

***Vistancia
Community Facilities
District***
Peoria, Arizona

***Annual
Financial Report***
For Fiscal Year Ended
June 30, 2015

District Board:
Cathy Carlat, Chairman
John Edwards
Vicki Hunt
Bridget Binsbacher
Carlo Leone
Michael Finn
Bill Patena

District Administrative Staff:
Carl Swenson, District Manager
Brent D. Mattingly, District Treasurer & Chief Financial Officer
Stephen M. Kemp, District Counsel
Rhonda Geriminsky, District Clerk

Prepared by City of Peoria Finance Department

VISTANCIA COMMUNITY FACILITIES DISTRICT
 Peoria, Arizona
 ANNUAL FINANCIAL REPORT
 For the Year Ended June 30, 2015

TABLE OF CONTENTS

	<u>Page</u>
Transmittal letter	ii
Independent Auditor’s Report	1
Management’s Discussion and Analysis	3
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements	
Statement of Net Position	8
Statement of Activities	9
Fund Financial Statements	
Governmental Funds Balance Sheet	10
Reconciliation of the Balance Sheet to the Statement of Net Position – Governmental Activities	11
Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances	12
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances Of Governmental Funds to the Statement of Activities – Governmental Activities	13
Budgetary Comparison Statement – General Fund	14
Notes to the Financial Statements	16
SUPPLEMENTAL INFORMATION	
Budgetary Comparison Schedule – Debt Service Fund	23
CONTINUING DISCLOSURE INFORMATION	
Property Valuations	I 25
Secondary Assessed Value by Property Class	II 26
Secondary Assessed Value by Major Taxpayers	III 27
Property Tax Levies and Collections	IV 28

Vistancia Community Facilities District

Peoria, Arizona

November 24, 2015

Honorable Board of Directors:

The accompanying basic financial statements of the Vistancia Community Facilities District (the District) for the year ended June 30, 2015, 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, 2015. 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.

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Vistancia Community Facilities District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Vistancia Community Facilities District (District), a component unit of the City of Peoria, Arizona, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Vistancia Community Facilities District, as of June 30, 2015, and the respective changes in financial position thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements of the Vistancia Community Facilities District are intended to present the financial position and the changes in financial position of only that portion of the governmental activities and each major fund that are attributable to the District, a component unit of the City of Peoria, Arizona. They do not purport to, and do not, present fairly the financial position of the City of Peoria, Arizona, as of June 30, 2015, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The transmittal letter, supplemental information, and continuing disclosure information as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The transmittal letter and the continuing disclosure information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Heinfeld, Meech & Co., P.C.

HEINFELD, MEECH & CO., P.C.
CPAs and Business Consultants

November 24, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2015. 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 statutes. 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, 2015.

Financial Highlights

- The fiscal year 2015 tax levy remained unchanged at \$2.10 per \$100 valuation.
- District tax collections plus developer contributions were used to pay District debt service during fiscal year 2015.
- The fund balance of the District's governmental funds at June 30, 2015, was \$15.5 million, a decrease of almost \$3.0 million. Of the total ending governmental fund balance, \$8.8 million is restricted for debt service, and \$6.7 million is restricted 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 position* 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 position 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 position. The focus on net position is designed to be similar to the emphasis for businesses. Over time, increases or decreases in net position may serve as a useful indicator of 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 position changed over the most recent fiscal year. Since full accrual accounting is used for the government-wide financial statements, all changes to net position 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 and schedules 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, 2015, the liabilities of the District exceed its assets by \$32.8 million (net position). The deficit in net position 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 completed capital assets are generally reported in the City's financial statements, the Statement of Net Position 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, 2015, with comparative information for the previous year.

Net Position

Net position may serve over time as a useful indicator of a government's financial position. The following table reflects the condensed Statement of Net Position of the District for June 30, 2015, compared to the prior year.

	2015	2014	% Change
Current and other assets	\$ 15.4	\$ 18.4	-16.3%
Capital assets	1.5	1.7	-11.8%
Total assets	<u>16.9</u>	<u>20.1</u>	-15.9%
Other liabilities	1.3	1.4	-7.1%
Long-term liabilities outstanding	48.4	51.1	-5.3%
Total liabilities	<u>49.7</u>	<u>52.5</u>	-5.3%
Net position:			
Unrestricted	<u>\$ (32.8)</u>	<u>\$ (32.4)</u>	1.2%

The District's current assets, long-term liabilities and net position of the District decreased due to the reduction (payment) of outstanding debt. Also, current assets decreased as money was spent to construct capital assets. Work-in-progress capital assets of \$1.5 million were retained by the District at June 30, 2015 pending asset completion. Finally, completed capital assets of \$2.1 million were transferred to the City during fiscal year 2015. Since the net position of the District is negative at June 30, 2015, they are classified as unrestricted.

