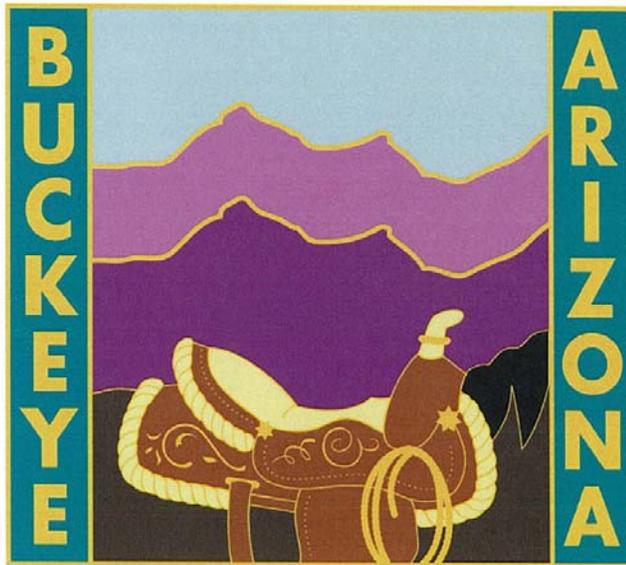




Comprehensive Annual Financial Report
June 30, 2010



TOWN OF BUCKEYE, ARIZONA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE
FISCAL YEAR ENDED JUNE 30, 2010

Prepared by the
Finance Department

**TOWN OF BUCKEYE, ARIZONA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT**

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INTRODUCTORY SECTION



TOWN OF BUCKEYE

Finance Department

530 E Monroe Ave
Buckeye, Arizona 85326
Voice (623) 349-6000
FAX (623) 349-6160

January 31, 2011

Honorable Mayor and Town Council
Town of Buckeye, AZ

The Finance Department respectfully submits the Comprehensive Annual Financial Report (CAFR) of the Town of Buckeye, Arizona (Town) for the fiscal year ended June 30, 2010. The State of Arizona requires in ARS Section 9-481 that each incorporated town be audited at least once for every two fiscal years; the Town elects to be audited annually. The State of Arizona also requires additional supplemental information in the form of a report entitled "Expenditure Limitation Report" to be completed annually. This report is under separate cover. Federal law requires that a single audit be performed for federal grant funds in conformance with the provisions of the Single Audit Act of 1984 and OMB Circular A-133 "Audits of States, Local Governments, and Non-Profit Organizations". All information related to the single audit, including the schedule of expenditures of federal awards, findings and recommendations, and the independent auditor's reports on the internal control structure and compliance with applicable laws and regulations are under separate cover.

This report was prepared by the Finance Department with the assistance of various other Town departments. Town management assumes full responsibility for the accuracy of the data presented and the completeness and fairness of presentation, including all disclosures, based on a comprehensive framework of internal control that has been established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. Eide Bailly, LLP, a firm of licensed certified public accountants, have issued an unqualified opinion on the Town's CAFR for the year ended June 30, 2010. As indicated by the opinion of our independent auditors, the report fairly presents the financial position and the results of operations of the Town as measured by the financial activity of its various funds. The report has been set forth in a manner that will give the reader a broad understanding of the Town's financial affairs. It includes disclosures necessary for the reader to gain an understanding of the Town's financial activities. The independent auditors' report is located at the front of the financial statements in the Financial Section of the report.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditors report and provides a narrative introduction overview and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

A CAFR consists of three main sections: the Introductory section, the Financial section, and the Statistical section.

The **Introductory Section** includes this transmittal letter and an organization chart that lists the major divisions, components, and mechanisms of the Town. This section is intended to familiarize the reader with the Town of Buckeye's organizational structure, nature and scope of provided services, and specifics of its operating environment. The information in this section is intended to provide adequate background and sufficient context to assist the reader with the Financial Section of this CAFR.

The **Financial Section** contains all financial statements and supplemental information required to be disclosed by Generally Accepted Accounting Principles (GAAP) used in the United States and Arizona State Law, as well as information on all individual funds. Also in this section is other useful supplementary information that is not required by GAAP or Arizona State Law to represent a financial overview of the Town of Buckeye. This section includes six parts:

- (1) Independent Auditor's Report,
- (2) Management's Discussion and Analysis (MD&A),
- (3) Basic Financial Statements (BFS),
- (4) Notes to the Basic Financial Statements,
- (5) Required Supplementary Information, and
- (6) Combining, Individual Fund Financial Statements and Schedules.

The **Statistical Section** is unaudited. It includes various tables and charts that reflect financial, economic, social, and demographic information about the Town of Buckeye that are interesting and relevant to assessing the Town's financial condition. This section is intended to assist the reader in understanding the environment in which the Town operates.

PROFILE OF THE TOWN OF BUCKEYE

The Town of Buckeye was founded in 1888 and is the western-most incorporated town in the Valley of the Sun, which is the economic, political and population center in Arizona and includes the City of Phoenix and surrounding communities. What was once solely an agricultural community has grown from a population of 4,436 in 1990 to slightly over 50,000 in 2010 based on interim census projections. Robust population growth in the greater Phoenix area during the last twenty years had the inevitable effect of focusing housing attention in the southwest valley as other areas approached build-out. Not only has the population of Buckeye grown, today the Town encompasses more than 470 square miles within a municipal planning area of almost 600 square miles. Town planners project total build-out could take at least 30 years for the nearly 600-mile planning area that stretches from almost Wickenburg on the north to Gila Bend on the south, and from the Hassayampa River on the west to Perryville Road on the east.

With a short drive of about 35 miles or less, Buckeye residents can take advantage of the cultural, economic and entertainment venues found in major urban areas, yet they can return to the ease and ambience of an essentially rural community where neighbors know each other.

The Town operates under a council-manager form of government. The seven-member Town Council consists of six members elected by district to serve staggered four-year terms. The Mayor is elected at-large for a four-year term and serves as a voting member of the Council. All Town elections are non-partisan. The Town Council is responsible for passing ordinances, adopting the budget, appointing members of commissions and hiring the Town Manager. The Town Manager carries out the policies and ordinances of the Town Council, oversees the day-to-day operations of the Town and appoints the various department heads.

The Town provides traditional municipal services such as public safety (police, fire, and magistrate court), street construction and maintenance, parks, recreation and culture, planning and zoning, and general administrative and support services. Water and sewer utility services are provided to many of the residents through the Town's enterprise funds. Sanitation, refuse collection and recycling services are provided through a separate enterprise fund. The Town provides, or will provide, street lighting and maintenance for developing areas through legally formed street lighting and maintenance improvement districts. The Town provides and accounts for a legally separate volunteer firefighters' pension fund as mandated by Arizona Revised Statute, Title 9, as well as a number of community facilities districts and improvement districts designed to provide funding for the construction and acquisition of public infrastructure improvements; a discussion of these component units is available in the footnotes to the Financial Statements.

The CAFR of the Town includes all government activities, organizations and functions for which the Town is financially accountable. The criteria used to determine financial accountability are based on, and are consistent with, the pronouncements of the Governmental Accounting Standards Board which sets criteria for defining the financial reporting entity. The phrase “financially accountable” is defined to include, but is not limited to, selection of governing authority, designation of management, ability to significantly influence operations, financial interdependence, and accountability for fiscal matters.

All of the various school districts and certain special districts within the Town of Buckeye are governed independently. The financial statements of these districts are not included in this report except to reflect amounts held in an agency / trust capacity by the Town Treasurer.

FINANCIAL INFORMATION

It may perhaps be helpful if the reader of the financial statements has a slightly broader perspective of the environment within which the Town of Buckeye operates.

Local Economy The Town has an agricultural background and history, which it retains to this day. However, substantial efforts have been put into developing thoughtful and comprehensive master plans that include retail, commercial, entertainment, health care, education and employment centers. However, housing construction has been the primary source of the Town’s revenues over the past several years. The slowdown in housing and the economy generally has been readily apparent in this year’s revenue collections. The challenge faced by Buckeye is that the retail and office development desired by residents, and which would provide the Town with a reliable, long-term source of revenue, was only beginning to emerge at the same time that the economy started its downward trends. For the most part, that retail and office development continues to be stagnate during this fiscal year as well.

Buckeye is intersected by four major highways, including Interstate 10, a major east/ west trucking corridor. Buckeye also is home to a general aviation airport, and is served by the Union Pacific Railroad. Virtually every major mode of transportation makes Buckeye accessible from multiple points. Large tracts of undeveloped land lie within Buckeye that are suitable for solar power generation facilities. In addition to this, the Town of Buckeye sits on the state’s largest untapped groundwater aquifer, the Hassayampa River Basin, and the majestic view of the White Tank Mountains from every vantage point creates a unique and unparalleled landscape.

Long-Term Financial Planning Buckeye is excited to face the challenges of the coming years where we will be accommodating growth, while ensuring that the Town develops as a place where people can live, work and play. Increases in population and the property tax base, as well as commercial and retail activity and the Town’s economic development efforts are all expected to provide additional revenue to offset the costs related to both modest continuing growth, in addition to expanding services and facilities.

Because of today’s economic uncertainties, the Town established a contingency reserve in the general fund budget for the fiscal year, and carried that policy forward into the budget for the following fiscal year. Various other funds also have budgeted contingency amounts not specifically designated or allocated for a specific activity or use to provide some flexibility in the face of an economic slowdown that appears to be deeper and longer term than originally projected by economists.

The Town has devoted resources during FY2008/09 toward the development of a formalized capital improvements program. That effort was expected to be completed during FY2009/10, but discussions continue. The ultimate goal is to present a capital improvements package and secondary property tax levy for voter consideration in the next few years. This effort is critical to assure that the Town will be in a position to provide the basic infrastructure that will be required to support and sustain future growth and development.

Relevant Financial Policies The Town of Buckeye maintains accounts in accordance with the principles of fund accounting to ensure that limitations and restrictions on the Town’s available resources are observed and adhered to. Fund accounting classifies resources into funds with respect to the intended activities or objectives specified by those resources for accounting controls and financial reporting purposes. Each fund is an independent fiscal and accounting entity, and its operations are accounted for in a separate set of self-balancing accounts that are comprised of assets, liabilities, fund equity, revenues, and expenditures or expenses.

The Town incorporates performance expectations and initiatives into their annual budgeting process, which are intended to move the Town toward achieving its goals. Department directors are held responsible for the fiscal performance of their units as well as the programmatic performance of their units. The Town has adopted the practice of not “cleaning-up” program over-expenditures, but rather reporting them in the CAFR as budget overspent. This practice provides necessary information for future budget cycles and brings attention to the reasons for the budget overage. The Town does “clean-up” funds in the event they are overspent. In most cases, there is sufficient fund balance to take that action.

Town management monitors the Town’s budget at the fund level for Special Revenue, Debt Service, and Internal Service Funds. The General Fund and Capital Project Funds are monitored at the department and project level respectively. The budget is modified throughout the year as certain additional resources become available or anticipated resources dissipate, if permitted under Arizona statutes. This practice ensures that all available resources are accounted for with appropriate budgetary controls, and only available resources are disbursed or encumbered.

Historically, the Town has been very conservative in its approach to financial matters, minimizing borrowing to control interest costs and controlling the use of both recurring and non-recurring operating revenues.

ACKNOWLEDGEMENTS

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Finance Department. We wish to express our sincere appreciation to all members of every Town Department who contributed to its preparation and recognize the major effort of the Financial Services Division in administering the Town’s accounting system and in preparing this report.

We also wish to thank each of you for your interest and support in planning and conducting the financial operations of the Town in a responsible and progressive manner.

Respectfully submitted,

Finance Department
/iw

TOWN OF BUCKEYE, ARIZONA
LIST OF PRINCIPAL OFFICIALS
YEAR ENDED JUNE 30, 2010

Jackie Meck
Mayor

Brian McAchran
Vice Mayor

Elaine May
Councilmember

Ray Strauss
Councilmember

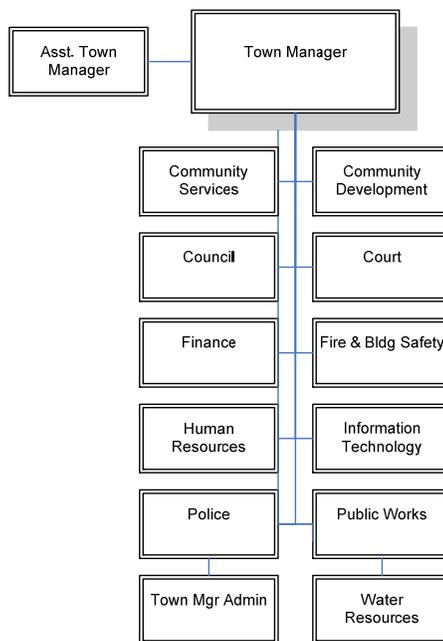
Craig Heustis
Councilmember

Eric Orsborn
Councilmember

Robert Garza
Councilmember

TOWN OF BUCKEYE, ARIZONA
ORGANIZATIONAL CHART
YEAR ENDED JUNE 30, 2010

Town of Buckeye
Organizational Chart
8/31/2010



FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and the Town Council of the
Town of Buckeye, Arizona
Buckeye, Arizona

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate fund information, and the budgetary comparison of the general fund and major special revenue funds of the **Town of Buckeye, Arizona** (the Town) as of and for the year ended June 30, 2010, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the **Town of Buckeye, Arizona** management. Our responsibility is to express opinions on these basic financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information and the respective budgetary comparison for the general fund and the special revenues funds of the **Town of Buckeye, Arizona**, at June 30, 2010, and the respective changes in financial position and cash flows, where applicable, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 13 to the financial statements, the Town applied an adjustment to beginning fund balances and net assets to correct unrecorded capital assets and correct the understatement of long term debt in the prior year.

The Management's Discussion and Analysis on pages 2 – 11 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the **Town of Buckeye, Arizona's** basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and the statistical tables are presented for the purpose of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and the statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

A handwritten signature in black ink that reads "Eide Bailly LLP".

Phoenix, Arizona
January 31, 2011

www.eidebailly.com

**TOWN OF BUCKEYE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2010**

As management of the Town of Buckeye, Arizona, we are pleased to provide an overview of our financial activities for the fiscal year ended June 30, 2010. The intended purpose of Management's Discussion and Analysis (MD&A) is to provide an introduction to the basic financial statements and notes that provides an objective and easy-to-read analysis of our financial activities based on currently known facts, decisions, and conditions. An easily readable summary of operating results and reasons for changes will help the reader to determine if our financial position improved or deteriorated over the past year. This report addresses current operational activities; the sources, uses and changes in resources; adherence to budget; service levels; limitations; significant economic factors; and the status of infrastructure and its impacts on our debt and operations. When referring to prior year data in this analysis, we will be drawing on information from last year's audited financial reports.

Financial Highlights

- The total assets of the Town of Buckeye, Arizona exceeded its total liabilities at the close of the fiscal year ended June 30, 2010 by \$611,350,098 (net assets). Of this amount, \$116,071,423 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, the Town of Buckeye, Arizona's governmental funds reported combined ending fund balances of \$67,696,038, a decrease of \$6,769,814 in comparison to the prior fiscal year. This decrease was mainly due to:
 - The General Fund decreased by a total of \$2,250,958.
 - The governmental Impact Fee Funds decreased by \$862,155;
 - The various CFD Funds had a net increase of \$3,150,173;
 - The various Debt Service Funds had a net decrease of \$3,860,511;
 - The Highway User Revenue Fund decreased by \$358,132; and
 - Nonmajor Governmental Funds had a net decrease of \$2,588,231.

As of June 30, 2010, the total fund balance in General fund was \$6,316,788, consisting of an unreserved balance of \$6,276,480 and \$40,308 for SLID (Street Lighting Improvement Districts) operating funds. The fund balance in the Impact Fees totaled \$20,364,756.

- For FY 2009-10, total General Fund revenues of \$29,352,504, Impact Fee collections of \$1,581,856, on a budgetary basis, were less than the originally budgeted revenues of \$40,053,436, inclusive of projected Impact Fee collections of \$1,366,000, a reduction of 22.8%. Total General Fund expenditures of \$30,233,592, and Impact Fee expenditures of \$2,444,011 on a budgetary basis, were less than the originally budgeted expenditures of \$47,029,110, inclusive of impact fee expenditures, a reduction of 30.6%.
- The Town includes Community Facility Districts (CFDs), which are separate legal entities, in this report because they are deemed to be "component units" of local government by reason of the commonality of management (the Town's elected officials serve as the Board of Directors for each CFD), making the Town financially accountable for their operations. The Town, however, has no financial liability for the debts of the CFDs. A description of these component units is available in Note 1 on page 26. Separate financial statements are not prepared for the CFDs.

Overview of the Financial Statements

The financial section of the Comprehensive Annual Financial Report (CAFR) for the Town of Buckeye, Arizona consists of this discussion and analysis, the basic financial statements and the required supplementary schedules presented after the basic financial statements. The basic financial statements include the government-wide financial statements, fund financial statements, including the budgetary statements for the General Fund, and notes to the basic financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the Town of Buckeye, Arizona's finances, in a manner similar to private-sector businesses.

The statement of net assets presents information on all of the Town of Buckeye, Arizona's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as useful indicators of whether the financial position of the Town is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as 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 (e.g. uncollected taxes and earned, but unused, vacation leave).

The government-wide financial statements distinguish functions of the Town of Buckeye, Arizona that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town of Buckeye, Arizona include general government, public safety, highways and streets, culture and recreation, community development, economic development, and health and welfare. The business-type activities include the Town's water, sewer, and airport operations.

The government-wide financial statements can be found on pages 12 to 17 of this report.

Fund Financial Statements. Also presented are the traditional fund financial statements for governmental funds. The fund financial statements focus on major funds of the Town. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Buckeye, Arizona, like other state and local governments, used fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town of Buckeye, Arizona can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of expendable resources, as well as balances of expendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. Since the governmental fund financial statements focus on near-term expendable resources, while the governmental activities on the government-wide financial statements have a longer term focus, a reconciliation of the differences between the two is provided with the fund financial statements.

The basic governmental fund financial statements can be found beginning on page 14 of this report.

Proprietary Funds. The Town of Buckeye, Arizona maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as "business-type activities" in the government-wide financial statements. The Town of Buckeye, Arizona uses enterprise funds to account for its water, sewer, solid waste, and airport operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide information for the Water, Sewer, Solid Waste, and Airport funds of the Town.

The basic proprietary fund financial statements can be found beginning on page 20 of this report.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The Fiduciary fund held by the Town is for the Volunteer Fire Fighters Alternate Pension & Benefit Plan. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town of Buckeye, Arizona's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found beginning on page 24 of this report.

Notes to the Basic Financial Statements. The notes to the basic financial statements beginning on page 26 provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements and should be read with the financial statements.

Required Supplementary Information Other than this MD&A. Governments have an option of including the budgetary comparison statements for the general fund and major special revenue funds as either part of the fund financial statements within the basic financial statements, or as required supplementary information after the footnotes. The Town has chosen to represent these budgetary statements as part of the basic financial statements. Additionally, governments are required to disclose certain information about employee pension funds. The Town has disclosed this information in Note 11 to the basic financial statements and in required supplementary information on page 46.

