)

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, 2025, statute required active ASRS members to contribute at the actuarially determined rate of 12.27 percent (12.12 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 12.27 percent (12.05 percent for retirement, 0.07 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, 2025 and 2024 were as follows.

ASRS	2025	2024
Pension	\$ 252,721	\$ 242,727
Health insurance premium benefit	1,468	2,219
Long-term disability	3,142	3,027

Liability

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

	June 30, 2025	June 30, 2024
ASRS	Net pension/OPEB (asset) liability	Net pension/OPEB (asset) liability
Pension	\$ 2,307,417	\$ 2,417,508
Health insurance premium benefit	(89,365)	(82,609)
Long-term disability	381	1,977

The net asset and net liabilities for June 30, 2025 were measured as of June 30, 2024. 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, 2023, to the measurement date of June 30, 2024. 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, 2024. The District's proportions measured as of June 30, 2024, and the change from its proportions measured as of June 30, 2023, were:

ASRS	Proportion June 30, 2024	Increase (decrease) from June 30, 2023
Pension	0.014420 %	(0.000520)%
Health insurance premium benefit	0.014790 %	(0.000510)%
Long-term disability	0.014620 %	(0.000470)%

The net asset and net liability for June 30, 2024, was measured as of June 30, 2023. 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, 2022, to the measurement date of June 30, 2023. 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, 2023.

Apache Junction Sewer District, a community facilities district

NOTES TO FINANCIAL STATEMENTS

June 30, 2025 and 2024

NOTE 6 – RETIREMENT PLAN (CONTINUED)

Expense

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

	2025	2024
	Pension/OPEB expense	Pension/OPEB expense
ASRS		
Pension	\$ 213,757	\$ 336,121
Health insurance premium benefit	(12,630)	(10,081)
Long-term disability	1,589	1,761
Total	<u>\$ 202,716</u>	<u>\$ 327,801</u>

Deferred Outflows/Inflows of Resources

At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions and OPEB from the following sources:

	June 30, 2025					
	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	\$ 128,798	\$ -	\$ 2,586	\$ 21,578	\$ 1,401	\$ 1,015
Changes of assumptions or other inputs	-	-	-	927	276	2,282
Net difference between projected and actual earnings on plan investments	-	147,354	-	6,143	-	416
Changes in proportion and differences between District contributions and proportionate share of contributions	14,849	56,072	1,415	755	185	568
District contributions subsequent to the measurement date	252,721	-	1,468	-	3,142	-
Total	<u>\$ 396,368</u>	<u>\$ 203,426</u>	<u>\$ 5,469</u>	<u>\$ 29,403</u>	<u>\$ 5,004</u>	<u>\$ 4,281</u>

Apache Junction Sewer District, a community facilities district

NOTES TO FINANCIAL STATEMENTS

June 30, 2025 and 2024

NOTE 6 – RETIREMENT PLAN (CONTINUED)

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>

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, 2026.

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,	Pension	Health insurance premium benefit	Long-term disability
2026	\$ (81,751)	\$ (16,470)	\$ (798)
2027	86,313	(3,719)	(182)
2028	(37,300)	(3,631)	(699)
2029	(27,041)	(1,395)	(613)
2030	-	(187)	(242)
Thereafter	-	-	115

NOTES TO FINANCIAL STATEMENTS

June 30, 2025 and 2024

NOTE 6 – RETIREMENT PLAN (CONTINUED)

Actuarial Assumptions

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

ASRS	
Actuarial valuation date	June 30, 2023
Actuarial roll forward date	June 30, 2024
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, 2023, the valuations were based on the results of an actuarial experience study for the 5 year period ended June 30, 2020.