Changes in Net Position

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

	Changes in Net Position	
	As of June 30	
	(In millions of dollars)	
	Governmental Activities	
	2015	2014
REVENUES		
Program revenues:		
Developer contributions	\$ 1.9	\$ 3.1
General revenues		
Property taxes	2.4	2.2
Investment earnings	0.1	0.1
Total revenues	<u>4.4</u>	<u>5.5</u>
EXPENSES:		
Program activities:		
General government	-	-
Interest expense on debt	2.7	2.7
Total expenses	<u>2.7</u>	<u>2.7</u>
Excess (shortage) before transfers	<u>1.7</u>	<u>2.6</u>
Transfers in (out)	(2.1)	(2.8)
Increase (decrease) in net position	<u>\$ (0.4)</u>	<u>\$ (0.2)</u>

Property tax collections increased in line with the increase of assessed valuations while the property tax rate remained the same as in prior years.

Under an agreement between the District and the developer, the developer is required to cover any deficits between tax collections and debt service requirements. In fiscal year 2015, the developer contributed \$1.9 million for payments on district debt, a reduction of \$1.2 million from the previous year. This reduction was mainly due to the District using interest earnings from bond proceeds of \$1.2 million accumulated in the District's General Fund over several years to pay for part of the debt service.

The net position of the District decreased \$0.4 million in fiscal year 2015 compared to the prior year primarily due to the decrease of capital assets that were transferred to the City of Peoria upon completion, and the reduction of developer contributions.

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 \$15.5 million, a decrease of \$2.9 million from the previous year for some of the same reasons stated above. The decrease is mainly due to revenues increasing for taxes, while developer contributions decreased, and completed capital assets were transferred

out to the City of Peoria. Of the total ending fund balance, \$8.8 million is restricted for debt service and \$6.7 million is restricted for capital projects.

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, oversized sewer line, and booster stations. During fiscal year 2015, \$2.1 million of completed capital assets were transferred to the City, and accepted by the City as a donation of capital assets. These donated assets are then maintained by the City. Construction in progress of \$1.5 million was held by the District at the end of fiscal year 2015.

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, 2015, 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.

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	
	2015	2014
General obligation bonds	\$ 48,330,000	\$ 51,095,000

BUDGETARY HIGHLIGHTS

The District's annual budget is the legally adopted expenditure control document of the District. The budgetary comparison statement required for the General Fund is presented with the basic financial statements. The statement compares the original adopted budget, the budget as amended throughout the fiscal year, and the actual expenditures prepared on a budgetary basis. A budgetary schedule for the other governmental fund is also presented as supplemental information.

Amendments to the adopted budget may occur throughout the year in a legally permissible manner (see Note 1 for more information on budget policies). Some of these amendments include transfers from contingency to cover approved carryovers from the previous budget, capital projects with budget overages (or whose timing was accelerated), and other unanticipated costs. There were no amendments to the District's budget during fiscal year 2015.

General Fund inflows (revenues and other sources) of \$11,682 was below budgeted inflows of \$45,000 due to the continued diminished investment returns in the market. Expenditures and other uses were significantly below budgeted amounts due mostly to a lack of construction activity during the year as the developers dedicated more time toward planning future projects.

ECONOMIC FACTORS

The housing market in the Phoenix Metro Area has been expanding rapidly, with significantly increasing home sales and new communities opening. The sales rate per subdivision remains low relative to the pre-Great Recession years, but it is growing rapidly, with 28% of all housing sales in the Metro area during the first calendar quarter occurring in the West Valley.

More than 4,800 homes have been constructed within the District since it opened and an additional 5,500 residential units are planned by nine homebuilders offering homes in 13 different subdivisions/communities.

Notably, home sales this year appear to be near 2008 levels (399) and significantly higher when compared to average sales of 243 homes between 2009 and 2014.

The unemployment rate in the metropolitan Phoenix region for June 2015 was 5.3%, which remains below both the state (6.3%) and constant with the national average (5.3%). The regional economy continues to recover at a slow pace with population growth in the 1.6% range and modest improvements in job creation over the 12-month period at 1.9%, slightly lower than the national rate of 2.1%. Most job gains in the state were in the leisure and hospitality, business and financial services, education, and healthcare sectors. Commercial activity increased over previous years, but consisted mainly of small pads like banks rather than big box retail.