Government-Wide Financial Statements Analysis

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 Town as of June 30, 2010 and 2009, showing that assets exceeded liabilities for both governmental and business-type activities by a total of \$611,350,098 for the fiscal year ended June 30, 2010.

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
ASSETS						
Current and other assets	\$ 158,834,193	\$ 163,180,119	\$ 27,403,358	\$ 25,713,605	\$ 186,237,551	\$ 188,893,724
Capital assets:						
Non-depreciable	177,741,469	185,740,652	11,621,789	5,846,419	189,363,258	191,587,071
Depreciable (net)	210,859,727	178,206,777	232,411,317	234,775,580	443,271,044	412,982,357
Total Assets	\$ 547,435,389	\$ 527,127,548	\$ 271,436,464	\$ 266,335,604	\$ 818,871,853	\$ 793,463,152
LIABILITIES						
Other liabilities	\$ 17,120,365	\$ 16,096,439	\$ 2,456,079	\$ 1,932,293	\$ 19,576,444	\$ 18,028,732
Non-current liabilities:						
Due within one year	2,114,792	6,342,707	234,599	195,885	2,349,391	6,538,592
Due in more than one year	175,766,442	170,757,003	3,061,478	1,917,721	178,827,920	172,674,724
Total Liabilities	\$ 195,001,599	\$ 193,196,149	\$ 5,752,156	\$ 4,045,899	\$ 200,753,755	\$ 197,242,048
NET ASSETS						
Invested in capital assets, net of related debt	\$ 210,729,962	\$ 186,847,719	\$ 231,881,025	\$ 228,165,397	\$ 442,610,987	\$ 415,013,116
Restricted	59,445,688	63,997,463			59,445,688	63,997,463
Unrestricted	82,268,140	83,086,217	33,803,283	34,124,308	116,071,423	117,210,525
TOTAL NET ASSETS	\$ 352,443,790	\$ 333,931,399	\$ 265,684,308	\$ 262,289,705	\$ 618,128,098	\$ 596,221,104

Net assets consist of three components. One portion of the Town's net assets (71.6%) reflects its investment in capital assets (e.g. land, buildings, machinery and equipment), less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Buckeye, Arizona's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

MANAGEMENT'S DISCUSSION AND ANALYSIS

An additional portion of the Town of Buckeye, Arizona's net assets (9.7%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets, \$116,071,423 (19.0%), may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Town of Buckeye, Arizona is able to report positive balances in all three categories of net assets for the government as a whole.

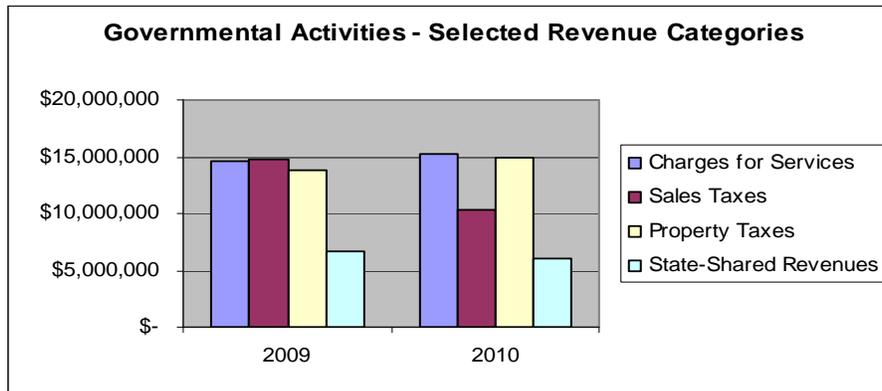
The following table reflects the condensed Statement of Changes in Net Assets for the fiscal years ended June 30, 2010 and 2009. This information is helpful in understanding the sources and uses of funds during the fiscal year.

Town of Buckeye, Arizona Changes in Net Assets For the Fiscal Years Ended June 30, 2010 and 2009						
	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
REVENUES						
Program revenues						
Fees, fines and charges for services	\$ 15,313,608	\$ 14,568,246	\$ 14,126,222	\$ 13,117,780	\$ 29,439,830	\$ 27,686,026
Operating grants and contributions	1,790,232	2,201,424			1,790,232	2,201,424
Capital grants and contributions	2,540,004	17,572,518	7,025,448	19,392,583	9,565,452	36,965,101
General revenues						
Sales taxes	10,291,111	14,711,949			10,291,111	14,711,949
Property taxes	14,903,192	13,765,368			14,903,192	13,765,368
Franchise taxes	2,262,187	2,385,533			2,262,187	2,385,533
State-shared revenues	5,996,622	6,707,537			5,996,622	6,707,537
Grants and contributions-unrestricted	0	0	0	367,391	0	367,391
Investment earnings	107,982	927,338	57,156	264,785	165,138	1,192,123
Other	3,976,479	4,379,585	(224,449)		3,752,030	4,379,585
Total Revenues	\$ 57,181,417	\$ 77,219,498	\$ 20,984,377	\$ 33,142,539	\$ 78,165,794	\$ 110,362,037
EXPENSES						
General government	\$ 15,835,582	\$ 16,113,336			\$ 15,835,582	\$ 16,113,336
Public safety	20,050,347	23,740,114			20,050,347	23,740,114
Highways and streets	12,415,841	9,138,896			12,415,841	9,138,896
Culture and recreation	2,818,178	3,598,201			2,818,178	3,598,201
Community development	933,736	1,925,664			933,736	1,925,664
Economic development	0	256,389			0	256,389
Health and welfare	555,237	626,052			555,237	626,052
Interest on long-term debt	9,059,251	10,676,291			9,059,251	10,676,291
Airport			816,930	1,173,972	816,930	1,173,972
Sewer			10,987,578	10,149,798	10,987,578	10,149,798
Water			7,459,698	7,436,702	7,459,698	7,436,702
Total Expenses	\$ 61,668,172	\$ 66,074,943	\$ 19,264,206	\$ 18,760,472	\$ 80,932,378	\$ 84,835,415
Changes in net assets before transfers	(4,486,755)	11,144,555	1,720,171	14,382,067	(2,766,584)	25,526,622
Transfers	525,931	(8,875,059)	(525,931)	(2,026,643)	0	(10,901,702)
Change in net assets	(3,960,824)	2,269,496	1,194,240	12,355,424	(2,766,584)	14,624,920
Net assets at beginning of year (as previously stated)	333,931,399	331,661,903	262,291,955	249,934,281	596,223,354	581,596,184
Prior Period Adjustment	22,473,215		2,198,113		24,671,328	
Net Assets - beginning of year (as restated)	356,404,614	331,661,903	264,490,068	249,934,281	620,894,682	581,596,184
Total net assets	\$ 352,443,790	\$ 333,931,399	\$ 265,684,308	\$ 262,289,705	\$ 618,128,098	\$ 596,221,104

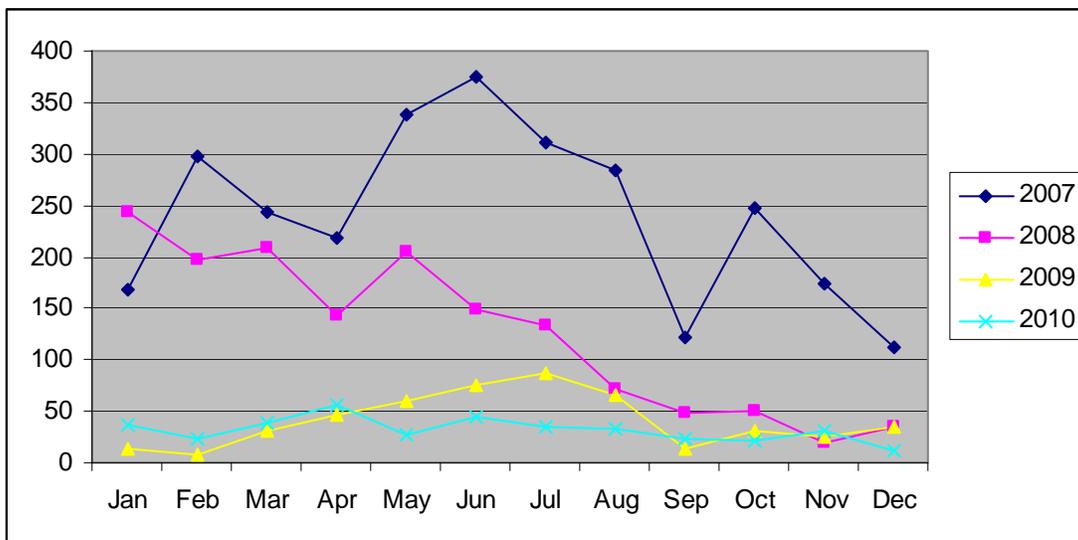
Governmental Activities. Governmental activities decreased the Town's net assets by \$3,960,824 from the prior fiscal year. This net increase is attributable to both increases and decreases in several revenue and expense categories as discussed further below.

The chart below graphically reflects certain of the information above relative to the Town's revenues.

MANAGEMENT’S DISCUSSION AND ANALYSIS



The Town of Buckeye continues to see a decrease in the Building Permits from 2009 to 2010. The decline in local sales tax collections continues thru June 30, 2010. The local sales tax for 2010 was \$10,291,111 in comparison to 2009 in the amount of \$14,711,949. The Town of Buckeye decided to increase the local Sales Tax from 2% to 3% effective October 1, 2010. The planned increase will allow Public Safety personnel to remain constant during the upcoming fiscal year.

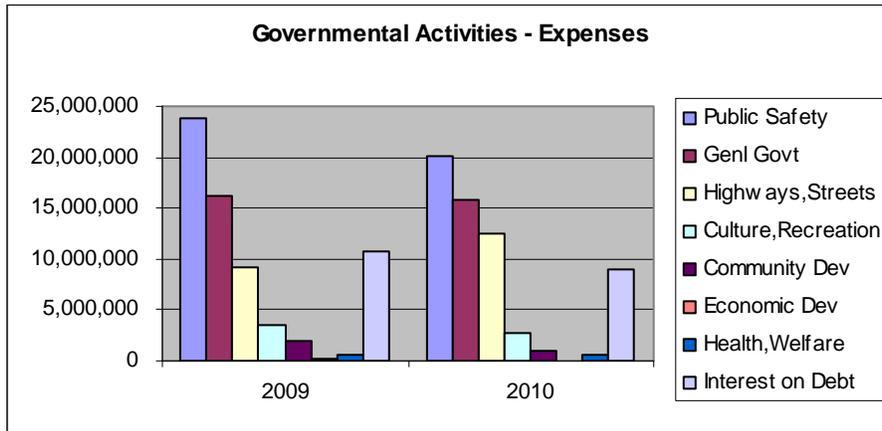


This same data can help the reader understand the increase in property tax revenues. As residential construction in prior years has been added to the property tax rolls, the property tax base for the Town of Buckeye has increased. Even with a decrease in the ad valorem tax rate, total property tax collections increased from \$13,765,368 to \$14,903,192 from FY 2008-09 to FY 2009-10

The reduction in the capital grants and contributions revenues category of \$15,032,514 from FY 2008-09 to FY 2009-10 had a negative impact on net assets but, in general, impacted capital projects rather than operations. The change from moving airport operations from a governmental activity to a business-type activity also had a negative impact on governmental activities, but resulted in no net change for the Town as a whole.

Information relative to the Town’s expense categories from the table is reflected graphically below.

MANAGEMENT’S DISCUSSION AND ANALYSIS



Total expenses were reduced a total of \$4,406,771 from FY 2008-09 to FY 2009-10. Spending in all categories except for public safety was reduced by \$717,004 (83.8%), with the major reductions in general government (\$277,754) and community development (\$991,928). Total spending in the public safety category was reduced by \$3,689,767 by not filling additional positions and reducing general expenditures. The major budget adjustments in November 2008 were not sufficient to carry the Town of Buckeye thru fiscal 2010. Additional adjustments to the staffing levels had to be completed. A reduction in force created an additional savings of 20 positions. The Town of Buckeye also offered early retirement incentives to eligible staff member. A total of 11 employees qualified for this package, creating additional savings.

Business-Type Activities. Business-type activities increased the Town’s net assets by \$1,194,240 (pg. 15) during the fiscal year ended June 30, 2010.

Fund Financial Statements Analysis

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the Town’s governmental funds is to provide information on near-term inflows, outflows and balances of resources that are available for spending. Such information is useful in assessing the Town’s financing requirements. In particular, unreserved fund balances may serve as a useful measure of a government’s net resources available for spending at the end of a fiscal year. Types of governmental funds reported by the Town include the General Funds, Impact Fee Funds, CFD (Community Facility Districts) Funds for both capital improvements and CFD debt service, Debt Service Funds for both capital improvements and related debt service, and Non-Major Governmental Funds, which includes Special Revenue Funds and Capital Project Funds among others.

As of June 30, 2010, the Town’s governmental funds reported combined ending fund balances of \$67,696,039 (pg. 16), a decrease of \$6,769,814 from June 30, 2009. Approximately 9.3% of this total, as reflected in the table below, is the General Fund balance which is available for contribution to the designated, undesignated and reserved fund balances.

MANAGEMENT’S DISCUSSION AND ANALYSIS

Town of Buckeye, Arizona
 Fund Balances - Governmental Funds
 For the Fiscal Years Ended June 30, 2010 and 2009

	Governmental Activities		Increase <Decrease> from 2008/09
	2010	2009	
General Funds	\$ 6,316,788	\$ 8,567,745	\$ (2,250,957)
Impact Fee Funds	20,364,756	21,226,911	(862,155)
CFD Funds	16,818,022	13,667,849	3,150,173
Debt Service Funds	2,346,511	6,207,020	(3,860,509)
HURF Fund	613,016	971,151	(358,135)
Nonmajor Governmental Funds	21,236,946	23,810,522	(2,573,576)

General Funds. The General Fund is the chief operating fund of the Town of Buckeye, Arizona. This fund decreased by \$2,250,957. Key factors in this change were:

- General fund collections of local transaction privilege tax and building-related fees and charges were below adopted and revised budget levels, as was the earnings for investments. The reductions in the first two categories of revenues are directly attributable to the decline in residential construction.
- Operating expenditures were reduced in most categories over the revised budget for the fiscal year.

During FY2009-10, the Town took additional steps to reduce operating expenditures in the General Fund in response to declining revenues. The Town had an additional reduction in force of 20 employees. In addition to the reduction in force, 11 early retirement incentives were offered to eligible employees. Expenditures were further reduced by imposing a reduction in pay to all employees ranging between 5-15%. A yearly salary of \$100,000 or more received a 15% reduction, between \$80,000-99,999 received a 10% reduction and below \$79,999 were reduced by 5%.

Impact fee fund balances decreased during the fiscal year by \$862,155. Due primarily to the reduction in the residential construction business sector during the fiscal year, total impact fees collected were \$1,532,979, a reduction of \$166,979 from the amount originally budgeted for FY2009-10. Reduced collections made it necessary to delay several projects, and those delays are expected to continue into subsequent fiscal years.

Community Facility District (CFD) Funds. During the fiscal year, the various CFD Funds balances increased by \$3,150,173, primarily due to an increase in property tax revenues assessed for the payment of principal and interest on the debt of the CFDs. Although the ad valorem tax rate remained unchanged from prior years at \$3.30 per \$100 of assessed valuation, there was a substantial increase in the number and value of properties on the tax rolls. New debt was issued for Sun City Festival #6 for \$356,000, and a GO Bond for Sun City Festival in the amount of \$7,600,000.

HURF (Highway User Revenues Fund). The HURF Fund, which is required by Arizona law to be accounted for separately from all other funds, decreased by \$358,132 during the fiscal year. The Town receives distributions of state HURF monies which must be used solely for allowable costs related to streets and street lighting. Current fiscal year collections of \$1,459,411 were less than budgeted revenues of \$1,601,400. Expenditures had a favorable variance of \$500,328.

Nonmajor Governmental Funds. Nonmajor governmental fund balances decreased by \$2,588,231 during the fiscal year. All nonmajor governmental funds of the Town are combined into one column on the governmental fund financial statements.

Proprietary Funds. The Town of Buckeye, Arizona’s proprietary fund financial statements provide the same type of information found in the government-wide financial statements, but in more detail.

MANAGEMENT’S DISCUSSION AND ANALYSIS

Unrestricted net assets at the end of the year are as follows for the indicated funds:

Town of Buckeye, Arizona
 Unrestricted Net Assets - Proprietary Funds
 For the Fiscal Years Ended June 30, 2010 and 2009

	Business-Type Activities		Increase <Decrease> from 2008/09
	2010	2009	
Sewer Fund	\$ 11,983,663	\$ 13,534,814	\$ (1,551,151)
Water Fund	11,488,319	10,085,843	1,402,476
Airport Fund	10,331,301	10,503,651	(172,350)

Developers transferred and the Town accepted infrastructure totaling \$6,853,236 during the fiscal year that will be used in sewer and water operations.

Budgetary Highlights

The Town’s annual budget is the legally adopted expenditure control document of the Town. Budgetary comparison statements are required for the General Fund and all major special revenue funds and may be found beginning on page 10. These statements compare the original adopted budget, the budget as modified during the fiscal year, and the actual expenditures prepared on a budgetary basis. Differences between actual and budget amounts relates to less sales taxes collected during the year. Expenses were reduced due to less revenues and the downturn of the economy.

Capital Asset and Debt Administration

The Town of Buckeye, Arizona’s capital assets for its governmental and business-type activities as of June 30, 2010 amount to \$632,634,302 (net of accumulated depreciation). For government-wide financial statement presentation, all depreciable capital assets were depreciated from acquisition date to the end of the fiscal year. Fund financial statements record capital asset acquisitions as expenditures. See Note 5 for further information regarding capital assets.

Capital assets include land and improvements; buildings and improvements; infrastructure; furniture, machinery, equipment and vehicles; the airport campus; the water system; and the waste water system. The Town contracts for solid waste services.

The major capital asset events during the fiscal year were:

- Commencement of construction of frontage roads along SR85;
- Conveyance of completed infrastructure to the Town from various Community Facilities Districts; and
- The acquisition of furniture, machinery, equipment and vehicles.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following table provides details of the Town's capital assets as of June 30, 2010 and 2009:

Town of Buckeye, Arizona
Capital Assets at June 30, 2010 and 2009
(Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Land	\$ 162,975,159	\$ 161,292,914	\$ 5,303,958	\$ 5,303,958	\$ 168,279,117	\$ 166,596,872
Construction in progress	14,766,310	24,447,738	6,317,831	542,461	21,084,141	24,990,199
Land improvements	6,388,108	4,042,065	3,862,393	4,155,864	10,250,501	8,197,929
Buildings and improvements	20,795,028	9,944,733	77,247,226	80,898,219	98,042,254	90,842,952
Infrastructure	175,278,605	155,982,432			175,278,605	155,982,432
Furniture, machinery and equipment	8,397,986	8,237,547			8,397,986	8,237,547
Wastewater system			90,628,008	88,308,425	90,628,008	88,308,425
Water system			59,873,369	60,628,956	59,873,369	60,628,956
Machinery, equipment and vehicles			800,321	784,116	800,321	784,116
	<u>\$ 388,601,196</u>	<u>\$ 363,947,429</u>	<u>\$ 244,033,106</u>	<u>\$ 240,621,999</u>	<u>\$ 632,634,302</u>	<u>\$ 604,569,428</u>

Long-Term Debt

At the end of the fiscal year, the Town of Buckeye, Arizona had total long-term obligations outstanding of \$187,945,311. Of this amount, \$151,931,000 (80.8%) is Community Facilities District bonds backed solely by the property owners within the various CFDs. Improvement district bonds of \$4,130,000 (2.2%) are backed principally by the property owners within the improvement district. An additional \$25,770,000 (13.7%) (governmental activities) and \$3,115,916 (1.7%) (business-type activities) of outstanding debt is secured by pledges of specific revenue sources of the Town. The remaining \$1,447,052 (0.7%) is for capital leases, compensated absences and deferred amounts on bond premiums and discounts.

