



Centerra Community Facilities District
Annual Financial Report
Year Ended June 30, 2023

Centerra Community Facilities District

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Year Ended June 30, 2023

Centerra Community Facilities District

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Independent Auditor's Report

Board of Directors
Centerra Community Facilities District

Report on Audit of Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Centerra Community Facilities District (District), a component unit of the City of Goodyear, Arizona, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund, of the Centerra Community Facilities District, as of June 30, 2023, and the respective changes in financial position and the budgetary comparison for the General Fund thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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, as listed in the table of contents, does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information and we do not express an opinion or any form of assurance thereon.

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

Heinfeld Meech & Co. PC

Heinfeld, Meech & Co., P.C.
Scottsdale, Arizona
November 28, 2023

Basic Financial Statements

Centerra Community Facilities District
Statement of Net Position
June 30, 2023

	Governmental Activities
<u>ASSETS</u>	
Current assets:	
Cash and cash equivalents	\$ 125,031
Taxes receivable	1,129
Accounts receivable	1,013
Restricted cash and cash equivalents	303,641
Total current assets	430,814
Total assets	430,814
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Deferred charge on refunding	44,979
<u>LIABILITIES</u>	
Current liabilities:	
Accounts payable	214,785
Bonds interest payable	31,509
Bonds payable	225,000
Total current liabilities	471,294
Noncurrent liabilities:	
Bonds payable	1,821,000
Total noncurrent liabilities	1,821,000
Total liabilities	2,292,294
<u>NET POSITION</u>	
Restricted for:	
Debt service	61,143
Unrestricted	(1,877,644)
Total net position	\$ (1,816,501)

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

**Centerra Community Facilities District
Statement of Activities
Year Ended June 30, 2023**

		Net (Expense) Revenue and Changes in Net Position	
Functions/Programs	Expenses		Governmental Activities
Governmental activities:			
General government	\$ 20,861	\$ (20,861)	
Interest on long-term debt	74,563	(74,563)	
Total governmental activities	\$ 95,424	(95,424)	
 General revenues:			
Taxes:			
Property taxes		332,663	
Investment income		6,301	
Total general revenues		338,964	
 Changes in net position		 243,540	
Net position, beginning of year		(2,060,041)	
Net position, end of year		\$ (1,816,501)	

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

**Centerra Community Facilities District
Balance Sheet - Governmental Funds
June 30, 2023**

	General	Debt Service	Total Governmental Funds
<u>ASSETS</u>			
Cash and cash equivalents	\$ 125,031	\$	\$ 125,031
Taxes receivable	131	998	1,129
Accounts receivable		1,013	1,013
Restricted cash and cash equivalents		303,641	303,641
Total assets	\$ 125,162	\$ 305,652	\$ 430,814
 <u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 1,785	\$	\$ 1,785
Bonds payable		213,000	213,000
Bonds interest payable		31,509	31,509
Total liabilities	1,785	244,509	246,294
Fund balances:			
Restricted		61,143	61,143
Unassigned	123,377		123,377
Total fund balances	123,377	61,143	184,520
 Total liabilities and fund balances	 \$ 125,162	 \$ 305,652	 \$ 430,814

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

**Centerra Community Facilities District
 Reconciliation of the Balance Sheet - Governmental Funds
 to the Statement of Net Position
 June 30, 2023**

Total governmental fund balances	\$	184,520
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Amounts reported for *governmental activities* in the Statement of Net Position are different because:

Deferred items related to the net cost of issuance of bonds are amortized over the life of the associated bond issue in the government-wide statements but not reported in the funds.		44,979
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Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		<u>(2,046,000)</u>
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Net position of governmental activities	\$	<u>(1,816,501)</u>
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The notes to the basic financial statements are an integral part of this statement.

