Vistancia Community Facilities District

Peoria, Arizona

Annual Financial Report

For Fiscal Year Ended June 30, 2010

Prepared by City of Peoria Finance Department

VISTANCIA COMMUNITY FACILITIES DISTRICT
Peoria, Arizona
ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2010

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Vistancia Community Facilities District
Peoria, Arizona

October 15, 2010

Honorable Board of Directors:

The accompanying basic financial statements of the Vistancia Community Facilities District (the District) for the year ended June 30, 2010, have been prepared for the use of the District Board, staff and other interested parties. This report includes Management's Discussion and Analysis, the basic financial statements for the District including government-wide financial statements, fund financial statements and footnotes, and supplemental budget comparison schedules for the District's funds.

This report was prepared by the Financial Services Division of the Finance Department of the City of Peoria, Arizona (the City) as finance staff for the District. It is intended as District management's report to the District Board and other interested parties.

The District is a component unit of the City of Peoria, Arizona for financial reporting. As a component unit of the City, the accompanying financial statements were included in the annual audit of the City's Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2010. A copy of the City's CAFR may be obtained by contacting the City's Finance Department at 8401 West Monroe Street, Peoria, Arizona 85345. Additionally, the auditors, Heinfeld, Meech & Co., P.C., have also expressed an opinion on the separate financial statements of the District included herein. That opinion may be found on page 1 of this financial report.

Questions about the financial statements included herein should be addressed to the City of Peoria, Finance Department at the above address.

BASIC FINANCIAL STATEMENTS

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Vistancia Community Facilities District (the District), we offer this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2010. This discussion and analysis is designed to (1) assist the reader in focusing on significant financial issues, (2) provide an overview of the District's financial activity, (3) identify changes in the District's financial position, and (4) identify individual fund issues or concerns.

On October 15, 2002, the District was formed by petition to the City Council of the City of Peoria, Arizona (City) pursuant to Title 48, Chapter 4, Article 6 of the Arizona Revised Statutes. The District is a special purpose taxing district and separate political subdivision under Arizona statues. As such, the District can levy taxes and issue bonds, independent of the City. Property owners within the District boundaries pay for District infrastructure and functions through secondary property tax assessments. The District's purpose is to acquire or construct public infrastructure in a specified area of the City. City staff administers the District. The Peoria City Council also serves as the District Board of Directors. The District is one of the City of Peoria's component units for the fiscal year ended June 30, 2010.

Financial Highlights

- The fiscal year 2010 tax levy was $2.10 per $100 valuation.
- District tax collections plus developer contributions were sufficient to pay District debt service during fiscal year 2010.
- The fund balance of the District's governmental funds at June 30, 2010, was $24.1 million, a decrease of $3.6 million (13.0%) from the previous year. Of the total ending governmental fund balance, $8.5 million is reserved for debt service, and $15.6 million is reserved for capital projects.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis introduces the District's basic financial statements. The basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements and (3) notes to the financial statements.

Government-wide Financial Statements

The *statement of net assets* is designed to provide a broad overview of the District's finances in a manner similar to those used by private businesses. The statement of net assets presents information on all of the District's assets and liabilities, both current and long-term, with the difference between assets and liabilities reported as net assets. The focus on net assets is designed to be similar to the emphasis for businesses. Over time, increases or decreases in net assets may serve as a useful indicator of the whether the financial position of the District is improving or deteriorating. To assess the overall health of the District, other indicators, including non-financial indicators should also be considered.

The *statement of activities* presents information showing how the District's net assets changed over the most recent fiscal year. Since full accrual accounting is used for the government-wide financial statements, all changes to net assets are reported at the time that the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods, such as revenues pertaining to uncollected taxes and expenses related to accrued interest. This statement also focuses on both the gross and net costs of the various functions of the District, based only on direct functional revenues and expenses. This is designed to show the extent to which the various functions depend on general taxes and revenues for support.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or conditions. Funds are used to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District are governmental funds and all are restricted, either by bond covenants or state law, as to use.

The District maintains two governmental funds, a general fund and a debt service fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for each fund.

The District adopts annual budgets for both the general fund and the debt service fund. Budgetary comparison statements are provided to demonstrate compliance with the adopted budgets.

Notes to the financial statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements and should be read in conjunction with the financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As of June 30, 2010, the liabilities of the District exceed its assets by $33.8 million (net assets). The deficit in net assets is due to the nature of the District's operations. The purpose of the District is to acquire or construct certain capital infrastructure, primarily water and wastewater systems, within the boundaries of the District. Once the capital infrastructure is acquired or constructed, it is turned over to the City to operate. As a special purpose district and a separate political subdivision under the Arizona Constitution, the District can levy taxes and issue bonds independently of the City. Property owners within the District are assessed property taxes to pay the debt service over the life of the bonds. The City has no liability for debt of the District. Because the capital assets are generally reported in the City's financial statements, the Statement of Net Assets for the District reflects a large liability (bonds payable) without an offsetting asset. Capital assets are only shown on the District's financial statements if they are classified as work-in-process at year end.

The following tables, graphs and analysis discuss the financial position and changes to the financial position for the District as a whole as of and for the year ended June 30, 2010, with comparative information for the previous year.

Net Assets

Net assets may serve over time as a useful indicator of a government's financial position. The following table reflects the condensed Statement of Net Assets of the District for June 30, 2010, compared to the prior year.

