

Basic Financial Statements

Raven Ridge Community Facilities District

Statement of Net Position

June 30, 2020

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Restricted cash and cash equivalents	\$ 24,180
Accounts receivable:	
Special assessments	7,932
Total current assets	<u>32,112</u>
Total assets	<u>32,112</u>
LIABILITIES	
Liabilities payable from restricted assets:	
Bonds, loans, capital leases and other payables - due within one year	1,773
Total liabilities payable from restricted assets	<u>1,773</u>
Noncurrent liabilities:	
Bonds, loans, capital leases and other payables - due in more than one year	5,319
Total noncurrent liabilities	<u>5,319</u>
Total liabilities	<u>7,092</u>
NET POSITION	
Restricted	25,020
Total net position	<u>\$ 25,020</u>

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

Raven Ridge Community Facilities District

Statement of Activities

For the Year Ended June 30, 2020

Function/Programs	Expenses	Program Revenues			Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Community Facilities District					
General government	\$ -	\$ -	\$ -	\$ -	\$ -
Interest and fiscal charges	335	-	-	-	(335)
Total district activities	335	-	-	-	(335)
Total primary government	\$ 335	\$ -	\$ -	\$ -	(335)

General revenues:	
Property owner assessments	291
Total general revenues	291
Change in net position	(44)
Net position - beginning	25,064
Net position - ending	\$ 25,020

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

Raven Ridge Community Facilities District

Balance Sheet

June 30, 2020

ASSETS

Restricted cash and cash equivalents	\$	24,180
Accounts receivable:		
Special assessments		<u>7,932</u>
Total assets	\$	<u><u>32,112</u></u>

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE

Liabilities:

Accounts payable	\$	-
Total liabilities		<u>-</u>

Deferred inflows of resources:

Unavailable revenues - special assessments		<u>7,932</u>
Total deferred inflows of resources		<u><u>7,932</u></u>

Fund balance:

Restricted		<u>24,180</u>
Total fund balance		<u><u>24,180</u></u>

Amounts reported for governmental activities in the statement of net position are different because:

Long-term liabilities, including loans payable, are not due and payable in the current period and therefore are not reported in the funds. (7,092)

Certain revenues are not available to pay for current period expenditures and therefore are reported as unavailable in the governmental funds.

Special assessments 7,932

Net position of governmental activities - statement of net position \$ 25,020

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

Raven Ridge Community Facilities District
Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended June 30, 2020

REVENUES	
Property owner assessments	\$ 3,927
Total revenues	<u>3,927</u>
EXPENDITURES	
Debt service:	
Principal payment	3,424
Interest and fiscal charges	335
Total expenditures	<u>3,759</u>
Excess of revenues over (under) expenditures	168
Fund balances - beginning	<u>24,012</u>
Fund balances - ending	<u><u>\$ 24,180</u></u>

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

Raven Ridge Community Facilities District
Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2020

Net change in fund balances - governmental fund type	\$	168
Amounts reported for governmental activities in the statement of activities are different because:		
Issuance and repayment of long-term debt is a revenue and expenditure in the governmental funds, but the issuance and repayment reduces long-term liabilities in the statement of net position. In the current period, this amount is:		
Principal payments on debt		3,424
Certain revenues are not available to pay for current period expenditures and therefore are reported as unavailable in the governmental funds.		
Special assessments		(3,636)
Changes in net position of governmental activities	<u>\$</u>	<u>(44)</u>

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

Raven Ridge Community Facilities District

NOTES TO FINANCIAL STATEMENTS

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

The Raven Ridge Community Facilities District (District) was created by the Town of Prescott Valley (Town) as a special purpose community facilities district pursuant to state law on January 21, 2003. The purpose of the District is to assist in financing public improvements needed to allow the residents of the District to connect to the Town's wastewater collection and treatment system.