The Town has no secondary property tax authority and no outstanding general obligation debt outstanding as of June 30, 2010.

The following table shows the long-term obligations of the Town (including both the current and long-term portions of those obligations) as of June 30, 2010 and 2009. Further details on the Town's outstanding debt may be found in Note 8 beginning on page 36.

Town of Buckeye, Arizona
Long-term Obligations at June 30, 2010 and 2009

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Improvement district bonds	\$ 4,130,000	\$ 2,790,000	\$ -		\$ 4,130,000	\$ 2,790,000
Revenue bonds	25,770,000	26,274,000	3,115,916	2,025,000	28,885,916	28,299,000
Community facility district bonds	151,931,000	144,816,800			151,931,000	144,816,800
Deferred amount on premium	970,211	1,024,116			970,211	1,024,116
Deferred amount on discount	(742,979)	(791,711)			(742,979)	(791,711)
Capital leases	1,447,052	1,779,819	0	0	1,447,052	1,779,819
Compensated absences	1,143,950	1,206,686	180,161	88,606	1,324,111	1,295,292
	<u>\$ 184,649,234</u>	<u>\$ 177,099,710</u>	<u>\$ 3,296,077</u>	<u>\$ 2,113,606</u>	<u>\$ 187,945,311</u>	<u>\$ 179,213,316</u>

Economic Factors and Next Year's Budgets and Rates

The Town's management and elected officials considered a variety of factors and options when setting the operating budgets for FY 2009-10. The construction transaction privilege tax and construction-related permits and fees have historically represented a major portion of the Town's operating revenues for the General Fund, but are particularly sensitive to economic conditions. Both of these revenue sources were budgeted more conservatively than in prior years. Based on actual collections in the early months of calendar 2009, there appeared to be little strength in the residential construction sector for the coming fiscal year. Ordinance 41-06 requires that 1% of the Town's 3% construction transaction privilege tax be transferred to the Roadway Construction Fund; because of the reduced projection for that revenue stream, the transfer was suspended by Council action for FY 2009-10 and FY 2010-11.

(continued on next page)

MANAGEMENT'S DISCUSSION AND ANALYSIS

Property tax revenues were projected to increase modestly as the value of, primarily, residential construction in prior years was added to the property tax rolls. Due to the increase in the taxable base, the Town's primary property tax rate for FY 2009-10 was decreased from \$0.8984 per \$100 of assessed value to \$0.8851 per \$100 of assessed valuation. Because the Town completed paying all outstanding general obligation debt in FY 2007-08, there is no secondary property tax rate.

Included with the FY 2009-10 operating budget proposal to Town Council were proposals for increasing flood irrigation rates (budgeted in the General Fund), and water and sewer rates (budgeted in the appropriate proprietary funds). Reserves were established in the appropriate proprietary funds for the budgeted rate increases. The Town Council approved the flood irrigation rate increase in June, 2009 and the increase in the water and sewer rates in August, 2009.

The Town closely monitors Arizona state legislative action throughout the year. Significant and continuing projected state deficits may impact state-shared revenues. FY 2009-10 state-shared revenue projections provided by the League of Arizona Cities and Towns, based on the best information available to them, were incorporated into the budget adopted by the Town for FY 2009-10. Through the date of this report, the state-shared sales tax distributions are not meeting expectations, while urban revenue sharing and in-lieu auto tax distributions are in line with budgeted amounts for FY2009-10.

The availability of possible Federal stimulus funding was a major factor in the development of the FY 2009-10 budget, with revenues and expenditures being budgeted in equal amounts in the General Fund, several grant special revenue funds, and capital improvement funds. Should stimulus funding not become available, the projects anticipated to be funded will not be pursued. At the time of budget adoption in June, 2009, the Town was aware it had been awarded slightly more than \$1.6 million in ARRA funding for arterial road improvements. Other major stimulus funding being sought included funding for the recruitment and retention of police officers and the construction of a permanent fire station to replace a temporary facility in the Verrado community. The Town has been advised that both have been awarded in FY 2009-10. The Town was also encouraged to apply for funding for expansion of a waste water treatment plant. An ARRA subsidized interest rate loan for \$12 million was approved by the Water Infrastructure Finance Authority in November, 2009; construction has begun and is expected to be completed in 2011.

The Town engages in continuous monitoring of all categories of revenues and expenses, particularly with respect to general fund operations. During November, 2009, it became obvious that even the conservative revenue estimates for the current fiscal year were not being realized. Five-year revenue projections were updated and necessary budget modifications are being identified for implementation beginning in January, 2010 to ensure that spending is aligned with revenues over the eighteen-month period ending June 30, 2011.

The Town's adopted FY2010-11 budget, along with other financial documents and reports, are available for review on the Town's website.

Financial Contact Information

This report is designed to provide a general overview of the Town's finances for those with interest in the topic and to demonstrate accountability in 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:

Town of Buckeye
Finance Department
530 East Monroe Avenue
Buckeye, AZ 85326
623-349-6000 (main telephone number)

or visit the Town's website at www.buckeyeaz.gov. Financial documents and reports are available on the website (select Departments, select Administrative Services, select Finance, select Reports), along with many other Town government documents, reports and information.

Basic Financial Statements

TOWN OF BUCKEYE, ARIZONA
STATEMENT OF NET ASSETS
JUNE 30, 2010

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 50,908,298	\$ 25,931,136	\$ 76,839,434
Receivables, net:			
Accounts receivable	2,546,708	1,376,064	3,922,772
Taxes receivable	227,568	-	227,568
Intergovernmental receivable	37,867	-	37,867
Special assessments receivable	67,226,000	-	67,226,000
Deferred charges	6,337,209	96,158	6,433,367
Prepaid items	2,790	-	2,790
Restricted assets	31,547,753	-	31,547,753
Capital assets:			
Non-depreciable	177,741,469	11,621,789	189,363,258
Depreciable, net	210,859,727	232,411,317	443,271,044
	<u>547,435,389</u>	<u>271,436,464</u>	<u>818,871,853</u>
LIABILITIES			
Accounts payable and other current liabilities	1,753,982	1,529,917	3,283,899
Accrued wages and benefits	1,032,715	86,298	1,119,013
Interest payable	4,199,187	-	4,199,187
Intergovernmental payable	-	245,257	245,257
Unearned revenue	3,116,971	-	3,116,971
Customer deposits payable	89,510	594,607	684,117
Performance bonds payable	150,000	-	150,000
Matured debt principal payable	6,778,000	-	6,778,000
Noncurrent liabilities:			
Due within one year	2,104,792	234,599	2,339,391
Due in more than one year	175,766,442	3,061,478	178,827,920
	<u>194,991,599</u>	<u>5,752,156</u>	<u>200,743,755</u>
NET ASSETS			
Invested in capital assets, net of related debt	210,729,962	231,881,025	442,610,987
Restricted for:			
Impact fees	20,364,756	-	20,364,756
SLID operations	40,308	-	40,308
Highways and streets	613,016	-	613,016
Debt service	19,164,533	-	19,164,533
Capital outlay	16,651,269	-	16,651,269
Other	2,611,806	-	2,611,806
Unrestricted	82,268,140	33,803,283	116,071,423
	<u>\$ 352,443,790</u>	<u>\$ 265,684,308</u>	<u>\$ 618,128,098</u>

TOWN OF BUCKEYE, ARIZONA
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2010

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities							
General government	\$ 15,835,582	\$ 13,882,167	\$ 330,821	\$ -	\$ (1,622,594)	\$ -	\$ (1,622,594)
Public safety	20,050,347	639,962	-	-	(19,410,385)	-	(19,410,385)
Highways and streets	12,415,841	203,971	1,459,411	2,540,004	(8,212,455)	-	(8,212,455)
Culture and recreation	2,818,178	587,508	-	-	(2,230,670)	-	(2,230,670)
Community development	933,736	-	-	-	(933,736)	-	(933,736)
Economic development	-	-	-	-	-	-	-
Health and welfare	555,237	-	-	-	(555,237)	-	(555,237)
Interest on long-term debt	9,059,251	-	-	-	(9,059,251)	-	(9,059,251)
Total governmental activities	<u>61,668,172</u>	<u>15,313,608</u>	<u>1,790,232</u>	<u>2,540,004</u>	<u>(42,024,328)</u>	<u>-</u>	<u>(42,024,328)</u>
Business-type activities							
Airport	816,930	230,167	-	172,212	-	(414,551)	(414,551)
Sewer	10,987,578	7,267,002	-	4,018,226	-	297,650	297,650
Water	7,459,698	6,629,053	-	2,835,010	-	2,004,365	2,004,365
Total business-type activities	<u>19,264,206</u>	<u>14,126,222</u>	<u>-</u>	<u>7,025,448</u>	<u>-</u>	<u>1,887,464</u>	<u>1,887,464</u>
Total Primary Government	<u>\$ 80,932,378</u>	<u>\$ 29,439,830</u>	<u>\$ 1,790,232</u>	<u>\$ 9,565,452</u>	<u>(42,024,328)</u>	<u>1,887,464</u>	<u>(40,136,864)</u>
General revenues							
Taxes:							
Sales taxes					10,291,111	-	10,291,111
Property taxes					14,903,192	-	14,903,192
Franchise taxes					2,262,187	-	2,262,187
Unrestricted State revenue sharing					3,280,181	-	3,280,181
Unrestricted State sales tax revenue sharing					1,864,430	-	1,864,430
Unrestricted auto lieu tax revenue sharing					852,011	-	852,011
Grants and contributions not restricted to specific program					-	-	-
Investment earnings					107,982	57,156	165,138
Other					3,976,479	(224,449)	3,752,030
Transfers					525,931	(525,931)	-
Total general revenues and transfers					<u>38,063,504</u>	<u>(693,224)</u>	<u>37,370,280</u>
Change in net assets					(3,960,824)	1,194,240	(2,766,584)
Net Assets - beginning of year (as previously stated)					333,931,399	262,291,955	596,223,354
Prior Period Adjustment					22,473,215	2,198,113	24,671,328
Net Assets - beginning of year (as restated)					<u>356,404,614</u>	<u>264,490,068</u>	<u>620,894,682</u>
Net Assets - end of year					<u>\$ 352,443,790</u>	<u>\$ 265,684,308</u>	<u>\$ 618,128,098</u>

See Notes to Financial Statements

TOWN OF BUCKEYE, ARIZONA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2010

	<u>General</u>	<u>Impact Fees</u>	<u>CFD</u>	<u>Debt Service</u>	<u>HURF</u>	<u>Nonmajor Governmental Funds</u>	<u>Totals</u>
ASSETS							
Cash and cash equivalents	\$ 10,294,712	\$ 20,389,859	\$ 43,699	\$ 1,757,452	\$ 592,292	\$ 17,434,930	\$ 50,512,944
Receivables, net							
Accounts	1,378,103	-	-	-	132,995	975,607	2,486,705
Taxes	59,842	-	151,583	-	-	16,143	227,568
Intergovernmental	37,867	-	-	-	-	-	37,867
Special assessments	-	-	63,096,000	-	-	4,130,000	67,226,000
Prepaid items	2,790	-	-	-	-	-	2,790
Restricted assets	-	-	27,513,878	879,947	-	3,153,928	31,547,753
Total assets	<u>\$ 11,773,314</u>	<u>\$ 20,389,859</u>	<u>\$ 90,805,160</u>	<u>\$ 2,637,399</u>	<u>\$ 725,287</u>	<u>\$ 25,710,608</u>	<u>\$ 152,041,627</u>
LIABILITIES AND FUND BALANCE							
LIABILITIES							
Accounts payable	1,125,693	7,927	-	222,015	53,908	343,662	1,753,205
Accrued wages and benefits	974,352	-	-	-	58,363	-	1,032,715
Interest payable	-	17,176	4,113,138	68,873	-	-	4,199,187
Deferred revenue	-	-	63,096,000	-	-	4,130,000	67,226,000
Unearned revenue	3,116,971	-	-	-	-	-	3,116,971
Customer deposits payable	89,510	-	-	-	-	-	89,510
Performance bonds payable	150,000	-	-	-	-	-	150,000
Matured debt principal payable	-	-	6,778,000	-	-	-	6,778,000
Total liabilities	<u>5,456,526</u>	<u>25,103</u>	<u>73,987,138</u>	<u>290,888</u>	<u>112,271</u>	<u>4,473,662</u>	<u>84,345,588</u>
FUND BALANCE							
Reserved for							
Impact fees	-	20,364,756	-	-	-	-	20,364,756
SLID Operations	40,308	-	-	-	-	-	40,308
Unreserved	6,276,480	-	16,818,022	2,346,511	613,016	-	26,054,029
Unreserved, reported in nonmajor:							
Special revenue funds	-	-	-	-	-	4,585,677	4,585,677
Capital project funds	-	-	-	-	-	16,651,269	16,651,269
Total fund balances	<u>6,316,788</u>	<u>20,364,756</u>	<u>16,818,022</u>	<u>2,346,511</u>	<u>613,016</u>	<u>21,236,946</u>	<u>67,696,039</u>
Total liabilities and fund balances	<u>\$ 11,773,314</u>	<u>\$ 20,389,859</u>	<u>\$ 90,805,160</u>	<u>\$ 2,637,399</u>	<u>\$ 725,287</u>	<u>\$ 25,710,608</u>	<u>\$ 152,041,627</u>

TOWN OF BUCKEYE, ARIZONA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2010

Fund balances - total governmental funds	<u>\$ 67,696,039</u>
Amounts reported for governmental activities in the statement of net assets are different because:	
Special assessment revenue not available for current financial resources	<u>67,226,000</u>
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.	
Governmental capital assets	464,819,120
Less accumulated depreciation	<u>(76,217,924)</u>
Capital assets used in governmental activities	<u>388,601,196</u>
Other long-term assets are not available to pay for current-period expenditures:	
Net deferred charges	<u>6,337,209</u>
Internal service funds used by the management to charge cost of insurance to individual funds	<u>454,580</u>
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds.	
Improvement bonds	(4,130,000)
Revenue bonds	(25,770,000)
Community facilities district bonds	(145,153,000)
Deferred amount on premium	(970,211)
Deferred amount on discount	742,979
Capital leases	(1,447,052)
Compensated absences	<u>(1,143,950)</u>
	<u>(177,871,234)</u>
Net assets of governmental activities	<u>\$ 352,443,790</u>

TOWN OF BUCKEYE, ARIZONA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2010

	<u>General</u>	<u>Impact Fees</u>	<u>CFD</u>	<u>Debt Service</u>	<u>HURF</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES							
Taxes							
Sales taxes	\$ 10,291,111	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,291,111
Property taxes	4,208,373	-	9,652,118	-	-	1,042,701	14,903,192
Franchise taxes	2,262,187	-	-	-	-	-	2,262,187
Intergovernmental	6,113,983	-	-	-	1,459,411	213,460	7,786,854
Fines and forfeitures	759,901	-	-	-	-	-	759,901
License and permits	2,809,148	-	-	-	-	-	2,809,148
Charges for services	1,011,254	-	-	-	-	742,086	1,753,340
Developer agreements	-	-	-	-	-	675,402	675,402
Contributions and donations	113,202	-	-	-	-	5,068,496	5,181,698
Impact fees	-	1,532,979	-	-	-	-	1,532,979
Special assessments	-	-	7,382,733	-	-	-	7,382,733
Investment earnings	28,266	48,877	5,870	13,944	-	11,025	107,982
Other	1,755,079	-	-	691,085	-	1,530,315	3,976,479
Total revenues	<u>29,352,504</u>	<u>1,581,856</u>	<u>17,040,721</u>	<u>705,029</u>	<u>1,459,411</u>	<u>9,283,485</u>	<u>59,423,006</u>
EXPENDITURES							
Current							
General government	10,473,855	2,563	-	1,506,841	-	1,133,430	13,116,689
Public safety	16,348,762	1,089,593	-	-	-	1,552,544	18,990,899
Highway and streets	-	-	-	-	1,817,543	-	1,817,543
Culture and recreation	2,283,328	5,126	-	-	-	-	2,288,454
Community development	794,880	-	-	-	-	5,152	800,032
Health and welfare	-	-	-	-	-	555,237	555,237
Debt service							
Principal retirement	332,767	-	8,030,000	1,895,000	-	-	10,257,767
Interest on long-term debt	-	-	7,847,597	1,211,654	-	-	9,059,251
Issuance costs	-	-	-	-	-	169,946	169,946
Capital outlay	-	1,346,729	-	4,041,907	-	14,605,297	19,993,933
Total expenditures	<u>30,233,592</u>	<u>2,444,011</u>	<u>15,877,597</u>	<u>8,655,402</u>	<u>1,817,543</u>	<u>18,021,606</u>	<u>77,049,751</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(881,088)</u>	<u>(862,155)</u>	<u>1,163,124</u>	<u>(7,950,373)</u>	<u>(358,132)</u>	<u>(8,738,121)</u>	<u>(17,626,745)</u>
OTHER FINANCING SOURCES (USES)							
Bonds issued	-	-	-	2,545,000	-	7,966,000	10,511,000
Transfers in	250,000	-	5,385,416	1,683,672	-	1,255,439	8,574,527
Transfers out	(1,619,870)	-	(3,398,367)	(138,810)	-	(3,071,549)	(8,228,596)
Total other financing sources (uses)	<u>(1,369,870)</u>	<u>-</u>	<u>1,987,049</u>	<u>4,089,862</u>	<u>-</u>	<u>6,149,890</u>	<u>10,856,931</u>
NET CHANGE IN FUND BALANCES	(2,250,958)	(862,155)	3,150,173	(3,860,511)	(358,132)	(2,588,231)	(6,769,814)
FUND BALANCES, beginning of year	8,567,746	21,226,911	13,667,849	6,207,022	971,148	23,825,177	74,465,853
FUND BALANCES, end of year	<u>\$ 6,316,788</u>	<u>\$ 20,364,756</u>	<u>\$ 16,818,022</u>	<u>\$ 2,346,511</u>	<u>\$ 613,016</u>	<u>\$ 21,236,946</u>	<u>\$ 67,696,039</u>

TOWN OF BUCKEYE, ARIZONA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET TO ACTUAL
YEAR ENDED JUNE 30, 2010

Net change in fund balances - total governmental funds \$ (6,769,814)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Expenditures for capital assets	16,831,441
Gain(loss) on sale of capital assets	(2,291,490)
Less current year depreciation	<u>(12,733,747)</u>
Excess capital expenditures over depreciation	<u>1,806,204</u>

Some revenues reported in the governmental funds that did not provide current financial resources in prior years have been recognized previously in the statement of activities and therefore are not reported as revenues in the statement of activities.