Centerra Community Facilities District
Statement of Revenues, Expenditures and Changes in Fund Balances -
Governmental Funds
Year Ended June 30, 2023

	General	Debt Service	Total Governmental Funds
Revenues:			
Property taxes	\$ 42,392	\$ 290,271	\$ 332,663
Investment income	1,270	5,031	6,301
Total revenues	43,662	295,302	338,964
Expenditures:			
Current -			
General government	20,861		20,861
Debt service -			
Principal retirement		213,000	213,000
Interest and fiscal charges		63,318	63,318
Total expenditures	20,861	276,318	297,179
Changes in fund balances	22,801	18,984	41,785
Fund balances, beginning of year	100,576	42,159	142,735
Fund balances, end of year	\$ 123,377	\$ 61,143	\$ 184,520

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

Centerra Community Facilities District
Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances - Governmental Funds to the Statement of Activities
Year Ended June 30, 2023

Net changes in fund balances - total governmental funds **\$ 41,785**

Amounts reported for *governmental activities* in the Statement of Activities are different because:

Repayments of bond principal are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. 213,000

Premiums, discounts, and losses on refunding are sources and uses of current financial resources for governmental fund reporting, but are amortized over the life of the debt in the Statement of Activities. (11,245)

Change in net position in governmental activities **243,540**

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

**Centerra Community Facilities District
Statement of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
General
Year Ended June 30, 2023**

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	<u>Original & Final</u>	<u>Actual</u>	<u>(Negative)</u>
Revenues:			
Property taxes	\$ 56,500	\$ 42,392	\$ (14,108)
Investment income	100	1,270	1,170
Total revenues	<u>56,600</u>	<u>43,662</u>	<u>(12,938)</u>
Expenditures:			
Current -			
General government	56,500	20,861	35,639
Total expenditures	<u>56,500</u>	<u>20,861</u>	<u>35,639</u>
Changes in fund balances	<u>100</u>	<u>22,801</u>	<u>22,701</u>
Fund balances, beginning of year	80,081	100,576	20,495
Fund balances, end of year	<u>\$ 80,181</u>	<u>\$ 123,377</u>	<u>\$ 43,196</u>

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

Centerra Community Facilities District
Notes to Financial Statements
June 30, 2023

Note 1 – Summary of Significant Accounting Policies

The Centerra Community Facilities District (District) is a special purpose district created specifically to acquire or construct public infrastructure within specific areas of the City of Goodyear, Arizona, and is authorized under state law to issue general obligation (GO) or revenue bonds to be repaid by property (ad valorem) taxes levied on property within the District (for GO debt), or by specific revenues generated within the District (revenue bonds). The District was created by petition to the City Council by property owners within the area to be covered by the District, and debt may be issued only after approval of the voters within the District.

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The more significant of the District's accounting policies are described below.

A. Reporting Entity

The District, a component unit of the City of Goodyear, Arizona (City), was established September 10, 2001, and is a political subdivision of the State of Arizona as well as a municipal corporation by Arizona Law. The City Council serves as the Board of Directors. All transactions of the District are included in the City's financial statements. However, the City has no liability for the debt.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) present financial information about the District as a whole. The reported information includes all of the nonfiduciary activities of the District. For the most part, the effect of internal activity has been removed from these statements. These statements are to distinguish between the governmental and business-type activities of the District. Governmental activities normally are supported by tax revenues, and are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The District does not have any business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes, investment income and other items not included among program revenues are reported instead as general revenues.

Centerra Community Facilities District
Notes to Financial Statements
June 30, 2023

Note 1 – Summary of Significant Accounting Policies

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-Wide Financial Statements – The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met. As a general rule, the effect of internal activity has been eliminated from the government-wide financial statements.

Fund Financial Statements – Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due. As permitted by generally accepted accounting principles, the District applies the "early recognition" option for debt service payments. Property tax resources are provided in Debt Service Fund during the current year for the payment of debt service principal and interest due early in the following year (less than one month). Therefore the expenditures and related liabilities have been recognized.

Property taxes and investment income associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Miscellaneous revenues are not susceptible to accrual because generally they are not measurable until received in cash.

Delinquent property taxes and other receivables that will not be collected within the available period have been reported as unavailable revenues on the governmental fund financial statements.

The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

Centerra Community Facilities District
Notes to Financial Statements
June 30, 2023

Note 1 – Summary of Significant Accounting Policies

The District reports all funds as major governmental funds:

General Fund – The General Fund is the District’s primary operating fund. It accounts for all resources used to finance District maintenance and operation except those required to be accounted for in other funds.

