

**STONERIDGE  
COMMUNITY FACILITIES DISTRICT  
ANNUAL FINANCIAL REPORT  
FISCAL YEAR ENDED JUNE 30, 2002**

FISCAL YEAR ENDED JUNE 30, 2002

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Consultants • Certified Public Accountants

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## INDEPENDENT AUDITOR'S REPORT

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Governing Board  
*Stoneridge Community Facilities District*

We have audited the accompanying general-purpose financial statements of the *Stoneridge Community Facilities District (District)*, a component unit of the Town of Prescott Valley, Arizona, as of and for the year ended June 30, 2002, as listed in the table of contents. These general-purpose financial statements are the responsibility of the *District's* management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial reports contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the *Stoneridge Community Facilities District*, at June 30, 2002, and the results of its operations and the cash flows for the year then ended, in conformity with accounting principals generally accepted in the United States of America.

*Eide Bailly LLP*

Phoenix, Arizona

October 11, 2002

## **General-Purpose Financial Statements**

**TOWN OF PRESCOTT VALLEY, ARIZONA  
 STONERIDGE COMMUNITY FACILITIES DISTRICT  
 COMBINED BALANCE SHEET - ALL FUND TYPE AND ACCOUNT GROUP  
 AS OF JUNE 30, 2002**

	<u>General Fund</u>	<u>General Long-Term Debt Account</u>
<b>Assets</b>		
Restricted assets	8,802,282	-
Other Debits		
Amount to be provided for retirement of general long-term debt	-	14,800,000
Total Assets	<u>8,802,282</u>	<u>14,800,000</u>
<b>Liabilities and Fund Equity</b>		
Liabilities		
Deposits	2,960,000	-
Community Facilities District Debt	-	14,800,000
Total Liabilities	<u>2,960,000</u>	<u>14,800,000</u>
Fund Balance		
Unreserved	5,842,282	-
Total Fund Balance	<u>5,842,282</u>	-
Total Liabilities and Fund Balance	<u>8,802,282</u>	<u>14,800,000</u>

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

**TOWN OF PRESCOTT VALLEY, ARIZONA  
 STONERIDGE COMMUNITY FACILITY DISTRICTS  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 YEAR ENDED JUNE 30, 2002**

Revenues	
Interest	\$ 59,077
Other	<u>573,255</u>
Total Revenues	<u>632,332</u>
 Expenditures	
Capital outlay	8,922,436
Debt Service	
Interest and fiscal charges	<u>297,614</u>
Total Expenditures	<u>9,220,050</u>
 Excess of revenues under expenditures	(8,587,718)
 Other financing sources	
Bond proceeds	<u>14,430,000</u>
Total other financing sources	<u>14,430,000</u>
 Excess of revenues and other sources over expenditures	5,842,282
 Fund balance, beginning of year	<u>-</u>
Fund balance, end of year	<u>\$ 5,842,282</u>

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

STONERIDGE COMMUNITY FACILITIES DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2002

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. REPORTING ENTITY**

The StoneRidge Community Facilities District (District) was created by SunCor Development as a special purpose community facilities district pursuant to state law on July 26, 2001. The purpose of the District is to assist in financing necessary on and off-site infrastructure and public improvements.

The Town council serves as the District's board of directors. In accordance with GASB "Statement 14 – The Financial Reporting Entity," the District financial statements are reported in the Town's financial statements for the year ended June 30, 2002 using the blended method.

The financial statements of the District conform to generally accepted accounting principles as applicable to governmental units. The District applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

**B. BASIS OF PRESENTATION**

Fund Accounting

The accounts of the District are organized and operated on the basis of funds and account groups, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts that is comprised of each fund's assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. The minimum number of funds is maintained consistent with legal and managerial requirements. The District operates only one fund, a general fund, described as follows.

**GOVERNMENTAL FUND TYPE:**

General Fund – The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

**ACCOUNT GROUP:**

General Long-Term Debt Account Group – This account group is used to account for general long-term debt and certain other liabilities.