Special assessments	<u>854,200</u>
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Internal service funds used by the management to charge cost of insurance to individual funds	<u>318,568</u>
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Net transfer of assets from General fund to Proprietary Fund	<u>(524,791)</u>
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The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. The issuance of long-term debt increases long-term liabilities on the statement of net assets and the repayment of principal on long-term debt reduces long-term debt on the statement of net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when the debt is first issued, whereas these items are deferred and amortized over the term of the long-term debt in the statement of activities.

Issuance of long-term debt	(10,511,000)
Principal payments on long-term debt	10,252,594
Principal payments on capital leases	332,767
Bond issuance costs	498,732
Amortization of discount	(48,732)
Amortization of issuance costs	(286,193)
Amortization of premium	53,905

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.

Net decrease in compensated absences	<u>62,736</u>
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Change in net assets of governmental activities	<u>\$ (3,960,824)</u>
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TOWN OF BUCKEYE, ARIZONA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET TO ACTUAL
YEAR ENDED JUNE 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes				
Sales taxes	\$ 17,610,000	\$ 14,795,709	\$ 10,291,111	\$ (4,504,598)
Property taxes	4,141,000	3,807,500	4,208,373	400,873
Franchise taxes	1,887,000	1,879,263	2,262,187	382,924
Intergovernmental	6,124,961	5,869,722	6,113,983	244,261
Fines and forfeitures	618,000	610,000	759,901	149,901
Licenses and permits	4,084,400	3,663,709	2,809,148	(854,561)
Charges for services	1,278,475	1,006,873	1,011,254	4,381
Contributions and donations	104,000	81,000	113,202	32,202
Investment earnings	485,000	300,000	28,266	(271,734)
Other	2,354,600	3,242,225	1,755,079	(1,487,146)
Total revenues	<u>38,687,436</u>	<u>35,256,001</u>	<u>29,352,504</u>	<u>(5,903,497)</u>
EXPENDITURES				
Current				
General government				
Mayor and council	333,329	324,516	291,189	33,327
Town Clerk	744,005	633,998	580,252	53,746
Town Manager	818,248	748,439	729,264	19,175
Human resources	743,341	710,416	591,463	118,953
Finance department	1,584,005	1,236,717	1,131,098	105,619
Magistrate	430,848	466,199	464,058	2,141
Vehicle maintenance	914,903	768,519	611,952	156,567
Irrigation	269,893	256,513	231,926	24,587
Non-departmental	6,306,241	5,100,029	3,879,991	1,220,038
Public works - administration	749,879	687,499	629,518	57,981
Information technology	1,408,467	1,336,179	1,193,991	142,188
Debt Service	-	-	45,600	(45,600)
Other	99,191	101,754	93,553	8,201
Total general government	<u>14,402,350</u>	<u>12,370,778</u>	<u>10,473,855</u>	<u>1,896,923</u>
Public safety				
Police	10,124,285	10,359,206	8,424,614	1,934,592
Fire	7,672,392	7,535,796	7,420,992	114,804
Fire and building safety	1,034,581	870,775	835,923	34,852
Total public safety	<u>18,831,258</u>	<u>18,765,777</u>	<u>16,681,529</u>	<u>2,084,248</u>
Culture and recreation				
Community services	3,477,623	2,752,984	2,283,328	469,656
Total culture and recreation	<u>3,477,623</u>	<u>2,752,984</u>	<u>2,283,328</u>	<u>469,656</u>

**GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET TO ACTUAL**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Community development				
Community development	<u>1,129,150</u>	<u>930,148</u>	<u>794,880</u>	<u>135,268</u>
Total community development	<u>1,129,150</u>	<u>930,148</u>	<u>794,880</u>	<u>135,268</u>
Capital outlay	<u>9,188,729</u>	<u>9,188,729</u>	<u>-</u>	<u>9,188,729</u>
Total expenditures	<u>47,029,110</u>	<u>44,008,416</u>	<u>30,233,592</u>	<u>13,774,824</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(8,341,674)</u>	<u>(8,752,415)</u>	<u>(881,088)</u>	<u>7,871,327</u>
OTHER FINANCING SOURCES (USES) Transfers in (out)	<u>-</u>	<u>(1,547,800)</u>	<u>(1,369,870)</u>	<u>177,930</u>
NET CHANGE IN FUND BALANCE	<u>(8,341,674)</u>	<u>(10,300,215)</u>	<u>(2,250,958)</u>	<u>8,049,257</u>
FUND BALANCE, beginning of the year	<u>8,567,746</u>	<u>8,567,746</u>	<u>8,567,746</u>	<u>-</u>
FUND BALANCE, end of the year	<u>\$ 226,072</u>	<u>\$ (1,732,469)</u>	<u>\$ 6,316,788</u>	<u>\$ 8,049,257</u>

TOWN OF BUCKEYE, ARIZONA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2010

	Business-type Activities				Governmental
	Airport	Sewer	Water	Totals	Activities Internal Service Fund
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 16,822	\$ 13,774,664	\$ 12,139,650	\$ 25,931,136	\$ 395,354
Accounts receivable, net	72,727	776,488	526,849	1,376,064	60,003
Deferred charges	-	-	96,158	96,158	-
Total current assets	<u>89,549</u>	<u>14,551,152</u>	<u>12,762,657</u>	<u>27,403,358</u>	<u>455,357</u>
Noncurrent assets:					
Capital assets:					
Non-depreciable	5,094,180	4,808,982	1,718,627	11,621,789	-
Depreciable, net	5,157,901	154,511,719	72,741,697	232,411,317	-
Total noncurrent assets	<u>10,252,081</u>	<u>159,320,701</u>	<u>74,460,324</u>	<u>244,033,106</u>	<u>-</u>
Total assets	<u>10,341,630</u>	<u>173,871,853</u>	<u>87,222,981</u>	<u>271,436,464</u>	<u>455,357</u>
LIABILITIES					
Current liabilities:					
Accounts payable	10,329	1,295,704	223,884	1,529,917	777
Accrued wages and benefits	-	32,942	53,356	86,298	-
Intergovernmental payable	-	-	245,257	245,257	-
Customer deposits payable	-	-	594,607	594,607	-
Compensated absences	-	22,927	81,672	104,599	-
Bonds, notes and loans payable	-	-	130,000	130,000	-
Total current liabilities	<u>10,329</u>	<u>1,351,573</u>	<u>1,328,776</u>	<u>2,690,678</u>	<u>777</u>
Noncurrent liabilities:					
Compensated absences	-	-	75,562	75,562	-
Bonds, notes and loans payable	-	1,215,916	1,770,000	2,985,916	-
Total noncurrent liabilities	<u>-</u>	<u>1,215,916</u>	<u>1,845,562</u>	<u>3,061,478</u>	<u>-</u>
Total liabilities	<u>10,329</u>	<u>2,567,489</u>	<u>3,174,338</u>	<u>5,752,156</u>	<u>777</u>
NET ASSETS					
Invested in capital assets, net of related debt	-	159,320,701	72,560,324	231,881,025	-
Unrestricted	<u>10,331,301</u>	<u>11,983,663</u>	<u>11,488,319</u>	<u>33,803,283</u>	<u>454,580</u>
Total net assets	<u>\$ 10,331,301</u>	<u>\$ 171,304,364</u>	<u>\$ 84,048,643</u>	<u>\$ 265,684,308</u>	<u>\$ 454,580</u>

TOWN OF BUCKEYE, ARIZONA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2010

	<u>Business-type Activities - Enterprise Funds</u>				<u>Governmental</u>
	<u>Airport</u>	<u>Sewer</u>	<u>Water</u>	<u>Total</u>	<u>Internal</u> <u>Service Fund</u>
OPERATING REVENUES					
Charges for services	\$ 230,167	\$ 7,080,773	\$ 6,572,932	\$ 13,883,872	\$ 221,307
OPERATING EXPENSES					
Cost of sales and services	465,195	6,762,522	3,522,467	10,750,184	82,739
Depreciation	351,735	4,225,056	3,937,231	8,514,022	-
Total operating expenses	816,930	10,987,578	7,459,698	19,264,206	82,739
OPERATING LOSS	(586,763)	(3,906,805)	(886,766)	(5,380,334)	138,568
NONOPERATING REVENUES (EXPENSES)					
Impact fees	-	186,229	38,961	225,190	-
Investment earnings	-	29,257	27,899	57,156	-
Interest expense	-	-	-	-	-
Intergovernmental	174,951	(71,700)	(327,700)	(224,449)	-
Loss on sale of assets	-	-	-	-	-
Developer reimbursements	-	-	17,160	17,160	-
Total nonoperating revenues (expense)	174,951	143,786	(243,680)	75,057	-
Income (Loss) before contributions and transfers	(411,812)	(3,763,019)	(1,130,446)	(5,305,277)	138,568
CAPITAL CONTRIBUTIONS	172,212	4,018,226	2,835,010	7,025,448	-
TRANSFERS IN	77,011	708,418	-	785,429	180,000
TRANSFERS OUT	(12,011)	(71,700)	(1,227,649)	(1,311,360)	-
CHANGE IN NET ASSETS	(174,600)	891,925	476,915	1,194,240	318,568
NET ASSETS, beginning of year (as previously stated)	10,505,901	168,944,930	82,841,124	262,291,955	136,012
Prior Period Adjustment	-	1,467,509	730,604	2,198,113	-
NET ASSETS, beginning of year (as restated)	10,505,901	170,412,439	83,571,728	264,490,068	-
NET ASSETS, end of year	\$ 10,331,301	\$ 171,304,364	\$ 84,048,643	\$ 265,684,308	\$ 454,580

TOWN OF BUCKEYE, ARIZONA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2010

	Business-type Activities - Enterprise Funds				Governmental
	Airport	Sewer	Water	Totals	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	\$ 186,508	\$ 6,933,265	\$ 6,707,241	\$ 13,827,014	\$ 161,304
Payments to suppliers	(373,040)	(5,487,442)	(2,132,831)	(7,993,313)	(90,653)
Payments to employees	(111,816)	(935,014)	(1,289,472)	(2,336,302)	-
Customer deposits received	-	-	72,929	72,929	-
Net cash provided by (used in) operating activities	<u>(298,348)</u>	<u>510,809</u>	<u>3,357,867</u>	<u>3,570,328</u>	<u>70,651</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Impact fees	-	186,229	38,961	225,190	-
Intergovernmental	174,951	-	-	174,951	-
Purchases of capital assets	(104,964)	(2,013,188)	(305,273)	(2,423,425)	-
Proceeds on capital debt	-	1,215,916	-	1,215,916	-
Principal paid on capital debt	-	-	(125,000)	(125,000)	-
Interest paid on capital debt	-	-	-	-	-
Net cash provided by (used in) capital and related financing activities	<u>69,987</u>	<u>(611,043)</u>	<u>(391,312)</u>	<u>(932,368)</u>	<u>-</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers from (to) other funds	<u>172,212</u>	<u>(71,700)</u>	<u>(1,227,649)</u>	<u>(1,127,137)</u>	<u>180,000</u>
Net cash provided by (used in) noncapital financing activities	<u>172,212</u>	<u>(71,700)</u>	<u>(1,227,649)</u>	<u>(1,127,137)</u>	<u>180,000</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment earnings	<u>-</u>	<u>29,257</u>	<u>27,899</u>	<u>57,156</u>	<u>-</u>
Net cash provided by investing activities	<u>-</u>	<u>29,257</u>	<u>27,899</u>	<u>57,156</u>	<u>-</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	<u>(56,149)</u>	<u>(142,677)</u>	<u>1,766,805</u>	<u>1,567,979</u>	<u>250,651</u>
CASH AND CASH EQUIVALENTS, Beginning of year	<u>72,971</u>	<u>13,917,341</u>	<u>10,372,845</u>	<u>24,363,157</u>	<u>144,703</u>
CASH AND CASH EQUIVALENTS, End of year	<u>\$ 16,822</u>	<u>\$ 13,774,664</u>	<u>\$ 12,139,650</u>	<u>\$ 25,931,136</u>	<u>\$ 395,354</u>

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS**

	Business-type Activities - Enterprise Funds				Governmental Activities
	Airport	Sewer	Water	Totals	Internal Service Fund
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:					
Operating income (loss)	<u>\$ (586,763)</u>	<u>\$ (3,906,805)</u>	<u>\$ (886,766)</u>	<u>\$ (5,380,334)</u>	<u>\$ 138,568</u>
Adjustments to reconcile operating income (loss) to net cash used in operating activities:					
Depreciation expense	351,735	4,225,056	3,937,231	8,514,022	-
(Increase) decrease in					
Accounts receivable	(43,659)	(147,508)	61,380	(129,787)	(60,003)
Deferred charges	-	-	8,013	8,013	-
Increase (decrease) in					
Accounts payable	(15,857)	350,157	92,600	426,900	(7,914)
Accrued wages and benefits	(1,557)	(4,523)	7,564	1,484	-
Intergovernmental payable	-	-	22,473	22,473	-
Compensated absences payable	(2,247)	(5,568)	42,443	34,628	-
Customer deposits	-	-	72,929	72,929	-
Total adjustments	<u>288,415</u>	<u>4,417,614</u>	<u>4,244,633</u>	<u>8,950,662</u>	<u>(67,917)</u>
Net cash used in operating activities	<u>\$ (298,348)</u>	<u>\$ 510,809</u>	<u>\$ 3,357,867</u>	<u>\$ 3,570,328</u>	<u>\$ 70,651</u>
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:					
Contributions of capital assets	<u>\$ -</u>	<u>\$ 4,018,226</u>	<u>\$ 2,835,010</u>	<u>\$ 6,853,236</u>	<u>\$ -</u>

Sewer Fund:

Capital assets of \$4,018,226 were received from developers during the year.

Water Fund:

Capital assets of \$2,835,010 were received from developers during the year.

TOWN OF BUCKEYE, ARIZONA
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2010

	Pension Trust
ASSETS	
Cash and cash equivalents	<u>\$ 226,932</u>
Total assets	<u><u>\$ 226,932</u></u>
NET ASSETS	
Held in trust for pension benefits	<u>\$ 226,932</u>
Total net assets	<u><u>\$ 226,932</u></u>

TOWN OF BUCKEYE, ARIZONA
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2010

	Pension Trust
ADDITIONS	
State fire insurance premium	\$ 9
Investment earnings	
Net increase in fair value of investments	<u>21,322</u>
Total additions	<u>21,331</u>
DEDUCTIONS	
Administration	<u>1,572</u>
Total deductions	<u>1,572</u>
CHANGES IN NET ASSETS	19,759
NET ASSETS, beginning of year	<u>207,173</u>
NET ASSETS, end of year	<u><u>\$ 226,932</u></u>

TOWN OF BUCKEYE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the Town of Buckeye, Arizona (Town) have been prepared in conformity with accounting principles generally accepted in the United States of America applicable to governmental units adopted by the Governmental Accounting Standards Board (GASB). A summary of the Town's more significant accounting policies follows.

A. Reporting Entity

The Town is a municipal government that is governed by a separately elected governing body. It is legally separate from and fiscally independent of other state and local governments. The accompanying financial statements present the Town and its component units, entities for which the Town is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the Town's operations.

Included within the reporting entity:

The Verrado Community Facilities District No. 1 (formerly Whitestone District No. 1), Sundance Community Facilities District No. 1, Sundance Community Facilities District No. 2, Sundance Community Facilities District No. 3, Verrado Western Overlay Community Facilities District, West Park Community Facilities District, Elianto Community Facilities District, Trillium West Community Facilities District, Festival Ranch Community Facilities District, Tartesso West Community Facilities District and Watson Road Community Facilities District were formed for the purpose of acquiring and improving public infrastructure in specified land areas. As special purpose districts and separate political subdivisions under the Arizona Constitution, the Districts can levy taxes and issue bonds independently of the Town and are considered component units. Property owners in the designated areas are assessed for District taxes and thus for the costs of operating the Districts. The Town Council serves as the Board of Directors; however, the Town has no liability for the Districts' debt. For financial reporting purposes, transactions of the Districts are combined together and blended as if they were part of the Town's operations.

Separate financial statements of the Districts are not prepared.

In current year the Impact fees fund has been separated from the General Fund and is now presented as a major fund.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. The effect of interfund activity has been removed from these statements. *Governmental activities*, which are normally supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds even though the latter are excluded from the government-wide financial statements. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

(continued on next page)

NOTES TO FINANCIAL STATEMENTS

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. 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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting, except expenditures related to compensated absences and claims and judgments, which are recorded only when payment is due. However, since debt service resources are provided during the current year for payment of long-term principal and interest due early in the following year, the expenditures and related liabilities have been recognized in the Debt Service Fund.

Property taxes, intergovernmental grants and aid, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The Town reports the following major governmental funds:

The *General Fund* is the Town's primary operating fund. It accounts for all financial resources of the Town, except those required to be accounted for in another fund. The Impact Fees Fund and SLID Operations Fund are reported as part of the General Fund.

The *Impact Fees Fund* accounts for resources accumulated and payments made for new developments within the town.

The *CFD Fund* accounts for the resources accumulated and payments made for principal and interest on long-term debt of community facilities districts.

The *Debt Service Fund* accounts for resources accumulated and payments made for principal and interest on long-term debt of governmental funds.

The *Highway User Fund* accounts for revenue and expenditures that are legally restricted to expenditures for transportation, the construction, repairs and maintenance of public works and streets.

The Town reports the following major proprietary funds:

The *Airport Fund* accounts for the activities of the Town's airport operations.

The *Sewer Fund* accounts for the activities of the Town's sewer operations.

The *Water Fund* accounts for the activities of the Town's water operations.

Additionally, the government reports the following fund types:

Internal Service Fund is accounted for in essentially the same manner as the proprietary funds, using the same measurement focus and basis of accounting. The fund accounts for financial activity of the Town's workers compensation claims and other risk issues.

NOTES TO FINANCIAL STATEMENTS

The *Pension Trust Fund* accounts for the activities of the Volunteer Firefighters' Relief and Pension Fund, which accumulates resources for pension benefit payments to qualified firemen.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for the business-type activities and enterprise funds, subject to this same limitation. The Town has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. However, charges for interfund services provided and used are not eliminated if the prices approximate their external exchange values.

Amounts reported as program revenues include 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the sewer and water funds are charges to customers for sales and services. Operating expenses for the enterprise funds include the cost of sales and services and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use for governmental activities it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed. For business-type activities, the use of restricted resources is governed by the applicable bond covenants.

D. Cash and Investments

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits, cash and investments held by the State Treasurer, and highly liquid investments with maturities of three months or less from the date of acquisition.

Cash and investments are pooled except for funds required to be held by fiscal agents or restricted under provisions of bond indentures. Interest earned from investments purchased with such pooled monies is allocated to each of the funds based on the average daily cash balances. State statutes authorize the Town to invest in obligations of the U.S. Treasury and U.S. agencies, certificates of deposit in eligible depositories, repurchase agreements, obligations of the State of Arizona or any of its counties or incorporated cities, towns or duly organized school districts, improvement districts in this state and the State Treasurer's Local Government Investment Pool. Investments are stated at fair value.