The Town Council serves as the District's board of directors. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 39 – *Determining Whether Certain Organizations are Component Units*, the District financial statements are reported in the Town's financial statements for the year ended June 30, 2020, 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 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 District operates a general fund. The operations of the fund are accounted for by providing a separate set of self-balancing accounts comprised of the fund's assets, liabilities, fund equity, revenues and expenditures. The minimum number of funds is compliant with legal and managerial requirements.

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.

Government-Wide and Fund Financial Statements

The government-wide financial statements (e.g. the *statement of net position* and the *statement of activities*) report information on the primary government and its component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, 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.

The *statement of activities* demonstrates the degree to which the direct expenses 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 and other items not properly included among program revenues are reported instead as general revenues.

C. Measurement Focus and Basis of Accounting

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 assessments, where applicable, are recognized as revenues in the year for which they are levied.

Raven Ridge Community Facilities District

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. The District considers revenues to be available if they are collected within sixty (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, as well as expenditures related to claims and judgments, are recorded only when payment is due.

D. Budgets and Budgetary Accounting

The District is not required to adopt an annual appropriated budget, but adopts a budget for management purposes only, therefore, no budgetary comparison is required.

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance

Cash and Cash Equivalents

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 (30) days, and pooled investment funds established by the State Treasurer.

The District records loan activity and maintains a bank checking account.

Restricted Assets

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

Property and Equipment and Long-Term Liabilities

The District has no capital assets. All capital assets acquired by the District are donated to the Town. The Town is responsible for maintaining the improvements.

Long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position. Bond premiums and discounts, as well as the difference between the reacquisition price, and the net carrying amount of the old debt, are deferred and amortized over the life of the bonds using the straight-line method. Bond issuance costs are expensed.

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 the debt 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.

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/expenditures) until then.

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 will not be recognized as an inflow of resources (revenue) until that time.

Raven Ridge Community Facilities District

Accumulated Compensated Absences

No liability for accumulated compensated absences existed at June 30, 2020.

Fund Equity

In the fund financial statements, governmental funds report a restriction of fund balance for amounts that are legally restricted by outside parties for a specific purpose.

II. DETAILED NOTES

A. Cash and Cash Equivalents

Deposits

At June 30, 2020, the carrying amount of the District's deposits was \$24,180 and the bank balance was \$24,180.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the entity's deposits may not be returned to it. As of June 30, 2020, the District's deposits were covered by federal depository insurance or by the collateral held by the District's agent or pledging financial institution's trust department or agent in the name of the District, and thus had no deposits that were exposed to custodial credit risk.

B. Receivables

Governmental funds report unavailable revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At the end of the fiscal year, the District reported unavailable revenue for special assessments not yet due. Special assessment receivables are considered by management to be collectible in full and, accordingly, an allowance for doubtful accounts is not considered necessary.

C. Debt

The District has the following long-term obligations:

A loan agreement with the Water Infrastructure Financing Authority was entered into on January 21, 2003 for a maximum principal amount of \$925,446, at an interest rate of 3.188%, the proceeds of which are designated for the construction of the identified project (payable with revenues generated from an assessment levied against the properties located within the boundaries of the District).

Long-term loans are secured by a lien on property within the District for which the full assessment has not initially been paid in cash. In the event of default by any of those property owners, the District may force an auction sale of the property to satisfy debt service requirements.

Changes in Long-Term Liabilities:

Balance			Balance	Due Within
06/30/2019	Increases	Decreases	06/30/2020	One Year
\$ 10,516	\$ -	\$ 3,424	\$ 7,092	\$ 1,773

Raven Ridge Community Facilities District

Debt service requirements to maturity are as follows:

Fiscal Year	Principal	Interest
<u>Ending</u>		
2021	\$ 1,773	\$ 204
2022	1,773	154
2023	1,773	102
2024	1,773	52
	<u>\$ 7,092</u>	<u>\$ 512</u>

III. OTHER INFORMATION

A. 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.