The adopted fiscal year 2016 budget for the District is \$18.8 million. The tax rate for the District for fiscal year 2016 is \$2.10, unchanged from the fiscal year 2015 tax rate. The fiscal year 2016 Limited Assessed Value for the District is \$124,610,452.

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.

BASIC FINANCIAL STATEMENTS

**VISTANCIA COMMUNITY FACILITIES DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2015**

	Primary Government Governmental Activities
ASSETS	
Accounts receivable, net	\$ 22,357
Interest receivable	1,657
Property taxes receivable	23,554
Restricted investments	15,404,843
Non-depreciable capital assets	1,477,532
Total assets	16,929,943
LIABILITIES	
Accounts payable	812
Interest payable	1,317,896
Non-current liabilities:	
Due within one year:	
Current portion of bonds payable	2,920,000
Due in more than one year:	
Noncurrent portion of bonds payable	45,458,473
Total liabilities	49,697,181
NET POSITION	
Unrestricted	(32,767,238)
Total net position	\$ (32,767,238)

The accompanying notes are an integral part of the financial statements

**VISTANCIA COMMUNITY FACILITIES DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Expenses</u>	<u>Capital Contributions</u>	<u>Net (Expenses) Revenues and Changes in Net Position Governmental Activities</u>
<u>Functions/Programs</u>			
Primary government:			
Governmental activities:			
General government	\$ 18,708	\$ -	\$ (18,708)
Community Facilities District	-	1,950,716	1,950,716
Interest on long-term debt	<u>2,631,045</u>	<u>-</u>	<u>(2,631,045)</u>
Totals	<u>2,649,753</u>	<u>1,950,716</u>	<u>(699,037)</u>
General revenues			
Taxes:			
Property taxes, levied for debt service			2,421,070
Investment earnings			36,308
Transfers out			<u>(2,119,117)</u>
Total general revenues and transfers			<u>338,261</u>
Change in net position			<u>(360,776)</u>
Net position - beginning			<u>(32,406,462)</u>
Net position - ending			<u>\$ (32,767,238)</u>

The accompanying notes are an integral part of the financial statements

**VISTANCIA COMMUNITY FACILITIES DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015**

	General Fund	Debt Service Fund	Totals
ASSETS & DEFERRED OUTFLOWS			
Accounts receivable, net	\$ -	\$ 22,357	\$ 22,357
Interest receivable	1,621	36	1,657
Property taxes receivable	-	23,554	23,554
Restricted investments	6,676,219	8,728,624	15,404,843
Total assets	<u>6,677,840</u>	<u>8,774,571</u>	<u>15,452,411</u>
Total assets & deferred outflows	<u>\$ 6,677,840</u>	<u>\$ 8,774,571</u>	<u>\$ 15,452,411</u>
LIABILITIES, DEFERRED INFLOWS & FUND BALANCES			
Liabilities:			
Accounts payable	\$ 536	\$ 276	\$ 812
Total liabilities	<u>536</u>	<u>276</u>	<u>812</u>
Fund balances:			
Restricted for:			
Debt service	-	8,774,295	8,774,295
Capital projects	6,677,304	-	6,677,304
Total fund balance	<u>6,677,304</u>	<u>8,774,295</u>	<u>15,451,599</u>
Total liabilities, deferred inflows & fund balance	<u>\$ 6,677,840</u>	<u>\$ 8,774,571</u>	<u>\$ 15,452,411</u>

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 POSITION
GOVERNMENTAL ACTIVITIES
JUNE 30, 2015**

Fund balances - total governmental funds balance sheet	\$ 15,451,599
--------------------------------------------------------	---------------

Amounts reported for governmental activities in the statement of net position 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	1,477,532
-----------------------------	-----------

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	(48,330,000)
----------------------------	--------------

Bond premiums are recognized at the time of issuance in the governmental funds, but are deferred and recognized over the life of the bonds for government-wide reporting

	(48,473)
--	----------

Interest payable on long-term debt is not reported in the governmental funds.