The long-term expected rate of return on ASRS plan investments was determined to be 7.0 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Long-term Expected Geometric Real Rate of	
	Target	Return
Public equity	44%	4.48%
Credit	23%	4.40%
Real estate	17%	6.05%
Private equity	10%	6.11%
Interest rate sensitive	6%	(0.45%)
Total	100%	

NOTES TO FINANCIAL STATEMENTS

June 30, 2025 and 2024

NOTE 6 – RETIREMENT PLAN (CONTINUED)

Discount Rate

At June 30, 2024, 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, 2025			
ASRS	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
District's proportionate share of the			
Net pension liability	\$ 3,533,127	\$ 2,307,417	\$ 1,285,895
Net insurance premium benefit liability (asset)	(64,968)	(89,365)	(110,108)
Net long-term disability liability	1,311	381	(534)
June 30, 2024			
ASRS	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
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

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.

NOTES TO FINANCIAL STATEMENTS

June 30, 2025 and 2024

NOTE 7 – COMMITMENTS AND CONTINGENT LIABILITIES

The District is engaged in a multi-year Water Reclamation Facility (WRF) Expansion project authorized under a \$110 million Water Infrastructure Finance Authority (WIFA) construction loan agreement (see Note 5). On February 25, 2025, the Board approved Amendment No. 1 to the Construction Manager at Risk (CMAR) agreement with Archer Western Construction, LLC for construction services, establishing a preliminary cost cap of \$97 million, subject to finalization of the Guaranteed Maximum Price (GMP). As of December 31, 2025, the GMP had not been finalized; however, the District had drawn \$11,995,864 on the WIFA loan and recorded \$14,017,804 in construction-in-progress (see Note 4).

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

Project	2025	2024
Design - Engineering Services	\$ 3,796,922	\$ 6,419,964
Design - Pre-construction Services	-	2,851,638

The District is also subject to routine legal actions and claims arising in the ordinary course of operations. Management believes the District is adequately insured against such matters.

NOTE 8 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through December 19, 2025, 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, 2025

	2025 (2024)	2024 (2023)	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)
ASRS - Pension										
District's proportion of the net pension liability	0.01442%	0.01494%	0.01461%	0.01421%	0.01470%	0.01553%	0.01671%	0.01727%	0.01629%	0.01688%
District's proportionate share of the net pension liability	\$ 2,307,417	\$ 2,417,508	\$ 2,384,676	\$ 1,867,131	\$ 2,546,998	\$ 2,259,796	\$ 2,330,457	\$ 2,690,329	\$ 2,629,370	\$ 2,629,294
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 proportionate share of the net pension liability as a percentage of its covered payroll	114.29%	124.19%	135.76%	113.63%	155.05%	136.23%	141.56%	164.36%	170.53%	168.65%
District's fiduciary net position as a percentage of the total pension liability	76.93%	75.47%	74.26%	78.58%	69.33%	73.24%	73.40%	69.92%	67.06%	68.35%
ASRS - Health Insurance Premium Benefit									2017 through 2016	
District's proportion of the net OPEB (asset)	0.01479%	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)	\$ (89,365)	\$ (82,609)	\$ (83,603)	\$ (70,986)	\$ (10,655)	\$ (4,397)	\$ (6,132)	\$ (9,543)		
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 proportionate share of the net OPEB (asset) as a percentage of its covered payroll	(4.43%)	(4.24%)	(4.76%)	(4.32%)	(0.65)%	(0.27)%	(0.37)%	(0.58)%		
District's fiduciary net position as a percentage of the total OPEB liability	137.61%	134.37%	137.79%	130.24%	104.33%	101.62%	102.20%	103.57%		
ASRS - Long-term Disability									2017 through 2016	
District's proportion of the net OPEB liability	0.01462%	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	\$ 381	\$ 1,977	\$ 1,362	\$ 2,973	\$ 11,296	\$ 10,273	\$ 8,752	\$ 6,289		
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 proportionate share of the net OPEB liability as a percentage of its covered payroll	0.02%	0.10%	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	98.77%	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, 2025