Statement of Net Assets
As of June 30
(in millions of dollars)

	Governmental Activities		
	2010	2009	% Change
Current and other assets	$ 25.9	$ 29.5	(12.2)%
Capital assets	3.1	2.2	40.9
Total assets	29.0	31.7	(8.5)
Other liabilities	1.8	1.8	-
Long-term liabilities outstanding	61.0	63.0	(3.2)
Total liabilities	62.8	64.8	(3.1)
Net assets:			
Restricted	$ (33.8)	$ (33.1)	2.1

Current assets (cash, restricted cash & cash equivalents and property taxes receivable) decreased $3.6 million in fiscal year 2010 as property tax collections decreased. There were $.4 million in capital assets transferred to the City during fiscal year 2010, while work-in-progress capital assets of $3.1 were retained by the District pending asset completion.

Changes in Net Assets

The following table compares the revenue and expenses for the current and previous fiscal year.

Changes in Net Assets
For the year ended June 30
(in millions of dollars)

	Governmental Activities		
	2010	2009	% Change
REVENUES:			
Program revenues:			
Developer contributions	$ 2.1	$ 2.7	(22.2)%
General revenues:			
Property taxes	2.7	3.1	(12.9)
Investment earnings	.1	.3	(66.7)
Total revenues	4.9	6.1	(19.7)
EXPENSES:			
Program activities:			
Public works	1.8	-	-
Interest expense on debt	3.4	3.5	(2.9)
Total expenses	5.2	3.5	48.6
Excess (shortage) before transfers	(.3)	2.6	(111.5)
Transfers in (out)	(.4)	.3	(233.3)
Increase (decrease) in net assets	$ (.7)	$ 2.9	(124.1)

The net assets of the District decreased $.7 million in fiscal year 2010. This decrease is primarily due to a $1.8 million claim settlement on a contract dispute, and decreased property tax collections in fiscal year 2010. Under an agreement between the District and the developer, the developer is to cover any deficits between tax collections and debt service requirements. In fiscal year 2010 the developer contributed $2.1 million for payments on district debt.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The District maintains fund accounting to demonstrate compliance with budgetary and legal requirements related to special purpose districts and general obligation bonds.

The focus of the governmental fund financial statements is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the District's ability to pay the debt service on the general obligation bonds it issues to fund construction or acquisition of public infrastructure.

The fund balance of the District's combined governmental funds is $24.1 million, a decrease of $3.6 million from the previous year. The decrease is due to payment of a $1.8 million settlement claim as well as decreasing revenues and increased capital outlay ($1.1 million). Of the total ending fund balance $8.5 million is for debt service and $15.6 million is reserved for capital projects.

Governmental Fund revenues totaled $5.1 million (down $1.0 or 16.3% from 2009) in fiscal year ending June 30, 2010, of which $2.1 million is from developer contributions under the Standby Contribution Agreement between the District and the developer.

Property tax revenues decreased by $.2 million during the fiscal year due to a decrease in the district's assessed valuation from $144.3 million to $134.2 million.

CAPITAL ASSET AND DEBT ADMINISTRATION

The District was formed to finance the acquisition or construction of public infrastructure that is subsequently donated to the City for operation. The District does not own or operate infrastructure once completed. Since formation, District bonds have been issued and the proceeds used to construct public infrastructure such as a water reclamation plant, wells and booster stations. During fiscal year 2010, $1.4 million was expended for capital. Capital assets of $.4 million were transferred to the City, and accepted by the City as a donation of capital assets during fiscal year 2010. Construction in progress of $3.1 million was held by the District at the end of fiscal year 2010.

The District is authorized, by an election held November 12, 2002, to issue $100 million in District general obligation or revenue bonds. As of June 30, 2010, the District has issued $67.6 million of general obligation bonds against the authorization. These bonds are to be repaid through property taxes levied on the property within the District. Under a Standby Contribution Agreement, Vistancia LLC, the developer of the community, is obligated to fund any difference between debt service costs and property tax revenues. The City has no obligation for the District's debt, other than to the administration of the collection of property taxes and the payment of debt service on behalf of the District.

At the time of issue, District general obligation bonds have a 20-year term. In the event the District Board decides at a future time to dissolve the District, State statute provides that all taxable property in the District will remain subject to the lien for the payment of the bonds until all bonds have been defeased.

Outstanding Long-Term Debt at June 30

	Governmental Activities	
	2010	2009
General obligation bonds	$ 60,890,000	$ 63,060,000

The District issued $21,250,000 in bonds in fiscal year 2003, $23,550,000 during fiscal year 2005, and an additional $22,760,000 during fiscal year 2007. As of June 30, 2010, $6,670,000 has been paid against principal on the outstanding debt.

ECONOMIC FACTORS

The unemployment rate in the metropolitan Phoenix region for June 2010 was 8.6%, which remains below both the state (9.6%) and national average (9.5%). The regional economy remains subdued with declines in construction activity and population growth. Overall employment growth was negative with a year-over-year job loss rate of 0.3% for the state. Moderate job gains in the healthcare, professional and business services, leisure and hospitality services, and natural resources and mining have helped offset losses in other sectors. Within Peoria, the local economy has experienced decreases in commercial activity with some limited construction activity to infill the neighborhoods and planned communities that have developed over the past few years. Residential activity, although much lower than historical trends, has remained study in fiscal year 2010 with the 2009 rates.

The adopted fiscal year 2011 budget for the District is $35.5 million, a 2.7% decrease from 2010. The tax rate for the District for fiscal year 2011 is $2.10, unchanged from the fiscal year 2010 tax rate.

FINANCIAL CONTACT

This financial report is designed to provide a general overview of the District's finances and to demonstrate accountability for the use of public funds. Questions about any of the information provided in this report, or requests for additional financial information should be addressed to the City's Finance Department at the following address: City of Peoria, 8401 W. Monroe Street, Peoria, Arizona 85345.