E. Receivables and Payables

All trade receivables are shown net of a \$1,055,389 allowance for un-collectibles.

Maricopa County levies real property taxes on or before the third Monday in August that become due and payable in two equal installments. The first installment is due on the first day of October and becomes delinquent after the first business day of November. The second installment is due on the first day of March of the next year and becomes delinquent after the first business day of May. However, a lien against real and personal property assessed attaches on the first day of January preceding assessment and levy thereof.

NOTES TO FINANCIAL STATEMENTS

During the course of operations, individual funds within the Town's pooled cash accounts may borrow money from the other funds within the pool on a short-term basis. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet of the fund financial statements and are eliminated in the preparation of the government-wide financial statements. The Town did not have any interfund receivable/payables at year-end.

F. Restricted Assets

Certain proceeds of the Town's bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net assets because their use is limited by applicable bond covenants.

Customer deposits are also classified as restricted assets because their use is limited.

G. Capital Assets

Capital assets, which include property, plant, infrastructure, furniture, equipment and vehicles are reported in the governmental and business-type activities column in the government-wide financial statements as applicable and in the proprietary fund statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year.

Property, plant, furniture, equipment and vehicles purchased or acquired is carried at historical cost or estimated historical cost. Contributed assets are recorded at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation on all assets is provided on a straight-line basis over the following estimated useful lives:

Land improvements	10-20 years
Buildings and improvements	50 years
Wastewater system	50 years
Water system	50 years
Improvements other than buildings	40 years
Infrastructure	20-50 years
Furniture, machinery and equipment	3-10 years
Vehicles	5-10 years

H. Compensated Absences

The liability for compensated absences reported in the fund financial statements and the government-wide statements consists of unpaid, accumulated leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included. For governmental activities, compensated absences are liquidated by the general fund.

I. Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight line 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 term of the related debt.

NOTES TO FINANCIAL STATEMENTS

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of 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.

J. Net Assets

In the government-wide financial statements, net assets are reported in three categories: net assets invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. Net assets invested in capital assets, net of related debt is separately reported because capital assets make up a significant portion of total net assets. Restricted net assets account for the portion of net assets restricted by parties outside the Town. Unrestricted net assets are the remaining net assets not included in the previous two categories.

K. Fund Balance

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

NOTE 2 – COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

The Town Council follows these procedures in establishing the budgetary data reflected in the financial statements:

1. In accordance with Arizona Revised Statutes, the Town Manager submits a proposed budget for the fiscal year commencing the following July 1 to the Town Council. The operating budget includes proposed expenditures and the means of financing them for the upcoming year.
2. Public hearings are conducted to obtain taxpayer comment.
3. Prior to the third Monday in August, the expenditure limitation for the Town is legally enacted through passage of an ordinance. To ensure compliance with the expenditure limitation, a uniform expenditure report must be filed with the State each year. This report, issued under a separate cover, reconciles total Town expenditures from the audited financial statements to total expenditures for reporting in accordance with the State's uniform expenditure reporting system (A.R.S. §41-1279.07).
4. By Arizona Constitution, expenditures may not legally exceed the expenditure limitation described below of all fund types as a whole. For management purposes, the Town adopts a budget by department for the General Fund and in total by fund for other funds. The Town Manager, subject to Town Council approval, may at any time transfer any unencumbered appropriation balance or portion thereof between a department or activity. The adopted budget cannot be amended in any way without Town Council approval.
5. Formal budgetary integration is employed as a management control device during the year for the General, HURF, Special Revenue, Debt Service and Capital Projects Funds on essentially the same modified accrual basis of accounting used to record actual revenues and expenditures.

The Town is subject to the State of Arizona's Spending Limitation Law for Towns and Cities. This law does not permit the Town to spend more than budgeted revenues plus the carryover unrestricted cash balance from the prior fiscal year. The limitation is applied to the total of the combined funds. The Town complied with this law during the year.

NOTES TO FINANCIAL STATEMENTS

No supplementary budgetary appropriations were necessary during the year.

Excess of Expenditures over Appropriations

	<u>Amount of Overexpenditure</u>
General fund:	
Police Department Grants Fund	\$ 1,015

Cash was available to meet all of the excess expenditures above.

NOTE 3 – DEPOSITS AND INVESTMENTS

Cash and investments at June 30, 2010 consisted of the following:

Deposits:	
Cash on hand	\$ 2,080
Cash in bank	14,268,252
Investments:	
Cash on deposit with trustee	27,859,110
Pension Trust Money Market	226,932
State Treasurer's Investment Pool	66,257,745
Total deposits and investments	<u>108,614,119</u>
Restricted Assets	(31,547,753)
Fiduciary Funds	<u>(226,932)</u>
Total cash and cash equivalent	<u>\$ 76,839,434</u>

Cash on Hand – This includes a petty cash fund and beginning cash for the registers at Town Hall. Cash on hand at June 30, 2010 was \$2,080.

Deposits – At June 30, 2010, the carrying amount of the Town's deposits was \$14,268,252 and the bank balance was \$13,412,469. The difference represents outstanding checks and other reconciling items.

Investments – The State Board of Deposit provides oversight for the State Treasurer's pools, and the Local Government Investment Pool Advisory Committee provides consultation and advice to the Treasurer. The fair value of a participant's position in the pool approximates the value of that participant's pool shares. The shares are not identified with specific investments and are not subject to custodial credit risk. In addition, the pension trust mutual fund is not subject to custodial credit risk. Cash on deposit with trustee is held in trust for the Town under a Trust Agreement with Wells Fargo Bank. The funds held in trust are invested in money market funds, are valued at cost, and are invested in cash and cash equivalents and U.S. Treasury Bills. The funds are not subject to credit risk or interest rate risk. The Town's investment in the State Treasurer's investment pool did not receive a credit quality rating from a national agency.

Interest rate risk – In accordance with its investment policy, the Town manages its exposure to declines in fair value by limiting the average maturity of investments to less than one year.

Credit Risk – is the risk that an issuer of an investment will not fulfill its obligations to the holder of the investment. State law limits investments in commercial paper and corporate bonds to the top two ratings issued by nationally recognized statistical rating organizations.

NOTES TO FINANCIAL STATEMENTS

Custodial credit risk – investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town does not have a formal investment policy in regards to custodial credit risk. However, the Town's investments are not subject to custodial credit risk.

Custodial credit risk – deposits. This is the risk that in the event of a bank failure, the Town’s deposits may not be returned to it. The Town’s deposits and bank balances are normally covered by federal depository insurance (FDIC) for the first \$250,000 in each account and by collateral held in the pledging financial institution’s trust department in the Town’s name for the remainder of the deposits. The Town's deposits at June 30, 2010, were entirely covered by federal depository insurance or by collateral held by the Town's custodial bank in the Town's name.

Concentration of Credit Risk – The Town’s policy is to maintain a diversified portfolio to minimize the risk of loss resulting from over concentration of assets in a specific maturity. Concentration of credit risk is the risk of a loss attributed to the magnitude of a government’s investment in a single issuer. As of June 30, the Town did not have a formal investment policy; however, subsequent to year end, the Town has adopted a formal investment policy.

NOTE 4 – RECEIVABLES

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Special assessments not yet due - CFD Debt Service Fund	\$ 63,096,000	\$ -
Special assessments not yet due - Nonmajor Governmental Funds	4,130,000	-
Prepaid building permits - General Fund	-	3,116,971
	<u>\$ 67,226,000</u>	<u>\$ 3,116,971</u>

Intergovernmental receivables were due from the following:

	<u>Receivable</u>
City of Phoenix	\$ 37,867
	<u>\$ 37,867</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2010 was as follows:

	<u>Beginning Balance</u>	<u>Prior Period Adjustment</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Governmental activities:						
Capital assets, not being depreciated:						
Land	\$ 161,292,914	\$ -	\$ 1,682,245	\$ -	\$ -	\$ 162,975,159
Construction in progress	24,447,738	-	7,725,722	(1,043,533)	(16,363,617)	14,766,310
Total capital assets, not being depreciated	185,740,652	-	9,407,967	(1,043,533)	(16,363,617)	177,741,469
Capital assets, being depreciated:						
Land improvements	5,277,009	-	-	(882,203)	3,722,301	8,117,107
Building and improvements	12,372,598	-	-	(252,766)	11,741,517	23,861,349
Infrastructure	204,997,773	27,815,069	5,800,471	-	375,008	238,988,321
Furniture, machinery and equipment	15,193,638	-	1,468,399	(551,163)	-	16,110,874
Total capital assets being depreciated	237,841,018	27,815,069	7,268,870	(1,686,132)	15,838,826	287,077,651
Less accumulated depreciation for:						
Land improvements	(1,234,944)	(100,000)	(394,055)	-	-	(1,728,999)
Building and improvements	(2,427,865)	(6,719)	(631,737)	-	-	(3,066,321)
Infrastructure	(49,015,341)	(4,578,207)	(10,120,017)	3,849	-	(63,709,716)
Furniture, machinery and equipment	(6,956,091)	396,815	(1,587,938)	434,326	-	(7,712,888)
Total accumulated depreciation	(59,634,241)	(4,288,111)	(12,733,747)	438,175	-	(76,217,924)
Total capital assets, being depreciated, net	178,206,777	23,526,958	(5,464,877)	(1,247,957)	15,838,826	210,859,727
Governmental activities capital assets, net	\$ 363,947,429	\$ 23,526,958	\$ 3,943,090	\$ (2,291,490)	\$ (524,791)	\$ 388,601,196
Depreciation was charged by function as follows:						
General government						\$ 412,573
Public safety						1,059,448
Highways and streets						10,598,298
Culture and recreation						529,724
Community development						133,704
Total depreciation expense - governmental activities						\$ 12,733,747

NOTES TO FINANCIAL STATEMENTS

Capital asset activity for the year ended June 30, 2009 was as follows:

	<u>Beginning Balance</u>	<u>Prior Period Adjustment</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Business-type activities:						
Capital assets, not being depreciated:						
Land	\$ 5,303,958	\$ -	\$ -	\$ -	\$ -	\$ 5,303,958
Construction in progress	542,461	-	5,659,942	(116,380)	231,808	6,317,831
Total capital assets, not being depreciated	<u>5,846,419</u>	<u>-</u>	<u>5,659,942</u>	<u>(116,380)</u>	<u>231,808</u>	<u>11,621,789</u>
Capital assets, being depreciated:						
Wastewater system	102,497,085	2,764,320	2,486,222	-	-	107,747,627
Water system	82,834,082	1,758,940	1,172,440	-	-	85,765,462
Land improvements	11,284,608	-	-	-	-	11,284,608
Building and improvements	86,729,216	-	-	-	-	86,729,216
Machinery, equipment and vehicles	1,120,465	-	-	(54,238)	292,983	1,359,210
Total capital assets being depreciated	<u>284,465,456</u>	<u>4,523,260</u>	<u>3,658,662</u>	<u>(54,238)</u>	<u>292,983</u>	<u>292,886,123</u>
Less accumulated depreciation for:						
Wastewater system	(14,188,660)	(284,492)	(2,646,467)	-	-	(17,119,619)
Water system	(22,205,126)	(493,337)	(3,193,630)	-	-	(25,892,093)
Land improvements	(7,128,744)	-	(293,471)	-	-	(7,422,215)
Building and improvements	(5,830,997)	(1,401,669)	(2,249,324)	-	-	(9,481,990)
Machinery, equipment and vehicles	(336,349)	(145,649)	(131,130)	54,239	-	(558,889)
Total accumulated depreciation	<u>(49,689,876)</u>	<u>(2,325,147)</u>	<u>(8,514,022)</u>	<u>54,239</u>	<u>-</u>	<u>(60,474,806)</u>
Total capital assets, being depreciated, net	<u>234,775,580</u>	<u>2,198,113</u>	<u>(4,855,360)</u>	<u>1</u>	<u>292,983</u>	<u>232,411,317</u>
Business-type activities capital assets, net	<u>\$ 240,621,999</u>	<u>\$ 2,198,113</u>	<u>\$ 804,582</u>	<u>\$ (116,379)</u>	<u>\$ 524,791</u>	<u>\$ 244,033,106</u>
Depreciation was charged by function as follows:						
Airport						351,735
Sewer						4,225,056
Water						3,937,231
Total depreciation expense - business-type activities						<u>\$ 8,514,022</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6 – CONSTRUCTION COMMITMENTS

The Town has various active construction projects at June 30, 2010. At fiscal year end, the Town's commitments with contractors were as follows:

Governmental Activities		
<u>Project</u>	<u>Spent-to-date</u>	<u>Remaining Commitment</u>
A Wing Project Phase #1	\$ 486,399	\$ 755,150
Design Fire Stations - Prototype	285,777	677,716
Verrado Fire Station	34,684	118,880
	<u>\$ 806,860</u>	<u>\$ 1,551,746</u>

Business-type Activities		
<u>Project</u>	<u>Spent-to-date</u>	<u>Remaining Commitment</u>
Downtown Storm Drain	\$ 352,389	\$ 52,985
Jackrabbit Trail ID Sewer Line	1,187,426	193,658
	<u>\$ 1,539,815</u>	<u>\$ 246,643</u>

NOTE 7 – OBLIGATIONS UNDER LEASE

Capital Leases

The Town has entered into lease agreements as a lessee for financing the acquisition of various furniture, machinery and equipment items for its governmental activities. The Town has also entered into lease agreements as a lessee for financing the acquisition of trucks and a sewer rotator jet for its business-type activities. These lease agreements qualify as capital leases for accounting purposes and; therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

	Governmental Activities
Assets:	
Furniture, equipment and vehicles	\$ 3,889,531
Less: accumulated depreciation	(957,316)
	<u>\$ 2,932,215</u>

NOTES TO FINANCIAL STATEMENTS

Amortization expense has been included in depreciation expense.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2010, were as follows:

<u>Year ending June 30:</u>	<u>Governmental Activities</u>
2011	\$ 413,854
2012	401,772
2013	215,109
2014	215,109
2015	215,109
2016-2018	239,800
Total minimum lease payments	<u>1,700,753</u>
Less: amount representing interest	<u>(253,701)</u>
Present value of minimum lease payments	<u><u>\$ 1,447,052</u></u>

NOTE 8 – LONG TERM DEBT

The Town has long-term bonds issued to provide funds for the acquisition and construction of major capital facilities. The Town has also issued debt to refund earlier obligations with higher interest rates. The debt is being repaid by various debt service funds. Compensated absences are paid by the applicable fund where each employee is regularly paid, primarily the General Fund.

Special Assessment districts are created only by petition of the Town Council by property owners within the district areas. The Miller Road Improvement District was created so the Town could fund improvements. Each of the 24 property owners within the District has been assessed taxes by the Town for repayment of the improvement bond. In case of default, the Town has the responsibility to cover delinquencies of special assessment bonds with other sources until foreclosure proceeds are received.

Community facilities districts (CFDs) are created only by petition to the Town Council by property owners within the District areas. As the board of directors for the District, the Town Council has adopted a formal policy that CFD debt will be permitted only when the ratio of full cash value of the District property (prior to improvements being installed), when compared to proposed District debt, is a minimum of 3 to 1 prior to issuance of debt and 5 to 1 or higher after construction of improvements. These ratios are verified by an appraisal paid for by the District and administered by the Town. In addition, cumulative debt of all CFDs cannot exceed five percent of the Town's net secondary assessed valuation.

Improvement Bonds

The Town has pledged revenue derived from an annual assessment on the real property of the Miller Road Improvement District to repay \$4,435,000 in improvement bonds issued August, 2001. Special assessment districts are created only by petition of the Town Council by property owners within the District area. Proceeds from these bonds were used to install and construct water and sewer lines within the District. The bonds are payable solely from assessments on the property owners and are payable through 2017. The total principal and interest remaining to be paid on the bonds is \$3,005,395. Principal and interest paid for the current year was \$485,928 and total assessments billed were \$375,769.

The Town has pledged revenue derived from an annual assessment on the real property of the Jackrabbit Trail Improvement District to repay \$2,545,000 in improvement bonds issued December 2009. Special assessment districts are created only by petition of the Town Council by property owners within the District area.

NOTES TO FINANCIAL STATEMENTS

Proceeds from these bonds were used to install and construct water and sewer lines within the District. The bonds are payable solely from assessments on the property owners and are payable through 2029. The total principal and interest remaining to be paid on the bonds is \$4,334,219. Principal and interest paid for the current year was \$88,810 and total assessments billed were \$88,810.

Revenue Bonds

The Town has pledged future excise tax revenues, which include the Town's sales and transaction privilege tax, franchise fees, licenses and permit fees and fines and forfeitures, to repay \$9,400,000 in Greater Arizona Development Authority Excise Tax Revenue Bonds issued February, 2005. Proceeds from these bonds were used to reconstruct streets, and to construct water wells and the related distribution system, flood control structures and a wastewater treatment facility expansion. Annual principal and interest payments on the bonds are expected to require 5 percent of net revenues. The total principal and interest to be paid on the bonds is \$14,060,945. Principal and interest paid for the current year was \$447,588.

The Town has pledged future excise tax revenues, which include the Town's sales and transaction privilege tax, franchise fees, licenses and permit fees and fines and forfeitures, to repay \$14,730,000 in Greater Arizona Development Authority Excise Tax Revenue Bonds issued March, 2006. Proceeds from these bonds were used to construct a municipal complex. Annual principal and interest payments on the bonds are expected to require 5 percent of net revenues. The total principal and interest to be paid on the bonds is \$27,857,478. Principal and interest paid for the current year was \$700,731.

The Town has pledged future excise tax revenues, which include the Town's sales and transaction privilege tax, franchise fees, licenses and permit fees and fines and forfeitures, to repay \$2,200,000 in Greater Arizona Development Authority Excise Tax Revenue Bonds issued May, 2007. Proceeds from these bonds were used for the acquisition and improvement of a facility for administrative purposes. Annual principal and interest payments on the bonds are expected to require 1 percent of net revenues. The total principal and interest to be paid on the bonds is \$3,674,253. Principal and interest paid for the current year was \$104,122 respectively.

The Town has pledged future excise tax revenues, which include the Town's sales and transaction privilege tax, franchise fees, licenses and permit fees and fines and forfeitures, as well as Water Utility Revenues to repay \$2,815,000 in Series 2000 Excise Tax Revenue Bonds issued February, 2000. Proceeds from these bonds were used to connect an unused water well to the existing water system of the Town. Annual principal and interest payments on the bonds are expected to require 1 percent of net revenues. The total principal and interest to be paid on the bonds is \$3,044,691. Principal and interest paid for the current year was \$236,313.

Community Facilities District Bonds

The Town has pledged revenue derived from an annual assessment on the real property of the Sundance Community, Facilities District No. 1 to repay \$11,300,000 in special assessment revenue bonds issued September, 2002. Special assessment districts are created only by petition to the Town Council by property owners within the Districts area. Proceeds were used for infrastructure improvements within the special assessment district. The bonds are payable solely from assessments on the property owners. The total principal and interest remaining to be paid on the bonds is \$6,238,803. Principal and interest paid for the current year was \$356,018 and total assessments billed were \$620,718.

