

Cadence Community Facilities District

Board Report

Date: June 29, 2017
To: Cadence Community Facilities District Board
Through: Michael Kennington, Treasurer
Candace Cannistraro, Budget Director
From: Ryan Wimmer, Deputy Budget Director
Subject: FY 2017-18 Cadence Community Facilities District Budget

Purpose

This action approves the FY 2017-18 final budget for the Cadence Community Facilities District (City of Mesa, Arizona) (the "District"). This action is the final step in the approval process for the District's FY 2017-18 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 upcoming fiscal year.

Background

On November 12, 2015, the Mesa City Council formed the District. The purpose of the District is to issue bonds to finance the cost of eligible public infrastructure within the geographical boundaries of the District. The principal and interest on the District's general obligation bonds will be paid for with revenue generated by the levy of an annual ad valorem property tax on taxable property within the District. The District has not issued any general obligation bonds.

The District may also in the future issue special assessment bonds secured by special assessments not exceeding \$3,500 on single family residential lots within certain designated Special Assessment Districts ("SADs") within the District. The District has not formed any SADs or issued any special assessment bonds.

Discussion

The FY 2017-18 value of taxable property in the District is minimal and therefore a property tax levy is not practicable. Furthermore, the real estate developer, Harvard Investments ("Harvard"), does not anticipate requesting reimbursement for any eligible public infrastructure in FY 2017-18. Therefore, the District does not plan to issue general obligation or special assessment bonds in FY 2017-18.

The FY 2017-18 District budget includes only operations costs, which in the absence

of a property tax levy, are required to be funded by Harvard.

Operations

a. Expenditures

The District 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. Funding Sources

Because the District does not plan to levy an ad valorem property tax in FY 2017-18, the District's operations costs in FY 2017-18 will be reimbursed by contributions from Harvard.

Alternatives

The Board may choose to postpone final approval of the District budget until as late as October 1, 2017, to make any adjustments.