VISTANCIA COMMUNITY FACILITIES DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2010

	Primary Government	
	Governmental Activities	
ASSETS		
Cash and cash equivalents	$	2,673
Investments		3,625
Accounts receivable, net		52,304
Interest receivable		99,318
Property taxes receivable		40,942
Deferred bond issuance costs, net		1,540,973
Restricted cash and cash equivalents		11,138,491
Restricted investments		12,970,851
Capital assets:		
Non-depreciable		3,143,809
Total assets		28,992,986
LIABILITIES		
Accounts payable		180,015
Interest payable		1,638,812
Non-current liabilities:		
Due within one year:		
Current portion of bonds payable		2,275,000
Due in more than one year:		
Noncurrent portion of bonds payable		58,615,000
Plus: Deferred bond premium		68,272
Total liabilities		62,777,099
NET ASSETS		
Unrestricted		(33,784,113)
Total net assets	$	(33,784,113)

The accompanying notes are an integral part of the financial statements

VISTANCIA COMMUNITY FACILITIES DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010

	Expenses	Capital Contributions	Net (Expenses) Revenues and Changes in Net Assets Governmental Activities
Functions/Programs			
Primary government:			
Governmental activites:			
Public works	$ 1,809,534	$ 2,119,953	$ 310,419
Interest expense on debt	3,384,514	-	(3,384,514)
Totals	5,194,048	2,119,953	(3,074,095)
General revenues			
Taxes:			
Property taxes, levied for general purposes			2,743,518
Investment earnings			106,355
Transfers out			(432,892)
Total general revenues and transfers			2,416,981
Change in net assets			(657,114)
Net assets - beginning			(33,126,999)
Net assets - ending			$ (33,784,113)

The accompanying notes are an integral part of the financial statements

VISTANCIA COMMUNITY FACILITIES DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2010

	General Fund	Debt Service Fund	Totals
ASSETS			
Cash and cash equivalents	$ -	$ 2,673	$ 2,673
Investments	-	3,625	3,625
Accounts receivable, net	-	52,304	52,304
Interest receivable	94,494	4,824	99,318
Property taxes receivable	-	40,942	40,942
Restricted cash and cash equivalents	4,689,272	6,449,219	11,138,491
Restricted investments	10,960,251	2,010,600	12,970,851
Total assets	$ 15,744,017	$ 8,564,187	$ 24,308,204
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	$ 180,015	$ -	$ 180,015
Deferred revenue	$ -	$ 45,060	$ 45,060
Total liabilities	$ 180,015	$ 45,060	$ 225,075
Fund balances:			
Reserved for:			
Debt service	$ -	$ 8,519,127	$ 8,519,127
Capital projects	15,564,002	-	15,564,002
Total fund balance	15,564,002	8,519,127	24,083,129
Total liabilities and fund balance	$ 15,744,017	$ 8,564,187	$ 24,308,204

The accompanying notes are an integral part of the financial statements

VISTANCIA COMMUNITY FACILITIES DISTRICT
RECONCILIATION OF THE BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
GOVERNMENTAL ACTIVITIES
JUNE 30, 2010

Fund balances - total governmental funds balance sheet	$ 24,083,129
Amounts reported for governmental activities in the statements of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.	
Governmental capital assets	$ 3,143,809
Other assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.	
Deferred bond issue costs	1,540,973
Long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the governmental funds.	
Governmental bonds payable	(60,890,000)
Bond premiums are recognized at the time of issuance in the governmental funds, but is deferred and recognized over the life of the bonds for government-wide reporting	(68,272)
Property tax revenue earned but not received within 60 days of year-end is deferred for the governmental statements, but is recognized as revenue for the government-wide statements	45,060
Interest payable on long-term debt is not reported in the governmental funds.	(1,638,812)
Net assets of governmental activities - statement of net assets	$ (33,784,113)

The accompanying notes are an integral part of the financial statements

VISTANCIA COMMUNITY FACILITIES DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	General Fund	Debt Service Fund	Totals
REVENUES:			
Taxes:			
Property taxes	$ -	$ 2,827,289	$ 2,827,289
Investment earnings	81,766	24,589	106,355
Developer contributions	-	2,119,953	2,119,953
Total revenues	81,766	4,971,831	5,053,597
EXPENDITURES:			
Current operating:			
General government	$ 1,800,000	$ 9,534	$ 1,809,534
Debt service:			
Principal payments	-	2,170,000	2,170,000
Interest and other charges	-	3,329,455	3,329,455
Capital outlay	1,407,376	-	1,407,376
Total expenditures	3,207,376	5,508,989	8,716,365
Excess (deficiency) of revenues over expenditures	(3,125,610)	(537,158)	(3,662,768)
OTHER FINANCING SOURCES (USES):			
Transfers in	$ -	$ 225,986	$ 225,986
Transfers out	(233,722)	-	(233,722)
Total other financing sources and uses	(233,722)	225,986	(7,736)
Net change in fund balances	(3,359,332)	(311,172)	(3,670,504)
Fund balances - beginning	18,923,334	8,830,299	27,753,633
Fund balances - ending	$ 15,564,002	$ 8,519,127	$ 24,083,129

The accompanying notes are an integral part of the financial statements

VISTANCIA COMMUNITY FACILITIES DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES - GOVERNMENTAL ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010