The Town has pledged revenue derived from an annual assessment on the real property of the Sundance Community Facilities District No. 2 to repay \$7,175,000 in special assessment revenue bonds issued April, 2003. Special assessment districts are created only by petition to the Town Council by property owners within the Districts area. Proceeds were used for infrastructure improvements within the special assessment district. The bonds are payable solely from assessments on the property owners. The total principal and interest remaining to be paid on the bonds is \$7,563,451. Principal and interest paid for the current year was \$470,587 and total assessments billed were \$455,132.

NOTES TO FINANCIAL STATEMENTS

The Town has pledged revenue derived from an annual assessment and levy of taxes on the real property of the Sundance Community Facilities District No. 3 to repay \$2,050,000 in special assessment bonds issued June, 2004. Special assessment districts are created only by petition to the Town Council by property owners within the Districts area. Proceeds were used for infrastructure improvements within the special assessment district. The bonds are payable solely from assessments on the property owners. The total principal and interest remaining to be paid on the bonds is \$1,929,075. Principal and interest paid for the current year was \$109,350 and total assessments billed were \$105,720.

The Town has pledged revenue derived from an annual assessment on the real property of the West Park Community Facilities District (Assessment District 1) to repay \$3,800,000 in special assessment revenue bonds issued May, 2005. Special assessment districts are created only by petition to the Town Council by property owners within the District area. Proceeds were used for infrastructure improvements within the special assessment district. The bonds are payable solely from assessments on the property owners. The total principal and interest remaining to be paid on the bonds is \$4,749,406. Principal and interest paid for the current year was \$269,804 and total assessments billed were \$252,996.

The Town has pledged revenue derived from an annual assessment on the real property of the Festival Ranch Community Facilities District (Assessment District 1) to repay \$1,448,000 in special assessment revenue bonds issued November, 2005. Special assessment districts are created only by petition to the Town Council by property owners within the District area. Proceeds were used for infrastructure improvements within the special assessment district. The bonds are payable solely from assessments on the property owners. The total principal and interest remaining to be paid on the bonds is \$1,090,272. Principal and interest paid for the current year was \$61,518 and total assessments billed were \$57,367.

The Town has pledged revenue derived from an annual assessment and levy of taxes on the real property of the Watson Road Community Facilities District to repay \$49,000,000 in special assessment revenue bonds issued December, 2005. Special assessment districts are created only by petition to the Town Council by property owners within the District area. Proceeds were used for infrastructure improvements within the special assessment district. The bonds are payable solely from assessments on the property owners. The total principal and interest remaining to be paid on the bonds is \$73,802,112. Principal and interest paid for the current year was \$3,832,280 and total assessments billed were \$3,827,122.

The Town has pledged revenue derived from an annual assessment on the real property of the Festival Ranch Community Facilities District (Assessment District 2 and 3) to repay \$1,868,000 in special assessment lien bonds issued April, 2007. Special assessment districts are created only by petition to the Town Council by property owners within the District area. Proceeds were used for infrastructure improvements within the special assessment district. The bonds are payable solely from assessments on the property owners. The total principal and interest remaining to be paid on the bonds is \$2,670,312. Principal and interest paid for the current year was \$125,103 and total assessments billed were \$124,169.

The Town has pledged revenue derived from an annual assessment on the real property of the Festival Ranch Community Facilities District (Assessment District 4 and 5) to repay \$1,784,000 in special assessment lien bonds issued October, 2007. Special assessment districts are created only by petition to the Town Council by property owners within the District area. Proceeds were used for infrastructure improvements within the special assessment district. The bonds are payable solely from assessments on the property owners. The total principal and interest remaining to be paid on the bonds is \$2,826,781. Principal and interest paid for the current year was \$135,386 and total assessments billed were \$134,104.

The Town has pledged revenue derived from an annual assessment on the real property of the Festival Ranch Community Facilities District (Assessment District 6) to repay \$356,000 in special assessment lien bonds issued November 2009. Special assessment districts are created only by petition to the Town Council by property owners within the District area. Proceeds were used for infrastructure improvements within the special assessment district. The bonds are payable solely from assessments on the property owners. The total principal and interest remaining to be paid on the bonds is \$870,839. Principal and interest paid for the current year was \$19,484 and total assessments billed were \$19,484.

NOTES TO FINANCIAL STATEMENTS

Purpose	Interest Rates (%)	Matures	Original Issue Amount	Amount Outstanding
Governmental activities:				
<i>Improvement District Bonds:</i>				
Miller Road Improvement Bonds	5.45%	July 2017	\$ 4,435,000	\$ 1,585,000
Jackrabbit Trail Sewer Improvements Bonds	6.25%	January 2029	2,545,000	2,545,000
Total Improvement District Bonds			<u>\$ 6,980,000</u>	<u>\$ 4,130,000</u>
<i>Revenue Bonds:</i>				
Greater Arizona Development Authority Excise Tax Revenue Bonds -				
Series 2005A	3.0 - 5.0%	July 2030	\$ 9,400,000	\$ 8,955,000
Series 2006A	4.0 - 5.0%	August 2036	14,730,000	14,730,000
Series 2007A	4.0 - 5.0%	August 2031	2,200,000	2,085,000
Total Revenue Bonds			<u>\$ 26,330,000</u>	<u>\$ 25,770,000</u>
<i>Community Facilities District Bonds:</i>				
Sundance Special Assessment Revenue Bonds				
Series 2002	2.25 - 7.75%	July 2022	\$ 11,300,000	\$ 4,390,000
Series 2003	5.0 - 7.125%	July 2027	7,175,000	4,554,000
Series 2004	6.50%	July 2029	2,050,000	1,151,000
West Park Special Assessment Revenue Bonds,				
Series 2005	4.55 - 5.9%	July 2029	3,800,000	3,057,000
Festival Ranch Special Assessment Revenue Bonds,				
Series 2005	4.0 - 5.55%	July 2030	1,448,000	724,000
Series 2009	8.88%	July 2034	356,000	356,000
Watson Road Special Assessment Revenue Bonds, Series 2005				
	4.5 - 6.0%	July 2030	49,000,000	45,506,000
Festival Ranch Special Assessment Lien Bonds,				
Series 2007	4.2 - 5.0%	July 2032	1,868,000	1,668,000
Series 2007	4.3 - 5.75%	July 2032	1,784,000	1,690,000
Verrado District No. 1, General Obligation Bonds				
Series 2003	6.0 - 6.5%	July 2027	24,000,000	22,700,000
Series 2006	4.85 - 5.35%	July 2031	18,600,000	17,750,000
Sundance General Obligation Bonds,				
Series 2004	3.0 - 6.25%	July 2029	5,000,000	4,530,000
Series 2005	4.0 - 5.125%	July 2030	6,000,000	5,580,000
Verrado Western Overlay General Obligation Bonds, Series 2004				
	Variable	July 2029	13,000,000	13,000,000
Tartesso West General Obligation Bonds,				
Series 2005	6.00%	July 2030	110,000	100,000
Series 2007	4.35 - 5.90%	July 2032	8,750,000	8,205,000
West Park General Obligation Bonds,				
Series 2005	5.15 - 5.60%	July 2030	690,000	630,000
Series 2006	4.20 - 5.25%	July 2031	4,420,000	4,165,000
Series 2007	4.7 - 5.45%	July 2032	2,480,000	2,385,000
Festival Ranch General Obligation Bonds,				
Series 2006	4.9 - 5.3%	July 2031	800,000	735,000
Series 2007	4.65 - 5.8%	July 2032	1,535,000	1,455,000
Series 2009A	5% - 6.5%	July 2031	5,435,000	5,435,000
Series 2009B	8% - 8.625%	July 2034	2,165,000	2,165,000
Total Community Facilities Districts Bonds			<u>\$ 171,766,000</u>	<u>\$ 151,931,000</u>

NOTES TO FINANCIAL STATEMENTS

<u>Purpose</u>	<u>Interest Rates (%)</u>	<u>Matures</u>	<u>Original Issue Amount</u>	<u>Amount Outstanding</u>
Business-type Activities:				
Excise Tax Revenue Bonds, Series 2000	4.4 - 5.9%	August 2020	\$ 2,815,000	\$ 1,900,000
WIFA Bond	2.85%	July 2029	12,000,000	1,215,916
Total Business-type Bonds			<u>\$ 14,815,000</u>	<u>\$ 3,115,916</u>

Changes in long-term obligations for the year ended June 30, 2010 are as follows:

	<u>July 1, 2009 As Restated</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2010</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds payable:					
Improvement	\$ 2,790,000	\$ 2,545,000	\$ (1,205,000)	\$ 4,130,000	\$ 380,000
Revenue	26,330,000	-	(560,000)	25,770,000	505,000
Community facilities district	152,452,594	7,966,000	(8,487,594)	151,931,000	6,778,000
Deferred amount on premium	1,024,116	-	(53,905)	970,211	53,905
Deferred amount on discount	(791,711)	-	48,732	(742,979)	(48,732)
Total bonds payable	<u>181,804,999</u>	<u>10,511,000</u>	<u>(10,257,767)</u>	<u>182,058,232</u>	<u>7,668,173</u>
Other liabilities:					
Capital leases	1,779,819	-	(332,767)	1,447,052	413,854
Compensated absences	1,206,686	(924,244)	861,508	1,143,950	800,765
Total other liabilities	<u>2,986,505</u>	<u>(924,244)</u>	<u>528,741</u>	<u>2,591,002</u>	<u>1,214,619</u>
Total long-term liabilities	<u>\$ 184,791,504</u>	<u>\$ 9,586,756</u>	<u>\$ (9,729,026)</u>	<u>\$ 184,649,234</u>	<u>\$ 8,882,792</u>
Business-type Activities:					
Bonds payable:					
Revenue	\$ 2,025,000	\$ 1,215,916	\$ (125,000)	\$ 3,115,916	\$ 1,900,000
Total bonds payable	<u>2,025,000</u>	<u>1,215,916</u>	<u>(125,000)</u>	<u>3,115,916</u>	<u>1,900,000</u>
Other liabilities:					
Capital leases	-	-	-	-	-
Compensated absences	88,606	165,013	(73,458)	180,161	144,129
Total other liabilities	<u>88,606</u>	<u>165,013</u>	<u>(73,458)</u>	<u>180,161</u>	<u>144,129</u>
Total long-term liabilities	<u>\$ 2,113,606</u>	<u>\$ 1,380,929</u>	<u>\$ (198,458)</u>	<u>\$ 3,296,077</u>	<u>\$ 2,044,129</u>

NOTES TO FINANCIAL STATEMENTS

Debt service requirements on long-term debt at June 30, 2010 are as follows:

Year ending June 30:	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2011	\$ 7,058,000	\$ 9,879,795	\$ 130,000	\$ 432,913
2012	5,584,000	9,620,076	135,000	379,815
2013	5,782,000	9,207,541	150,000	359,949
2014	6,001,000	8,967,669	150,000	339,281
2015	6,667,000	8,615,860	160,000	317,951
2016 - 2020	36,874,000	37,344,890	950,000	1,232,028
2021 - 2025	46,028,000	25,914,083	1,440,916	655,116
2026 - 2030	47,899,000	12,268,991	-	227,927
2031 - 2035	18,073,000	2,195,089	-	-
2036 - 2039	1,865,000	94,375	-	-
	<u>\$ 181,831,000</u>	<u>\$ 124,108,369</u>	<u>\$ 3,115,916</u>	<u>\$ 3,944,980</u>

NOTE 9 – INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2010 consisted of the following:

Transfers To	Transfers From								Total
	General Fund	CFD Fund	Debt Service Fund	Airport Fund	Sewer Fund	Water Fund	Internal Service Fund	Nonmajor Governmental Fund	
General Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 250,000	\$ 250,000
CFD Fund	-	3,398,367	-	-	-	-	-	1,987,049	5,385,416
Debt Service Fund	903,931	-	138,810	-	71,700	569,231	-	-	1,683,672
Airport Fund	65,000	-	-	12,011	-	-	-	-	77,011
Sewer Fund	50,000	-	-	-	-	658,418	-	-	708,418
Water Fund	-	-	-	-	-	-	-	-	-
Internal Service Fund	180,000	-	-	-	-	-	-	-	180,000
Nonmajor Governmental Funds	420,939	-	-	-	-	-	-	834,500	1,255,439
Total	<u>\$ 1,619,870</u>	<u>\$ 3,398,367</u>	<u>\$ 138,810</u>	<u>\$ 12,011</u>	<u>\$ 71,700</u>	<u>\$ 1,227,649</u>	<u>\$ -</u>	<u>\$ 3,071,549</u>	<u>\$ 9,539,956</u>

Transfers were made for operations in the applicable fund.

NOTE 10 – RISK MANAGEMENT

The Town of Buckeye, Arizona, 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 Town's insurance protection is provided by the Arizona Municipal Risk Retention Pool, of which the Town is a participating member. The limit for basic coverage is for \$3,000,000 per occurrence on a claims made basis. Excess coverage is for an additional \$3,000,000 per occurrence on a follow form, claims made basis. No significant reduction in insurance coverage occurred during the year and no settlements exceeded insurance coverage during any of the past three fiscal years.

The Arizona Municipal Risk Retention Pool is structured such that member premiums are based on an actuarial review that will provide adequate reserves to allow the pool to meet its expected financial obligations. The pool has the authority to assess its members' additional premiums should reserves and annual premiums be insufficient to meet the pool's obligations.

NOTES TO FINANCIAL STATEMENTS

The Town is also insured by Arizona Municipal Workers Compensation Fund for potential worker related accidents.

NOTE 11 – RETIREMENT PLANS

Arizona State Retirement System

A. Plan Descriptions

The Town contributes to a cost-sharing, multiple-employer defined benefit pension plan; a cost-sharing, multiple-employer defined benefit health care plan; and a cost-sharing, multiple-employer defined benefit long-term disability plan, all of which are administered by the Arizona State Retirement System. The Arizona State Retirement System (through its Retirement Fund) provides retirement (i.e., pension), death, and survivor benefits; the Health Benefit Supplement Fund provides health insurance premium benefits (i.e., a monthly subsidy); and the Long-Term Disability Fund provides long-term disability benefits. Benefits are established by state statute. The System is governed by the Arizona State Retirement System Board according to the provisions of A.R.S. Title 38, Chapter 5, Article 2.

The System issues a comprehensive annual financial report that includes financial statements and required supplementary information. The most recent report may be obtained by writing the System, 3300 North Central Avenue, P.O. Box 33910, Phoenix, AZ 85067-3910 or by calling (602) 240-2000 or (800) 621-3778.

B. Funding Policy

The Arizona State Legislature establishes and may amend active plan members' and the Town's contribution rates. For the year ended June 30, 2010, active plan members were required by statute to contribute at the actuarially determined rate of 9.6 percent (9.1 percent for retirement and 0.5 percent for long-term disability) of the members' annual covered payroll and the Town was required by statute to contribute at the actuarially determined rate of 9.6 percent (8.05 percent for retirement, 1.05 percent for health insurance premium, and 0.5 percent for long-term disability) of the members' annual covered payroll. Amounts of the Towns contributions for the years ended June 30:

	<u>Retirement Fund</u>	<u>Health Benefit Supplement Fund</u>	<u>Long-Term Disability Fund</u>
2010	\$ 689,415	\$ 89,924	\$ 42,821
2009	\$ 1,090,954	142,298	142,298
2008	\$ 616,097	80,360	38,267

Public Safety Personnel Retirement System (PSPRS)

A. Plan Description

The Town contributes to the Public Safety Personnel Retirement System (PSPRS), an agent multiple-employer, public employee retirement system that acts as a common investment and administrative agent to provide retirement and death and disability benefits for public safety personnel who are regularly assigned hazardous duty in the employ of the State of Arizona or a political subdivision thereof. All benefit provisions and other requirements are established by State statute. The Public Safety Personnel Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for PSPRS. That report may be obtained by writing to Public Safety Personnel, 1020 E. Missouri Ave., Phoenix, AZ 85014 or by calling (602) 255-5575.

NOTES TO FINANCIAL STATEMENTS

B. Funding Policy

Covered employees are required to contribute 7.65 percent of their annual salary to the PSPRS. The Town is required to contribute the remaining amounts necessary to fund the PSPRS, as determined by the actuarial basis specified by statute. The current rate is 5.97 percent for police and 5.27 percent for fire of annual covered payroll.

C. Annual Pension Cost

During the year ended June 30, 2009, the Town of Buckeye, Arizona's annual pension cost of \$415,127 for police and \$407,033 for fire was equal to the Town of Buckeye, Arizona's required and actual contributions.

The required contribution was determined as part of the June 30, 2008 actuarial valuation using an entry age actuarial funding method. Significant actuarial assumptions used in determining the entry age actuarial accrued liability include (a) a rate of return on the investment of present and future assets of 8.50% per year compounded annually, (b) projected salary increases of 5.0% per year compounded annually attributable to inflation, and (c) additional projected salary increases of 0.5% to 3.5% per year attributable to seniority/merit.

D. Funded Status and Funding Progress

As of June 30, 2010, the plan was 91.1% funded for police and 114.4% funded for fire. For police, the actuarial accrued liability for benefits was \$10 million, and the actuarial value of assets was \$9.1 million, resulting in an unfunded actuarial accrued liability of (UAAL) of \$0.9 million. For fire, the actuarial accrued liability for benefits was \$5.9 million, and the actuarial value of assets was \$6.8 million, resulting in a fully funded actuarial accrued liability (UAAL). The covered payroll (annual payroll of active employees covered by the plan) was \$4.3 million for police and \$4.6 million for fire, and the ratio of the UAAL to the covered payroll was 20.5% for police and 0% for fire.

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

The actuarial value of the Town of Buckeye, Arizona's assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a four-year period. The Town of Buckeye, Arizona's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2010, was 20 years.

The preceding methods comply with the financial reporting standards established by the Governmental Accounting Standards Board.

Three-Year Trend Information

POLICE			
Fiscal Year Ended June 30	Annual Pension Cost (APC)	Percent Contributed	Net Pension Obligation
2008	\$ 348,388	100.0%	\$ -
2009	578,180	100.0%	-
2010	415,127	100.0%	-

NOTES TO FINANCIAL STATEMENTS

Three-Year Trend Information

FIRE			
Fiscal Year Ended June 30	Annual Pension Cost (APC)	Percent Contributed	Net Pension Obligation
2008	\$ 386,336	100.0%	\$ -
2009	722,834	100.0%	-
2010	407,033	100.0%	-

Additional historical trend information for the Town's PSPRS is disclosed on page 48.

Historical trend information is presented in order for a reader to assess the progress made in accumulating sufficient assets to pay pension benefits as they become payable.

Firefighters' Relief and Pension Fund

The Town of Buckeye Volunteer Firefighters' Relief and Pension Fund is a defined contribution pension plan administered by the Town and a board of trustees for the Town's volunteer firefighters.