	(1,317,896)
--	-------------

Net position of governmental activities - statement of net position	<table style="border-top: 1px solid black; border-bottom: 3px double black; width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;"></td> <td style="text-align: right; vertical-align: middle;">\$ (32,767,238)</td> </tr> </table>		\$ (32,767,238)
	\$ (32,767,238)		

**VISTANCIA COMMUNITY FACILITIES DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Totals</u>
REVENUES:			
Taxes	\$ -	\$ 2,433,991	\$ 2,433,991
Investment earnings	11,682	24,626	36,308
Developer contributions	-	1,950,716	1,950,716
Total revenues	<u>11,682</u>	<u>4,409,333</u>	<u>4,421,015</u>
EXPENDITURES:			
Current:			
General government	-	18,708	18,708
Debt service:			
Principal payments	-	2,765,000	2,765,000
Interest and other charges	-	2,711,311	2,711,311
Total expenditures	<u>-</u>	<u>5,495,019</u>	<u>5,495,019</u>
Excess (deficiency) of revenues over expenditures	<u>11,682</u>	<u>(1,085,686)</u>	<u>(1,074,004)</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	-	1,163,024	1,163,024
Transfers out	<u>(3,025,075)</u>	-	<u>(3,025,075)</u>
Total other financing sources and uses	<u>(3,025,075)</u>	<u>1,163,024</u>	<u>(1,862,051)</u>
Net change in fund balances	<u>(3,013,393)</u>	<u>77,338</u>	<u>(2,936,055)</u>
Fund balances - beginning	9,690,697	8,696,957	18,387,654
Fund balances - ending	<u>\$ 6,677,304</u>	<u>\$ 8,774,295</u>	<u>\$ 15,451,599</u>

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, 2015**

Net change in fund balances - total governmental funds	\$ (2,936,055)
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.	(12,921)
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.	75,520
Repayment of bond principal is an expenditure in the governmental funds, but reduces long-term liabilities in the statement of net position. No effect on net position.	2,765,000
Loss on refunding and bond premiums are expensed in the year of issuance for budgetary purposes but are amortized to interest expense over the life of the bonds for GAAP purposes.	4,746
The donation of governmental capital assets to the City's Proprietary Funds is not shown in the governmental fund statements but is a transfer out in the statement of activities	(257,066)
Change in net position of governmental activities- statement of activities	\$ (360,776)

The accompanying notes are an integral part of the financial statements

**VISTANCIA COMMUNITY FACILITIES DISTRICT
BUDGETARY COMPARISON STATEMENT
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES:				
Investment earnings	\$ 45,000	\$ 45,000	\$ 11,682	\$ (33,318)
Total revenues	<u>45,000</u>	<u>45,000</u>	<u>11,682</u>	<u>(33,318)</u>
EXPENDITURES:				
Capital outlay	9,648,962	9,648,962	1,862,051	(7,786,911)
Total expenditures	<u>9,648,962</u>	<u>9,648,962</u>	<u>1,862,051</u>	<u>(7,786,911)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(9,603,962)</u>	<u>(9,603,962)</u>	<u>(1,850,369)</u>	<u>7,753,593</u>
OTHER FINANCING SOURCES (USES):				
Contingencies	50,000	50,000	-	(50,000)
Transfers out	-	-	(1,163,024)	(1,163,024)
Total other financing sources and uses	<u>50,000</u>	<u>50,000</u>	<u>(1,163,024)</u>	<u>(1,213,024)</u>
Net change in fund balances	<u>(9,553,962)</u>	<u>(9,553,962)</u>	<u>(3,013,393)</u>	<u>6,540,569</u>
Fund balances - beginning	9,690,168	9,690,168	9,690,697	529
Fund balances - ending	<u>\$ 136,206</u>	<u>\$ 136,206</u>	<u>\$ 6,677,304</u>	<u>\$ 6,541,098</u>

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

Expenditures:

Actual amounts (budgetary basis) "Total expenditures" from the budgetary comparison schedule	\$ 1,862,051
Differences - budget to GAAP:	
Capital outlay recognized as expenditures for budgetary purposes, but assets transferred to City proprietary funds for financial reporting purposes	(1,862,051)
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances.	<u>\$ -</u>

Other financing uses:

Actual amounts (budgetary basis) "Other financing sources (uses)" from the budgetary comparison schedule	\$ (1,163,024)
Differences - budget to GAAP:	
Capital outlay recognized as expenditures for budgetary purposes, but are recorded as transfers out for financial reporting	(1,862,051)
Total transfers out as reported in the statement of revenues, expenditures, and changes in fund balances.	<u>\$ (3,025,075)</u>