ASRS - Pension	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Statutorily required contribution	\$ 252,721	\$ 242,727	\$ 232,234	\$ 210,171	\$ 191,638	\$ 184,796	\$ 185,299	\$ 179,718	\$ 176,381	\$ 165,233
District's contributions in relation to the statutorily required contribution	<u>252,721</u>	<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>
District's contribution deficiency/(excess)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
District's covered payroll	2,101,784	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
District's contributions as a percentage of covered payroll	12.05%	12.03%	11.93%	11.97%	11.66%	11.25%	11.17%	10.92%	10.78%	10.72%
ASRS - Health Insurance Premium Benefit	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Statutorily required contribution	\$ 1,468	\$ 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>1,468</u>	<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)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	
District's covered payroll	2,101,784	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	0.07%	0.11%	0.11%	0.21%	0.39%	0.48%	0.46%	0.44%	0.58%	
ASRS - Long-term Disability	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Statutorily required contribution	\$ 3,142	\$ 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>3,142</u>	<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)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	
District's covered payroll	2,102,784	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%	0.15%	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.

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These schedules contain trend information to assist the reader in understanding how the District's financial performance and well-being has changed over time.	
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These schedules contain information to assist the reader in assessing the District's most significant revenue source, sewer fees.	
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These schedules present information to assist the reader in assessing the affordability of the District's current level of outstanding debt.	
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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.	
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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>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>	<u>2025</u>
Net position:										
Net investment in capital assets	\$ (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	\$ 19,276,511
Restricted for:										
Debt service										2,799,446
OPEB									82,609	89,365
Operations	751,613	750,288	750,744	756,542	754,228	750,321	750,186	753,650		
Unrestricted	<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>10,456,046</u>	<u>15,060,363</u>
Total net position	<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>	<u>\$ 37,225,685</u>

Source: Statements of Net Position

Schedule A-2

Apache Junction Sewer District, a community facilities district

Changes in Net Position

Last Ten Fiscal Years

	2016	2017	2018 ¹	2019	2020	2021	2022	2023	2024	2025
Operating revenues:										
Charges for services	\$ 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	\$ 13,024,740
Charges for septage	486,841	510,284	449,174	497,353	616,152	583,316	543,715	492,968	549,228	624,283
Sales of recharge credits	142,172	125,309	71,035	62,981	58,771	269,213	421,849	460,944	469,745	567,244
Miscellaneous	70,300	72,638	82,907	78,870	66,490	81,615	94,775	100,128	72,359	91,625
Total operating revenue	7,097,475	7,303,422	7,400,845	7,739,667	8,220,118	8,716,900	9,476,549	11,483,266	14,062,004	14,307,892
Operating expenses:										
Payroll and payroll related	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	2,878,329
Repairs and maintenance - treatment facility	395,582	273,010	314,329	353,673	293,982	402,541	539,705	491,616	662,682	557,208
Repairs and maintenance - other	3,699	1,964	2,002	2,340	2,948	2,808	2,014	2,317	2,297	2,668
Supplies and services	330,771	339,224	371,928	405,172	386,029	1,078,847	495,005	617,159	640,811	736,417
Accounting	15,600	15,600	18,100	23,100	18,100	18,100	18,100	19,000	20,000	20,500
Consulting	50,578	85,479	135,827	107,066	215,694	72,965	169,252	204,093	130,170	263,438
Administrative	360,291	387,485	289,244	346,390	335,636	331,534	402,409	452,006	480,344	573,780
Insurance	84,549	83,887	72,980	66,759	70,036	73,470	79,898	90,419	106,324	125,209
Legal	53,812	53,254	47,358	48,319	84,942	75,829	59,688	63,819	60,295	82,771
Depreciation and amortization	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	2,310,102
Miscellaneous	739	687	3,800	4,937	128	309	1,478		348	820
Total operating expenses	5,061,715	5,132,028	5,219,381	5,416,952	5,646,678	6,218,768	6,042,757	6,594,810	6,962,505	7,551,242
Operating income	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	6,756,650
Nonoperating revenues and (expenses):										
Interest income	12,139	10,577	10,675	84,300	81,513	7,536	5,895	204,705	559,699	614,311
Equipment scrapped or abandoned	(14,236)						(544)	(1,239)		(226,131)
Interest expense	(854,437)	(751,741)	(538,021)	(471,833)	(403,633)	(333,359)	(260,946)	(186,332)	(62,714)	(65,423)
Bond issuance costs		(109,212)						(20,000)	(87,500)	
Total nonoperating revenues and (expenses)	(856,534)	(850,376)	(527,346)	(387,533)	(322,120)	(325,823)	(255,595)	(2,866)	409,485	322,757
Income (loss) before contributions	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	7,079,407
Capital contributions:										
WIFA loan forgiveness									3,308,250	329,186
Contributed capital						90,370			176,045	1,739,804
Total capital contributions						90,370			3,484,295	2,068,990
Change in net position	\$ 1,179,226	\$ 1,321,018	\$ 1,654,118	\$ 1,935,182	\$ 2,251,320	\$ 2,262,679	\$ 3,178,197	\$ 4,885,590	\$ 10,993,279	\$ 9,148,397