Debt Service Fund – The Debt Service Fund accounts for the accumulation of resources for, and the payment of, long-term debt principal, interest and related costs.

D. Cash and Investments

Arizona Revised Statutes (A.R.S.) authorize the District to invest public monies in the State Treasurer’s Local Government Investment Pool, interest-bearing savings account, certificates of deposit, and repurchase agreements in eligible depositories; bonds or other obligations of the U.S. government that are guaranteed as to principal and interest by the U.S. government; and bonds of the State of Arizona counties, cities, school districts, and special districts as specified by statute.

Cash represents amounts invested in the State Treasurer's Local Government Investment Pool that are available to the District upon demand. Cash equivalents are defined as short-term (original maturities of three months or less), highly liquid investments that are 1) readily convertible to known amounts of cash and 2) so near maturity that they present insignificant risk of changes in value because of changes in interest rates.

E. Investment Income

Investment income is composed of interest, dividends, and net changes in the fair value of applicable investments.

F. Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.”

All receivables, including property taxes receivable, are shown net of an allowance for uncollectibles.

Centerra Community Facilities District
Notes to Financial Statements
June 30, 2023

Note 1 – Summary of Significant Accounting Policies

G. Property Tax Calendar

The County Treasurer is responsible for collecting property taxes for all government entities within the county. The District levies real property taxes on or before the third Monday in August, which become due and payable in two equal installments. The first installment is due on the first day of October and becomes delinquent after the first business day of November. The second installment is due on the first day of March of the next year and becomes delinquent after the first business day of May.

Pursuant to A.R.S., a lien against assessed real property attaches on the first day of January preceding assessment and levy; however according to case law, an enforceable legal claim to the asset does not arise.

H. Restricted Assets

Certain proceeds of the District's bonds, as well as certain resources set aside for their repayment, are classified as restricted cash on the statement of net position and on the balance sheet because their use is limited by applicable bond covenants.

I. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position may report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position may report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

J. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities on the statement of net position. Bond premiums and discounts are amortized over the life of the bonds using the straight-line method. Deferred amounts on refunding result from the difference between the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Centerra Community Facilities District
Notes to Financial Statements
June 30, 2023

Note 1 – Summary of Significant Accounting Policies

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

K. Net Position Flow Assumption

In the government-wide financial statements the District applies restricted resources first when outlays are incurred for purposes for which either restricted or unrestricted amounts are available.

L. Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

M. Budgetary Data

The District adopts a budget for the General and Debt Service Funds on an annual basis. There were no supplemental budgetary appropriations made during the year.

Note 2 – Fund Balance Classifications

Fund balances of the governmental funds are reported separately within classifications based on a hierarchy of the constraints placed on the use of those resources. The classifications are based on the relative strength of the constraints that control how the specific amounts can be spent. The classifications are nonspendable, restricted, and unrestricted, which includes committed, assigned, and unassigned fund balance classifications.

Nonspendable. The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact.

Centerra Community Facilities District
Notes to Financial Statements
June 30, 2023

Note 2 – Fund Balance Classifications

Restricted. Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation. Fund balance in the Debt Service Fund is restricted for the repayment of debt principal, interest and related costs.

Committed. The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action of the Board of Directors. Those committed amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. Commitments may be established, modified, or rescinded only through resolutions approved by the Board of Directors.

Assigned. Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Board of Directors or a management official delegated that authority by the formal Governing Board action. The District has adopted the City's policy on which only the Board of Directors or the District's Treasurer may assign amounts for specific purposes.

Unassigned. Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The District applies restricted resources first when outlays are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Note 3 – Stewardship, Compliance and Accountability

Deficit Net Position – At year end, the government-wide statements reported a deficit net position of \$1,816,501. The deficit arose because the titles of all capital assets are held by the City of Goodyear.

Centerra Community Facilities District
Notes to Financial Statements
June 30, 2023

Note 4 – Cash and Investments

Fair Value Measurements. 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.

