

Cadence Community Facilities District

Board Report

Date: June 9, 2016
To: Cadence Community Facilities District Board
Through: Mike Kennington, Treasurer
Candace Cannistraro, Budget Director
From: Ryan Wimmer, Deputy Budget Director
Subject: FY 2016-17 Cadence Community Facilities District Budget

Purpose

This action approves a FY 2016-17 proposed (Tentative) budget for the Cadence Community Facilities District and calls a public hearing on the budget for July 5, 2016. These actions are the first steps in the approval process for the Cadence Community Facilities District FY 2016-17 budget. Arizona law (ARS 48-716) requires that, on or before July 15 of each year, community facilities districts approve a proposed budget and call a public hearing on the budget for the upcoming fiscal year.

Background

On November 12, 2015 the Mesa City Council formed the Cadence Community Facilities District (CFD). The Cadence CFD issues bonds in order to finance the cost of eligible infrastructure in the geographical boundaries of the District. The principal and interest on these bonds is paid for with revenue generated by an annual property tax levy on taxable property in the District, as well as a one-time tax assessment of \$3,500 on each property sold.

Based on the date of formation, the Cadence CFD cannot levy a property tax in FY 2016-17. The real estate developer, Harvard Investments, does not anticipate having reimbursement-eligible work completed in FY 2016-17. Therefore, General Obligation bonds are not planned to be issued by the CFD in FY 2016-17.

Discussion

The FY 2016-17 Cadence CFD budget includes only operations costs which are to be funded by the developer, Harvard Investments.

Operations

a. Expenditures

The CFD pays for accounting, budget, clerk, engineering, legal, and

treasurer staff time. In addition, it pays for publishing costs, audit work, and software license costs incurred by the District.

b. Revenue

Since no property tax can be levied, FY 2016-17 operations costs are to be reimbursed by the Cadence developer, Harvard Investments.

Budget Adoption - Next Steps

On July 5, 2016 the Board is scheduled to (1) hold a public hearing on the budget and (2) approve the Final budget, which would complete the FY 2016-17 budget process.

Alternatives

The Board may also choose to postpone approval of a proposed Cadence CFD budget until as late as July 15, 2016 in order to make any adjustments.