¹ Beginning in fiscal year 2018 OPEB expense included in Payroll and payroll related expense reflects the adoption of GASB 75.

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

Schedule B-1
Apache Junction Sewer District, a community facilities district
Ten Largest Customers¹
Current Year and Nine Years Ago

Customer Name²	Year Ended June 30, 2025		Year Ended June 30, 2016	
	Sales	Percentage of Sales	Sales	Percentage of Sales
Apache Junction Water District	\$ 274,250	2.93%		
MHC Dolce Vita LLC	190,885	2.04%	\$ 153,456	2.29%
Roadhaven Resort RV Park	178,283	1.91%	140,043	2.09%
Golden Vista RV Resort	159,695	1.71%	161,390	2.41%
CAX Rancho Mirage LLC	128,419	1.37%	107,233	1.60%
Leesburg Group LLC/Rock Shadows	100,757	1.08%	91,269	1.36%
Davala Investments LLC, dba Vets Plumbing	94,317	1.01%		
Sunset Resort MHP LLC	94,078	1.01%		
Priority Pumping	91,314	0.98%		
Quail Creek Condominiums	85,607	0.92%		
CAX La Casa Blanca East LLC		0.00%	66,619	0.99%
RC Roberts/Sunrise RV Park		0.00%	80,688	1.20%
Overley's Inc.			68,358	1.02%
Central Arizona Water Conservation District			135,398	2.02%
Coopers Septic			236,494	3.53%
Subtotal of ten largest customers	1,397,605	14.95%	1,240,948	18.52%
Balance from other customers	7,952,930	85.05%	5,460,252	81.48%
Total sewer, septage & recharge credit revenue	<u>\$ 9,350,535</u>	<u>100.00%</u>	<u>\$ 6,701,200</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,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Single Family	48	48	100	98	150	152	204	394	911	836
Multi Family	1	2	0	3	4	0	4	6	5	1
RV & MH Parks	20	17	17	11	28	162	4	32	7	21
All Other	6	4	4	8	5	3	2	5	16	3
Total permits	75	71	121	120	187	317	214	437	939	861
% Change ²	27.12%	-5.33%	70.42%	-0.83%	55.83%	69.52%	-32.49%	104.21%	114.87%	-8.31%

Service Class	ACTIVE ACCOUNTS									
	Fiscal Year Ended June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Single Family	6,236	6,288	6,385	6,482	6,632	6,781	6,890	7,282	8,115	8,945
Multi Family	114	115	111	113	117	117	120	123	126	127
Undeveloped Land ¹	42	39	40	37	32	30	29	29	26	26
RV Parks	24	23	25	25	26	26	26	27	29	29
Manufactured Home Parks	28	28	27	27	27	27	27	27	27	27
Church/Government	41	43	50	49	49	49	49	49	50	51
Light Commercial	134	136								
Medium Commercial	58	57								
Commercial ³			178	186	188	191	193	197	202	207
Heavy Commercial	5	5	3	3	3	3	3	3	3	3
Industrial	0	0	0	0	0	0	0	0	0	0
Total accounts	6,682	6,734	6,819	6,922	7,074	7,224	7,337	7,737	8,578	9,415
% Change ²	0.74%	0.78%	1.26%	1.51%	2.20%	2.12%	1.56%	5.45%	10.87%	9.76%