A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive. According to state statute, a volunteer firefighter who has served for 25 years or more or has reached 60 years of age and has served 20 years or more shall be eligible to receive a monthly retirement not to exceed \$150 per month, as determined by the board of trustees. Such pension, if paid, may be increased or decreased in amount, or discontinued at the discretion of the board of trustees. Pension and relief benefits may only be paid from the income of the trust fund. However, a firefighter who leaves the service without being eligible for retirement benefits is entitled to all previous deductions from his salary plus interest at a rate determined by the board of trustees. As established by state statute, in lieu of another acceptable pension plan, all volunteer firefighters must participate in the pension plan from the date they enter service.

The State of Arizona is required by statute to contribute a portion of the annual tax received on fire insurance premiums. During the fiscal year ended June 30, 2010, there were no contributions made.

No pension provision changes occurred during the year that affected the required contributions made by the Town or its volunteer firefighters.

The Firefighters' Relief and Pension Fund held no securities of the Town or other related parties during the fiscal years or as of the close of the fiscal year.

NOTE 12 – CONTINGENT LIABILITIES

Accumulated Sick Leave - Sick leave benefits provide for ordinary sick pay and are cumulative but do not vest with employees and, therefore, are not accrued. Unvested accumulated sick leave of Town employees at June 30, 2010, totaled \$1,456,050

Lawsuits - The Town is a defendant in various lawsuits. In the opinion of the Town's attorney the resolution of these matters will not have a material adverse effect on the financial condition of the Town.

NOTES TO FINANCIAL STATEMENTS

NOTE 13 – PRIOR PERIOD ADJUSTMENT

During the current year, the Town Engineer conducted an internal review and discovered assets that had been donated and accepted by the Town in prior fiscal years but had not been reported by the Town Engineer’s office to the Town’s finance department. As a result, these donated assets were not capitalized in the appropriate period. A prior period adjustment has been made in these financial statements this year to correctly reflect the Town’s capital assets for the amount of \$23,520,958 and \$2,198,113 for the governmental activities and business-type activities, respectively. Additionally an error was noted in the amount of long term debt reported in the Government wide financial statements. The Town determined that long term debt was understated \$7,831,743. The effect on net assets, beginning balances is as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Net assets, beginning balance, as previously stated	\$ 333,931,399	\$ 262,291,955
Capital assets not included, net	23,526,958	2,198,113
Debt, understated	<u>(1,053,743)</u>	<u>-</u>
Net assets, beginning balance, as restated	<u>\$ 356,404,614</u>	<u>\$ 264,490,068</u>

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Required Supplementary Information

TOWN OF BUCKEYE, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION
PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM
SCHEDULE OF FUNDING PROGRESS

POLICE

Valuation Date June 30	Actuarial Value of Assets	Entry Age Actuarial Accrued Liability (AAL)	Percent Funded	Over (Under) Funded AAL	Annual Covered Payroll	Over (Under) Funded AAL as a Percentage of Covered Payroll
2008	7,058,109	8,029,581	87.9%	(971,472)	4,853,432	(20.0)%
2009	8,455,403	9,383,706	90.1%	(928,303)	4,583,561	(20.3)%
2010	9,069,732	9,958,482	91.1%	(888,750)	4,341,609	(20.5)%

FIRE

Valuation Date June 30	Actuarial Value of Assets	Entry Age Actuarial Accrued Liability (AAL)	Percent Funded	Over (Under) Funded AAL	Annual Covered Payroll	Over (Under) Funded AAL as a Percentage of Covered Payroll
2008	4,399,079	4,278,651	102.8%	120,428	5,013,326	0.0%
2009	5,665,144	5,524,960	102.5%	140,184	5,011,058	0.0%
2010	6,775,242	5,921,844	114.4%	853,398	4,555,087	0.0%

**Combining and Individual Fund
Statements and Schedules**

TOWN OF BUCKEYE, ARIZONA
SUPPLEMENTAL INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL (GAAP BASIS)
YEAR ENDED JUNE 30, 2010

	Budgeted Amounts Original	Final	Total Impact Fees Funds	Variance with Final Budget Positive (Negative)
REVENUES				
Impact fees	\$ 1,366,000	\$ 1,366,000	\$ 1,532,979	\$ (166,979)
Investment earnings	-	-	48,877	(48,877)
Total revenues	<u>1,366,000</u>	<u>1,366,000</u>	<u>1,581,856</u>	<u>1,581,856</u>
EXPENDITURES				
Current				
General government	-	-	2,563	(2,563)
Public safety	-	9,000	1,089,593	(1,080,593)
Culture and recreation	-	-	5,126	(5,126)
Capital outlay	<u>5,888,635</u>	<u>5,944,916</u>	<u>1,346,729</u>	<u>4,598,187</u>
Total expenditures	<u>5,888,635</u>	<u>5,953,916</u>	<u>2,444,011</u>	<u>3,509,905</u>
REVENUES OVER (UNDER) EXPENDITURES				
	<u>(4,522,635)</u>	<u>(4,587,916)</u>	<u>(862,155)</u>	<u>(1,928,049)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(4,522,635)	(4,587,916)	(862,155)	(1,928,049)
FUND BALANCES, beginning of year	<u>21,226,911</u>	<u>21,226,911</u>	<u>21,226,911</u>	<u>-</u>
FUND BALANCES, end of year	<u><u>\$ 16,704,276</u></u>	<u><u>\$ 16,638,995</u></u>	<u><u>\$ 20,364,756</u></u>	<u><u>\$ (1,928,049)</u></u>

TOWN OF BUCKEYE, ARIZONA
SUPPLEMENTAL INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL (GAAP BASIS)
YEAR ENDED JUNE 30, 2010

	CFD			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Taxes	\$ 8,394,069	\$ 8,993,193	\$ 9,652,118	\$ (658,925)
Improvement proceeds	-	-	-	-
Admin/fee income	-	-	-	-
Interest and fiscal charges	-	-	-	-
Special assessments	5,747,394	5,868,104	7,382,733	-
Investment earnings	228,400	228,400	5,870	222,530
Other	-	-	(1)	1
Total revenues	<u>5,975,794</u>	<u>6,096,504</u>	<u>17,040,720</u>	<u>222,531</u>
EXPENDITURES				
Current				
General government	-	-	(1)	1
Improvement expense	-	-	-	-
Acquisition and construction	-	-	-	-
Miscellaneous expense	-	-	-	-
Debt Service				
Principal retirement	3,949,000	3,949,000	8,030,000	(4,081,000)
Interest on long-term debt	8,883,780	8,233,780	7,847,597	386,183
Total expenditures	<u>12,832,780</u>	<u>12,182,780</u>	<u>15,877,596</u>	<u>-</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(6,856,986)</u>	<u>(6,086,276)</u>	<u>1,163,124</u>	<u>222,531</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	2,088,880	5,385,416	(3,296,536)
Transfers out	-	(2,738,880)	(3,398,367)	659,487
Total other financing sources (uses)	<u>-</u>	<u>(650,000)</u>	<u>1,987,049</u>	<u>(2,637,049)</u>
NET CHANGE IN FUND BALANCES	(6,856,986)	(6,736,276)	3,150,173	(2,414,518)
FUND BALANCES, beginning of year	<u>13,667,849</u>	<u>13,667,849</u>	<u>13,667,849</u>	<u>-</u>
FUND BALANCES, end of year	<u>\$ 6,810,863</u>	<u>\$ 6,931,573</u>	<u>\$ 16,818,022</u>	<u>\$ (2,414,518)</u>

TOWN OF BUCKEYE, ARIZONA
SUPPLEMENTAL INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL (GAAP BASIS)
YEAR ENDED JUNE 30, 2010

	DEBT SERVICE			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Investment earnings	\$ 1,600	\$ 1,600	\$ 13,944	\$ (12,344)
Other	3,885,000	3,078,000	3,236,085	(158,085)
Total revenues	<u>3,886,600</u>	<u>3,079,600</u>	<u>3,250,029</u>	<u>(170,429)</u>
EXPENDITURES				
Current				
General government	792,777	658,466	608,841	49,625
Highway and street	275	898,275	898,000	275
Debt Service				
Principal retirement	345,000	1,235,000	1,895,000	(660,000)
Interest on long-term debt	872,687	911,341	1,211,654	(300,313)
Issuance costs	-	-	-	-
Capital Outlay	4,371,057	4,774,264	4,041,907	732,357
Total expenditures	<u>6,381,796</u>	<u>8,477,346</u>	<u>8,655,402</u>	<u>(178,056)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	<u>(2,495,196)</u>	<u>(5,397,746)</u>	<u>(5,405,373)</u>	<u>7,627</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	946,750	690,410	1,683,672	(993,262)
Transfers out	-	-	(138,810)	138,810
Total other financing sources (uses)	<u>946,750</u>	<u>690,410</u>	<u>1,544,862</u>	<u>(854,452)</u>
NET CHANGE IN FUND BALANCES				
	(1,548,446)	(4,707,336)	(3,860,511)	(846,825)
FUND BALANCES, beginning of year				
	<u>6,207,022</u>	<u>6,207,022</u>	<u>6,207,022</u>	<u>-</u>
FUND BALANCES, end of year				
	<u>\$ 4,658,576</u>	<u>\$ 1,499,686</u>	<u>\$ 2,346,511</u>	<u>\$ (846,825)</u>

TOWN OF BUCKEYE, ARIZONA
SUPPLEMENTAL INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL (GAAP BASIS)
YEAR ENDED JUNE 30, 2010

	HURF		
	Original Budget	Final Budget	Actual
REVENUES			
Intergovernmental	\$ 1,601,400	\$ 1,601,400	1,459,411
Total revenues	<u>1,601,400</u>	<u>1,601,400</u>	<u>1,459,411</u>
EXPENDITURES			
Current			
Highways and streets	2,424,746	2,317,871	1,817,543
Capital outlay			
Total expenditures	<u>3,644,850</u>	<u>3,644,850</u>	<u>1,817,543</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,043,450)	(2,043,450)	(358,132)
FUND BALANCES, beginning of year	<u>971,148</u>	<u>971,148</u>	<u>971,148</u>
FUND BALANCES, end of year	<u><u>\$ (1,072,302)</u></u>	<u><u>\$ (1,072,302)</u></u>	<u><u>\$ 613,016</u></u>

TOWN OF BUCKEYE, ARIZONA
SUPPLEMENTAL INFORMATION
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2010

	Special Revenue Funds	CFD Special Revenue	Capital Projects Fund	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 1,798,591	\$ 1,683,495	\$ 13,952,844	\$ 17,434,930
Cash with paying agent	-	-	-	-
Receivables, net				
Accounts	334,453	18,219	622,935	975,607
Taxes	-	16,143	-	16,143
Special assessments	-	-	4,130,000	4,130,000
Restricted assets	-	910,016	2,243,912	3,153,928
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 2,133,044</u>	<u>\$ 2,627,873</u>	<u>\$ 20,949,691</u>	<u>\$ 25,710,608</u>
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts payable	\$ 159,173	\$ 16,067	\$ 168,422	\$ 343,662
Deferred revenue	-	-	4,130,000	4,130,000
Total liabilities	<u>159,173</u>	<u>16,067</u>	<u>4,298,422</u>	<u>4,473,662</u>
FUND BALANCE				
Unreserved	<u>1,973,871</u>	<u>2,611,806</u>	<u>16,651,269</u>	<u>21,236,946</u>
Total fund balance	<u>1,973,871</u>	<u>2,611,806</u>	<u>16,651,269</u>	<u>21,236,946</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balance	<u>\$ 2,133,044</u>	<u>\$ 2,627,873</u>	<u>\$ 20,949,691</u>	<u>\$ 25,710,608</u>

TOWN OF BUCKEYE, ARIZONA
SUPPLEMENTAL INFORMATION
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2010

	Special Revenue Funds	CFD Special Revenue	Capital Projects Fund	Total Nonmajor Governmental Funds
REVENUES				
Taxes	\$ -	\$ 1,042,701	\$ -	\$ 1,042,701
Intergovernmental	213,460	-	-	213,460
Charges for services	201,228	508,176	32,682	742,086
Developer agreements	-	-	675,402	675,402
Contributions and donations	1,098,497	-	3,969,999	5,068,496
Special assessments	-	-	-	-
Investment earnings	-	1,128	9,897	11,025
Other	994,826	7,688,307	813,182	9,496,315
Total revenues	2,508,011	9,240,312	5,501,162	17,249,485
EXPENDITURES				
Current				
General government	150,097	897,845	85,488	1,133,430
Public safety	1,552,544	-	-	1,552,544
Highway and streets	-	-	-	-
Culture and recreation	-	-	-	-
Community development	5,152	-	-	5,152
Economic development	-	-	-	-
Health and welfare	555,237	-	-	555,237
Debt service				
Principal retirement	-	-	-	-
Interest on long-term debt	-	-	-	-
Issuance costs	-	169,946	-	169,946
Capital outlay	324,539	8,978,234	5,302,524	14,605,297
Total expenditures	2,587,569	10,046,025	5,388,012	18,021,606
REVENUES OVER (UNDER) EXPENDITURES	(79,558)	(805,713)	113,150	(772,121)
OTHER FINANCING SOURCES (USES)				
Transfers in	400,939	86,484	768,016	1,255,439
Transfers out	(250,000)	(2,073,533)	(748,016)	(3,071,549)
Issuance of debt	-	-	-	-
Proceeds from capital leases	-	-	-	-
Total other financing sources (uses)	150,939	(1,987,049)	20,000	(1,816,110)
NET CHANGE IN FUND BALANCES	71,381	(2,792,762)	133,150	(2,588,231)
FUND BALANCES, beginning of year	1,902,490	5,404,568	16,518,119	23,825,177
FUND BALANCES, end of year	\$ 1,973,871	\$ 2,611,806	16,651,269	\$ 21,236,946

TOWN OF BUCKEYE, ARIZONA
SUPPLEMENTAL INFORMATION
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2010

	<u>Fill the Gap Fund</u>	<u>R.I.C.O. Fund</u>	<u>V.A.L.U.E. Kids Fund</u>	<u>Buckeye Explorer Fund</u>	<u>Youth Scholarship Fund</u>	<u>Impound Fund</u>	<u>Maricopa County CAP</u>	<u>Verrado Planners Fund</u>	<u>Police Department Grants Fund</u>
ASSETS									
Cash and cash equivalents	\$ 41,661	\$ 86,504	\$ 3,876	\$ 10,311	\$ 7,302	\$ 99,107	\$ 63,889	\$ -	\$ (241,353)
Cash with paying agent	-	-	-	-	-	-	-	-	-
Receivables, net	-	-	-	-	-	-	-	-	-
Accounts	-	-	-	-	-	-	18,906	-	270,332
Taxes	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-	-
Restricted assets	-	-	-	-	-	-	-	-	-
Total assets	<u>\$ 41,661</u>	<u>\$ 86,504</u>	<u>\$ 3,876</u>	<u>\$ 10,311</u>	<u>\$ 7,302</u>	<u>\$ 99,107</u>	<u>\$ 82,795</u>	<u>\$ -</u>	<u>\$ 28,979</u>
LIABILITIES AND FUND BALANCE									
LIABILITIES									
Accounts payable	\$ -	\$ 10,301	\$ -	\$ -	\$ 7,302	\$ 509	\$ 305	\$ -	\$ 29,994
Interest payable	-	-	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-	-	-
Matured debt principal payable	-	-	-	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>10,301</u>	<u>-</u>	<u>-</u>	<u>7,302</u>	<u>509</u>	<u>305</u>	<u>-</u>	<u>29,994</u>
FUND BALANCE									
Unreserved	41,661	76,203	3,876	10,311	-	98,598	82,490	-	(1,015)
Reserved special revenue funds	-	-	-	-	-	-	-	-	-
Total fund balance	<u>41,661</u>	<u>76,203</u>	<u>3,876</u>	<u>10,311</u>	<u>-</u>	<u>98,598</u>	<u>82,490</u>	<u>-</u>	<u>(1,015)</u>
Total liabilities and fund balance	<u>\$ 41,661</u>	<u>\$ 86,504</u>	<u>\$ 3,876</u>	<u>\$ 10,311</u>	<u>\$ 7,302</u>	<u>\$ 99,107</u>	<u>\$ 82,795</u>	<u>\$ -</u>	<u>\$ 28,979</u>

(continued on next page)

**SUPPLEMENTAL INFORMATION
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS**

Social Services/Area Agency on Aging Fund	Fire Grants Fund	Homeland Security Grant Fund	Grant Programs	Equipment Replacement Fund	JCEF	S.A.F.E.R. Grant Fund	Economic Development Grants Fund	Sun City Festival Fire	Tartesso Fire	Downtown Revitalization	Total
\$ 63,794	\$ 2,630	\$ -	\$ 59,680	\$ 82,274	\$ 77,552	\$ -	\$ -	\$ -	\$ -	\$ 1,441,364	\$ 1,798,591
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
40,715	-	-	4,500	-	-	-	-	-	-	-	334,453
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
<u>\$ 104,509</u>	<u>\$ 2,630</u>	<u>\$ -</u>	<u>\$ 64,180</u>	<u>\$ 82,274</u>	<u>\$ 77,552</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,441,364</u>	<u>\$ 2,133,044</u>
\$ 82,618	\$ -	\$ -	3,144	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,000	\$ 159,173
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
<u>82,618</u>	<u>-</u>	<u>-</u>	<u>3,144</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,000</u>	<u>159,173</u>
21,891	2,630	-	61,036	82,274	77,552	-	-	-	-	1,416,364	1,973,871
-	-	-	-	-	-	-	-	-	-	-	-
<u>21,891</u>	<u>2,630</u>	<u>-</u>	<u>61,036</u>	<u>82,274</u>	<u>77,552</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,416,364</u>	<u>1,973,871</u>
<u>\$ 104,509</u>	<u>\$ 2,630</u>	<u>\$ -</u>	<u>\$ 64,180</u>	<u>\$ 82,274</u>	<u>\$ 77,552</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,441,364</u>	<u>\$ 2,133,044</u>

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TOWN OF BUCKEYE, ARIZONA
SUPPLEMENTAL INFORMATION
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2010