VISTANCIA COMMUNITY FACILITIES DISTRICT
Peoria, Arizona

NOTES TO THE FINANCIAL STATEMENTS

	<u>Page</u>
Summary of Significant Accounting Policies	16
Cash and Investments	19
Property Taxes	20
Transfers	20
Deficits in Fund Equity/Excess of Expenditures over Appropriations	21
Fund Balance/Net Position Restrictions, Commitments and Assignments	21
Capital Assets	21
Long-Term Debt	21
Subsequent Events	22

VISTANCIA COMMUNITY FACILITIES DISTRICT
PEORIA, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the Vistancia Community Facilities District, a component unit of the City of Peoria, Arizona (City), have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") applicable to governmental units adopted by the Governmental Accounting Standards Board (GASB). A summary of the City's more significant policies follows.

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. Basis of Presentation – Government-wide Fund Financial Statements

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report financial information on all of the activities of the District. All of the activities of the District are governmental activities.

Governmental activities for the District are normally supported by taxes and developer contributions.

The statement of activities demonstrates the degree to which the direct expenses for a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues may include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operation or capital requirements of a particular function. Taxes and other items not included among program revenues are reported instead as general revenues.

The District does not currently employ an indirect cost allocation system. The City's General Fund and certain other funds charge administrative service fees to other operating funds to support general services used by the other operating funds (like purchasing, accounting and administration). These administrative fees are eliminated from the City's financial statements at both the government-wide and fund level like a reimbursement, by reducing revenues and expenditures/expenses in the allocating fund. Currently, the City does not charge any of these fees to the District.

Governmental Funds

Separate financial statements are provided for governmental funds (general fund and debt service funds). Major individual funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

General Fund 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.

Debt Service Fund 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.

VISTANCIA COMMUNITY FACILITIES DISTRICT
PEORIA, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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 taxes are recognized as revenues in the year for which they are levied.

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 earned and available to pay liabilities of the current period (generally these revenues are earned by June 30 and are 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 generally are recorded when a liability is incurred, as under accrual accounting, except expenditures related to debt service, claims and judgments, which are recorded only when payment is due.

All other revenue items are considered to be measurable and available only when the District receives cash.

Because different measurement focuses and bases of accounting are used in the government-wide statement of net position and in governmental fund balance sheets, amounts reported as restricted fund balances in governmental funds may be different from amounts reported as restricted net position in the statement of net position. 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.

Generally, the effect of the interfund activity has been removed from these statements.

D. Budgets and Budgetary Accounting

The District prepares its annual budget on a basis consistent with generally accepted accounting principles. 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 2015.
- 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.

VISTANCIA COMMUNITY FACILITIES DISTRICT
PEORIA, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

- 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.

E. Deposits and Investments

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.

The City's Investment Policy applies to the District funds held by the City. The City's Investment Policy authorizes the District to invest in obligations of the United States Government and its agencies, the State of Arizona's Local Government Investment Pool, SEC registered money market funds, certificates of deposit and repurchase agreements in eligible depositories; AA rated Corporate bonds, A-1/P-1 rated commercial paper or AA rated bonds of the State of Arizona counties, cities, towns, school districts or special districts. As required by statute, collateral is required for demand deposits, certificates of deposit and repurchase agreements at 102% of all deposits not covered by Federal depository insurance.

Investments, if any, are stated at fair value. Interest income from investments is recorded as earned under the accrual basis of accounting.

All cash and cash equivalents held at June 30, 2015, by the trustee, plus accrued interest are restricted as to usage.

The District's deposits at June 30, 2015, were collateralized with securities held by the pledging financial institution's trust department in the District's name.

F. 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.

G. 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.

H. Long-term 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.

VISTANCIA COMMUNITY FACILITIES DISTRICT
PEORIA, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

In the fund financial statements, governmental fund types recognize bond premiums and discounts 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.

I. 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. For general liability, the District is insured up to an aggregate of \$3,000,000 and \$1,000,000 per occurrence. The District is also insured up to \$3,000,000 aggregate for professional liability and \$2,000,000 aggregate for excess liability.

Governmental Accounting Standards Board Statement #10 requires that claims liabilities be reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. As of June 30, 2015, the District had no outstanding claims. Additionally, through a development agreement between the District and the developer, the developer is responsible for up to \$250,000 of any insurance deductibles that might be paid by the City on behalf of the District until such time that the developer's contractual commitments under the development agreement are met.

