

Cadence Community Facilities District

Board Report

Date: July 5, 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 Final budget for the Cadence Community Facilities District. This action is the final step in the approval process for the Cadence Community Facilities District FY 2016-17 budget. Arizona law (ARS 48-716) requires that, on or before October 1 of each year, community facilities districts hold a public hearing on the budget and approve a final budget for the 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.

On June 9, 2016 the Cadence CFD Board approved the proposed (Tentative) FY 2016-17 budget and called a public hearing on the budget for July 5, 2016.

Discussion

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.

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

b. Revenue

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

Alternatives

The Board may also choose to postpone approval of a final Cadence CFD budget until as late as October 1, 2016 in order to make any adjustments.