The State Treasurer’s pool is an external investment pool, the Local Government Investment Pool (Pool 7), with no regulatory oversight. The pool as an investment company is not registered with the Securities and Exchange Commission. The activity and performance of the pool is reviewed monthly by the State Board of Investment. The fair value of each participant’s position in the State Treasurer investment pools approximates the value of the participant’s shares in the pool and the participants’ shares are not identified with specific investments. Participants in the pool are not required to categorize the value of shares in accordance with the fair value hierarchy.

At year end, the District’s investments consisted of the following:

Investment Type	Average Maturities	Fair Value
State Treasurer’s investment pool 7	37 days	\$ 428,672

Interest Rate Risk. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. The District has no investment policy that would further limit its investment choices. The State Treasurer’s investment pool 7 invests in securities backed by the U.S. Government and has an AAA weighted average rating.

Custodial Credit Risk - Investments. The District’s investment in the State Treasurer’s investment pool represents a proportionate interest in the pool’s portfolio; however, the District’s portion is not identified with specific investments and is not subject to custodial credit risk.

Concentration of Credit Risk. The District places no limit on the amount the District may invest in any one issuer.

Centerra Community Facilities District
Notes to Financial Statements
June 30, 2023

Note 5 – General Obligation Bonds Payable

Bonds payable at year end consisted of the following outstanding general obligation bonds. Of the total amount originally authorized, \$15,692,000 remains unissued. The bonds are both callable and noncallable with interest payable semiannually. Property taxes from the Debt Service Fund are used to pay bonded debt. Consequences of default for the private placement bonds would be the legal enforcement of the creditor’s rights.

Purpose	Original Amount Issued	Interest Rates	Remaining Maturities	Outstanding Principal June 30, 2023	Due Within One Year
Governmental activities:					
Private placement bonds:					
General Obligation Refunding					
Bonds, Series 2016	\$3,100,000	2.70%	7/15/23-31	\$ 1,742,000	\$ 209,000
General Obligation Project					
Bonds, Series 2016	323,000	2.70%	7/15/23-31	304,000	16,000
Total				<u>\$ 2,046,000</u>	<u>\$ 225,000</u>

Annual debt service requirements to maturity on general obligation bonds at year end are summarized as follows:

Year ending June 30:	Governmental Activities	
	Private Placement Bonds	
	Principal	Interest
2024	\$ 225,000	\$ 55,242
2025	236,000	49,168
2026	248,000	42,796
2027	261,000	36,100
2028	274,000	29,052
2029-31	802,000	41,258
Total	<u>\$ 2,046,000</u>	<u>\$ 253,616</u>

Note 6 – Changes in Long-Term Liabilities

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable					
Private placement bonds	\$ 2,259,000	\$	\$ 213,000	\$ 2,046,000	\$ 225,000
Governmental activity long-term liabilities	<u>\$ 2,259,000</u>	<u>\$</u>	<u>\$ 213,000</u>	<u>\$ 2,046,000</u>	<u>\$ 225,000</u>

Centerra Community Facilities District
Notes to Financial Statements
June 30, 2023

Note 7 – Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions and natural disasters. The District's insurance protection is provided by the Arizona Municipal Risk Retention Pool, of which the District is a participating member. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The Arizona Municipal Risk Retention Pool is structured such that member premiums are based on an actuarial review that will provide adequate reserves to allow the pool to meet its expected financial obligations. The pool has authority to assess its member's additional premiums should reserves and annual premium be insufficient to meet the pool's obligations.

Supplementary Information

**Centerra Community Facilities District
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
Debt Service
Year Ended June 30, 2023**

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	<u>Original & Final</u>	<u>Actual</u>	<u>(Negative)</u>
Revenues:			
Property taxes	\$ 269,400	\$ 290,271	\$ 20,871
Investment income	100	5,031	4,931
Total revenues	<u>269,500</u>	<u>295,302</u>	<u>25,802</u>
Expenditures:			
Debt service -			
Principal retirement	213,000	213,000	
Interest and fiscal charges	65,000	63,318	1,682
Total expenditures	<u>278,000</u>	<u>276,318</u>	<u>1,682</u>
Changes in fund balances	<u>(8,500)</u>	<u>18,984</u>	<u>27,484</u>
Fund balances, beginning of year	35,019	42,159	7,140
Fund balances, end of year	<u>\$ 26,519</u>	<u>\$ 61,143</u>	<u>\$ 34,624</u>