Net change in fund balances - total governmental funds	$	(3,670,504)
Amounts reported for governmental activities in the statement of activities are different because:		
Certain revenues are deferred in the governmental funds because they do not provide current financial resources, but are considered revenue on the statement of activities.		(83,771)
Interest expense in the statement of activities differs from the amount reported in governmental funds because accrued interest was calculated for bonds and notes payable for the statement of activities, but is expensed when due for the governmental fund statements.		51,831
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays ($1,407,376) exceeded depreciation ($0) in the current period.		1,407,376
Repayment of bond principal is an expenditure in the governmental funds, but reduces long-term liabilities in the statement of net assets. No effect on net assets.		2,170,000
The costs of issuing bonds are reported as an expenditure in governmental funds in the year of bond issuance and thus has the effect of reducing fund balance because current financial resources have been used. For the City as a whole, however, the bond issuance costs are deferred and amortized (expensed) over the life of the bonds.		(106,890)
The donation of governmental capital assets to the City's Propprietary Funds is not shown in the governmental fund statements but is a transfer out in the statement of activities		(425,156)
Change in net assets of governmental activities- statement of activities	$	(657,114)

The accompanying notes are an integral part of the financial statements

VISTANCIA COMMUNITY FACTILITIES DISTRICT
BUDGETARY COMPARISON STATEMENT
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over
	Original	Final	(budgetary basis)	(Under)
Budgetary fund balance, July 1, 2009	$ 18,771,766	$ 18,771,766	$ 18,771,766	$ -
RESOURCES (INFLOWS):				
Investment earnings	150,000	150,000	94,257	(55,743)
Total inflows	150,000	150,000	94,257	(55,743)
Amounts available for appropriation	18,921,766	18,921,766	18,866,023	(55,743)
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Public works	1,800,000	1,800,000	1,800,000	-
Capital outlay	16,983,371	16,983,371	1,235,097	(15,748,274)
Total charges to appropriations	18,783,371	18,783,371	3,035,097	(15,748,274)
Budgetary fund balance, June 30, 2010	$ 138,395	$ 138,395	$ 15,830,926	$ 15,692,531

Explanation of differences between budgetary inflows and outflows and GAAP revenues and expenditures

Sources/inflows of resources:	
Actual amounts (budgetary basis) "available for appropriations" from the budgetary comparison schedule	$ 18,866,023
Differences - budget to GAAP:	
The fund balance at the beginning of the year is a budgetary resource but is not a a current year revenue for financial reporting purposes	(18,771,766)
The City budgets certain revenues on the cash basis, rather than on the modified accrual basis	(12,491)
Total revenues as reported on the combining statement of revenue, expenditures, and changes in fund balances - non-major governmental funds	$ 81,766
Uses/outflows or resources:	
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	$ 3,035,097
Differences - budget to GAAP:	
The City budgets for certain other expenditures on the cash basis, rather than on the modified accrual basis	180,015
Capital outlay recognized as expenditures for budgetary purposes, but assets capitalized in proprietary funds for financial reporting purposes	(7,736)
Total expenditures as reported in the combining statement of revenues, expenditures, and changes in fund balances - non-major governmental funds	$ 3,207,376

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Vistancia Community Facilities District, a component unit of the City of Peoria, Arizona (City), conform to accounting principles generally accepted in the United States of America ("GAAP") as applicable to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The following is a summary of other significant accounting policies:

A. Financial Reporting Entity

The Vistancia Community Facilities District (the District) was formed by petition to the City Council in 2002. The District's purpose is to acquire or construct public infrastructure in a specified area of the City. As a special purpose district and separate political subdivision under the Arizona Constitution, the District can levy taxes and issue bonds independently of the City. Property owners in the designated areas are assessed for the District's property taxes, and thus for the costs of operating the District. The City Council serves as the Board of Directors of the District. The City has no liability for the District's debt. For financial reporting purposes, the transactions of the District are included as governmental type funds in the City's financial statements as if they were part of the City's operations.

B. Basic Financial Statements

The basic financial statements of the District include both government-wide and fund financial statements. The government-wide financial statements (statement of net assets and statement of activities) report on all of the non-fiduciary activities of the District as a whole. All of the activities of the District are governmental activities. All activities are reported in the government-wide financial statements using the economic resources measurement focus and the accrual basis of accounting, which includes long-term assets and receivables as well as long-term debt and obligations. The government-wide financial statement focus more on sustainability of the District as an entity and the change in aggregate financial position resulting from activities of the period. Generally, the effect of interfund activity has been removed from the government-wide financial statements.

The government-wide Statement of Net Assets reports all financial and capital resources of the government (excluding fiduciary funds). It is displayed in a format of assets less liabilities equal net assets, with the assets and liabilities shown in order of their relative liquidity. Net assets are required to be displayed in three components, if applicable: 1) invested in capital assets, net of related debt, 2) restricted and 3) unrestricted. Restricted net assets are those with constraints placed on their use by either: 1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or 2) imposed by law through constitutional provisions or enabling legislation. All net assets not otherwise classified as restricted, are shown as unrestricted. Generally, the District would first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available. At June 30, 2010, the net assets of the District are negative and therefore are shown as unrestricted.

The government-wide Statement of Activities demonstrates the degree to which the direct expenses of the functions and segments of the District are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Interest on general long-term debt is shown separately, not allocated to functions. Program revenues include: 1) charges to customers or users who purchase, use or directly benefit from goods, services or privileges provided by a particular 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, investment income and other revenues not identifiable with particular functions or segments are included as general revenues. The general revenues support the net costs of the functions and segments not covered by program revenues.

Also part of the basic financial statements are fund financial statements. The focus of the fund financial statements is on major funds. Both of the funds of the District, the capital projects fund and the debt service fund are governmental funds. The governmental fund financial statements are prepared on a current financial resources measurement focus and modified accrual basis of accounting. Since the governmental fund financial statements are presented on a different basis than the governmental activities of the government-wide financial statements, reconciliations are provided following each fund statement. These reconciliations briefly explain the adjustments necessary to transform the fund financial statements into the governmental activities of the government-wide financial statements.