	<u>Fill the Gap Fund</u>	<u>R.I.C.O. Fund</u>	<u>V.A.L.U.E. Kids Fund</u>	<u>Buckeye Explorer Fund</u>	<u>Youth Scholarship Fund</u>	<u>Impound Fund</u>	<u>Maricopa County CAP</u>	<u>Verrado Planners Fund</u>	<u>Police Department Grants Fund</u>
REVENUES									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue	14,037	-	-	-	-	-	110,443	-	-
Charges for services	-	-	-	-	-	144,073	-	5,152	-
Developer agreements	-	-	-	-	-	-	-	-	-
Contributions and donations	-	-	-	-	-	-	-	-	596,857
Special assessments	-	-	-	-	-	-	-	-	-
Investment earnings	-	-	-	-	-	-	-	-	-
Other	-	663,085	-	-	-	-	-	-	-
Total revenues	<u>14,037</u>	<u>663,085</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>144,073</u>	<u>110,443</u>	<u>5,152</u>	<u>596,857</u>
EXPENDITURES									
Current									
General government	-	-	-	-	-	-	-	-	-
Public safety	-	300,812	12,748	-	-	48,015	-	-	622,686
Highway and streets	-	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-	-
Community development	-	-	-	-	-	-	-	5,152	-
Economic development	-	-	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	124,242	-	-
Water and sewer	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Principal retirement	-	-	-	-	-	-	-	-	-
Interest on long-term debt	-	-	-	-	-	-	-	-	-
Issuance costs	-	-	-	-	-	-	-	-	-
Capital outlay	-	288,918	-	-	-	28,535	-	-	-
Total expenditures	<u>-</u>	<u>589,730</u>	<u>12,748</u>	<u>-</u>	<u>-</u>	<u>76,550</u>	<u>124,242</u>	<u>5,152</u>	<u>622,686</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>14,037</u>	<u>73,355</u>	<u>(12,748)</u>	<u>-</u>	<u>-</u>	<u>67,523</u>	<u>(13,799)</u>	<u>-</u>	<u>(25,829)</u>
OTHER FINANCING SOURCES (USES)									
Transfers in	18,897	-	-	-	-	-	45,000	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Issuance of debt	-	-	-	-	-	-	-	-	-
Proceeds from capital leases	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>18,897</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>45,000</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	32,934	73,355	(12,748)	-	-	67,523	31,201	-	(25,829)
FUND BALANCES, beginning of year	<u>8,727</u>	<u>2,848</u>	<u>16,624</u>	<u>10,311</u>	<u>-</u>	<u>31,075</u>	<u>51,289</u>	<u>-</u>	<u>24,814</u>
FUND BALANCES, end of year	<u>\$ 41,661</u>	<u>\$ 76,203</u>	<u>\$ 3,876</u>	<u>\$ 10,311</u>	<u>\$ -</u>	<u>\$ 98,598</u>	<u>\$ 82,490</u>	<u>\$ -</u>	<u>\$ (1,015)</u>

(continued on next page)

**SUPPLEMENTAL INFORMATION
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS**

Social Services/Area Agency on Aging Fund	Fire Grants Fund	Homeland Security Grant Fund	Grant Programs	Equipment Replacement Fund	JCEF	S.A.F.E.R. Grant Fund	Economic Development Grants Fund	Sun City Festival Fire	Tartesso Fire	Downtown Revitalization	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	75,621	13,359	-	-	-	-	213,460
-	-	-	-	-	-	-	-	-	52,003	-	201,228
-	435,549	-	31,222	-	-	-	-	34,869	-	-	1,098,497
-	-	-	-	-	-	-	-	-	-	-	-
249,467	-	-	-	82,274	-	-	-	-	-	-	994,826
<u>249,467</u>	<u>435,549</u>	<u>-</u>	<u>31,222</u>	<u>82,274</u>	<u>75,621</u>	<u>13,359</u>	<u>-</u>	<u>34,869</u>	<u>52,003</u>	<u>-</u>	<u>2,508,011</u>
-	-	-	16,455	-	-	-	-	-	-	133,642	150,097
-	482,127	-	-	-	-	-	-	34,869	51,287	-	1,552,544
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	5,152
430,995	-	-	-	-	-	-	-	-	-	-	555,237
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	7,086	324,539
<u>430,995</u>	<u>482,127</u>	<u>-</u>	<u>16,455</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>34,869</u>	<u>51,287</u>	<u>140,728</u>	<u>2,587,569</u>
(181,528)	(46,578)	-	14,767	82,274	75,621	13,359	-	-	716	(140,728)	(79,558)
120,000	-	-	-	-	1,931	-	-	-	-	215,111	400,939
-	-	-	-	-	-	-	(50,000)	-	-	(200,000)	(250,000)
-	-	-	-	-	-	-	-	-	-	-	-
<u>120,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,931</u>	<u>-</u>	<u>(50,000)</u>	<u>-</u>	<u>-</u>	<u>15,111</u>	<u>150,939</u>
(61,528)	(46,578)	-	14,767	82,274	77,552	13,359	(50,000)	-	716	(125,617)	71,381
83,419	49,208	-	46,269	-	-	(13,359)	50,000	-	(716)	1,541,981	1,902,490
<u>\$ 21,891</u>	<u>\$ 2,630</u>	<u>\$ -</u>	<u>\$ 61,036</u>	<u>\$ 82,274</u>	<u>\$ 77,552</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,416,364</u>	<u>\$ 1,973,871</u>

STATISTICAL SECTION

This part of the Town of Buckeye, Arizona's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Town's overall financial health.

Financial Trends

These schedules contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help readers assess the Town's most significant local revenue source, the sales tax.

Debt Capacity

These schedules present information to help the reader assess the affordability of the Town's current level of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the Town's financial report relates to the services the Town provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The Town implemented GASB Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.

TOWN OF BUCKEYE, ARIZONA

Assessed Value and Estimated Actual Value of Taxable Property,
Last Ten Fiscal Years.

(in thousands of dollars)

Tax Year (Fiscal Year)	Assessment Type	Assessed Value	Direct Tax Rate	Estimated Actual Taxable Value	Taxable Assessed Value as a Percentage of Actual Taxable Value	
2001	Primary	39,937,874	0.5900	N / A	N / A	
(2002)	Secondary	42,870,450	1.0800	N / A	N / A	\$ 82,808,324
2002	Primary	41,806,823	0.9776	N / A	N / A	
(2003)	Secondary	46,996,103	0.6924	N / A	N / A	\$ 88,802,926
2003	Primary	51,727,246	0.9776	N / A	N / A	
(2004)	Secondary	56,727,094	0.5725	N / A	N / A	\$ 108,454,340
2004	Primary	69,986,677	1.1461	N / A	N / A	
(2005)	Secondary	81,842,158	0.4039	N / A	N / A	\$ 151,828,835
2005	Primary	103,168,348	1.2680	N / A	N / A	
(2006)	Secondary	115,318,474	0.2829	N / A	N / A	\$ 218,486,822
2006	Primary	165,083,549	1.1657	N / A	N / A	
(2007)	Secondary	193,594,069	0.1714	N / A	N / A	\$ 358,677,618
2007	Primary	270,854,878	1.0481	N / A	N / A	
(2008)	Secondary	369,230,204	0.0940	N / A	N / A	\$ 640,085,082
2008	Primary	401,259,863	0.8984	N / A	N / A	
(2009)	Secondary	587,576,411	-	N / A	N / A	\$ 988,836,274
2009	Primary	483,863,477	0.8851	N / A	N / A	
(2010)	Secondary	595,778,177	-	N / A	N / A	\$ 1,079,641,654
2010	Primary	402,367,355	1.1883	N / A	N / A	
(2011)	Secondary	425,009,460	-	N / A	N / A	\$ 827,376,815

Source: County Assessor's Records

N/A : Not Available at time of printing

TOWN OF BUCKEYE, ARIZONA
 Direct and Overlapping Property Tax Rates,
 Last Ten Fiscal Years
 (rate per \$1,000 of assessed value)

Fiscal Year	Assessment Type	Direct Rates			Overlapping Rates																		
		Basic Rate General Fund	General Obligation Debt Service	Total Direct Rate	County Wide								Special	School Districts									
					School Equalization	Maricopa County	Library District	Flood Control District	Fire District Assistance	Central AZ Water Conservation District	Maricopa Health Care District	Community College District	Buckeye Valley Rural Fire District	Wickenburg School District #9	Liberty School District #25	Arlington School District #47	Palo Verde School District #49	Morristown School District #75	Litchfield School District #79	Fisher School District #90	Buckeye School District #33	Union High School #201	
Primary Tax Authority Number		04501										08230		07009	05025	05047	05049	05075	05079	05090	05033	06201	
Secondary Tax Authority Number			04501									08230	11516	090200	250200	470200	490200	750200	790200	900200	330200	06201	
2001 (2002)	Primary Secondary	0.5900	1.0800	1.6700	0.4974	1.1832	-	-	-	-	-	-	0.9583	-	4.7426	2.3396	1.9887	2.3069	7.0776	2.6058	0.2816	4.8806	2.6352
2002 (2003)	Primary Secondary	0.9776	0.6924	1.6700	0.4889	1.2108	0.0421	0.2319	0.0091	0.1300	-	0.1524	1.4141	-	1.3831	1.7580	0.4563	2.2538	-	2.2105	0.0225	1.5655	0.4888
2003 (2004)	Primary Secondary	0.9776	0.5725	1.5501	0.4717	1.2108	0.0521	0.2119	0.0076	0.1300	-	0.1493	1.4233	-	5.6498	2.4978	2.1037	3.5036	6.8591	2.1339	0.4371	4.0315	2.6284
2004 (2005)	Primary Secondary	1.1461	0.4039	1.5500	0.4560	1.2108	0.0521	0.2119	0.0069	0.1200	-	0.1161	1.5121	-	5.9551	2.5021	1.0128	2.0692	6.5007	2.4999	0.6646	3.9725	2.4173
2005 (2006)	Primary Secondary	1.2680	0.2829	1.5509	0.4358	1.1971	0.0521	0.2119	0.0069	0.1200	\$ 0.1206	0.1379	1.9945	-	3.7253	2.2243	0.7910	2.3778	5.1671	1.8870	1.0046	4.1309	2.4454
2006 (2007)	Primary Secondary	1.1657	0.1714	1.3371	-	1.1794	0.0570	0.2047	0.0068	0.1200	0.1184	0.1831	1.9883	-	3.8318	2.3710	0.6633	2.6157	4.1736	2.0284	0.8045	5.9226	2.2124
2007 (2008)	Primary Secondary	1.0481	0.0940	1.1421	-	1.1046	0.0391	0.1533	0.0053	0.1000	0.0935	0.1514	2.4616	-	4.8790	2.2801	0.7403	2.0506	3.8937	1.8211	1.0773	4.8002	2.0597
2008 (2009)	Primary Secondary	0.8984	-	0.8984	-	1.0327	0.0353	0.1367	0.0053	0.1000	0.0856	0.1634	2.4845	-	3.7588	1.6996	0.5257	1.8004	2.4891	1.7569	1.3587	4.3574	1.8473
2009 (2010)	Primary Secondary	0.8851	-	0.8851	-	0.9909	0.0353	0.1367	0.0057	0.1000	0.0914	0.1598	2.5458	-	3.6060	1.4854	0.6241	1.8630	2.5792	1.6153	0.6430	4.2307	1.6158
2010 (2011)	Primary Secondary	1.1883	-	1.1883	-	1.0508	0.0412	0.1489	0.0066	0.1000	0.1122	0.1802	2.5458	-	2.4014	1.9639	0.5520	1.5408	2.6206	1.6167	0.7529	3.3536	1.7454

Source: County Assessor's Records

N/A : Not Available at time of printing

TOWN OF BUCKEYE, ARIZONA

Sales Tax by Category

Last Five Fiscal Years

Sales Category	2005	2006	2007	2008	2009	2010
Retail and Trade	\$ 684,106	\$ 1,940,005	\$ 2,338,839	\$ 3,943,426	4,352,823	4,167,525
Rental and Leasing	283,032	441,676	507,960	693,662	756,946	779,194
Restaurant and Bars	298,997	235,575	279,549	465,604	526,868	459,775
Hotels	11,244	37,688	36,867	49,329	44,156	39,588
Services	39,665	39,878	40,060	36,026	84,836	149,910
Mining	28,345	27,090	38,320	20,282	13,234	13,857
Construction	6,713,750	13,456,460	17,262,236	12,852,739	7,941,216	3,659,484
Transportation and Warehousing	2,522	1,239	3,340	6,753	8,874	13,232
Communication	299,428	349,361	395,189	595,295	444,682	543,504
All Other	52,130	27,480	300,768	234,379	272,627	354,427
Total	\$ 8,413,219	\$ 16,556,452	\$ 21,203,128	\$ 18,897,495	\$ 14,446,262	\$ 10,180,496
Town's sales tax rate:						
Construction Contracting(Aft 8-1-06)			3%	3%	3%	3%
Construction Contracting(Pre 8-1-06)	2%	2%	2%	-	-	-
Telecommunications	4%	4%	4%	4%	4%	4%
All Other	2%	2%	2%	2%	2%	2%

Source: Town's records as summarized from Arizona Department Of Revenue

During fiscal year ending June 30, 2007 schedule was changed to fiscal year.

TOWN OF BUCKEYE, ARIZONA
 Direct and Overlapping Sales Tax Rates,
 Last Ten Fiscal Years

Fiscal Year	Town's Rate	Maricopa Road	County's Jail	Arizona State	TOTAL
2000	2.00%	0.50%	0.20%	5.00%	7.70%
2001	2.00%	0.50%	0.20%	5.60%	8.30%
2002	2.00%	0.50%	0.20%	5.60%	8.30%
2003	2.00%	0.50%	0.20%	5.60%	8.30%
2004	2.00%	0.50%	0.20%	5.60%	8.30%
2005	2.00%	0.50%	0.20%	5.60%	8.30%
2006	2.00%	0.50%	0.20%	5.60%	8.30%
2007	2.00%	0.50%	0.20%	5.60%	8.30%
2008	2.00%	0.50%	0.20%	5.60%	8.30%
2009	2.00%	0.50%	0.20%	5.60%	8.30%
2010	2.00%	0.50%	0.20%	6.60%	9.30%

Source: Arizona Department of Revenue

TOWN OF BUCKEYE, ARIZONA
 Demographic and Economic Statistics,
 Last Ten fiscal Years

Fiscal Year	Population ¹	Personal Income	Per Capita Personal Income ²	Unemployment Rate ³
2001	10,650	377,862,000	35,480	5.3%
2002	11,955	429,997,440	35,968	7.1%
2003	13,065	482,412,060	36,924	6.7%
2004	14,540	562,770,700	38,705	5.6%
2005	20,780	835,459,900	40,205	5.2%
2006	31,745	1,342,051,620	42,276	4.6%
2007	38,408	1,478,746,408	38,501	4.0%
2008	40,467	N / A	56,555	4.8%
2009	50,143	N / A	N / A	6.1%
2010	52,764	N / A	47,996	8.5%

Sources 1: Arizona Department of Economic Security thru the Arizona Workforce Information (ESTIMATED 2010/2011)
2: Arizona Department of Economic Security based on Maricopa's County Average wage per job
3: Arizona Workforce Information, AZ Unemployment Statistic Program Special Report

N/A : Not Available at time of printing

TOWN OF BUCKEYE, ARIZONA
 Principal Employers,
 Current Year

Employer	2010		
	Employees	Rank	Percentage of Principal Town Employment
Palo Verde Nuclear Plant	2,500	1	36.87%
Lewis Prison complex	1,100	2	16.22%
Wal-Mart	745	3	10.99%
Buckeye Elementary Schools District 33	490	4	7.23%
Liberty Elementary School District	480	5	7.08%
Town of Buckeye	455	6	6.71%
Buckeye Union High Schools District 201	325	7	4.79%
Shult Homes Corp./Marlette Homes, Inc.	250	8	3.69%
SW Regional Juvenile Corrections Complex	220	9	3.24%
CMH Manufacturing, Inc.	215	10	3.17%
Total	6,780		100.00%

Note: Information for nine years ago was not available at time of printing.

TOWN OF BUCKEYE, ARIZONA

Full-time-Equivalent City Government Employees by Function/Program,
Last Five Fiscal Years.

Function	2005	2006	2007	2008	2009	2010
General government						
Administration	3.00	8.00	11.00	14.50	18.00	10.00
Finance/ Administrative Services	9.00	14.00	19.00	27.00	20.00	11.00
Human resources	2.00	4.00	6.00	6.00	9.00	5.50
Information and technology	2.00	4.00	7.00	9.00	9.00	6.00
Municipal services	5.00	5.50	6.00	7.00	6.50	2.00
Intergovernmental Affairs	-	-	2.00	2.50	4.00	1.00
Public Safety						
Police	63.00	77.00	96.00	105.00	105.00	94.00
Fire	53.70	96.70	118.70	158.70	120.70	91.30
Highways and Streets						
Public Works	26.00	39.00	64.00	68.00	55.40	26.81
Culture and recreation						
Parks recreation	8.50	11.50	17.50	29.50	25.50	14.00
Library	4.00	7.00	9.00	9.00	9.00	8.00
Community Development						
Community development	17.00	26.00	36.00	46.00	55.00	6.50
Economic Development						
Economic development	3.00	3.50	3.00	6.00	7.00	-
Airport	1.00	1.50	2.00	2.00	2.00	0.50
Health and welfare						
Social services	10.00	9.80	11.80	10.30	10.50	9.25
Utilities						
Water and Sewer	11.00	14.00	20.00	23.00	33.60	36.69
Total	218.20	321.50	429.00	523.50	490.20	322.55

TOWN OF BUCKEYE, ARIZONA
 Operating indicators by Function/Program,
 Last Fiscal Seven Years.

Function	2005	2006	2007	2008	2009	2010
General Government						
Finance, invoices paid	6,094	7,697	10,068	11,216	11,767	9,075
Finance, payroll checks issued	20,378	21,410	9,570	11,914	11,570	11,508
Finance, utility bills issued	42,388	121,585	155,905	186,691	205,577	210,327
Human resources, recruitment processed	N / A	110	294	178	74	51
Human resources, average days to fill vacancies	N / A	58.7	55.0	67.4	115.0	45.0
Information and technology, service requests received	3,652	5,478	5,593	5,367	5,345	4,629
Information and technology, supported network devices	395	584	754		639	773
Town's Clerk, public records request	113	459	478	521	1,223	525
Fleet Management service requests	438	964	1,510	1,867	2,041	1,874
Public Safety						
Police, 911 calls received	8,690	10,428	11,601	14,174	21,116	21,144
Police, average respond time emergency calls	5:59	5:27	5:10	6:50	9:38	7:23
Police, total arrests	981	1,163	1,447	1,741	2,192	2,683
Fire, emergency responses	N / A	2,435	3,024	3,527	3,453	No Response
Fire, average respond time emergency calls	N / A	5:25	5:56	4:30	5:08	No Response
Fire, fire extinguished	N / A	278	356	308	300	No Response
Highways and Streets						
Public Works, streets resurfacing (in miles)	3	40	48		12	6
Public Works, right of way maintenance (in miles)	116	135	324	326	341	341
Culture and Recreation						
Parks recreation, acres maintained	37	62	106	106	71	85
Parks recreation, participants in programs	10,000	18,000	68,551	122,841	18,900	21,426
Library, visitors	49,582	52,500	103,013	155,630	150,445	152,200
Community Development						
Single family permits issued	3,872	4,583	3,072	2,395	593	485
Construction permits issued	5,321	6,674	5,890	4,511	1,242	1,578
Inspections conducted	80,000	102,788	104,105	49,850	14,355	9,380
Certificates of occupancy issued	2,070	2,892	3,289	2,827	1,264	588
Business licenses processed	N / A	553	811	1,095		2,324
Economic Development						
Airport, Av Gas serviced (in gallons)	38,459	41,020	21,889	66,513	50,778	33,002
Utilities						
Water, service connections	2,618	3,078	10,234	10,098	10,505	11,114
Sewer, service connections	4,095	4,814	16,269	13,904	14,731	15,438
Water, service supplied (in million gallons)	1,157	5,894	1,100	1,590	1,400	1,420
Sewer, sewage treated (in million gallons/day)	0.654	0.982	1.800	2.030	2.130	1.010

Source: 2011 Budget Document and Departmental Statistical Reports