J. 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. CASH AND INVESTMENTS

The District participates in the pooled cash and investments of the City for daily transactions. The City then periodically requests reimbursement from the District's restricted funds held by the trustee. At June 30, 2015, the District had a deficit balance of \$1,931,539 in the City's pooled cash and investments.

Below are the relevant policies with regard to interest rate risk, credit risk, concentration of credit risk and custodial credit risk.

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, 2015, 100% of the District's investments have a maturity of less than one year. The City's investment policy also sets a maximum weighted average maturity (WAM) not to exceed three years. The WAM at June 30, 2015 for the Trust's and the City's investments was in compliance with the City's policy.

Credit risk: 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. 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

VISTANCIA COMMUNITY FACILITIES DISTRICT
PEORIA, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

approved by the City. City policy requires that securities underlying repurchase agreements must have a collateralization level of at least 102% of the market value of principal and accrued interest.

Investment Type	Moody's Rating
Federal Home Loan Bank - Agency Note	Aaa

The City's investment in the State of Arizona local government investment pool is limited to a pool that invests only in government securities. At June 30, 2015, the State Treasurer's pool had a credit rating of AAAF/S1 by Standard and Poor's (S&P).

Concentration of credit risk: The City's investment policy sets diversification limits on both security types and length of maturity. As of June 30, 2015, the District's investments include 21.7% invested in U.S. Agency Coupon securities and 78.3% 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, 2015, the District's investments included the following:

	Investment Maturities in Years			Fair Value
	Less than 1	1-2	2-3	
Restricted Investments				
Agency coupon securities	\$ 3,764,115	\$ -	\$ -	\$ 3,764,115
Mutual fund-money market	13,572,267	-	-	13,572,267
Total restricted investments	\$ 17,336,382	\$ -	\$ -	\$ 17,336,382

3. PROPERTY TAXES

The District Board adopts the annual tax levy each year on or before the third Monday in August based on 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.

4. TRANSFERS

Net transfers in between the District and the City, if any, 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 there may be transfers between the District's General Fund and the Debt Service Fund. At June 30, 2015 the General Fund transferred \$1,163,024 to the Debt Service fund for debt service payments. The remaining amounts of General Fund transfers were related to capital asset transfers to the City's Proprietary funds.

VISTANCIA COMMUNITY FACILITIES DISTRICT
PEORIA, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

5. 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 Position reflects a large liability (bonds payable) without an offsetting asset and, therefore, negative net position at June 30, 2015.

For the year ended June 30, 2015, expenditures, including capital outlay and transfers, did not exceed budget for either of the funds of the District.

6. FUND BALANCE/NET POSITION RESTRICTIONS, COMMITMENTS AND ASSIGNMENTS

Only restrictions imposed by external sources are shown as Restricted Net Assets on the government-wide financial statements. Additionally, restrictions for inventories, prepaid items, and long-term interfund loans, if any, are shown as nonspendable fund balance on the governmental fund financial statements. Restrictions imposed by external sources or State of Arizona enabling legislation, if any, are shown as restricted fund balance on the governmental fund financial statements. Commitments or assignments of fund balances imposed by the reporting district, whether by administrative policy or legislative action, if any, are shown on the governmental fund financial statements. 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. The order in which the District would apply resources when multiple categories of unrestricted fund balance are available is as follows: committed, assigned and unassigned. There were no committed, assigned, or unassigned fund balances of the governmental funds at June 30, 2015.

7. 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, 2015.

	<u>Balances June 30, 2014</u>	<u>Additions/ Transfers in</u>	<u>Disposals/ Transfers out</u>	<u>Balances June 30, 2015</u>
Non-depreciable assets:				
Work in Progress	\$ 1,734,598	\$ 1,862,052	\$ (2,119,118)	\$ 1,477,532
Total Capital Assets	<u>\$ 1,734,598</u>	<u>\$ 1,862,052</u>	<u>\$ (2,119,118)</u>	<u>\$ 1,477,532</u>

8. 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.

VISTANCIA COMMUNITY FACILITIES DISTRICT
PEORIA, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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, 2015, for the government-wide financial statements.

Description	Maturity Dates	Net Interest Rate	Original Principal Balance	Principal Balance Outstanding
Series 2002	7/15/05-22	6.69	21,250,000	\$ 12,250,000
Series 2005	7/15/07-24	5.47	23,550,000	17,050,000
Series 2006	7/15/09-26	4.26	22,760,000	19,030,000
				\$ 48,330,000

The following is a summary of the long-term debt activity of the District for the fiscal year ended June 30, 2015.