Other Information

Assessment Ratios

The appropriate property classification ratio is applied to the taxable value to determine the assessed valuation for such parcel. The assessment ratios utilized during the fiscal years 2019-20 through 2022-23 for each class of property are set forth below:

<u>Property Classification (a)</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>
Commercial, Industrial, Utilities and Mining (b)	18%	18%	18%	18%
Agricultural and Vacant (b)	15%	15%	15%	15%
Residential (Owner Occupied)	10%	10%	10%	10%
Residential (Rental)	10%	10%	10%	10%
Railroad, Private Cars and Airlines (c)	15%	15%	15%	15%

Source: Arizona Department of Revenue

- (a) Additional classes of property exist, but seldom amount to a significant portion of total valuation.
- (b) For tax year 2022, Full Cash Values, up to an amount established by law for each tax year, on commercial, industrial and agricultural personal property are exempt from taxation (for tax year 2022, such maximum amount is \$207,366). This exemption is indexed annually for inflation. Any portion of the Full Cash Value in excess of that amount will be assessed at the applicable rate.
- (c) This percentage is determined annually to be equal to the ratio of (i) the total assessed valuation of all mining, utility, commercial, industrial, and military reuse zone properties, agricultural personal property and certain leasehold personal property to (ii) the total full cash (market) value of such properties.

Ad Valorem Taxation in the District

The tables below are shown to indicate (a) for fiscal years 2015-16 through 2022-23, the Net Assessed Limited Property Value of the District, utilizing new constitutional and statutory property valuation requirements, and (b) for fiscal years 2013-14 through 2014-15, the then- applicable, but now-replaced, Net Secondary Assessed Valuations of the District.

The Full Cash Value and Net Assessed Limited Property Value of taxable property within the boundaries of the District for fiscal years 2015-16 through 2022-23 is as follows:

<u>Fiscal Year</u>	<u>Full Cash Value</u>	<u>Net Assessed Limited Property Value</u>
2022-23	\$ 335,612,988	\$ 18,836,246
2021-22	299,326,262	17,097,355
2020-21	261,674,875	15,278,103
2019-20	205,595,793	12,641,968
2018-19	194,853,962	11,956,990
2017-18	174,519,288	11,300,727
2016-17	161,593,388	10,598,524
2015-16	145,017,103	10,285,230

The Full Cash Value and Net Secondary Assessed Valuation of taxable property within the boundaries of the District for the indicated fiscal year is as follows:

<u>Fiscal Year</u>	<u>Full Cash Value</u>	<u>Net Secondary Assessed Valuation</u>
2014-15	118,269,810	10,755,841
2013-14	105,205,200	9,612,964

Source: Maricopa County Assessor's Office

Net Assessed Valuation by Property Classification

The table below is shown to indicate for fiscal years 2021-22 and 2022-23, the Net Assessed Limited Property Values by property classification for the District, utilizing new constitutional and statutory property valuation requirements.

<u>Legal Class</u>	<u>Fiscal Year</u>	<u>Fiscal Year 2021-22</u>	<u>Percent of Total</u>	<u>Fiscal Year 2022-23</u>	<u>Percent of Total</u>
1	Commercial	\$ 1,284,776	7.51%	\$ 1,686,200	8.95%
2	Agricultural and Vacant	334,129	1.95%	259,282	1.38%
3	Residential (Owner Occupied)	6,053,267	35.40%	6,820,353	36.21%
4	Residential (Rental)	9,418,817	55.09%	10,070,411	53.46%
9	Possessory Interests	6,366	0.04%		
		<u>\$ 17,097,355</u>	<u>100.00%</u>	<u>\$ 18,836,246</u>	<u>100.00%</u>

Source: Maricopa County Assessor's Office

Net Assessed Property Values of Major Taxpayers

The tables below are shown to indicate for fiscal years 2022-23 and 2021-22, the major property taxpayers located within the District, and their Net Assessed Limited Property Value, utilizing new constitutional and statutory property valuation requirements, and their relative proportion of the total Net Assessed Limited Property Value for the District.

