



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

Cottonflower Community Facilities District

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Cottonflower Community Facilities District

<u>Contents</u>	<u>Page</u>
Independent Auditor's Report	1
Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Position	5
Statement of Activities	6
Fund Financial Statements:	
Balance Sheet – Governmental Funds	7
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position	8
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	9
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities	10
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund	11
Notes to Financial Statements	12
Supplementary Information	
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Debt Service Fund	22

Independent Auditor's Report

Board of Directors
Cottonflower 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 Cottonflower 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 Cottonflower 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 Cottonflower 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.

Heinfeld Meech & Co. PC

Heinfeld, Meech & Co., P.C.

Scottsdale, Arizona

November 28, 2023

Basic Financial Statements

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

	Governmental Activities
<u>ASSETS</u>	
Current assets:	
Cash and cash equivalents	\$ 89,274
Taxes receivable	2,971
Restricted cash and cash equivalents	215,991
Total current assets	308,236
Total assets	308,236
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Deferred charge on refunding	9,480
<u>LIABILITIES</u>	
Current liabilities:	
Accounts payable	181,088
Bonds interest payable	17,228
Bonds payable	185,000
Total current liabilities	383,316
Noncurrent liabilities:	
Bonds payable	815,000
Total noncurrent liabilities	815,000
Total liabilities	1,198,316
<u>NET POSITION</u>	
Restricted for:	
Debt service	21,385
Unrestricted	(901,985)
Total net position	\$ (880,600)

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

**Cottonflower 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	\$ 13,707		\$ (13,707)
Interest on long-term debt	36,353		(36,353)
Total governmental activities	\$ 50,060		(50,060)
 General revenues:			
Taxes:			
Property taxes			223,285
Investment income			5,515
Total general revenues			228,800
Changes in net position			178,740
Net position, beginning of year			(1,059,340)
Net position, end of year			\$ (880,600)

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

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

	General	Debt Service	Total Governmental Funds
<u>ASSETS</u>			
Cash and cash equivalents	\$ 89,274	\$	\$ 89,274
Taxes receivable	349	2,622	2,971
Restricted cash and cash equivalents		<u>215,991</u>	<u>215,991</u>
Total assets	<u><u>\$ 89,623</u></u>	<u><u>\$ 218,613</u></u>	<u><u>\$ 308,236</u></u>
 <u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 1,088	\$	\$ 1,088
Bonds payable		180,000	180,000
Bonds interest payable		<u>17,228</u>	<u>17,228</u>
Total liabilities	<u><u>1,088</u></u>	<u><u>197,228</u></u>	<u><u>198,316</u></u>
Fund balances:			
Restricted		21,385	21,385
Unassigned	<u>88,535</u>		<u>88,535</u>
Total fund balances	<u><u>88,535</u></u>	<u><u>21,385</u></u>	<u><u>109,920</u></u>
 Total liabilities and fund balances	 <u><u>\$ 89,623</u></u>	 <u><u>\$ 218,613</u></u>	 <u><u>\$ 308,236</u></u>

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

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

Total governmental fund balances	\$ 109,920
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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.	9,480
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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>(1,000,000)</u>
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Net position of governmental activities	<u><u>\$ (880,600)</u></u>
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The notes to the basic financial statements are an integral part of this statement.

Cottonflower 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	\$ 26,339	\$ 196,946	\$ 223,285
Investment income	1,060	4,455	5,515
Total revenues	27,399	201,401	228,800
Expenditures:			
Current -			
General government	13,707		13,707
Debt service -			
Principal retirement		180,000	180,000
Interest and fiscal charges		34,456	34,456
Total expenditures	13,707	214,456	228,163
Changes in fund balances	13,692	(13,055)	637
Fund balances, beginning of year	74,843	34,440	109,283
Fund balances, end of year	\$ 88,535	\$ 21,385	\$ 109,920

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

Cottonflower 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 **\$ 637**

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

Repayments of long-term debt principal are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. 180,000