C. Basis of Presentation

The accounts of the District are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts, which includes assets, liabilities, fund equity, revenues and expenditures/expenses. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The following fund categories (further divided by fund type) are used by the District:

Governmental Funds

Governmental funds are used to account for the District's general government activities. The focus of Governmental Fund measurement is upon determination of financial position and changes in financial position rather than upon net income. The following are the Governmental Funds of the District:

<u>General Fund</u> accounts for the proceeds from the sales of Community Facilities District bonds and the acquisition of capital assets or construction of major capital projects within the District.

<u>Debt Service Fund</u> accounts for the resources accumulated for, and the servicing of the general long-term debt of the District, including principal, interest and other related costs.

D. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental fund types are presented using the flow of current financial resources measurement focus. This presentation is deemed most appropriate to 1) demonstrate legal and covenant compliance, 2) demonstrate the sources and uses of liquid resources, and 3) demonstrate how the District's actual revenues and expenditures conform to the annual budget. With this measurement focus, operating statements present increases and decreases in net current assets, and unreserved fund balance is a measure of available spendable resources. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e. when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon thereafter to pay liabilities of the current period. The District considers revenues available under modified accrual, if they are earned by June 30 (all eligibility requirements have been met) and the revenue is expected to be collected within six months after year-end, except for property taxes. For property taxes, the District uses a 60 day collection period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due.

When applying the "susceptible to accrual" concept to intergovernmental revenues pursuant to GASB Statement #33 – *Recipient Reporting for Certain Shared Non-exchange Transactions* (Statement #33), receivables and revenues are recognized when the applicable eligibility requirements, including time requirements, are met. Resources transmitted before the eligibility requirements are met are reported as deferred revenue.

Under GASB Statement #33, property taxes are susceptible to accrual when an enforceable legal claim has arisen. As noted above, the District recognizes property taxes received within 60 days of fiscal year-end to be revenues under modified accrual. The remaining taxes levied, if any, are considered deferred revenue on the financial statements. Other receipts become measurable and available when cash is received by the District and are recognized as revenue at that time.

Interest and dividend income is recognized on the modified accrual basis. Changes in fair value of investments are recognized in investment income at the end of the year.

E. Budgets and Budgetary Accounting

The District uses the following procedures in establishing the budgetary data reflected in the accompanying financial statements:

- According to the laws of the State of Arizona, all operating budgets must be approved by their governing board on or before the second Monday in August to allow sufficient time for legal announcements and hearings required for the adoption of the property tax levy on the third Monday in August.
- In June, the proposed budget for the following fiscal year is presented by the Treasurer to the District Board. The budget includes proposed expenditures and the means of financing them. Public meetings are held to obtain taxpayer comment.
- Prior to June 30, the District Board legally enacts the budget, through the passage of a resolution. The resolution sets the limit for expenditures for the year. There were no supplemental appropriations made during fiscal year 2010.
- The initial budget for the fiscal year may be amended during the year in a legally permissible manner.
- All unencumbered expenditure appropriations expire at the end of the fiscal year.
- Encumbered amounts are re-budgeted in the following year as deemed appropriate and necessary. Budgetary carry forwards are approved by the District Board.
- All funds of the District have legally adopted budgets. Formal integration of these budgets into the District's financial systems is employed as a management control device during the year for all funds.

The District prepares its annual budget on a modified cash basis, which differs from GAAP. The District prepares budgetary comparison statements for both of its funds for presentation in the annual financial statements of the District. These statements display original budget, amended budget and actual results (on a budgetary basis). The budgetary statements are presented as supplemental information after the notes to the financial statements.

F. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is employed by the District. Encumbrances, if any, are reported as designations of fund balances at June 30 in the financial statements, since they do not constitute expenditures or liabilities. No restrictions of net assets for encumbrances are shown in the government-wide financial statements.

G. Deposits and Investments

Arizona Revised Statutes authorizes the District to invest public monies in the State or County treasurer's investment pools, interest bearing savings accounts, certificates of deposit and repurchase agreements in eligible depositories: bonds or other obligations of the United States government that are guaranteed as to principal and interest by the United States government; or bonds of the State of Arizona counties, cities, towns, school districts or special districts as specified by statute. As required by statute, collateral is required for demand deposits, certificates of deposit and repurchase agreements at 100% of all deposits not covered by Federal depository insurance.

Cash and cash equivalents held at June 30, 2010, by the trustee, plus accrued interest are restricted as to usage.

The District's deposits at June 30, 2010, were collateralized with securities held by the pledging financial institution's trust department in the District's name.

Investments, if any, are stated at fair value in accordance to GASB Statement #31. Interest income from investments is recorded as earned under the modified accrual basis of accounting.

H. Capital Assets

Governmental Fund types do not display capital assets on the face of the fund financial statements. The costs of purchasing, or constructing, capital assets are shown as capital outlay expenditures in the Governmental Statement of Revenues, Expenditures and Changes in Fund Balance, unless the capital assets have already been transferred to the City. The capital assets of the District, once completed and acceptable to the City, are transferred to the City. All subsequent costs of operating and maintaining those assets will be the responsibility of the City.

Since the capital assets acquired or constructed by the District are turned over to the City once they are operational, the District generally does not own capital assets. Capital assets still under construction at fiscal year-end are shown as work-in-progress on the District's government-wide financial statements.

I. Restricted Assets

Certain proceeds of the District's bonds, as well as certain resources set aside for their repayments, are classified as restricted on the balance sheet because they are maintained in separate bank accounts and their use is limited by applicable debt covenants.

J. Long-tem Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the life of the bonds.

Governmental fund types do not display long-term obligations on the face of the financial statements. Bond premiums and discounts, as well as bond issuance costs, are recognized in the period in which the bonds are issued. The face amount of debt issued 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.