<u>Taxpayer</u>	<u>2023</u>	
	<u>Net Limited Assessed Valuation</u>	<u>Percentage of District's Net Limited Assessed Valuation</u>
NEXMETRO CENTERRA CROSSING LLC	\$ 2,371,433	12.59%
SERAFINA APARTMENTS SPE LLC	2,163,359	11.49%
29SC LUNAIRE LP	2,153,914	11.43%
SMITHWAY ASSOCIATES INC	615,606	3.27%
ESTRELLA GOODYEAR PROPERTY LLC	523,299	2.78%
B&B MERRITT REAL ESTATE	198,332	1.05%
TROUVAILLE PROPERTY LLC	192,180	1.02%
ARIZONA PUBLIC SERVICE COMPANY	126,615	0.67%
TAH MS BORROWER LLC	88,801	0.47%
FLYING V CENTERRA 2 LLC	83,928	0.45%
	<u>\$ 8,517,467</u>	<u>45.22%</u>

<u>Taxpayer</u>	<u>2022</u>	
	<u>Net Limited Assessed Valuation</u>	<u>Percentage of District's Net Limited Assessed Valuation</u>
NEXMETRO CENTERRA CROSSING LLC	\$ 2,258,508	13.21%
SERAFINA APARTMENTS SPE LLC	2,060,342	12.05%
29SC LUNAIRE LP	2,051,346	12.00%
ESTRELLA GOODYEAR PROPERTY LLC	512,620	3.00%
SHOPS AT SERAFINA LLC	458,983	2.68%
TROUVAILLE PROPERTY LLC	188,258	1.10%
PINNACLE WEST HOMES CENTERRA LLC	148,260	0.87%
ARIZONA PUBLIC SERVICE COMPANY	141,263	0.83%
TAH MS BORROWER LLC	84,573	0.49%
FLYING V CENTERRA 2 LLC	79,949	0.47%
	<u>\$ 7,984,102</u>	<u>46.70%</u>

Source: Maricopa County Assessor's Office.

Record of Taxes Levied and Collected in the District

Under Arizona law, the Board of Supervisors of the County is required to establish and levy a tax in an amount sufficient to satisfy debt service requirements of the District. Property taxes are levied and collected on property within the District by the Treasurer of the County on behalf of the District. The property tax rate for the 2022-23 fiscal year is 1.880%. The following table sets forth the tax collection records of the District for the periods shown:

<u>Fiscal Year</u>	<u>Real and Secured Personal Property Tax Levy (a)</u>	<u>Collected to June 30th (b)(c)</u>		<u>Total Collections (b)(c)</u>	
		<u>Amount</u>	<u>Percent of Tax Levy</u>	<u>Amount</u>	<u>Percent of Tax Levy</u>
2022-23	\$ 325,905	\$ 322,069	98.82	\$ 322,069	98.82
2021-22	322,798	312,148	96.70	322,788	100.00
2020-21	329,640	327,713	99.42	329,644	100.00
2019-20	308,730	301,962	97.81	306,929	99.42
2018-19	308,765	307,573	99.61	307,494	99.59
2017-18	301,796	300,105	99.44	301,688	99.96
2016-17	290,442	289,266	99.60	290,310	99.95
2015-16	322,207	319,483	99.15	322,056	99.95
2014-15	326,559	323,424	99.04	326,278	99.91
2013-14	322,602	311,528	96.57	319,239	98.96

Source: Maricopa County Treasurer's Office

- (a) Tax levy is reported by the Treasurer of the County as of August of each year. Amount does not include adjustments made to levy amounts after the August report.
- (b) Reflects collections made through June 30, the end of the fiscal year, on such year's levy. Property taxes are payable in two installments. The first installment is due on October 1 and becomes delinquent on November 1, but is waived if the full tax year's taxes are paid in full by December 31. The second installment becomes due on March 1 and is delinquent on May 1. Interest at the rate of 16 percent per annum attaches on first and second installments following their delinquent dates. Penalties for delinquent payments are not included in the above collection figures.
- (c) Reflects collections made through June 30, 2023.