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. (1,897)

Change in net position in governmental activities **\$ 178,740**

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

**Cottonflower 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)
	Original & Final	Actual	
Revenues:			
Property taxes	\$ 34,500	\$ 26,339	\$ (8,161)
Investment income	100	1,060	960
Total revenues	<u>34,600</u>	<u>27,399</u>	<u>(7,201)</u>
Expenditures:			
Current -			
General government	34,500	13,707	20,793
Total expenditures	<u>34,500</u>	<u>13,707</u>	<u>20,793</u>
Excess (deficiency) of revenues over expenditures	<u>100</u>	<u>13,692</u>	<u>13,592</u>
Other financing sources (uses):			
Transfers out	(2,000)		2,000
Total other financing sources (uses)	<u>(2,000)</u>		<u>2,000</u>
Changes in fund balances	<u>(1,900)</u>	<u>13,692</u>	<u>15,592</u>
Fund balances, beginning of year	63,075	74,843	11,768
Fund balances, end of year	<u>\$ 61,175</u>	<u>\$ 88,535</u>	<u>\$ 27,360</u>

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

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

Note 1 – Summary of Significant Accounting Policies

The Cottonflower 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 February 14, 2000, 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.

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

Note 1 – Summary of Significant Accounting Policies

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.

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.

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

Note 1 – Summary of Significant Accounting Policies

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.

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 Governmental 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.

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

Note 1 – Summary of Significant Accounting Policies

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.

G. Property Tax Calendar

The County Treasurer is responsible for collecting property taxes for all governmental 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.

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

Note 1 – Summary of Significant Accounting Policies

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.

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 on an annual basis. There were no supplemental budgetary appropriations made during the year.

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

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.

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.

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

Note 3 – Stewardship, Compliance and Accountability

Deficit Net Position – At year end, the government-wide statements reported a deficit net position of \$880,600. The deficit arose because the titles of all capital assets are held by the City of Goodyear.

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	\$ 305,265

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.

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

Note 4 – Cash and Investments

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.

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, \$415,000 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 2017	\$ 2,170,000	2.92%	7/15/23-28	\$ 1,000,000	\$ 185,000
Total				<u>\$ 1,000,000</u>	<u>\$ 185,000</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	\$ 185,000	\$ 29,200
2025	195,000	23,798
2026	200,000	18,104
2027	210,000	12,264
2028	210,000	6,132
Total	<u>\$ 1,000,000</u>	<u>\$ 89,498</u>

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

Note 6 – Changes in Long-Term Liabilities

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Bonds payable					
Private placement bonds	\$ 1,180,000	\$	\$ 180,000	\$ 1,000,000	\$ 185,000
Governmental activity long-term liabilities	<u>\$ 1,180,000</u>	<u>\$</u>	<u>\$ 180,000</u>	<u>\$ 1,000,000</u>	<u>\$ 185,000</u>

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

**Cottonflower 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)
	Original & Final	Actual	
Revenues:			
Property taxes	\$ 188,700	\$ 196,946	\$ 8,246
Investment income	100	4,455	4,355
Total revenues	<u>188,800</u>	<u>201,401</u>	<u>12,601</u>
Expenditures:			
Debt service -			
Principal retirement	180,000	180,000	
Interest and fiscal charges	34,500	34,456	44
Total expenditures	<u>214,500</u>	<u>214,456</u>	<u>44</u>
Excess (deficiency) of revenues over expenditures	<u>(25,700)</u>	<u>(13,055)</u>	<u>12,645</u>
Other financing sources (uses):			
Transfers in	2,000		(2,000)
Total other financing sources (uses)	<u>2,000</u>		<u>(2,000)</u>
Changes in fund balances	<u>(23,700)</u>	<u>(13,055)</u>	<u>10,645</u>
Fund balances, beginning of year	26,777	34,440	7,663
Fund balances, end of year	<u>\$ 3,077</u>	<u>\$ 21,385</u>	<u>\$ 18,308</u>