The long-term debt of the District is serviced by the District's Debt Service Fund.

K. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The District's insurance coverage is provided by the City under the City's umbrella insurance policies. The City maintains a Self-Insurance Fund (accounted for in the Internal Service Funds) to account for and finance its uninsured risks of loss. As with any risk retention program, the City is contingently liable with respect to claims beyond those actuarially projected.

Governmental Accounting Standards Board Statement #10 requires that claims liabilities b e reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. As of June 30, 2010, no claims liability is reported in the District's financial statements, or by the City on behalf of the District. The District, through the City, is self-insured for property and public liability up to $1,000,000. Excess coverage insurance policies purchased through commercial insurance carriers cover individual claims in excess of this amount, up to a maximum of $40,000,000 per occurrence. Additionally, through a development agreement between the District and the developer, the developer is responsible for $250,000, per incident, of any insurance deductibles that might be paid by the City on behalf of the District. During the fiscal year ended June 30, 2010, there was no significant reduction in excess insurance coverage. Additionally, settlements for each of the last three fiscal years have not exceeded the City's, and therefore the District's, insurance coverage.

L. Cash Equivalents

The District considers short-term investments, including restricted investments, in mutual fund money market and U.S. Treasury bills and notes with maturities of less than three months at acquisition date to be cash equivalents.

M. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the balance sheet and the reported amounts of revenue and expenditures during the reported period. Actual results could differ from those estimates.

2. BUDGET BASIS OF ACCOUNTING

The District does adopt an annual operating budget for both of its funds. The District prepares the annual budget on a modified cash basis, which differs from GAAP, as discussed in Note 1. Budgetary control over expenditures is exercised at the fund level. The budgetary comparison schedule for the general fund is presented as part of the basic financial statements. The budgetary schedule for the debt service fund is presented as supplemental information after these notes to the financial statements. The budgetary schedules include a reconciliation of the adjustments required to convert the budgetary revenues and expenditures or changes in net assets on a budgetary basis, to revenues and expenditures or changes in net assets on a GAAP basis.

3. CASH AND INVESTMENTS

Arizona Revised Statutes authorize the District to invest public monies in the State or County Treasurers' investment pools, interest bearing savings accounts, certificates of deposit and repurchase agreements in eligible depositories; bonds or other obligations of the United States government that are guaranteed as to principal and interest by the United States government; or bonds of the State of Arizona counties, cities, towns, school districts or special districts as specified by statute. As required by statute, collateral is required for demands deposits, certificates of deposit and repurchase agreements at 102 percent of all deposits not covered by Federal depository insurance.

The District participates in the pooled cash and investments of the City for daily transactions. The City then periodically requested reimbursement from the District's restricted funds held by the trustee. At June 30, 2010, the District had a credit position of $(231,501) in the City's pooled cash and investments.

Governmental Accounting Standards Board Statement No. 40 – Deposit and Investment Risk Disclosures (Statement 40) requires the District to disclose its deposit and investment policies regarding certain types of investment risks. The District follows the City's adopted investment policy and is in compliance with Statement 40.

Interest rate risk: In order to limit interest and market rate risk, State law and the City's investment policy sets a maximum maturity on any investment of five years with a minimum of 35% invested for a period of one year or less and no more than 20% of the City's portfolio be invested for a period greater than three years. At June 30, 2010, 75.2% of the District's investments have a maturity of less than one year and none have maturities greater than three years. The City's investment policy also sets a maximum weighted average maturity (WAM) not to exceed one year. The District's WAM at June 30, 2010, was 172 days.

Credit risk: State law and the City's investment policy limits the purchase of Commercial Paper to those securities rated A-1/P-1 or the equivalent by two nationally recognized statistical rating agencies. The City's investment policy also limits the purchase of Banker's Acceptances to those securities rated Aa or better by two nationally recognized rating agencies and with a maximum maturity of 180 days. At June 30, 2010, the District's investments include no Commercial Paper and no Banker's Acceptance securities. State law and the City's investment policy also restricts investments in certificates of deposit (CD) to fully collateralized or insured from eligible Arizona depositories limited on a statewide basis by their capital structure on a quarterly basis. Such CDs are further collateralized to 110% with pledged securities held by an independent custodian approved by the City. City policy requires that securities underlying repurchase agreements must have a market value of at least 102 percent of the cost of the repurchase agreement. The market values of securities underlying repurchase agreements were at or above the required level during the fiscal year.

Investment Type	Moody's Rating	S&P Rating	% of Investments
Federal Farm Credit Bank - Agency Note	Aaa	AAA	16.4
Federal Home Loan Bank - Agency Note	Aaa	AAA	24.7
Federal National Mortgage Assoc-Agency Note	Aaa	AAA	12.7

Concentration of credit risk: The City's investment policy sets diversification limits on both security types and length of maturity. As of June 30, 2010, the District's investments include 53.8% invested in U.S. Agency Coupon securities, 12.4% in U.S. Treasury Notes, and 33.8% in money market funds.

Custodial credit risk: To control custodial credit risk, State law and the City's investment policy requires all securities and collateral to be held by an independent third party custodian in the City's name. The custodian provides the City with monthly market values along with original safekeeping receipts.