Service Class	ACTIVE UNITS									
	Fiscal Year Ended June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Single Family	6,243	6,292	6,626	6,723	6,873	7,022	7,224	7,616	8,195	9,025
Multi Family	1,219	1,225	982	1,047	1,077	1,077	1,141	1,333	1,767	1,968
Undeveloped Land ¹	230	227	225	222	209	206	202	202	200	194
RV Parks	4,630	4,579	4,635	4,626	4,626	4,755	4,757	4,769	5,060	5,060
Manufactured Home Parks	2,406	2,424	2,388	2,411	2,437	2,471	2,477	2,497	2,519	2,540
All other	238	241	231	238	240	243	245	249	255	261
Total units	14,966	14,988	15,087	15,267	15,462	15,774	16,046	16,666	17,996	19,048
% Change ²	0.40%	0.15%	0.66%	1.19%	1.28%	2.02%	1.72%	3.86%	7.98%	5.85%

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,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Single Family	\$ 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	\$ 4,603,025
Multi Family	508,238	516,339	380,621	387,606	409,481	418,704	425,802	405,074	459,033	499,062
Undeveloped Land	27,186	27,136	27,415	27,058	22,404	25,545	25,118	22,104	22,079	21,706
RV Parks	668,772	659,325	776,818	788,161	796,893	811,915	825,561	739,692	679,060	712,661
Manufactured Home Parks	791,865	839,495	849,544	856,863	874,616	889,314	905,082	903,641	1,012,016	1,024,194
Church/Government	207,741	168,355	185,387	207,865	207,547	233,127	237,560	227,526	239,116	241,540
Light Commercial	258,778	272,433								
Medium Commercial	346,120	332,560								
Commercial ²			599,687	645,093	683,488	731,904	777,699	801,466	788,049	914,952
Heavy Commercial	123,322	89,727	109,193	126,438	112,682	115,081	124,402	123,851	126,511	141,868
Total sewer service revenue	\$ 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	\$ 8,159,008

Service Class	CONNECTION FEE REVENUE									
	Fiscal Year Ended June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Single Family	\$ 161,230	\$ 164,205	\$ 283,187	\$ 313,740	\$ 487,803	\$ 529,978	\$ 748,388	\$ 1,680,004	\$ 3,904,155	\$ 3,573,588
Multi Family	11,540	17,490	0	151,105	79,050	0	179,375	563,805	729,630	614,055
RV and Manufactured Home Parks	35,392	18,350	23,760	34,560	64,025	204,315	9,000	54,735	150,825	43,785
All Other	19,818	90,410	36,425	44,960	25,870	53,020	14,730	79,040	224,905	46,765
Total connection fee revenue	\$ 227,980	\$ 290,455	\$ 343,372	\$ 544,365	\$ 656,748	\$ 787,313	\$ 951,493	\$ 2,377,584	\$ 5,009,515	\$ 4,278,193

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,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Single Family	\$ 42.50	\$ 42.95	\$ 43.35	\$ 43.75	\$ 44.15	\$ 44.15	\$ 44.45	\$ 45.95	\$ 46.15	\$ 46.60
Multi Family ¹	34.75	35.15	32.25	32.55	32.85	32.85	33.05	30.30	30.45	30.75
Undeveloped Land ²	9.80	9.90	10.00	10.10	10.20	10.20	10.25	9.15	9.30	9.30
RV Parks ¹	10.05	10.15	13.65	13.75	13.90	13.90	14.00	12.95	11.95	12.05
Manufactured Home Parks ¹	21.80	22.05	26.45	26.70	26.95	26.95	27.10	30.35	33.75	34.10
Church/Government	42.50	42.95	43.35	43.75	44.15	44.15	44.45	45.95	46.15	46.60
Light Commercial	50.60	51.15								
Medium Commercial	56.75	57.35								
Commercial ⁴			52.00	52.50	53.00	53.00	53.35	49.90	50.10	50.60
Heavy Commercial	63.15	63.85	65.05	65.65	66.25	66.25	66.70	56.10	56.35	56.90
Industrial ⁵	151.25	152.90	151.70	153.15	154.55	154.55	155.60	see note	see note	see note