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
General obligation bonds	\$ 51,095,000	-	\$ 2,765,000	\$ 48,330,000	\$ 2,920,000

The following table discloses the debt service requirements as of June 30, 2015, segregating principal and interest, for the next five years and in five-year increments thereafter.

Fiscal Year	Principal	Interest	Total
2016	\$ 2,920,000	\$ 2,555,713	\$ 5,475,713
2017	3,080,000	2,388,074	5,468,074
2018	3,255,000	2,207,674	5,462,674
2019	3,440,000	2,015,359	5,455,359
2020	3,635,000	1,810,671	5,445,671
2021-2025	21,610,000	5,539,399	27,149,399
2026-2027	10,390,000	477,977	10,867,977
Totals	\$ 48,330,000	\$ 16,994,867	\$ 65,324,867

9. SUBSEQUENT EVENTS

Vistancia Community Facilities District – Debt Refunding and New Debt Issuance

In September 2015, the District issued the Series 2015 General Obligation Refunding Bonds in the amount of \$36,985,000, maturing in 2026 with a net interest cost of 3.47%. The Refunding Bonds were issued to refund all outstanding amounts of the Series 2002 Bonds, the Series 2005 Bonds and the Series 2006 Bonds, which were issued to finance the costs to acquire and construct certain public infrastructure within the boundaries of the District (see Note 1 and Note 7 for additional information). The proceeds and premiums from the sale of the Bonds, net of issuance costs, along with certain amounts contributed by the District have been placed in an escrow trust account to be used exclusively for the servicing of debt until the refunded bonds are paid off (7/15/16). The district is expected to have net present value savings of \$4,447,471.

SUPPLEMENTAL INFORMATION

**VISTANCIA COMMUNITY FACILITIES DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
			<u>(budgetary basis)</u>	<u>Over</u>
				<u>(Under)</u>
REVENUES:				
Taxes	\$ 2,444,700	\$ 2,444,700	\$ 2,433,991	\$ (10,709)
Investment earnings	25,000	25,000	24,626	(374)
Developer contributions	3,026,812	3,026,812	1,950,716	(1,076,096)
Total revenues	<u>5,496,512</u>	<u>5,496,512</u>	<u>4,409,333</u>	<u>(1,087,179)</u>
Current:				
General government	18,200	18,200	18,708	508
Debt service:				
Principal payments	2,765,000	2,765,000	2,765,000	-
Interest and other charges	2,713,312	2,713,312	2,711,311	(2,001)
Total expenditures	<u>5,496,512</u>	<u>5,496,512</u>	<u>5,495,019</u>	<u>(1,493)</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	(1,085,686)	(1,085,686)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	1,163,024	1,163,024
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>1,163,024</u>	<u>1,163,024</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>77,338</u>	<u>77,338</u>
Fund balances - beginning	8,680,231	8,680,231	8,696,957	16,726
Fund balances - ending	<u>\$ 8,680,231</u>	<u>\$ 8,680,231</u>	<u>\$ 8,774,295</u>	<u>\$ 94,064</u>

CONTINUING DISCLOSURE INFORMATION

VISTANCIA COMMUNITY FACILITIES DISTRICT
Peoria, Arizona

CONTINUING DISCLOSURE INFORMATION

SEC Rule 15c2-12, as amended, requires the City to provide Continuing Disclosure Annual Reports that include audited financial statements and other financial information for the benefit of owners and holders of bond obligations issued by the City. The Continuing Disclosure Annual Report shall contain or incorporate by reference certain information as set forth in the Continuing Disclosure Agreements and Undertakings executed by the City with the issuance of its municipal bond obligations.

Information in this section is provided solely pursuant to the requirements of SEC Rule 15c2-12 and Continuing Disclosure Agreements and Undertakings and include financial information that is not required for fair presentation in conformity with accounting principles generally accepted in the United States of America and is therefore unaudited and not covered by the auditor's opinion.

Annual continuing disclosure information is filed with the Municipal Securities Rulemaking Board (MSRB) for public access via their Electronic Municipal Market Access (EMMA) system at www.emma.msrb.org.