At June 30, 2010, the District's investments included the following:

	Investment Maturities in Years				
	Less than 1	**1-2**	**2-3**	**Over 3**	**Fair Value**
Restricted Investments:					
Agency coupon securities	10,091,817	3,006,600	-	-	13,098,417
U.S. Treasury notes	-	3,021,600	-	-	3,021,600
					16,120,017
Mutual fund-money market	8,227,124	-	-	-	8,227,124
Total restricted investments	18,318,941	6,028,200	-	-	24,347,141
Less: amount included in restricted cash and cash equivalents					(11,239,424)
Less: amount used to offset credit position in the City's pooled cash					(136,866)
Restricted investments, net					$ 12,970,851

Unrestricted cash and investments at June 30, 2010, consist of the following:

Participation in City's pooled cash & investments	$ 6,298

Fair value fluctuates with interest rates, and increasing rates could cause fair value to decline below original cost. District management believes the liquidity in the portfolio is adequate to meet cash flow requirements and to preclude the District from having to sell investments below original cost.

Investment income comprises the following for the year ended June 30, 2010:

Net interest and dividends	$ 161,309
Net decrease in the fair value of investments	(54,954)
Total net investment income per statement of activities	$ 106,355

The net increase in the fair value of investments during fiscal year 2009-2010 was approximately $106,355. This amount takes into account all changes in fair value (including purchases and sales) that occurred during the year. The unrealized gain on investments held at June 30, 2010, was approximately $17,617.

4. PROPERTY TAXES

Arizona law provides for a two tiered tax system: (1) a primary system for taxes levied to pay for current operation and maintenance expenses, and (2) a secondary system for taxes levied to pay principal and interest on bonded indebtedness as well as for the determination of maximum permissible bonded indebtedness.

Specific provisions are made under each system for determining full cash values of property, the basis of assessment, and the maximum annual tax levies on certain types of property and by certain taxing authorities. Under the primary system, the full cash value of locally assessed real property (consisting of residential, commercial, industrial, agricultural and unimproved property) may increase by more than 10% annually only under certain circumstances. Under the secondary system, there is no limitation on annual increases in full cash value of any property. Primary levies on residential property are limited to one percent of the primary full cash value of such property. Additionally, primary taxes on all types of property are limited to a maximum increase of two percent over the prior year's levy, adjusted for new construction and annexations. Secondary property taxes levied to pay principal and interest on bonded indebtedness are not limited. The District's assessed valuation for 2010 is $134,171,551.

The Arizona tax year has been defined as a calendar year, notwithstanding the fact that tax procedures begin prior to January 1 of the tax year and continue through May of the succeeding calendar year. The definition of the tax year is a function of the fact that the tax lien for the year attaches to the real property as of January 1 of the year in question.

The District Board adopts the annual tax levy each year on or before the third Monday in August. The basis of this levy is the full cash value as determined by the Maricopa County Assessor. For locally assessed property, the value is determined as of January 1 of the preceding year, known as the valuation year. For utilities and other centrally valued properties, the full cash value is determined as of January 1 of the tax year. The District has an enforceable claim on the property when the property tax is levied. Levies are due and payable in two installments, on October 1 and March 1, and become delinquent on November 1 and May 1, respectively. Delinquent amounts bear interest at the rate of 16 percent. A lien is placed on the property at the time the tax bill is sold. Maricopa County, at no charge to the taxing entities, bills and collects all property taxes. Public auctions for sale of delinquent real estate taxes are held in February following the May 1 date upon which the second half taxes become delinquent. The purchaser is given a Certificate of Purchase issued by the County Treasurer. Five years from the date of sale, the holder of a Certificate of Purchase that has not been redeemed may demand a County Treasurer's Deed from the County Treasurer.

Property taxes are recognized as revenue in the government-wide financial statements when an enforceable legal claim has arisen. Therefore, the District recognizes revenue and a receivable, less any allowance for doubtful accounts deemed appropriate, for the entire tax levy in the year it is levied. For the governmental fund statements, property tax revenues not collected within 60 days of year end are deferred.

Property taxes receivable consist of uncollected taxes as determined from the records of the County Treasurer's Office and at June 30, 2010, were $40,942 in the Debt Service Fund. The deferred property taxes at June 30, 2010, were $45,060 in the Debt Service Fund.

5. TRANSFERS

Net transfers in between the District and the City of $432,892 are included in the government-wide financial statements of the District at June 30, 2010. These transfers are primarily the result of transfer of completed capital assets to the City's Proprietary Funds during the year. Additionally, in the Fund Financial Statements at June 30, 2010, there were transfers of $225,986 between the District's General Fund and the Debt Service Fund. There were no significant transfers during fiscal year 2010 that were either non-routine in nature or inconsistent with the activities of the fund making the transfer.

6. DEFICITS IN FUND EQUITY/EXCESS OF EXPENDITURES OVER APPROPRIATIONS

As described in Note 1, the District was formed to finance and acquire or construct capital infrastructure assets that are subsequently dedicated to the City for operation. The District does not own or operate capital assets. Therefore the Statement of Net Assets reflects a large liability without an offsetting asset.

For the year ended June 30, 2010, expenditures, including capital outlay and transfers, did not exceed budget for either of the funds of the District.

7. FUND BALANCE/NET ASSETS RESERVATIONS AND DESIGNATIONS

Only restrictions imposed by external sources are shown as Restricted Net Assets on the government-wide financial statements. Additionally, reserves for encumbrances are shown on the governmental fund financial statements. Reservations or designations of fund balances imposed by the reporting district, whether by administrative policy or legislative action, are shown in aggregate on the governmental fund financial statements. The District does, however, reserve or designate portions of net assets in other funds to demonstrate the district's intended use of those net assets. Reservations are created by legislative action of the District Board while designations are created by administrative policy. There were no reservations or designations of fund balance/net assets included in unreserved fund balance/net assets at June 30, 2010.

8. CAPITAL ASSETS

The following table discloses the capital asset activity of the District, for the government-wide financial statements, for the fiscal year ended June 30, 2010.