Service Class	USAGE CHARGES, per gallon ³									
	Fiscal Year Ended June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Church/Government	0.287	0.290	0.255	0.258	0.260	0.260	0.262	0.271	0.272	0.275
Light Commercial	0.287	0.290								
Medium Commercial	0.322	0.326								
Commercial ⁴			0.306	0.309	0.312	0.312	0.314	0.294	0.295	0.298
Heavy Commercial	0.359	0.363	0.383	0.387	0.390	0.390	0.393	0.330	0.332	0.335
Industrial ⁵	0.859	0.869	0.894	0.902	0.910	0.910	0.917	see note	see note	see note

Service Class	MINIMUM CONNECTION FEES									
	Fiscal Year Ended June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Single Family	\$ 3,505	\$ 3,545	\$ 3,545	\$ 3,545	\$ 3,545	\$ 3,545	\$ 3,695	\$ 4,295	\$ 4,295	\$ 4,350
Multi Family ¹	2,885	2,915	2,635	2,635	2,635	2,635	2,745	3,015	3,015	3,055
RV Parks ¹	840	850	1,115	1,115	1,115	1,115	1,160	770	770	780
Manufactured Home Parks ¹	1,815	1,835	2,160	2,160	2,160	2,160	2,250	2,060	2,060	2,085
Church/Government	3,505	3,545	3,545	3,545	3,545	3,545	3,695	4,295	4,295	4,350
Light Commercial	3,505	3,545								
Medium Commercial	3,505	3,545								
Commercial ⁴			3,545	3,545	3,545	3,545	3,695	4,295	4,295	4,350
Heavy Commercial	3,505	3,545	3,545	3,545	3,545	3,545	3,695	4,295	4,295	4,350
Industrial	3,505	3,545	3,545	3,545	3,545	3,545	3,695	4,295	4,295	4,350

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		2024 WIFA Loan		Ending Balance	Per Active Unit ³
	Beginning Balance	Principal Reductions ²	Beginning Balance ⁴	Principal Reductions ²	Beginning Balance ⁶	Principal Reductions ²		
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			5,049,139	(5,049,139)				
2025					\$ 8,495,864	\$	8,495,864	446

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.

⁶ The 2024 WIFA Loan balance is the amount drawn as of June 30, 2025, net of forgiven \$3.5 Million.

Source: Series 2013 and Series 2017 Sewer Revenue Bond Amortization Schedules, and WIFA Debt Schedule.

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
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	4,835,588	62,714	4,898,302	1.95	0.00
2025	14,922,203	5,467,272	9,454,931		65,422	65,422	N/A	1.20

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

² Operating expenses before depreciation, amortization and bond interest.

³ As defined in the Bond Resolution for 2013 and years thereafter.

⁴ Deductible Operating Expenses for 2017 exclude Bond Issuance Costs of \$109,212 as defined in the Bond Resolution for 2017.