<u>Tables</u>	<u>Page</u>
Table 1 – Property Valuations	25
Table 2 - Secondary Assessed Value by Property Class	26
Table 3 – Secondary Assessed Value by Major Taxpayers	27
Table 4 – Property Tax Levies and Collections	28

**VISTANCIA COMMUNITY FACILITIES DISTRICT
PROPERTY VALUATIONS
LAST TEN FISCAL YEARS**

Table 1

Fiscal Year Ended June 30,	Full Cash Value	Secondary Assessed Value
2015	\$ 1,136,932,307	\$ 116,395,550
2014	995,725,463	102,696,067
2013	1,005,368,597	104,536,480
2012	994,568,536	102,606,002
2011	1,028,867,678	110,252,442
2010	1,220,773,658	134,171,551
2009	1,288,420,041	144,250,779
2008	805,644,326	91,288,926
2007	382,465,759	45,020,092
2006	75,221,280	17,437,970

Source: Maricopa County Assessor, August State Abstract Report

**VISTANCIA COMMUNITY FACILITIES DISTRICT
SECONDARY ASSESSED VALUE BY PROPERTY CLASS
AS OF JUNE 30, 2015**

Table 2

<u>Description</u>	<u>2014-15 Secondary Assessed Value</u>	<u>Percent of Total</u>
Commercial, Industrial, Mining & Utilities	\$ 6,613,699	5.68%
Agriculture & Vacant Land	9,437,159	8.11%
Residential - Owner Occupied	70,517,124	60.58%
Residential - Leased or Rented	29,827,568	25.63%
Net Secondary Assessed Value	<u>\$ 116,395,550</u>	<u>100.00%</u>
Full Cash Value	\$ 1,136,932,307	
Net Secondary Assessed Value as a Percentage of Full Cash Value	10.24%	

Source: Maricopa County Assessor

**VISTANCIA COMMUNITY FACILITIES DISTRICT
SECONDARY ASSESSED VALUE BY MAJOR TAXPAYERS
AS OF JUNE 30, 2015**

Table 3

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2014-2015 Net Full Cash Assessed Valuation</u>	<u>As % of District's 2014-2015 Net Secondary Assessed Valuation</u>
VISTANCIA SOUTH LLC	Real Estate Development	\$ 1,685,271	1.45%
VISTANCIA ASSOCIATES LLC	Real Estate Development	1,201,940	1.03%
ACCIPTER COMMUNICATIONS INC	Data Communications	1,191,804	1.02%
BLACKSTONE COUNTRY CLUB	Sports and Recreation Clubs	1,144,792	0.98%
PWREO VISTANCIA LLC	Investment	1,136,917	0.98%
MATTAMY ARIZONA LLC	Real Estate Development	892,272	0.77%
LAKE PLEASANT PARTNERS LLC	Real Estate Development	835,085	0.72%
SHEA HOMES SOUTHWEST INC	Real Estate Development	684,962	0.59%
VISTANCIA 150 COMMERCIAL LLC	Real Estate Development	671,799	0.58%
MSR PUBLIC POWER AGENCY (T&D)	Electric Utility	488,758	0.42%
		<u>\$ 9,933,600</u>	<u>8.53%</u>

Source: Maricopa County Assessor

**VISTANCIA COMMUNITY FACILITIES DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

Table 4

Fiscal Year Ended June 30,	District Tax Rate	Taxes Levied for the Fiscal Year ⁽¹⁾	Fiscal Year of the Levy ⁽²⁾		Collections in Subsequent Years ⁽²⁾	Total Collections To Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2015	\$ 2.1000	\$ 2,444,330	\$ 2,404,584	98.37%	\$ -	\$ 2,404,584	98.37%
2014	2.1000	2,156,639	2,119,016	98.26%	12,867	2,131,883	98.85%
2013	2.1000	2,195,288	2,150,306	97.95%	32,690	2,182,996	99.44%
2012	2.1000	2,154,748	2,123,609	98.55%	23,654	2,147,263	99.65%
2011	2.1000	2,315,321	2,254,750	97.38%	49,638	2,304,388	99.53%
2010	2.1000	2,817,621	2,732,384	96.97%	58,247	2,790,631	99.04%
2009	2.1000	3,029,282	2,876,499	94.96%	52,898	2,929,397	96.70%
2008	2.1000	1,917,077	1,804,329	94.12%	96,511	1,900,840	99.15%
2007	2.1000	945,429	900,603	95.26%	26,204	926,807	98.03%
2006	2.1000	230,880	216,493	93.77%	-	216,493	93.77%

Notes: ⁽¹⁾ Levy figures obtained from Maricopa County Tax Levy Books-February Publication.

⁽²⁾ Collection amount obtained from Maricopa County Treasurer's Secured Levy Report at 6/30/2015.

Source: Maricopa County Treasurer's Office
Maricopa County Assessor's Office
City financial records and reports