	Balances June 30, 2009	Additions/ Transfers in	Disposals/ Transfers out	Balances June 30, 2010
Non-depreciable assets:				
Work in Progress–Water system	$ 2,121,545	1,407,376	(425,156)	3,103,765
Work in Progress-Wastewater system	40,044	-	-	40,044
Total capital assets	$ 2,161,589	1,407,376	(425,156)	3,143,809

As discussed in Note 1, governmental fund types do not display capital assets on the face of the financial statements. The District does, however, purchase or construct capital assets with the intent of conveying the assets to the City upon completion and acceptance by the City.

9. LONG-TERM DEBT

Community Facilities Districts (CFD's), are special purpose districts created specifically to acquire or construct public infrastructure within specified areas of the City, are authorized under state law to issue general obligation (GO) or revenue bonds to be repaid by property (ad valorem) taxes levied on property within the district (for GO debt), or by specified revenues generated within the districts (revenue bonds). CFD's are created by petition to the City Council by property owners within the area to be covered by the district, and debt may be issued only after approval of the voters within the district.

On October 15, 2002 the City Council formed the Vistancia Community Facilities District (the District) pursuant to Title 48, Chapter 4, Article 6, Arizona Revised Statutes. The District was subsequently authorized, by the voters of the district on November 12, 2002, to issue up to $100,000,000 in general obligation bonds to construct public infrastructure within the District. The district issued $21,250,000 in fiscal year 2003, $23,550,000 in fiscal year 2005, and $22,760,000 in fiscal year 2007 of general obligation bonds against this authorization. These bonds will be repaid by the property owners within the District. The bonds are obligations of the District only. The City has no obligation for the District debt other than the administration of the collection of the property taxes and payment of the debt service on behalf of the District.

Legal Debt Limit – General Obligation bonded indebtedness for the District cannot exceed 60 percent of the market value of the property in the District after the infrastructure is completed plus the value of the infrastructure improvements made.

As discussed in Note 1, governmental type funds do not display long-term obligations on the face of the financial statements. The following tables disclose the long-term debt obligations of the District as of June 30, 2010, for the government-wide financial statements.

Delivery Date	Description	Purpose	Maturity Dates	Net Interest Rate	Ave. Life (Yrs)	Original Principal Balance	Principal Balance Outstanding
Community Facility District Bonds (collateralized by ad valorem property taxes levied on the property benefiting from the improvements)							
12/17/02	Series 2002	Vistancia Community Facilities District infrastructure	7/15/05-22	6.69	12.7	21,250,000	17,325,000
04/27/05	Series 2005	Vistancia Community Facilities District infrastructure	7/15/07-24	5.47	13.2	23,550,000	21,375,000
12/28/06	Series 2006	Vistancia Community Facilities District Infrastructure	7/15/09-26	4.26	20	22,760,000	22,190,000
Total bonds payable							60,890,000
Less current portion							2,275,000
Long-term portion of bonds payable							**$58,615,000**

The following is a summary of the long-term debt activity of the District for the fiscal year ended June 30, 2010.

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
General obligation bonds	$ 63,060,000	-	1,550,000	60,890,000	2,275,000

The following table discloses the debt service requirements as of June 30, 2010, segregating principal and interest, for the next five years and in five-year increments thereafter.

Fiscal year	Principal	Interest	Total
2011	2,275,000	3,222,392	5,497,392
2012	2,385,000	3,108,336	5,493,336
2013	2,505,000	2,985,974	5,490,974
2014	2,630,000	2,854,633	5,484,633
2015	2,765,000	2,711,311	5,476,311
2016-2020	16,330,000	10,977,491	27,307,491
2021-2025	21,610,000	5,539,399	27,149,399
2026-2027	10,390,000	477,977	10,867,977
Totals	$ 60,890,000	31,877,513	92,767,513

VISTANCIA COMMUNITY FACTILITIES DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2010

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts (budgetary basis)	Variance with Final Budget Over (Under)
Budgetary fund balance, July 1, 2009	$ 8,725,576	$ 8,725,576	$ 8,725,576	$ -
RESOURCES (INFLOWS):				
Property Taxes	2,830,851	2,830,851	2,837,655	6,804
Investment earnings	52,000	52,000	37,948	(14,052)
Miscellaneous	2,616,605	2,616,605	2,119,953	(496,652)
Total inflows	5,499,456	5,499,456	4,995,556	(503,900)
Amounts available for appropriation	14,225,032	14,225,032	13,721,132	(503,900)
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Contractual services	-	-	9,534	9,534
Debt service:				
Principal payments	2,170,000	2,170,000	2,170,000	-
Interest and other charges	3,329,456	3,416,956	3,329,455	(87,501)
Contingencies	12,256,903	12,256,903	-	(12,256,903)
Total charges to appropriations	17,756,359	17,843,859	5,508,989	(77,967)
Budgetary fund balance, June 30, 2010	$ (3,531,327)	$ (3,618,827)	$ 8,212,143	$ (425,933)

Explanation of differences between budgetary inflows and outflows and GAAP revenues and expenditures

Sources/inflows of resources:	
Actual amounts (budgetary basis) "available for appropriations" from the budgetary comparison schedule	$ 13,721,132
Differences - budget to GAAP:	
The fund balance at the beginning of the year is a budgetary resource but is not a a current year revenue for financial reporting purposes	(8,725,576)
The City budgets certain revenues on the cash basis, rather than on the modified accrual basis	(23,725)
Total revenues as reported on the combining statement of revenue, expenditures, and changes in fund balances - non-major governmental funds	$ 4,971,831
Uses/outflows or resources:	
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	$ 5,508,989
Total expenditures as reported in the combining statement of revenues, expenditures, and changes in fund balances - non-major governmental funds	$ 5,508,989