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 ⁽¹⁾

Last Ten Fiscal Years

Fiscal Year Ended June 30,	Population Year - Round ⁽¹⁾	Personal Income	Per Capita Personal Income	Unemployment Rates
2016	39,200	883,029	22,526	7.6%
2017	39,954	953,115	23,855	6.6%
2018	40,030	1,119,399	27,964	4.7%
2019	41,739	972,811	23,307	4.9%
2020	39,674	937,417	23,628	9.3%
2021	38,499	1,025,498	26,637	8.5%
2022	39,981	1,120,867	28,035	4.4%
2023	40,173	1,189,844	29,618	5.3%
2024	39,079	1,384,569	35,430	4.7%
2025	44,000	1,558,920	35,430	8.1%

(1) Source:

City of Apache Junction Finance Department

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, 2025</u>		<u>Year ended June 30, 2016</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>				
Apache Junction Unified School District #43	420	2.49%	476	3.36%
City of Apache Junction	330	1.95%	254	1.79%
Banner Health ¹	230	1.36%		
Empire Southwest	180	1.07%		
Horizon Health and Wellness ²	130	0.77%	187	1.32%
Central Arizona College - Superstition Mountain Cam	130	0.77%	125	0.88%
Superstition Fire and Medical District ³	120	0.71%	99	0.70%
Wal-Mart Supercenter Store #1831	100	0.59%	220	1.55%
United States Postal Service	100	0.59%	100	0.71%
WW Clyde	75	0.44%		
Fry's Food and Drug			110	0.78%
Western Industrial Resources			132	0.93%
Robert Horn Ford/Hyundai			172	1.21%
Total	<u>1,815</u>	<u>10.74%</u>	<u>1,875</u>	<u>13.23%</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,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Administrative Division										
District Manager	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
District Administration	1.00	1.63	1.63	1.63	1.63	1.63	1.86	2.00	2.00	2.00
Finance	3.80	3.00	3.00	3.00	3.00	3.00	3.57	4.00	4.00	4.00
Business Services	3.00	3.00	2.87	1.90	2.00	1.19	1.29			
Customer Service	3.41	3.63	3.63	3.63	3.63	3.07	3.57			
Utility Services ¹								5.00	4.55	4.00
Total Administrative Division	12.21	12.26	12.13	11.16	11.26	9.89	11.29	12.00	11.55	11.55
Operations Division										
Operations Administration	4.00	5.00	5.00	5.00	5.00	4.17	5.00	5.00	5.00	5.00
Treatment Plant	4.58	4.00	4.04	4.00	3.69	4.60	4.53	6.00	6.00	6.00
Collection System	4.00	4.79	5.00	5.00	5.27	6.01	5.43	5.88	6.16	5.95
Total Operations Division	12.58	13.79	14.04	14.00	13.96	14.78	14.96	16.88	17.16	16.95
Total	24.79	26.05	26.17	25.16	25.22	24.67	26.25	28.88	28.71	27.95

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,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Collection System										
Miles of Collection Mains <12" diameter	96.1	96.1	97.8	97.8	99.0	99.1	100.2	102.0	109.6	121.1
Miles of Collection Mains >12" diameter	16.0	16.0	16.0	16.0	16.0	16.0	16.0	16.0	16.0	20.8
Customer Connections	6,647	6,699	7,020	7,126	7,283	7,435	7,642	8,042	8,632	9,415
Pumping										
Pump Stations	1	1	1	1	1	1	1	1	1	3
Miles of Pressure Force Main	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	15.4	15.4
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	3.00
Annual Average Daily Flow, MGD ¹	1.353	1.411	1.434	1.436	1.473	1.472	1.567	1.654	1.592	1.725
Highest Monthly Average Daily Flow, MGD ¹	1.590	1.629	1.615	1.667	1.630	1.571	1.721	1.840	1.786	1.914
% of Total Permitted Capacity ²	74.3%	76.1%	75.5%	77.9%	76.2%	73.4%	80.4%	86.0%	83.5%	63.8%
Population Served (75 gpd/pop. eq.) ³	18,040	18,813	19,120	19,147	19,640	19,627	20,893	22,053	21,227	23,000
Effluent Disposal										
Effluent Recharge Basin Surface Acres	7.3	7.3	7.3	7.3	7.3	16.6	16.6	16.6	16.6	16.6
Effluent Recharge Vadose Zone Wells	36	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