**C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All Governmental Fund types are accounted for using the "flow of current financial resources" measurement focus. This means that only current assets and liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources." Governmental Fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

STONERIDGE COMMUNITY FACILITIES DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2002

**D. BUDGETS AND BUDGETARY ACCOUNTING**

The District is not required to adopt an annual appropriated budget but does, however, adopt a budget for management purposes. Therefore, no budgetary comparison is required.

**E. ASSETS, LIABILITIES AND FUND EQUITY**

Cash and Cash Equivalents and Investments

Arizona statutes require that public deposits of more than \$100,000 meet several specific requirements. Deposits of less than \$100,000 are subject only to local ordinance or resolution. Generally, the state statutes allow investments in certain certificates of deposit, interest bearing savings accounts in qualified banks and savings and loan institutions, repurchase agreements with maximum maturity of thirty days, and pooled investment funds established by the State Treasurer.

The District records only bond trust activity. There is no checking or investment accounts for the District.

Restricted Assets

District bond assets as well as certain resources set aside for bond repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants.

Property and Equipment and Long-Term Liabilities

The District has no capital assets.

Accumulated Compensated Absences

No liability for accumulated compensated absences existed at June 30, 2002.

GASB Statement No. 34

This report does not incorporate Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements and Management Discussion and Analysis for State and Local Governments*. The District will adopt and implement this GASB Statement at the required time. The District has not completed the process of evaluating the impact of adopting this statement, and therefore, is unable to disclose the impact that adopting this statement will have on its financial position and results of operations when such statement is implemented.

**NOTE 2 – CASH AND INVESTMENTS**

The bank trust fund represents proceeds of bond sales and certain resources set aside for their repayment. Under the terms of the bond indenture, the proceeds are required to be held by a trustee. Funds on deposit are invested by the trustee in highly liquid investments, as governed by state statute.



STONERIDGE COMMUNITY FACILITIES DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2002

Cash and investments at June 30, 2002, consist of the following:

Bank trust funds	8,802,282
Total cash and investments on the Combined balance sheet	\$ 8,802,282

The District's investments are categorized below to give an indication of the level of risk assumed by the District at year-end. Category 1 includes investments that are insured or registered in the District's name or for which the securities are held by the District or its agents in the District's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty or by its trust department or agent, but not in the District's name.

	Category			Carrying Amount	Fair Value
	1	2	3		
Bank trust funds	\$ 8,802,282	\$ -0-	\$ -0-	\$ 8,802,282	\$ 8,802,282
Total	\$ 8,802,282	\$ -0-	\$ -0-	\$ 8,802,282	\$ 8,802,282

**NOTE 3 – DEBT**

The StoneRidge Community Facilities District has the following long-term obligations:

\$ 14,800,000 StoneRidge Community Facilities District General Obligation Bonds, Series 2001 is due in annual payments of \$ 420,000 to \$1,310,000 through January 15, 2026, with interest at 6.000-6.750% per annum. (Payable from revenues generated through an ad valorem tax assessed against the properties located within the boundaries of the District.)

Debt Service requirements to maturity are as follows:

Fiscal Year Ending	Principal	Interest
2003		\$976,637
2004		976,637
2005		976,637
2006		976,637
2007		976,637
2008-12	\$2,380,000	4,614,985
2013-17	3,215,000	3,776,185
2018-22	4,445,000	2,546,099
2023-26	4,760,000	829,583
	\$14,800,000	\$16,650,037

STONERIDGE COMMUNITY FACILITIES DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2002

**NOTE 4 – CONTINGENT LIABILITIES**

At this time there are no contingent liabilities.

**NOTE 5 – RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omission; injuries to employees; and natural disasters for which it carries commercial insurance. The District also carries commercial insurance for all other risks of loss, including workers' compensation and employee health and accident insurance.